DECLARATION OF THE PRINCIPLE ADVERSE IMPACTS ON SUSTAINABILITY

CONTENTS

.

1 | CONTEXT OF DECLARATION

Banco BPI, S.A (hereinafter also referred to as "BPI", or "Bank") is aware of the fundamental role that financial entities play in directing resources towards the promotion of activities beneficial to the Company as a whole and, as part of the CaixaBank Group, maintains its commitment to the evolution towards a more sustainable economy.

In compliance with the requirements of Regulation (EU) 2019/2088 on the disclosure of sustainability-related information in the financial services sector (hereinafter, the "Sustainable Financial Disclosure Regulation" or "SFDR Regulation"), the Bank, as a financial market participant, includes information on the results and plans regarding the due diligence procedures implemented in the development of its asset management activity, with the aim of promoting transparency on how sustainability risks are integrated into decision-making and investment processes.

This document responds to the reporting requirements at entity level, considering the Regulatory Technical Standards (hereinafter "RTS") for the disclosure of the Principle Adverse Impacts (hereinafter "PAIS") of investment decisions on sustainability factors that have been developed by the European Supervisory Authorities (hereinafter "ESAs").

2 | OVERVIEW

This document sets out the consolidated statement of the main negative impacts on the sustainability of BPI. In preparing it, we have sought to follow, as far as possible, some of the guidelines and formats of the most recent version of the RTS, given that it will only come into force in 2023.

BPI considers sustainability risks and possible negative sustainability impacts in its investment processes. The Bank has established due diligence processes to identify, prevent, mitigate and explain how these impacts are addressed. To this end, the Bank has a set of sustainability policies to ensure its contribution in this area, specifically the Environmental Risk Management Policy and the Defence Sector Policy.

This first statement of the main negative impacts for sustainability includes 8 environmental and social indicators, which have been considered as the most relevant for the Bank considering its current commitments and policies. This statement shows the value of these PAIS of the positions in the Bank's portfolios, as at 3 June 2022, in direct investments in corporate and government bonds and equities.

3 | DESCRIPTION OF THE MAIN ADVERSE IMPACTS

Coverage represents the percentage of the total value of BIS portfolios on which the Data Provider presents information for each indicator. The results on 3 June 2022 for the Bank show a coverage of around 17.1% for all indicators.

Indicators applicable to investments in investee companies

Indicators on climate and other environment-related indicators

Negative Sustainability Indicators		Metric	Result as of 3rd of June 2022
Greenhouse gas (GHG) emissions[1]	GHG emissions (Volume of GHG emissions generated by the companies in which BPI Asset Management invests. The sum of the absolute CO2 emissions, disclosed or estimated, is calculated as a function of the value of the investment in each company) (t C02e)	GHG emissions of scope 1	**94.327**
		GHG emissions of scope 2	**18.671**
		Total GHG emissions of (scope 1 and 2)	**112.998**
	Carbon Footprint (tC02e/ Million EUR EVIC)	Carbon footpring	**78**
	GHG emission intensity of the invested companies (tC02e/ Million EUR sales)	GHG emission intensity of the invested companies beneficiaries of the investment	**268**
	Exposure to companies operating in the fossil fuel sector[2] (%)	Share of investments in companies operating in the in the fossil fuel sector	**0%**[3]

1

[1] Category 1 refers to emissions generated directly by the activity of the invested companies and category 2 refers to emissions generated indirectly, derived from the energy consumed by the invested companies.

[2] Companies active in the fossil fuel sector are defined as companies that derive revenues from (i) the exploration, extraction, distribution or refining of coal and lignite; (ii) the exploration, extraction, distribution (including transport, storage and marketing) or refining of liquid fossil fuels; and (iii) the exploration and extraction of gaseous fossil fuels or their specific distribution (including transport, storage and marketing).

[3] This figure does not consider the percentage of the investee company that engages in activities related to fossil fuels. A company with a minimal percentage of exposure to this sector will weight the indicator in the same way as a company with a higher percentage.

