# Sustainability Risk Integration Policy

Register of approval and revisions:

| Version | Description of Changes | Effective date |
|---|---|---|
| 1 | Initial version | 9 March 2021 |
| 2 | Revised version as per the Sustainability Risk Integration Policy of CABK AM dated May 2024 | 26 November 2024 |
| 3 | Revised version as per the Sustainability Risk Integration Policy of CABK AM dated May 2025: Update of the Policy in alignment with the Corporate Policy on sustainability risk management / ESG of March 2025. | 25 June 2025 |
| 4 | Revised version as per the Sustainability Risk Integration Policy of CaixaBank AM dated September 2026. Updated Policy to align with the CaixaBank Group Corporate Sustainability / ESG Policy of May 2026. Incorporation of the ESG risk culture section (5.1.). Enhancement of sustainability risk governance and management provisions. In the Energy sector, the criteria applicable to oil and gas activities have been amended to focus on the exclusion of groups predominantly engaged in the exploration, extraction and production of such activities. In the Defence and Security sector, the 5% revenue threshold related to nuclear weapons activities has been removed. | 1 September 2026 |

# 1. Introduction

## 1.1. Background

Caixabank Asset Management Luxembourg S.A. ("CaixaBank AM LUX", "the Management Company" or "the ManCo") is committed to contributing to the transition towards a sustainable economy combining long-term profitability with social justice and environmental protection. The Paris Agreement adopted at the Climate Conference is the first-ever universal, legally binding agreement on climate change, and aims, among other things, that financial flows are consistent with the transformation towards a low-carbon and climate-resilient economy.

In this sense, CaixaBank AM LUX has developed a Sustainability Risk Integration model based on three core pillars:

- the incorporation of environmental, social and corporate governance aspects (ESG aspects) into the investment analysis and decision-making process, complementing traditional financial criteria;
- long-term involvement of the ManCo with the companies in which it invests, with greater participation in corporate governance decisions (proxy voting);
- engagement with listed companies on material or controversial issues related to ESG factors.

CaixaBank AM LUX is wholly owned by CaixaBank Asset Management SGIIC, S.A.U. (hereinafter, "CaixaBank AM"), which joined the United Nations Global Compact in 2011 committing to support and apply the ten principles on Human Rights, Labor Rights, Environment and Fight against Corruption.

Subsequently, in 2016, CaixaBank AM reinforced its commitment to adhere to the Principles for Responsible Investment (PRI), an initiative of the investment community promoted by the United Nations, whose ultimate objective is to contribute to the development of a more stable and sustainable financial system, thanks to the implementation of the six defined principles.

The integration of this model could have a favorable effect on the companies' long-term results and contribute to environmentally sustainable economic growth and social progress.

In this sense, this Policy responds to the previous principles, to European Commission´s Sustainable Finance Action Plan, and, in particular, to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"), which establishes the obligation for financial market participants to specify in their policies how sustainability risks are integrated into their investment management processes, as well as to continually assess all relevant sustainability risks that could have a material negative effect on the financial profitability of the investment, and report on this process.

It can be read in parallel of separate corporate documents to which the Management Company adheres, also related to this Policy, namely:

- CaixaBank corporate statement on nature
- CaixaBank corporate statement on climate change
- CaixaBank corporate sustainability principles
- Principles of Human Rights at CaixaBank

## 1.2. Scope of risks

The risks governed, managed, and controlled under this Policy are detailed below. These risks are incorporated on a cross-functional basis within the CaixaBank Corporate Risk Catalogue, as they may affect different risk categories within the taxonomy, such as credit risk, legal and regulatory risk, reputational risk, or other operational risks.

- Environmental risks ("E") are those associated with legal entities that may potentially be affected by, or contribute to, the adverse impacts of environmental trends, such as climate change (including increased greenhouse gas emissions, hereinafter "GHG emissions") and other forms of environmental degradation (such as air and water pollution, freshwater scarcity, soil contamination, biodiversity loss, and deforestation). They also encompass corrective actions aimed at preventing or mitigating their occurrence.

  Nature-related risks are potential threats to an organization arising from its dependencies on, and impacts on, nature. Climate change-related risks, on the other hand, are those linked to global warming caused by greenhouse gas emissions. Within both categories, two types of risks are distinguished:

  - Physical risks, related to meteorological events (for example, hurricanes or storms), geological events (earthquakes), or the degradation and alteration of ecosystem balances (such as sea level rise, desertification, or changes in soil quality), whether:

    - Acute, resulting from an increased likelihood and severity of extreme natural events; or

    - Chronic, associated with permanent environmental changes.

  In any case, physical risks may lead to damage to corporate assets, supply chain disruptions, or increased expenditures required to address them.

  - Transition risks, which arise from a misalignment between an organization's strategy and management and developments aimed at stopping or reversing environmental damage, as well as from the timing and pace of the transition toward a less carbon-intensive economy. These risks depend on political and legal, technological, market, and reputational factors.

- Social risks ("S") measure potential indirect adverse impacts on society associated with legal entities or investee companies that fail to respect human rights or the health and safety of their employees or workers throughout the value chain. CaixaBank AM considers the following adverse impacts to be particularly relevant: forced labor, child labor, occupational health and safety, the right to a living wage, community issues related to land and/or (involuntary) resettlement, Indigenous peoples' rights, and community health and safety.

- Governance risks ("G") arise from adverse impacts resulting from weaknesses in legal entities or investee companies in areas such as transparency, market conduct, anti-corruption policies, compliance with tax obligations, or other behaviors regarded as ethical by relevant stakeholders.

As a general rule, this Policy applies to third-party investments made through all vehicles and portfolios managed by the Management Company, except those that are, on an exceptional basis, outside the scope of the Sustainability Risk Integration Policy, such as index funds.

Should any company in which the Management Company invests fail to meet the requirements described in this Policy, CaixaBank AM shall act and take the appropriate decisions in accordance with its Engagement Policy, related procedures, and the Sustainability Risk Integration Procedure.

In the specific case of investment funds, ETFs, and illiquid non-UCITS funds managed by third-party asset managers, sustainability risks are integrated through an approach tailored to the characteristics of these assets, with the objective of converging toward a common integration framework over the medium and long term. Alignment of these vehicles with the corporate policy is achieved through due diligence processes, dialogue with management companies, and control mechanisms, as well as, in the case of investment funds and ETFs, specific thresholds adapted to the characteristics of the asset and incorporated into internal control frameworks. For further details, reference should be made to the Sustainability Risk Integration Procedure currently in force at CaixaBank AM. In the case of illiquid non-UCITS funds, this approach takes into account the limited availability of information regarding the underlying investments.

If, as a result of mergers or acquisitions, CaixaBank AM acquires holdings in companies to which this Policy applies, it will promote the adoption of the measures and actions necessary to ensure compliance with the Policy as soon as possible, taking into account the circumstances involved and in a manner compatible with the economically prudent management of the relevant investment.

## 1.3. Objective

The Sustainability Risk Integration Policy (the “SRI Policy”) establishes the principles of action for the incorporation of sustainability factors (Environmental, Social and Corporate Governance criteria, "ESG") in the investment decision making process -along with traditional financial criteria- whereby the Sustainability Risk is defined as the ESG event or condition, which, if it occurs, could have a material detrimental impact on the value of the investment.

This Policy is applicable to CaixaBank AM LUX. In practice, CaixaBank AM LUX has delegated the investment management function of the funds it manages to CaixaBank AM. CaixaBank AM may sub-delegate the investment management function further to a sub-delegate, such as BPI Gestão de Ativos, SGFIM, S.A. (“BPI GA”). Therefore, the scope of this Policy will be defined further in the SRI Policy of CaixaBank AM, as appropriate.

The principles of action aimed at long-term involvement with the companies in which CaixaBank AM LUX´s investment funds hold positions will be established in the specific policies.

This Policy will take effect from the date of initial approval by the Board of Directors and excludes any pre-existing investment.

## 2. Regulatory framework

This policy has been drawn up in accordance with applicable provisions, particularly:

European framework:

- Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (SRD II) ;
- Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) ;
- Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of "do no significant harm", sustainability indicators and adverse sustainability impacts, and the content and presentation of sustainability-related disclosures;
- Regulation (EU) 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) 2019/2088 (Taxonomy Regulation) ;
- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 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;
- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation;
- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities;
- Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 by establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives;
- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 by establishing technical screening criteria relating to the remaining four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems;

Commission Delegated Directive (EU) 2021/1270 of 21 April 2021 amending Directive 2010/43/EU as regards the sustainability risks and sustainability factors to be taken into account for Undertakings for Collective Investment in Transferable Securities (UCITS) ;

Luxembourg framework:

- Luxembourg law of 17 December 2010 transposing Directive 2009/65/EC on undertakings for collective investment in transferable securities ("UCITS Law");
- Luxembourg law of 24 May 2011 on the exercise of certain shareholder rights at general meetings of listed companies, as amended, in particular by the Law of 1 August 2019 transposing SRD II;
- Luxembourg Law n°562 of August 1, 2019 implementing the SRD II and amending the Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in listed companies;
- CSSF Circular 18/698 on the authorization and organization of investment fund managers incorporated under Luxembourg law.
- Luxembourg law of 25 February 2022 implementing the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector, as amended (the SFDR) and the Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation).

CaixaBank AM LUX commits to perform its activity in strict compliance with applicable regulations and the highest standards of ethical and professional conduct. It considers that proper evaluation and management of the risks and social and environmental impacts arising from its activities are essential.