Indicators related to social and labour issues, respect for human rights and the fight against corruption and bribery

Negative Sustainability Indicators		Metric	Result as of 3rd of June 2022
Social and Labour Issues	Gender Diversity in Boards (%)	Ratio of women to men on the boards of the investee companies, expressed as a percentage of all board members [4]	**41,8%**
	Exposure to controversial weapons (antipersonal mines, cluster munitions, chemical weapons and biological weapons) (%)	Share of investments in investee companies involved in the manufacture or sale of controversial weapons	**0%**

Indicators for investments in sovereign and supranational organisations

Negative Sustainability Indicators		Metric	Result as of 3rd of June 2022
Environmental	GHG emissions intensity *(tC02e/ Billions GDP)*	GHG emission intensity of the recipient countries	**267**

4 | DESCRIPTION OF POLICIES TO IDENTIFY AND PRIORITISE THE MAIN NEGATIVE IMPACTS

BPI has developed a framework for sustainable investment, applicable to the activity of portfolio management and investment consulting.

This framework is based on fundamental pillars such as the incorporation of environmental, social and governance aspects (ESG factors) in the investment analysis and decision-making process, complementing traditional financial criteria. In this sense, managers should consider sustainability risks, as well as the corresponding negative impacts, in every investment process.

ESG factors can be defined as:

- **Environmental**: factors related to the quality and well-functioning of the environment and natural systems, such as air,[2] water and soil quality, carbon and climate, ecology and biodiversity, CO2 emissions and climate change, energy efficiency, natural resource scarcity and waste management.
- **Social**: factors related to the rights, welfare and interests of individuals and communities, such as human rights, working conditions and habits, education, gender equality and the prohibition of child and forced labour.

[4] It is understood as the percentage of women on the boards of the companies in which they invest.

- **Governance**: factors related to good governance practices of companies and other entities in which the Bank invests, such as the independence and oversight of boards of directors, good practices and transparency, remuneration of directors, employee rights, management structure and measures in place to combat corruption and insider trading.

Detail on ESG integration in investment analysis

ESG Integration comprises the explicit and systematic inclusion of ESG aspects in the analysis and decision-making processes of investment' processes:

- Sustainability risk is understood as an event or condition of an environmental, social or governance nature whose occurrence could promote a significant negative impact on the value of the investment.
- Principal adverse impacts (PAIS) can be defined as the impacts that investment decisions may have on sustainability factors.

ESG integration aims to reduce the effects of sustainability risks and principal adverse impacts, without compromising profitability. For Clients, ESG integration should advocate a better risk-adjusted result and greater control over the impact of their investments on ESG factors. For BPI, integrating ESG aspects into investment processes means accessing a wide range of non-financial data, making informed decisions and increasing the potential for Customer satisfaction.

The due diligence process

Due diligence helps to anticipate, prevent and mitigate negative impacts. In some cases, due diligence may assist in the decision to maintain or discontinue activities or investments, as a last resort, in cases where the risk of negative impact is very high or mitigation efforts are unsuccessful.

Given that due diligence must be proportional to the risk and adapted to the circumstances and context of each specific company, the following principles are followed in BPI's investment decision-making processes:

- Identify the main actual or potential negative impacts.
- Take measures to prevent, avoid or mitigate these negative impacts.
- Monitor the implementation and outcomes of those measures.
- Report how the main negative impacts are addressed.

Accordingly, BPI develops specific procedures with the objective of adequately monitoring compliance with these principles on a recurrent basis. In practice, the due diligence process is intended to be continuous, interactive and not necessarily sequential, as several steps may be carried out simultaneously, through results that feed back into each other.

Methodology for identifying the main adverse impacts

The process of identifying the main negative impacts is directly related to the investment decision-making processes.

In a first stage, the relevant sustainability factors are identified by geography, industry, sector or company. For this purpose, BPI uses different materiality analyses developed by reference organisations, and relies on the support of suppliers specialised in ESG analysis, as well as public sources of information.