In this regard, CaixaBank AM LUX recognizes the following initiatives, conventions, and institutions:

- The United Nations International Charter of Human Rights.
- The United Nations Global Compact.
- The United Nations Guiding Principles on Business and Human Rights.
- The Principles for Responsible Investment (PRI).
- The United Nations Sustainable Development Goals (SDGs).

Lastly, as it is an area of intense development, CaixaBank AM LUX is also committed to aligning itself with any new standards or new regulations that may be applicable, including those arising from the European Commission´s Action Plan.

In addition, this Policy takes into account other sustainability standards or guidelines, which are included in the corresponding sections that summarize the application criteria.

## 3. Corporate ESG risk strategy

The strategy governing the actions of CaixaBank AM LUX, aligned with the CaixaBank Group, for controlling and managing ESG risks in relation to the investments of its funds made by CaixaBank AM as its delegated investment manager, considers the following main lines of action:

- Ensure that CaixaBank AM promotes sustainable business by developing products and services with a positive environmental and climate impact and supporting the transition to more sustainable business model.
- Ensure that CaixaBank AM integrate social, governance and environmental risks into decision making and avoid investing in companies or projects that are linked to serious human rights or labor rights violations or have a significant negative environmental impact without sufficient mitigation actions or adequate transition plans in place.
- Work to understand the impact on human rights deriving from its activity and undertake to prevent and avoid contributing to the adverse negative impacts and, where applicable, mitigate them as much as possible.
- Ensure that CaixaBank AM Manages social, environmental and governance risks and integrate their analysis into the investment processes of its investment products and services on behalf of CaixaBank AM LUX.
- Act in accordance with the public corporate commitments adopted, such as the “Principles on Sustainability”, the “Statement on Climate Change”, the “Statement on Nature”, the “Principles on Human Rights” as well as any other initiative and commitment in the ESG field considered, always under the responsibility of fulfilling their requirements appropriately.
- Supporting the transition to a net-zero emissions economy by 2050 by ensuring that CaixaBank AM assists in the decarbonisation of their activity by supporting the development and implementation of solutions and technologies that accelerate the transition to a carbon-neutral economy. It will also set restrictions on investment in companies linked to carbon-intensive sectors linked to the fulfilment of certain conditions, such as the existence of concrete and achievable decarbonisation targets. On an exceptional basis, investments may also be made in companies in sectors in certain countries where the energy transition may be particularly complex or have a significant adverse social impact.
- Promote transparency, reporting adequately to the markets on the management and control of ESG risks, in compliance with current regulations and best practices.

## 4. Governance framework

The pillars on which the ESG risk governance framework at CaixaBank AM LUX is based are:

- Compliance with the principles contained in this Policy within its scope of application.
- Appropriate information flow to CaixaBank, as the parent company, to enable the effective performance of its strategic oversight and supervisory functions, compliance with legal and regulatory obligations, and the strategic coordination necessary to ensure effective risk management at Group level.
- Alignment with best practices and corporate standards, supervisory expectations, and current regulations.
- Maximum involvement and diligence of the governance and management bodies of the Management Company, ensuring appropriate training, regular oversight and a clear allocation of ESG-related responsibilities.

- Internal control framework based on the Three Lines of Defense model (as reflected notably into the CSSF Circular 18/698), which ensures strict segregation of functions and several layers of independent control.
- Integration into existing third-party investment circuits, as well as maintenance of the governance that regulates them, to encourage greater and better integration of ESG criteria in decision-making and minimize the parallelization of circuits, which could hinder commercial or investment activity.

## 4.1. Board of Directors

The Board of Directors is responsible for determining the general policies and strategies of the Entity, approving and monitoring the strategic or business plan, as well as the implementation of the strategic and management objectives, its risk strategy and its internal governance.

Additionally, the Board of Directors shall periodically oversee, monitor and assess the effectiveness of its corporate governance framework, and shall adopt appropriate measures to address any deficiencies that may be identified.

In relation to ESG risk management, the following responsibilities stand out:

- It defines and establishes the strategy and fundamental principles of ESG risk management in the Management Company, approves this Policy and oversee the implementation to ensures compliance with it.
- It defines and establishes the framework for monitoring the status and development of ESG risks (nature, type of information and frequency).

In addition, the Board of Directors of CaixaBank AM LUX:

- Establishes and supervises the implementation of a risk culture in CaixaBank AM LUX that promotes conduct in accordance with the identification and mitigation of ESG risks.
- Establishes and maintains an organisational structure at CaixaBank AM LUX that is appropriate for the management of ESG risks, which is proportionate to the nature, scale, and complexity of the activities it carries out.
- Ensures that personnel involved in ESG risk management have the appropriate competence and experience.
- Establishes mechanisms for monitoring and escalating ESG risks.
- Ensures that there are sufficient internal controls over ESG risks.

## 4.2. Management Committee

The Management Committee of the ManCo, at the initiative of the Conducting Officer responsible for ESG:

- Will take the pertinent decisions to integrate the stipulations of this Policy.
- Will establish and supervise the implementation of a risk culture in the organization that promotes conduct in line with the identification and mitigation of ESG risks.
- Will establish and maintain an appropriate organizational structure for ESG risk management.
- Will ensure that personnel involved in ESG risk management have the appropriate skills and experience.

- Will establish follow-up escalation mechanisms in the event that any of the defined thresholds are exceeded.
- Will ensure that there are sufficient internal controls over ESG risks.

### 4.3. ESG risk management functions

For the proper management and control of ESG risks, CaixaBank AM Lux shall perform, in accordance with the principle of proportionality, the following functions:

*Strategy and Governance*

- Development of ESG risk management and control policies and frameworks, with the support of the Compliance Function, as appropriate.
- Coordination, oversight, and execution of the processes for identifying, measuring, monitoring, controlling, and reporting ESG risks within the framework of strategic risk processes (Risk Assessment and Risk Catalogue).
- Independent review and challenge of compliance with rules and procedures and their alignment with ESG risk policies, including ongoing monitoring activities.

*Identification*

- Assessment of the materiality of ESG risks and their interaction with the various risks included in the Management Company's risk catalogue (e.g., credit, market, liquidity, or operational risks), and, where appropriate, by portfolio or segment, identifying those most relevant to the Management Company.

*Measurement and Control*

- Establishment of methodologies to assess and rank individual exposures according to their ESG risk level, serving as a reference for onboarding, monitoring, and mitigation processes.
- Development of indicators to measure the impact of ESG risks on each risk category within the Company's risk catalogue (e.g., credit, market, liquidity, fiduciary risk), as well as potential adaptations to existing models and methodologies, in compliance with applicable regulatory requirements and as a means of embedding the sustainability strategy into decision-making.
- Calculation of risk concentration indicators, by portfolio and geographical area, where applicable.
- Determination of inherent risk and assessment of the effectiveness of the control environment, proposing potential risk treatments for improvement or remediation.

*Monitoring*

- Calibration of calculated indicators and definition of the corresponding thresholds.
- Periodic monitoring of ESG risks across managed portfolios.
- Detailed monitoring and assessment of ESG risks within managed portfolios.
- Establishment of a system of indicators and periodic portfolio reviews to assess compliance with the principles set out in this Policy.

*Risk Management*

- Analysis of the causes of indicator deviations and implementation of the preventive and mitigating measures necessary to keep them within the defined thresholds.
- Activation of ESG risk concentration limits and, where appropriate, implementation of corresponding diversification strategies.

*Reporting*

- Preparation of periodic internal and external reporting and support in responding to ESG risk-related information requests.
- Ongoing regulatory analysis to ensure ESG risk reporting criteria remain aligned with regulatory requirements.
- Adaptation of systems to collect and aggregate the data required to comply with ESG reporting obligations.

## 4.4. Compliance Function

The Compliance Function shall be responsible for:

- Monitoring compliance with applicable sustainability-related laws, regulations and regulatory expectations, including SFDR, the Taxonomy Regulation and other sustainability-related requirements applicable to the Company.
- Assessing the regulatory impact of breaches of sustainability-related investment restrictions, exclusion criteria and sustainability commitments.
- Providing advice on sustainability-related regulatory developments and assessing their impact on the Company's activities, policies and procedures.
- Monitoring the adequacy of sustainability-related disclosures, including pre-contractual, periodic, and website disclosures.
- Reporting material sustainability-related compliance matters, regulatory developments and identified deficiencies to the Management Committee and the Board of Directors.

## 4.5. Portfolio Management, Marketing and Distribution functions

Portfolio management:

CaixaBank AM LUX delegated the portfolio management function of its funds and appointed CaixaBank AM as investment manager (“the Investment Manager”).

The Investment Manager may perform portfolio management activities or delegate certain portfolio management activities to one or more sub-delegates (“the Sub-Investment Manager(s)”).

The Investment Area of CaixaBank AM shall implement adequate resources, including personnel, processes, systems, controls and data, and ensure that any Sub-Investment Manager maintains sufficient knowledge, expertise and capabilities to comply with the sustainability-related requirements set out in this Policy.

This includes, but is not limited to, the application of exclusion criteria, the integration of sustainability risks into the investment process and, where applicable, the consideration of the environmental and/or social characteristics promoted by the relevant portfolios.

<u>Distribution:</u>

CaixaBank AM LUX delegated the distribution function of its funds to CaixaBank S.A. and Banco BPI S.A. as marketing and distribution agents ("the Distributors").

The Distributors shall be responsible for ensuring the accuracy, consistency and timely dissemination of sustainability-related information made available to investors. This includes, where applicable, SFDR pre-contractual, periodic and website disclosures, the European ESG Template (EET), and marketing and distribution materials.