The material indicators which will integrate the construction process of the different portfolios will be identified through the selection and allocation of the different assets in accordance with the procedures implemented by the Bank.

Once the portfolio has been constituted, BPI will analyse and monitor the negative impacts on sustainability arising from the investments made in the various portfolios, publishing the PAIS indicators considered by the Bank, in accordance with the format and content required by the regulations in force at any given time, and applying the due diligence procedures described above.

BPI will monitor the actual and potential negative impacts identified, taking the necessary measures which may be prioritised when it is not possible to immediately address all the impacts. Such measures may result in a decision not to invest, disinvest, reduce exposure or place it under observation. These measures may be complemented, where applicable, with the exercise of active participation through engagement actions, such as dialogue and/or the exercise of voting rights which correspond to BPI in accordance with its shareholding in the investee company.

BPI has policies which include criteria for restrictions on investments in certain companies and sectors, which mitigate the risk of negative impacts. Specifically, there are policies which exclude investments in companies in which violations of the principles of the United Nations Global Compact have been identified (following a process of analysis of the cases and the evaluation of remedial actions), as well as companies which do not comply with the OECD guidelines for multinational companies, or which present exposure to controversial weapons.

Also, within the scope of this monitoring, it is BPI's Financial Advisory Committee, responsible for defining the guidelines for the selection process of the financial assets which form part of the Bank's recommended offer, that must ensure that a wide range of instruments and other financial assets available on the market are assessed and compared.

The Financial Advisory Committee is also responsible for defining the guidelines for the composition of the recommended portfolios. Whenever there are proposals to change the composition of the recommended portfolio, a cost-benefit analysis is performed by the Financial Advisory Committee.

Within the scope of the risk/return analysis, Banco BPI considers that the deterioration, albeit potential, of the sustainability factors relating to the investment products held by the advised Customers, may constitute a criterion which can be taken into account for the purposes of formulating recommendations to sell for reinvestment in investment alternatives. In this context, the Financial Advisory Committee also assesses, from a cost-benefit standpoint, the possible repercussions of the materialisation of sustainability risks on the profitability of the financial products it recommends.

5 | SUSTAINABILITY POLICIES AND PRINCIPLES

BPI has its own policies to identify, assess and manage the main actual or potential adverse impacts, which include:

5.1 Code of Business Conduct and Ethics

Banco BPI has a Code of Business Conduct and Ethics, aligned with CaixaBank's Code of Business Conduct and Ethics, approved by BPI's Board of Directors, with the prior opinion of the supervisory body.

This document reveals the values and ethical principles which must govern the conduct of all BPI Employees and members of BPI's governing bodies, based on the corporate values of Quality, Trust and Social Commitment.

Among the operating principles in force at Banco BPI is Social Responsibility, whereby BPI undertakes to integrate in its objectives, in addition to economic benefit, respect for human rights, equal opportunities and environmental sustainability.

In this way, the intention is to maximise the creation of shared value for all the stakeholders and to create long-term relationships based on trust and transparency.

In this manner, the generation of business and its products and services must take place within a framework of commitment to the respect for the environment and for people and will contribute to the transition to a carbon-neutral, sustainable and inclusive economy. In a consistent manner, BPI will support the initiatives and projects which are most respectful of the environment and which contribute to preventing, mitigating and responding to climate change.

5.2 Sustainability/ESG Risk Management Policy

The objective of the Sustainability/ESG Risk Management Policy is to establish assumptions and mechanisms that ensure the governance, management and control of ESG risks associated with customers and the Bank's own investments, which meet the expectations of stakeholders, enabling the identification of business opportunities and the monitoring of the transformation that the Bank's customers are undergoing and will continue to undergo over the coming years.

This policy is in line with the general policy of the CaixaBank Group, in particular with the equivalent Policy in CaixaBank, adjusting itself to the reality of Banco BPI, in order to ensure the best implementation of the management of environmental risks and opportunities in investment management. As such, it will apply to the assets in which it directly invests.