The Distributors are also responsible for the preparation of marketing materials and for the identification and mitigation of potential greenwashing risks. It shall ensure that all sustainability-related communications remain aligned with the sustainability characteristics, objectives, investment strategy and regulatory disclosures of the relevant products and shall promptly escalate any material inconsistencies or deficiencies to CaixaBank AM LUX.

When implementing the Policy, CaixaBank AM LUX will ensure that its delegates put in place control mechanisms needed to ensure compliance with the provisions of this Policy.

## 5. ESG Risk Management framework

### 5.1. Risk Culture

A fundamental aspect of sustainability/ESG risk management is ensuring that these risks are considered on an ongoing basis. To this end, the Risk & Compliance units responsible for monitoring sustainability/ESG risks shall follow specific training and awareness communications on sustainability/ESG risks.

### 5.2. General lines of action

The ESG Risk Management Framework is articulated according to the following lines of action:

1) Define and manage an internal ESG risk management plan in line with the CaixaBank Group strategy.

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

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

4) Encourage practices to mitigate ESG risks assumed in the portfolios under the scope of application of this Policy or other types of actions.

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

6) Assign roles linked to the management of ESG risks in the current organisational structure, with the necessary segregation of functions to maintain independence between the areas

responsible for the processes of strategy definition, implementation and monitoring and control of these risks.

7) Establish a system of powers for the admission of ESG risks, which allows for its incorporation in an agile but robust manner into ordinary decision-making processes, according to the scope of this document.

## 5.3. Key processes for compliance with the Policy

As a general principle, the approval of this Policy does not entail any modification to the investment decision-making processes defined by CaixaBank AM LUX. Accordingly, investment proposals shall remain subject to the applicable policies, as well as the rules, criteria and procedures developed thereunder.

To ensure compliance with this Policy and the established risk appetite, while maintaining oversight of the Investment Manager activities in its funds, the Management Company has established a Sustainability Risk Integration Procedure.

This does not prevent the delegated Investment Manager having its own ESG risk management processes, policies and procedures, such as:

- CaixaBank AM Investment Process;
- CaixaBank AM Sustainability Risk Integration Policy;
- CaixaBank AM Sustainability Risk Integration Procedure;
- CaixaBank AM Engagement Policy & related proxy voting procedures;

The management framework is primarily based on the verification of compliance with the most relevant provisions of this Policy relying on information provided by specialized ESG data providers, notably investment restrictions applicable to companies directly or indirectly involved in controversial activities.

### 5.3.1 Sustainability Risk Integration in Investment Processes

CaixaBank AM LUX and its delegated Investment Manager, CaixaBank AM, in accordance with the CaixaBank Group's mission and values, take into consideration socially responsible investment criteria in the management of its investments based on the principles of sustainable investment and transparency in management.

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

In this context, the Investment Manager integrates ESG factors into its investments, following as its main reference the criteria of the PRI (Principles for Responsible Investment) promoted by the United Nations, to which it has adhered since 2016.

The Management Company's Sustainability Risk Integration model is mainly based on the integration of ESG aspects in investment processes. In addition, on occasion, depending on the materiality of the ESG impact, this Policy provides for the exclusion of certain investments, while in other cases it prescribes restrictions.

The Sustainability Committee of the Investment Manager, in which the Management Company is represented, identifies and approves certain exclusions and restrictions to the investment universe linked mainly to companies involved, directly or indirectly, in certain activities and to controversies qualified as 'very severe' "(extraordinary events arising in companies that call into question their performance in matters related to relevant ESG aspects: sanctions for bad practices, non-compliance with international standards, environmental catastrophes, corruption, etc.).

This ESG analysis is intended to be applied to all the assets in the portfolio and to be constantly improved in the medium and long term. To this end, CaixaBank AM uses data from suppliers specialising in ESG issues in its analysis and considers due diligence procedures carried out with external fund managers. It also relies on partners and advisors to establish the criteria, methodologies and procedures necessary to carry out its analyses. In addition, the Investment Manager participates in ESG forums and working groups, in coordination with the rest of the CaixaBank Group companies and collaborates in the regulatory developments that are being proposed at international level, such as the European Commission's Sustainable Finance Action Plan. The details of the application of this Policy are specified in the Sustainability Risk integration procedure.

The update and/or amendment of the procedure shall be approved by the Management Committee and shall be subsequently ratified by the Board of Directors of CaixaBank AM LUX.

With regard to updates and/or amendments to the annexes of the Procedure, the Conducting Officer responsible for ESG within the Management Committee will submit the proposed updates and/or amendments to the CaixaBank AM Sustainability Committee which shall, prior to approval by the CaixaBank AM LUX Management Committee, issue an opinion confirming that the proposed changes do not affect or alter the essential principles and criteria established in this Policy and in the Sustainability Risk Integration Procedure.

To ensure that risks are properly identified, measured, assessed, managed, controlled and monitored at CaixaBank Group level, the CaixaBank Risk Catalogue was established with two levels of description. In the area of integration of sustainability risks, ESG aspects are duly included in the various risks in the catalogue.

### 5.3.2. Principal Adverse Impacts on Sustainability Factors

The social and environmental impacts of the activities of investee companies are monitored on a periodic basis, subject to data availability. These negative sustainability impacts are referred to as Principal Adverse Impacts (PAIs) and may arise, among other matters, through carbon emissions, exposure to fossil fuels, waste generation, gender diversity issues, human rights violations, corruption, bribery and other practices that are detrimental to society and the environment.

The ManCo gives priority to the management of these impacts in accordance with this Policy, as well as through other sustainability-related policies, strategies and commitments. These impacts are considered in investment analysis and management processes, as well as in the definition of investable universes, to the extent permitted by the availability and quality of relevant data.

Principal Adverse Impacts, together with ESG ratings and controversy monitoring, constitute an important element in the definition of exclusions, the establishment of exposure limits and the review and monitoring processes carried out by CaixaBank AM and CaixaBank AM LUX.

In accordance with Article 4(2) of the SFDR, the Principal Adverse Impacts Statement shall include:

- Information on the policies for the identification and prioritisation of Principal Adverse Impacts and the related indicators, in accordance with the indicators set out in Annex I of Commission Delegated Regulation (EU) 2022/1288.
- A description of the Principal Adverse Impacts and, where applicable, the actions taken or planned to mitigate them.
- A summary of engagement policies in accordance with Article 3(g) of Directive 2007/36/EC, where applicable.
- A reference to the adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting and, where relevant, the degree of alignment with the long-term objectives of the Paris Agreement.

#### 5.3.3. Engagement with Issuers

As part of the process for ensuring compliance with this Policy, CaixaBank AM LUX adheres to the Engagement Policy of CaixaBank AM, who maintains regular dialogue with issuers in which it invests, taking into account their relevance and influence. The ManCo considers that positive outcomes are best achieved through this approach. CaixaBank AM's approach to engagement activities is defined in greater detail in its Engagement Policy.

Where breaches of this Policy are identified in entities in which investments have been made, or where an entity demonstrates insufficient progress in integrating appropriate measures into its day-to-day operations, CaixaBank AM may engage directly with the entity with the objective of ensuring that it meets CaixaBank AM's expectations and adopts measures to prevent future breaches. Alternatively, CaixaBank AM may request the entity to present an action plan describing how it intends to improve its practices, including specific objectives and credible implementation timelines. CaixaBank AM sends an annual report to CaixaBank AM LUX with the results of activities carried out in the context of the Engagement Policy.

## 6. General and Sector-Specific Assessment and Exclusion Criteria

This section 6. of the Policy establishes a set of criteria for excluding or limiting exposure to ESG risks, structured across two levels:

- Sub-section 6.1. - **General action criteria** for excluding or limiting ESG risk exposure. These are cross-cutting criteria that apply to the financial services provided by CaixaBank AM and CaixaBank AM LUX, as well as to all the sectors in which the funds may invest.
- Sub-section 6.2. - **Particular action criteria** for excluding or limiting exposure to certain sectors (hereinafter, "sectorial") and activities with a particular impact on the environment or society, sometimes with a special sensitivity for certain ecosystems, heritage or protected populations.

Each criterion is presented hereafter in each relevant sub-section under a similar structure:

- Context and Objectives
- Applicable Standards
- Considerations in the Integration of the Investment Decision-Making Process – contain a general guide for the evaluation of companies in each area, which will be considered as applicable and according to expert judgement, in order to determine whether they comply with the provisions of this Policy
- Exclusions and Restrictions

## 6.1. General criteria

The following section sets out the general criteria relating to key ESG matters (human rights, climate change and nature), which apply to CaixaBank AM LUX funds' investments across all sectors and activities falling within the scope of this Policy.

### 6.1.1. Human Rights

Context and Objectives

For the Management Company, respect for human rights is an integral part of its values and represents the minimum standard of conduct for carrying out business activities in a legitimate manner. The Management Company also acknowledges that the primary responsibility for protecting human rights lies with governments, while companies have a responsibility to promote and respect human rights within their sphere of influence.

In line with its responsible policies and positions on ethics and human rights, CaixaBank AM LUX operates under a culture of respect for human rights and expects its employees, business partners, service providers and other parties directly linked to its operations, products and services to do the same.

In order to mitigate the risk of being associated with human rights violations, CaixaBank AM LUX applies a number of general exclusions and restrictions.

Applicable Standards

This Policy has been developed taking into account internationally recognised standards and initiatives, including:

- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- ILO Core Conventions (International Labour Organization)
- United Nations Declaration on the Rights of Indigenous Peoples
- Convention on the Rights of the Child
- Declaration on Human Rights Defenders
- United Nations Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidance for Responsible Business Conduct
- National Action Plan on Business and Human Rights
- OECD Guidelines for Multinational Enterprises
- United Nations Global Compact
- International Finance Corporation (IFC) Performance Standards
- Equator Principles

Considerations in the Investment Decision-Making Process

CaixaBank AM considers the actual and potential human rights risks and impacts associated with the companies in which it invests and their operations. As part of this due diligence process, the Investment Manager assesses, among other factors:

- The existence of a Human Rights Policy, Sustainability Policy, Corporate Social Responsibility Policy, Code of Ethics or Code of Conduct.
- Transparency regarding environmental, social and governance performance and management, whether in accordance with applicable legislation or internationally recognised sustainability reporting standards.
- The existence of an Occupational Health and Safety Policy based on international standards (e.g. ISO 45001 certification) and/or a strong health and safety track record. Where controversies exist, mitigating actions taken by the company will be assessed.

The above considerations provide guidance for the assessment of companies and will be taken into account, where relevant, in accordance with the principles of materiality and proportionality to determine compliance with this Policy.

Exclusions and Restrictions

With regard to human rights, the Management Company establishes a number of general exclusions and restrictions, reflecting its intention not to invest in companies or countries that seriously violate the fundamental principles of the United Nations Global Compact, particularly in relation to human rights and labour rights.

Accordingly, the following shall be excluded:

- Companies for which there is credible evidence of the use of child labour or forced labour, as defined by ILO conventions, involvement in human rights violations or abuses, or violations of labour rights, particularly those relating to workers' health and safety, in breach of the principles of the United Nations Global Compact.
- Companies that violate the rights of indigenous or vulnerable groups, or that cause their resettlement without their free, prior and informed consent.

Specific exclusions and restrictions are set out in the procedures implementing this Policy.

#### 6.1.2. Climate Change

Context and Objectives

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

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

In 2015, the Paris Agreement established a global action plan with the long-term objective of keeping the increase in global average temperature well below 2°C above pre-industrial levels and pursuing efforts to limit the increase to 1.5°C.

CaixaBank AM LUX aims to contribute to the transition towards a carbon-neutral economy. This commitment is reflected through the environmental assessment of the impacts generated by the activities and operations of the companies in which the Investment Manager invests, as well as through the financing and investment of sustainable projects. In this regard, and as part of the Management Company's commitment to the energy transition, CaixaBank AM LUX follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as incorporated into the relevant standards of the International Sustainability Standards Board (ISSB) and the International Financial Reporting Standards (IFRS).

## Applicable Standards

In developing this Policy, internationally recognised standards and initiatives have been taken into consideration, including:

- United Nations 2030 Agenda for Sustainable Development Goals (SDGs)
- Paris Agreement (COP21) under the United Nations Framework Convention on Climate Change and the Katowice Climate Package (COP24)
- United Nations Global Compact (UNGC)
- Carbon Disclosure Project (CDP)
- UNEP FI Statement on Sustainable Development and Positive Impact Initiative
- IFC Performance Standards and Environmental, Health and Safety Guidelines
- Equator Principles
- Principles for Responsible Investment (PRI)
- Green and Social Bond Principles
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- International Sustainability Standards Board (ISSB)
- International Financial Reporting Standards (IFRS)
- UNEP FI Principles for Responsible Banking
- Science-Based Targets
- Energy transition scenario adopted by the Government of Spain
- Partnership for Carbon Accounting Financials (PCAF)
- Carbon Tracker Initiative (CTI)
- Transition Pathway Initiative (TPI)
- UNEP FI Guidance for Climate Target Setting for Banks

## Considerations in the Integration of the Investment Decision-Making Process

In the area of climate change, CaixaBank AM LUX focuses on the decarbonisation strategy of companies operating in sectors whose activities are more carbon-intensive and applies this assessment in accordance with the principles of materiality and proportionality.

For the assessment of decarbonisation strategies, a set of common objective criteria aimed at analysing their consistency, robustness and credibility with respect to climate transition management shall be considered. These criteria are defined in an internal procedure.

Among other climate-related elements, the assessment shall include the company's carbon intensity and the evaluation of its decarbonisation strategy, with a particular focus on the most carbon-intensive sectors.

Exclusions and Restrictions

Based on this assessment, CaixaBank AM LUX may decide not to invest in companies or countries that may pose a material climate-related risk to the Management Company.

Such a decision may be adopted where the climate assessment indicates that the decarbonisation strategy is inadequate, or where the investment may generate significant risks associated with the transition to a low-carbon economy or adversely affect the Management Company's climate-related commitments.

The specific restrictions in this regard are detailed in the procedure implementing this Policy.

### 6.1.3. Nature

Context and Objectives

CaixaBank AM LUX recognises that the economic activities of the companies and countries in which it invests may have substantial impacts on nature. These impacts may be more severe when they occur in areas of high biodiversity value, sensitive ecosystems, areas exposed to water stress, nationally or internationally protected areas, or where the impact itself is material regardless of the location.

Consequently, the Management Company incorporates these considerations into its sustainability risk management framework with the objective of minimising the impact of its portfolio on nature.

Furthermore, the Management Company recognises that the relationship between investments and nature may give rise to risks for its activities and risk profile. Accordingly, CaixaBank AM LUX integrates these considerations into its sustainability risk management framework, with the objective of both minimising the impact of its portfolio on nature and managing the associated risks through the application of general and sector-specific criteria.

Applicable Standards

In developing this Policy, internationally recognised standards and initiatives have been taken into consideration, including:

- UNESCO World Heritage Convention
- Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention)
- Forest Stewardship Council (FSC) International Standard
- UNESCO World Network of Biosphere Reserves
- International Union for Conservation of Nature (IUCN) Protected Areas
- Recommendations of the Task Force on Nature-related Financial Disclosures (TNFD)

Considerations in the Integration of the Investment Decision-Making Process

CaixaBank AM LUX expects companies to adopt best practices relating to nature and takes into account the actual and potential risks and impacts of companies and their operations on nature.

As part of this due diligence process, CaixaBank AM LUX considers companies' performance in this area, together with other general criteria, including:

- The existence of a Biodiversity Policy, Environmental Policy or Nature Policy.

- The identification of potential impacts on nature, including impacts related to water scarcity, biodiversity loss, soil, water and air pollution, and waste generation, as well as measures to avoid, minimise, restore, compensate for or mitigate such impacts.
- For projects, the existence of biodiversity-related certifications (e.g. adherence to IFC Biodiversity Standards) or environmental impact assessments, particularly where projects may have potential impacts on tropical forests, High Conservation Value (HCV) areas, High Carbon Stock (HCS) areas, Natura 2000 protected sites or other protected natural areas.

The aspects mentioned above constitute guidance for the assessment of companies in this area and shall be considered, where applicable, in accordance with the principles of materiality and proportionality, with the objective of determining compliance with this Policy.

## Exclusions and Restrictions

In relation to these matters, the Management Company establishes a number of general restrictions, reflecting its intention not to invest in companies or countries that seriously breach the fundamental principles of the United Nations Global Compact relating to environmental protection and the fight against corruption.

The specific restrictions in this regard are detailed in the procedure implementing this Policy.

## 6.2. Sectoral criteria and exclusions by activities

### 6.2.1. Energy

Context and Objectives

The energy sector is of major importance for the development of the global economy. Access to secure and affordable energy is a fundamental basic service for global well-being. However, CaixaBank AM LUX recognises that the energy sector entails significant environmental and social impacts, as well as risks and opportunities arising from climate change and the transition towards a low-carbon economy.

In this context, reducing the use of fossil fuels and advancing towards energy generation systems with low greenhouse gas (GHG) emissions contribute substantially to addressing climate change. At the same time, the sector faces physical risks, such as the exposure of infrastructure to extreme weather events, as well as transition risks resulting from regulatory, technological and market developments.

In addition, adverse impacts of the energy sector on the environment and society must be taken into account, including ecosystem disruption, impacts on biodiversity resulting from the construction of energy infrastructure in sensitive areas, the generation of hazardous waste, occupational health and safety concerns, and effects on local communities, among others. These impacts must be appropriately managed while balancing the need to advance the energy transition and meet the growing demand for more affordable, secure, clean and efficient energy sources.

Oil and Gas:

Oil and gas play an important role in the global energy mix. However, their activities may generate environmental and social impacts, particularly in the case of unconventional resources such as oil sands, shale resources or hydraulic fracturing (fracking), or when developed in complex or environmentally sensitive areas. Furthermore, these activities are exposed to risks arising from the transition towards a low-carbon economy, while their environmental impacts are directly linked to greenhouse gas (GHG) emissions.

Coal:

Coal-related activities entail significant environmental impacts, particularly through their GHG emissions, as well as material transition risks associated with the decarbonisation of the economy.

Nuclear Energy:

Inadequate management of nuclear energy may lead to safety, health or environmental issues, such as radioactive contamination, which may have significant impacts on biodiversity and communities.

Renewable Energy:

Renewable energy sources play a key role in the energy transition. Nevertheless, their development may also generate adverse environmental and social impacts when not properly managed (for example, impacts on water resources or biodiversity).

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

- Companies whose activities are related to oil and gas;
- Processing and production activities, including refining, petrochemical activities, refineries, gasification, etc.;

- Electricity generation from fossil fuels (coal, oil and gas) and renewable energy sources (wind, solar, hydroelectric, geothermal, biomass and liquid and gaseous biofuels);
- Heat generation 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 and services specifically designed for, or used by, the energy sector, including trading activities, maritime transport, pipelines, storage facilities, vessels, floating production storage and offloading units (FPSOs), blending activities, and the transmission, distribution and marketing of heat and electricity;
- Nuclear energy generation.

## Applicable Standards

The following internationally recognised standards and initiatives, among others, have been taken into account in the development of this Policy:

- IPIECA Guidance for the Oil and Gas Industry in Conflict-Affected Areas
- World Bank Global Gas Flaring Reduction Partnership
- Extractive Industries Transparency Initiative (EITI)
- Voluntary Global Gas Flaring and Venting Reduction Standards
- Voluntary Principles on Security and Human Rights
- World Bank General Environmental, Health and Safety Guidelines for the Energy Sector
- Energy and Biodiversity Initiative (EBI)
- Convention on Nuclear Safety (Vienna, 1994)
- Vienna Convention on Civil Liability for Nuclear Damage (1963)
- International Atomic Energy Agency (IAEA) Safety Standards
- Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (Vienna, 1997)

## Considerations in the Integration of the Investment Decision-Making Process

CaixaBank AM LUX expects companies operating in the energy sector to adopt and develop industry best practices with regard to climate change mitigation, biodiversity protection, occupational health and safety, protection of local communities' rights and the safety of their facilities.

As part of this due diligence process, CaixaBank AM LUX takes into consideration the following:

- The existence of a supply chain management system that incorporates environmental, human rights, and occupational health and safety considerations relating to suppliers and subcontractors.
- For projects, the existence of systems and procedures for spill response and clean-up, control of pollutant emissions, gas venting and flaring, and wastewater discharges.

In assessing companies and operations related to the energy sector, CaixaBank AM LUX takes into account its own decarbonisation commitments.

The aspects mentioned above constitute guidance for the assessment of companies in this area and shall be considered, where applicable, in accordance with the principles of materiality and proportionality, with the aim of determining whether they comply with the requirements of this Policy.

<u>Exclusions and Restrictions</u>

CaixaBank AM LUX shall restrict investment in companies meeting any of the following criteria:

- Companies deriving more than 5% of their consolidated revenues from electricity generation based on thermal coal, unless:
    - they have a credible decarbonisation strategy and coal phase-out plan by 2030 (with no coal dependency by 2030); or
    - the purpose of the investment is the development of renewable energy installations or another demonstrable activity linked to the energy transition.
- Companies involved in the development of coal-fired power generation capacity.
- Groups predominantly engaged in the exploration, extraction and production of oil and natural gas, unless the purpose of the investment is the development of renewable energy installations or another demonstrable activity linked to the energy transition.
- Companies for which there is evidence that exploration, production or transportation of oil sands accounts for more than 10% of revenues.
- Companies for which there is evidence that exploration, production or transportation of oil and gas in the Arctic region (AMAP[1]) accounts for more than 10% of revenues.

Finally, with respect to investee companies, the objective is to support the transition towards more sustainable energy sources and the reduction of emissions while maintaining the companies' competitive position and business viability, thereby driving improvement through engagement and dialogue.

### 6.2.2. Mining

<u>Context and Objectives</u>

The mining industry plays an essential role in the economy. It is a significant source of income and wealth in many regions, providing decent employment, business development and tax revenues. In addition, certain minerals are essential to other industries. Minerals such as phosphates and potash are used in the agricultural and chemical industries, while metals are necessary for the production of consumer and capital goods, among others. In this regard, recycling and other circular economy initiatives may reduce the need for raw materials, but are unlikely to eliminate it entirely.

At the same time, the mining industry may generate adverse environmental and social impacts. For this reason, CaixaBank AM LUX considers it essential that environmental, social and governance matters associated with mining activities are properly assessed and managed. Accordingly, it expects its clients and the mining companies included in its portfolios to comply with applicable laws and internationally recognised responsible business standards.

These criteria apply to companies involved in mining activities, including exploration, planning and development, operation, mine closure and rehabilitation, and the processing of extracted minerals (excluding oil and gas, which are covered under the Energy section). Metal and mineral processing includes refining, smelting and further processing of metals and minerals extracted through mining activities.

## Applicable Standards

In developing this Policy, the following internationally recognised standards and initiatives, among others, have been taken into consideration:

- International Council on Mining and Metals (ICMM)
- ILO Convention C176 on Safety and Health in Mines (1995)
- Voluntary Principles on Security and Human Rights
- Extractive Industries Transparency Initiative (EITI)
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- Minamata Convention on Mercury (gold)
- International Cyanide Management Code (gold mining)
- Good Practice Guidance for Mining and Biodiversity developed by the International Union for Conservation of Nature (IUCN) and the International Council on Mining and Metals (ICMM)
- International Finance Corporation (IFC) Environmental, Health and Safety Guidelines for Mining
- Energy and Biodiversity Initiative (EBI)
- Kimberley Process (diamond industry)
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (tin, tantalum, tungsten and gold)
- ITRI Tin Supply Chain Initiative (tin)
- Fair Stone International Standard (natural stone)
- Bettercoal Code (coal)
- Recommendations of the International Commission on Radiological Protection (ICRP)
- Treaty on the Non-Proliferation of Nuclear Weapons (New York, 1968)
- International Atomic Energy Agency (IAEA) Safety Standards

## Considerations in the Integration of the Investment Decision-Making Process

CaixaBank AM LUX expects companies operating in the mining sector to adopt and develop industry best practices with regard to biodiversity protection, occupational health and safety, protection of local communities' rights and the safety of their facilities.

As part of this due diligence process, CaixaBank AM LUX takes into consideration:

- The existence of a supply chain management system that incorporates environmental, human rights, and occupational health and safety considerations relating to suppliers and subcontractors.

When assessing mining companies and their operations, particularly those involved in thermal coal mining, CaixaBank AM LUX takes into account its own decarbonisation commitments.

The aspects mentioned above constitute guidance for the assessment of companies in this area and shall be considered, where applicable, in accordance with the principles of materiality and proportionality, with the aim of determining whether they comply with the requirements of this Policy.

Exclusions and Restrictions

CaixaBank AM LUX shall restrict investment in companies meeting any of the following criteria:

- More than 5% of the revenues of the economic group are derived from thermal coal extraction, unless:
  - the company has a credible decarbonisation strategy and coal phase-out plan by 2030 (with no dependence on coal by 2030); or
  - the purpose of the investment is the development of renewable energy installations or another demonstrable activity linked to the energy transition.
- The company is involved in thermal coal mining expansion projects.

Finally, with investee companies, the objective shall be to support the transition while preserving their competitive position, thereby promoting improvement through engagement and dialogue processes.

### 6.2.3. Infrastructure and Transport

Context and Objectives

The infrastructure sector plays an important role in global economic growth through transport and telecommunications networks. In an increasingly interconnected world with a growing population, infrastructure is becoming ever more important. However, the sector faces a number of environmental and social challenges, including biodiversity degradation, access to resources, waste generation, pollution and impacts on local communities, among others.

This sector comprises companies whose activities relating to the construction, operation and decommissioning of transport, water management, waste management and telecommunications infrastructure represent a significant part of their overall activities.

Transport:

The transport industry is essential to global economic growth. The transportation of raw materials, finished goods and people may have significant environmental impacts. Improving energy efficiency and promoting the sustainability of transport systems is therefore essential.

In addition, the construction and development of transport infrastructure, such as ports, terminals, airports, railways and highways, may give rise to environmental and social impacts depending on the areas in which such activities are carried out.

Water Management:

Freshwater supply is limited while industrial, agricultural and domestic demand continues to grow. Ensuring a secure water supply and effective water management is necessary to sustain life, support the planet's development and protect the environment, thereby avoiding adverse impacts such as desertification, aquifer depletion and droughts.

In this context, dams can make an important contribution to the development of many countries by supporting water supply. However, they may also have environmental and social impacts, particularly large dams, through changes in river flow patterns that affect flora, fauna and other natural resources.

Waste Management:

Effective waste management is fundamental to sustainable development, particularly through reducing the consumption of raw materials by means of reuse, recycling and other circular economy practices that promote more efficient use of natural resources.

Waste management includes the collection, transportation and treatment of waste. If not properly managed, these activities may give rise to environmental and social risks, including health-related risks, depending on the type of waste being handled.

Telecommunications and Energy Infrastructure:

The construction of telecommunications infrastructure, such as fibre-optic networks, and energy infrastructure, such as electricity transmission lines, oil pipelines and gas pipelines, is essential for economic and social development. Nevertheless, these infrastructures may generate environmental and social impacts depending on where they are developed.

All of these adverse environmental and social impacts can be avoided or minimised through the appropriate application of general or sector-specific international standards by the companies concerned.

## Applicable Standards

In developing this Policy, CaixaBank AM LUX has taken into account major internationally recognised standards and initiatives, including:

- OECD Framework for the Governance of Infrastructure
- World Commission on Dams (WCD)
- United Nations Environment Programme (UNEP) Dams and Development Project
- Building Research Establishment Environmental Assessment Method (BREEAM) and Leadership in Energy and Environmental Design (LEED)
- Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (Vienna, 1997)
- International Maritime Organization (IMO) requirements
- International Finance Corporation (IFC) sector-specific reference guidelines
- Poseidon Principles
- Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
- Climate-Aligned Finance Standard for the Aviation Sector (CAF)
- PEGASUS Guidelines (ACI Europe and Eurocontrol)

## Considerations in the Integration of the Investment Decision-Making Process

CaixaBank AM LUX expects companies operating in the infrastructure and transport sectors to adopt and develop industry best practices with regard to biodiversity protection, occupational health and safety, protection of local communities' rights and the safety of their facilities.

As part of this due diligence process, CaixaBank AM LUX considers the following in its assessment:

- For airline operators, whether they report the carbon footprint of their activities.
- For the aviation sector, whether they support carbon-neutral growth for international aviation through the CORSIA scheme.
- For the maritime transport sector, whether they have an appropriate ship recycling policy or procedure in place, which is considered a good practice.

- For maritime transport companies, and where relevant, whether they are aligned with the IMO GHG Strategy.
- The existence of a supply chain management system that incorporates environmental, human rights, and occupational health and safety considerations relating to suppliers and subcontractors.

The aspects referred to above constitute guidance for the assessment of companies in this area and shall be considered, where applicable, in accordance with the principles of materiality and proportionality, with the objective of determining whether they comply with the requirements of this Policy.

Exclusions and Restrictions

In relation to these matters, the Management Company establishes a number of general restrictions reflecting its intention not to invest in companies or countries that seriously violate the fundamental principles of the United Nations Global Compact, particularly with regard to human rights, labour rights, environmental protection and anti-corruption.

### 6.2.4. Agriculture, Fisheries, Livestock and Forestry

Context and Objectives

Agriculture, fisheries and livestock farming are not only providers of food but also sources of wealth that contribute to job creation, poverty reduction and improvements across the food supply chain. Likewise, forestry and the forest products industry more generally provide important resources to communities, including food, medicine, timber, water, air quality, and spiritual and aesthetic values. Forests and other natural areas also serve as habitats for a wide diversity of species.

At the same time, increasing demand for food, fibre and biofuels places pressure on the intensification of production based on existing resources, as well as its expansion into previously undeveloped areas. This may result in biodiversity loss and impacts on protected species, soil erosion and land degradation, emissions arising from biomass burning and the use of fertilisers, contamination of water resources, the introduction of invasive species, land-use disputes and human rights abuses, including child labour and forced displacement.

For this reason, CaixaBank AM LUX considers it essential that companies operating in these sectors adequately assess and manage the environmental and social aspects associated with their activities.

The activities covered under this Agriculture, Livestock and Forestry Policy include:

- Plantations for the cultivation and harvesting of agricultural products; forestry plantations and logging activities; livestock farming.
- Refining and processing of agricultural products; wood processing; pulp and paper production.
- Manufacturing of processed food and beverages.
- Extraction of fishery resources in external waters and aquaculture, shellfish and fish farming activities.
- Commercialisation of products containing, or produced using, cattle, cocoa, coffee, palm oil, rubber, soy and timber.

## Applicable Standards

In developing this Policy, the following internationally recognised standards and initiatives, among others, have been taken into consideration:

- Principles for Responsible Investment in Agriculture and Food Systems (FAO, IFAD, UNCTAD and the World Bank)
- WWF 2050 Key Performance Criteria Guide to Responsible Investment in Agricultural, Forest and Seafood Commodities
- United Nations Convention on Biological Diversity (1992) and the Nagoya Protocol (2010)
- Cartagena Protocol on Biosafety relating to Genetically Modified Organisms (GMOs)
- Stockholm Convention on Persistent Organic Pollutants (POPs)
- FAO International Code of Conduct on Pesticide Management
- OECD-FAO Guidance for Responsible Agricultural Supply Chains
- Aquaculture Stewardship Council (ASC)
- United Nations Resolutions pertaining to Sustainable Fisheries
- Alliance for Zero Extinction
- Global Good Agricultural Practice (Global GAP)
- Rainforest Alliance Sustainable Agriculture Standard (SAN)
- Global Roundtable for Sustainable Beef (GRSB) and Standards Cattle Production System (SCPS)
- World Organisation for Animal Health (WOAH)

Soy Production:

- Roundtable on Responsible Soy (RTRS)
- Basel Criteria for Responsible Soy Production
- CGF Responsible Soy Sourcing Guidelines

Palm Oil:

- Roundtable on Sustainable Palm Oil (RSPO)
- Principles and Criteria for Responsible Palm Oil Production

Cotton, Coffee, Tea, Coconut and Sugar:

- Fairtrade
- Rainforest Alliance Certified
- UTZ Certified
- Better Cotton Initiative
- World Cocoa Foundation
- Ethical Tea Partnership
- 4C Membership (coffee)

Timber / Rubber:

- Forest Stewardship Council (FSC) Standard
- Programme for the Endorsement of Forest Certification (PEFC)
- Rainforest Alliance certification or equivalent certification

<u>Considerations in the Integration of the Investment Decision-Making Process</u>

CaixaBank AM LUX expects companies operating in the agriculture, fisheries, livestock and forestry sectors to adopt and develop industry best practices with regard to nature conservation, biodiversity protection, occupational health and safety, protection of local communities' rights and the safety of their facilities.

In assessing companies operating in the agricultural sector, CaixaBank AM LUX considers:

- The existence of procedures and systems addressing land management, water management, pollution prevention and waste management.
- The existence of a supply chain management system that incorporates environmental, human rights, and occupational health and safety considerations relating to suppliers and subcontractors.
- Where a company produces, processes or commercialises forestry products, the existence of FSC (Forest Stewardship Council), PEFC (Programme for the Endorsement of Forest Certification) or equivalent certification for its production activities or supply chain.

The aspects described above constitute guidance for the assessment of companies in this area and shall be considered, where relevant, in accordance with the principles of materiality and proportionality, with the objective of determining whether they comply with the requirements of this Policy.

<u>Exclusions and Restrictions</u>

In relation to these matters, the Management Company establishes a number of general restrictions, reflecting its intention not to invest in companies or countries that seriously violate the fundamental principles of the United Nations Global Compact, particularly with regard to human rights, labour rights, environmental protection and anti-corruption.

### 6.2.5. Defence and Security

<u>Context and Objectives</u>

This Policy defines the procedures and applicable standards through which CaixaBank AM LUX addresses ESG risks related to the defence and security sector, with the objective of conducting activities related to this sector in a responsible manner. CaixaBank AM LUX expects defence and security companies to comply with applicable regulations and international conventions ratified by the countries in which they are established.

**Defence Sector:**

In the current context, characterised by an increasingly complex international environment and the emergence of more significant geopolitical and security risks, there is a growing trend towards strengthening States' defence capabilities and resilience against emerging threats.

In this regard, CaixaBank AM LUX recognises the right of countries to defend themselves and ensure the security and protection of their citizens, as well as to maintain adequate defence and deterrence capabilities as contributors to stability, the preservation of democratic institutions and the international order.

CaixaBank AM LUX shall not intervene in the defence sector where there is a clear risk that defence-related materials may be used for repression or other serious violations of international humanitarian law, arms non-proliferation treaties and conventions, or other relevant international norms and guidelines.

Security Sector:

In addition, governments and corporations increasingly rely on private security companies worldwide, sometimes outsourcing functions involving the potential use of force, such as prison management, border control, protection of critical infrastructure or support in public order contexts, often in sensitive environments.

These circumstances may increase the risk of abuses, misuse of force and human rights violations, as well as challenges relating to oversight and accountability. It is therefore important that companies operating under such circumstances exercise enhanced diligence and attention.

Sector Scope:

In line with the standards applicable to this sector, CaixaBank AM LUX considers the following definitions for the purpose of this Policy:

- **Defence companies:** any company, group, institution, government agency or organisation involved in the production, sale/marketing, testing, research and development, systems integration, maintenance or servicing of defence-related products and activities.
- **Security companies:** companies providing private security services in line with the activities described above.

## Applicable Standards

For the definition of controversial weapons, CaixaBank AM LUX applies the criteria established under the relevant international conventions. Defence-related activities and materials are classified as follows:

### Conventional Weapons

- Weapons (such as handguns, small arms, bombs, missiles and rockets) covered by the Arms Trade Treaty, excluding blank-firing weapons, sporting weapons, replicas and collectors' items.
- Ammunition and explosives intended for military use (including bullets, projectiles, torpedoes, grenades, mines and depth charges, among others) covered by the Arms Trade Treaty, provided that they are not intended for civilian use.
- Components specifically designed for, and equipment essential to, the production, maintenance and use of conventional weapons and ammunition, as well as software and hardware related to defence activities, unless intended for civil protection and security purposes.
- Dual-use items, meaning products that may be used for both civilian and military purposes, where the intended end use is military. For the definition of dual-use items, the CaixaBank Group follows the EU export control and dual-use regulatory framework, including Council Regulation (EC) No 428/2009 of 5 May 2009, Commission Delegated Regulation (EU) 2016/1969 of 12 September 2016, and Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021.
- Any other product covered by the Arms Trade Treaty.

## Controversial Weapons

Although there is no universally accepted definition of controversial weapons, at the date of this Policy CaixaBank AM LUX considers the following to be controversial weapons, based on the criteria established under relevant 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). In addition, although not covered by this Convention, CaixaBank AM LUX considers the use of white phosphorus to constitute controversial weaponry.
- **Cluster munitions:** Convention on Cluster Munitions (2008).
- **Depleted uranium munitions**: although no binding international convention currently exists, CaixaBank AM LUX acknowledges stakeholder concerns regarding depleted uranium ammunition.
- **Nuclear weapons:** Treaty on the Non-Proliferation of Nuclear Weapons (1968).

### Considerations in the Integration of the Investment Decision-Making Process

CaixaBank AM LUX systematically monitors its exposure to controversial weapons through its investee companies.

Prior to any investment, CaixaBank AM LUX assesses the potential exposure of the company or investment vehicle to controversial weapons, including, among others, anti-personnel mines, cluster munitions, chemical weapons and biological weapons.

In order to ensure that investments remain aligned with the principles established under this Policy, consideration is given to whether companies demonstrate:

- Strong human rights commitments, due diligence processes aligned with international standards, and robust approval mechanisms for activities within the sector.
- Clear policies and procedures designed to mitigate risks of violations of international humanitarian law.
- A strong ethical track record, free from significant controversies.

### Exclusions and Restrictions

As a general rule, CaixaBank AM LUX applies a number of exclusions and restrictions applicable to all investments, irrespective of sector, falling within the scope of this Policy.

The following shall be excluded:

- Companies that develop, manufacture, maintain or trade in controversial weapons, including their essential components.

For the purposes of this Policy, controversial weapons include anti-personnel mines, biological weapons, chemical weapons, white phosphorus weapons, cluster munitions, depleted uranium munitions and nuclear weapons.

Exceptionally, with respect to nuclear weapons, investment may be permitted in companies domiciled in countries that have ratified the Treaty on the Non-Proliferation of Nuclear Weapons of 1968, provided that such companies are not involved in any other category of controversial weapons.

## 7. Control framework

CaixaBank AM LUX promotes a risk culture which encourages risk control and compliance, as well as the establishment of a robust internal control framework which reaches the entire ManCo and allows fully informed decisions to be made on the risks assumed.

The internal control framework of CaixaBank AM LUX is articulated by Levels of Control, based on the Three Lines of Defense model of the CaixaBank Group, and guarantees the strict segregation of functions and the existence of several layers of independent control:

- The **first level of control** is made up of procedures and processes of the Investment Manager which manage dialogue activities with companies and providers of investment products, and the exercise of the inherent rights to the listed securities which make up the fund portfolios of CaixaBank AM LUX. Based on the delegation of the portfolio management function, the delegated (sub-)investment manager(s) are responsible for the application of the internal policies and procedures in this matter, for proactively implementing measures for the identification, management and mitigation of ESG risks and for establishing and implementing proper controls. Specifically, the Investment Area of the delegated Investment Manager acts as the first level of management control.

- The **second level of control** constituted by the Risk & Compliance functions, ensures the quality of the entire process of generation and management of the different risks, reviews the coherence with the internal policy and public guidelines of the processes, performs specific controls on the information inputs used, establishes the design and the guidelines for reviewing the processes and controls established in the management units of these risks.

- The **third level of control**, constituted by the Internal Audit Function, will carry out periodic supervision activities on the effectiveness and efficiency of the sustainability management framework, including the controls of the first and second level of control, as well as on compliance with the current legislation into force, the requirements of supervisory bodies, and internal policies and procedures related to this risk. Based on the results of its controls, the Internal Audit Function will issue recommendations to the areas, will monitor their proper implementation and, where appropriate, will make recommendations to the CaixaBank AM LUX´s Board of Directors and propose possible improvements.

The existence of controls over the adequate application of the general principles established in this Policy shall be guaranteed, as well as, where appropriate, their development in internal frameworks and procedures.

## 8. Reporting framework

CaixaBank AM LUX, through its participation in CaixaBank AM´s Sustainability Committee, establishes the general principles and the framework of reference for socially responsible investment.

The Conducting Officer at CaixaBank AM LUX, responsible for Portfolio Management, as a participant in the Sustainability Committee, will be in charge of periodically inform CaixaBank AM LUX´s Management Committee of the progress of the main topics discussed, the decisions taken in relation to socially responsible investment, so that if necessary they are reported to the Board of Directors of CaixaBank AM LUX, especially those which may involve reputational risks.

The establishment of an appropriate information framework is essential for the effective management of ESG risks. In this regard, particular importance is given to Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the "Taxonomy Regulation").

In particular, Article 8 of the Taxonomy Regulation requires the disclosure of information relating to activities considered environmentally sustainable and is supplemented by delegated acts specifying the content and presentation of such disclosures.

The main objectives of the information framework are to:

- Provide the Board of Directors and Management Committee, in a timely manner, with accurate, clear and sufficient information to support decision-making and enable verification that activities remain within the established risk tolerance levels.
- Satisfy the information requirements of supervisory authorities.
- Keep shareholders and other relevant stakeholders of CaixaBank AM LUX informed regarding ESG risks.
- Provide the relevant business, management and control functions with the information necessary to monitor compliance with the ESG strategy adopted by the CaixaBank Group.
- Comply with the website disclosure obligations established under Articles 3, 4, 5, 10 and 12 of the SFDR, ensuring that the information remains up to date and that any changes are appropriately disclosed.
- Ensure that information relating to the consistency of the remuneration policy with the integration of sustainability risks, as required under Article 5 of the SFDR, is reflected in the relevant remuneration policies of the Management Company in accordance with applicable regulatory requirements.

Accordingly, the functions responsible for ESG risk management within the first and second lines of defence shall report, at least annually, to the relevant governance bodies on the status of sustainability risk management, including material ESG risks, trends, incidents and mitigation measures.

## 9. Approval of and amendments to the Policy

This updated Policy will become applicable after approval from the CaixaBank AM LUX Conducting Officers and Board of Directors in September 2026.

This Policy will be reviewed annually and as necessary to adapt its governance to current regulatory requirements and applicable sector recommendations.

Non-significant updates, such as simple typographical or linguistic modifications, may be performed at the discretion of the Management Committee, in the context of the daily business management of the ManCo, with information to the Board of Directors, to ensure the adoption of corrective measures with the necessary responsiveness.

## 10. Publication

This Policy will be made available publicly on the corporate website of CaixaBank AM LUX:

https://www.caixabankamlux.com/sustainability.html

## APPENDIX – Glossary of specific terms

- 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): a declaratory document prepared by representatives from all regions of the world with different legal and cultural backgrounds. 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, the fundamental human rights that must be protected throughout the world (basic civil, cultural, economic, political and social rights to which all human beings should be entitled).
  - The International Covenants: Following the adoption of the UDHR, the Commission on Human Rights, the main intergovernmental body in this area within the United Nations, converted 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 Universal Declaration: civil and political rights, and economic, social and cultural rights.
- United Nations Global Compact: The United Nations Global Compact is an international initiative that promotes the implementation of 10 universally accepted Principles to foster sustainable development in the areas of Human Rights and Business, Labour Standards, the Environment, and Anti-Corruption in companies activities and business strategy. It is the largest corporate social responsibility initiative in the world.
- International Labour Organization (ILO) Conventions: The International Labour Organization (ILO) is a specialised agency of the United Nations dealing with labour and labour relations matters. International labour standards are divided into conventions and are legal instruments prepared by the ILO constituents (governments, employers and workers) that establish basic principles and rights at work.
- Performance Standards of the International Finance Corporation (IFC): performance standards that provide a framework for understanding and managing the environmental and social risks of a very significant, complex, international project or a project with a potentially significant impact. They are an international reference for identifying and managing environmental and social risk and have been adopted by many organisations as a key component of their environmental and social risk management. The IFC General Environmental, Health, and Safety Guidelines provide technical guidance with general and sector-specific examples of international industry good practice to comply with the IFC Performance Standards.
- IFC World Bank Environmental, Health and Safety Guidelines: The Environmental, Health and Safety Guidelines of the International Finance Corporation (IFC), of the World Bank, are technical reference documents containing general and specific examples of Good International Industry Practice (GIIP). The General Guidelines should be used together with the Environmental, Health and Safety Guidelines for the relevant industry sector, which provide users with guidance on issues related to each specific industrial sector.
- Equator Principles: The Equator Principles (EP) are a reference framework launched in 2003 so that financial institutions can determine, assess and manage the social and environmental risks of their projects.

- Free, Prior and Informed Consent (FPIC): a specific right of indigenous peoples recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Through FPIC, indigenous peoples may give or withhold their consent to a project that affects them or their territories. Once they have given their consent, they may withdraw it at any stage of the process. In general, it is recognised as appropriate to open a consultation process through which a community potentially affected by a project engages in an open and informed dialogue with individuals and persons interested in pursuing activities in the area or areas traditionally occupied or used by the affected community.
- UNESCO World Heritage: World Heritage is the title granted by UNESCO to certain places on Earth with "outstanding universal value" which therefore belong to the common heritage of humanity, with the aim of cataloguing and preserving sites of exceptional cultural or natural importance for the common heritage of humanity.
- Ramsar List of Wetlands: Ramsar sites are wetlands that meet one of the Criteria for International Importance developed by the Ramsar Convention. This convention is an intergovernmental treaty that provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. This list includes the world most important wetlands from the perspective of ecological interest and biodiversity conservation.
- High Conservation Value (HCV) areas: critical areas within a territory that need to be managed appropriately to maintain or enhance High Conservation Values. There are six main types of HCV areas:
    - Areas containing concentrations of biodiversity values that are globally, regionally or nationally significant (for example, endemism, endangered species, refugia).
    - Large landscape-level areas, globally, regionally or nationally, where viable populations of most or all naturally occurring species exist in natural patterns of distribution and abundance.
    - Areas that are in or contain rare, threatened or endangered ecosystems.
    - Areas that provide basic ecosystem services in critical situations (for example, watershed protection, erosion control).
    - Areas fundamental to meeting the basic needs of local communities (for example, subsistence, health).
    - Areas critical to the traditional cultural identity of local communities (areas of cultural, ecological, economic or religious importance).
- Alliance for Zero Extinction: The Alliance for Zero Extinction (AZE) involves 88 biodiversity conservation non-governmental organisations that work to prevent species extinctions by identifying and safeguarding the places where species assessed as Endangered or Critically Endangered under the International Union for Conservation of Nature (IUCN) occur.
- International Union for Conservation of Nature (IUCN): The IUCN is a membership Union composed of sovereign States, government agencies and civil society organisations. It makes available to public, private and non-governmental entities the knowledge and tools that enable, in an integrated manner, human progress, economic development and nature conservation.

- Marine Protected Areas (MPAs): The Commission for the Conservation of Antarctic Marine Living Resources (CCAMLR) generally recognises a Marine Protected Area (MPA) as a marine area that is protected for all or part of the natural resources it contains. Within an MPA, certain activities are limited or completely prohibited in order to achieve specific objectives in relation to conservation, habitat protection, ecosystem monitoring or fisheries management.
- Tropical primary rainforests: Primary forests are extensive forest areas that have remained intact, that is, have never been exploited, fragmented, or influenced by humans or industrial activity. The biological richness and ecological importance of primary forests are their main biodiversity value.
- Intact Forest Landscapes: An Intact Forest Landscape (IFL) is an area containing forest and non-forest ecosystems, with minimal human activity influence, and large enough to maintain all native biological diversity, including populations of species of various types. IFLs have high conservation value and are critical for stabilising terrestrial carbon storage, hosting biodiversity, regulating hydrological regimes and providing other ecosystem functions.
- Greenhouse Gases (GHG): Gases that form part of the atmosphere, of natural and anthropogenic origin, which absorb and emit radiation at certain wavelengths within the spectrum of infrared radiation emitted by the Earth surface, the atmosphere and clouds. This property causes the greenhouse effect. The main GHGs in the Earth atmosphere are water vapour, carbon dioxide, methane, nitrous oxide and ozone.

Sector: Energy

- Tar sands, oil sands, extra-heavy crude oil: a source of unconventional oil obtained from a combination 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 is still a heavy, low-grade fossil fuel that requires an energy-intensive process to convert it into synthetic crude oil, similar to conventional oil.

Sector: Mining

- Mountaintop Removal: open-pit mining on the summit or ridge of a mountain. This method, widely used in the United States (Appalachia), uses explosives to access coal seams located in mountains, removing a large amount of earth in each operation. This not only affects biodiversity, but also human health, as dust particles and toxins are released into the air.
- Asbestos: a group of naturally occurring fibrous minerals that are resistant to heat and corrosion. Because of these properties, asbestos has been used in commercial products such as fireproofing and insulation materials, automobile brakes and drywall materials. Its use is controlled by the authorities because ongoing exposure has been associated with cancers.
- International Cyanide Management Code (ICMC) is a voluntary initiative for the gold and silver mining industries, as well as for producers and transporters of cyanide used in those industries. Its main objective is to help ensure that this product is managed safely, both during production and transport. It also includes requirements relating to insurance, accident prevention, emergency response, training, public information, stakeholder engagement and process verification. It does not include measures aimed at the design and construction of facilities or the reconstruction of mines.

- The Kimberley Process Certification Scheme (KPCS) is a certification system designed to prevent conflict diamonds (which involve human rights abuses or the financing of war) from entering the diamond market.

  For a country to participate, it must ensure that:

  a. Any diamond originating from that country does not finance a rebel group or other entity whose objective is to overthrow a government recognised by the United Nations.
  b. Each diamond exported is accompanied by a certificate guaranteeing that it complies with the Kimberley Process. There must be no import or export of diamonds to or from a country that is not part of the scheme.

Sector: Infrastructure

- World Commission on Dams (WCD): international framework on good practices for the planning, construction and management of dams.
- Large dam: a dam that is 15 metres or more in height from the lowest foundation to its highest point; or dams with a height of 5 to 15 metres that contain more than 3 million cubic metres of water (according to the definition of the International Commission on Large Dams).

Sector: Agriculture

- Palm oil is a vegetable oil obtained from the mesocarp of palm fruit. Cultivation of this fruit to obtain oil has a major environmental impact, including deforestation, loss of natural habitats of endangered species (such as the orangutan and the Sumatran tiger), and its contribution to greenhouse gas emissions.
- First-generation biofuel is biofuel derived from biomass from crops that can be used as food for humans or livestock.
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES): an international agreement between governments whose purpose is to ensure that international trade in specimens of wild animals and plants does not threaten their survival. Spain acceded to the CITES Convention on 16 May 1986.
- Roundtable on Sustainable Palm Oil (RSPO): a non-profit organisation that aims to bring together all sectors of the palm oil industry and interested groups (producers, distributors, manufacturers and social and environmental NGOs). It has created a sustainable palm oil certification system (CSPO) establishing criteria and audit systems designed to ensure that production respects labour rights and the rights of indigenous communities, does not occupy new areas of high environmental value and does not threaten biodiversity, while also promoting cleaner agricultural practices.
- Roundtable on Responsible Soy (RTRS): a civil organisation that promotes the responsible production, processing and marketing of soy worldwide. The RTRS standard for responsible soy production is applicable worldwide and ensures that soy production is environmentally sound, socially appropriate and economically viable.
- IUU fishing activities: Illegal, unreported and unregulated fishing is an international problem that occurs across many catching and fishing activities. Illegal fishing occurs when fishing activities violate fisheries laws. Unreported fishing refers to fishing that has not been reported or has been reported incorrectly to the authorities. Unregulated fishing is fishing carried out by stateless vessels or harvesting in unregulated areas, among other cases.

- Stockholm Convention: an international agreement that regulates the treatment of toxic substances. Its purpose is to protect human health and the environment from persistent organic pollutants (POPs), as well as to promote best available practices and technologies to replace POPs currently in use and prevent the development of new POPs by strengthening national legislation and implementing national plans to meet these commitments.
- Rotterdam Convention: Adopted in 1998, it establishes a first line of defence by providing importing countries with the means and information they need to recognise potential hazards and exclude chemicals that cannot be managed safely.

  The objectives of the Rotterdam Convention are as follows:

  c. Promote shared responsibility and joint efforts among the parties in the international trade of certain hazardous chemicals in order to protect human health and the environment from potential harm.

  d. Contribute to their environmentally sound use by facilitating the exchange of information on their characteristics, establishing a national decision-making process for their import and export, and disseminating those decisions to the parties.
- First-generation biofuels are those produced from food crops such as sugar cane and rapeseed. They include bioethanol (produced from sugars and starches) and biodiesel (produced from vegetable oil); and they differ from second-generation biofuels in that the latter are derived from non-food plant materials such as crop residues and agricultural or municipal waste. These contain bioethanol produced from cellulosic materials such as straw or wood.
- Prohibited Substances according to the World Health Organization (WHO). Classes 1A and 1B: Highly hazardous pesticides may cause acute or chronic toxic effects and pose specific risks to children. The widespread use of these products has caused health problems and deaths in many parts of the world, generally as a result of occupational exposure and accidental or deliberate poisoning. International organisations, agreements and conventions (such as the WHO) provide guidance and legal frameworks on the use, management and marketing of pesticides, as well as information on appropriate storage and handling.
- Those classified by the WHO as Class 1A are considered "extremely hazardous" and those classified as Class 1B are considered "highly hazardous".

Sector: Defence

- Controversial weapons

  Weapons that, due to their characteristics, may cause serious harm to civilians. These weapons include anti-personnel mines, biological weapons, chemical weapons, white phosphorus, cluster bombs, ammunition containing depleted uranium 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, muscle and internal organ injuries, or burns.

  Their definition is regulated in the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (1997).

- Biological weapons

  A biological weapon, also known as a bioweapon or sometimes a bacteriological weapon, is any pathogen (infectious agent) used as a weapon of war. The offensive use of living organisms is generally characterised as a biological weapon. A biological weapon may be intended to kill, incapacitate or seriously hinder an individual, as well as cities or entire places.

  Its definition is regulated in the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological and Toxin Weapons and on their Destruction (1972).

- Chemical weapons

  Chemical weapons use the toxic properties of chemical substances to kill, injure or incapacitate. Toxic products produced by living organisms (for example, 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 permitted purposes. Chemical weapons are classified as weapons of mass destruction by the United Nations and their production and stockpiling are prohibited by the 1993 Convention.

- Cluster bombs

  This is a bomb or projectile whose casing splinters on explosion and throws fragments in all directions. The characteristic of this bomb is that, when it opens, it releases many other, smaller bombs, which can be used for various purposes: to cause indiscriminate injury or death to a large number of people; to start fires; or to penetrate armoured vehicles.

  Its definition is regulated in the Convention on Cluster Munitions (2008).

- Ammunition containing depleted uranium

  Depleted uranium munitions are a type of munition constructed largely with depleted uranium. Depleted uranium is a dense metal derived from the enrichment of natural uranium as nuclear fuel. It is used in armour-piercing projectiles and bombs to increase their penetration capacity.

- Nuclear weapons

  A nuclear weapon is a high-powered explosive that uses nuclear energy. The delivery systems carrying it may include intercontinental ballistic missiles, submarine-launched ballistic missiles and long-range bombers carrying cruise missiles, both subsonic and supersonic, among others.

  Its definition is regulated in the Treaty on the Non-Proliferation of Nuclear Weapons (1968).

- White phosphorus

  White phosphorus is an allotrope (a molecule formed by a single element) of the chemical element phosphorus that has extensive military use as an incendiary agent, an agent for creating smoke screens and as an anti-personnel incendiary component capable of causing severe burns. There is controversy as to whether it should be considered within the category of chemical weapons. In addition to its offensive capabilities, white phosphorus is also a highly efficient smoke-producing agent, capable of burning rapidly and producing instant smoke screens. For this reason, white phosphorus munitions are common in infantry smoke grenades and grenade launchers, as well as in ammunition for tanks, armoured vehicles, cannons and mortars.

- Dual-use items

  Dual-use items are items that may be used for both civil and military purposes. According to Council Regulation (EC) 428/2009 of 5 May 2009, as amended by Commission Delegated Regulation (EU) 2016/1969 of 12 September 2016, and Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021 (which repeals Regulation (EC) 428/2009, except for authorisation applications submitted before 9 September 2021), dual-use items are the following:

  - 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