5.3 Human Rights Policy

Os princípios desta Política devem orientar o BPI nas relações que estabelece com os seus Colaboradores, Clientes, Accionistas, Fornecedores, Parceiros Comerciais, bem como com as Comunidades em que desenvolve os seus negócios e actividades.

A presente Política aplica-se a todos os Colaboradores, quadros dirigentes e membros dos órgãos sociais do Banco BPI, S.A. e das sociedades controladas directa ou indirectamente pelo Banco BPI.

O BPI compromete-se a respeitar integralmente os direitos humanos internacionalmente reconhecidos, consagrados nos seguintes documentos: Carta Internacional dos Direitos Humanos das Nações Unidas (que inclui a Declaração Universal dos Direitos Humanos; o Pacto Internacional sobre os Direitos Civis e Políticos; e o Pacto Internacional sobre os Direitos Económicos, Sociais e Culturais); Declaração da OIT sobre os princípios e direitos fundamentais no trabalho e as oito convenções fundamentais por ela estabelecidas; e Carta dos Direitos Fundamentais da União Europeia.

5.4 Sustainability Principles

The Sustainability Principles define and establish the general principles of action and the principal commitments to stakeholders which BPI must follow in matters of sustainability.

5.5 Declaration on Climate Change

BPI considers essential the transition to a carbon neutral economy that promotes sustainable development and is socially inclusive.

BPI pursues the objective of contributing to the transition to a low carbon economy by reducing the direct impact of its operations and by financing and investing in sustainable projects.

It establishes different lines of action: support viable projects compatible with a low carbon economy and solutions for climate change; manage the risks arising from climate change; minimise its carbon footprint; collaborate with other organisations and communicate progress in a transparent manner.

5.6 Anticorruption Policy

BPI completely repudiates any conduct which, directly or indirectly, may be related to corruption in all its forms, including extortion and bribery.

To this end, a governance framework has been established, based on the following general principles which govern the management of corruption risk:

- Definition of values and principles of action, ensuring their compliance by all employees and members of Governing Bodies;
- Definition and application of due diligence measures in contractual relations with third parties;
- Definition and application of measures to prevent or reduce the risk of the commission of corruption offences at all levels of activity;
- Availability of a channel for queries and complaints.

6 | REFERENCES TO INTERNATIONAL STANDARDS

In its analysis and management processes, BPI takes into consideration various policies in aspects of the integration of sustainability risks, such as the Sustainability/ESG Risk Management Policy, Code of Business Conduct and Ethics or the Human Rights Prinples.

Furthermore, in adhering to international standards and codes of business conduct, the Bank has the following commitments relating to sustainability, as a way of showing its willingness to avoid and address the negative impacts associated with investment decision-making in the provision of investment advisory services and discretionary portfolio management.

- **United Nations Sustainable Development Goals (SDGs):** BPI has a Sustainability Plan that establishes the priority focuses for action with a holistic vision and which seeks to make progress on the Sustainable Development Goals on which its activity can have a material impact, as well as contribute to the socioeconomic development of its environment. The Sustainability Master Plan aims to respond to 7 priority SDGs: 1 Poverty Eradication; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reducing Inequalities; 13 Climate Action; 16 Peace, Justice and Effective Institutions; 17 Partnerships for the implementation of the goals.

- **Adherence to the UN Global Compact:** Banco BPI is a signatory to the UN Global Compact, undertaking to apply and promote the Ten Principles of the United Nations initiative on Human Rights, Labour Practices, Environmental Practices and Anti-Corruption, and to contribute towards the Sustainable Development Goals of Agenda 2030.
- **Membership of BCSD Portugal:** BPI is a member of the Business Council for Sustainable Development (BCSD) Portugal, a non-profit business association, which brings together leading companies in Portugal, which are actively committed to the transition to sustainability.
- **Membership of GRACE - Responsible Companies:** BPI joined GRACE-Empresas Responsáveis, a business association operating in the areas of corporate responsibility and sustainability.

Through BPI's commitments to the different international guidelines, business conduct criteria are established. The standards encompass the Bank's responsibilities and the applicable regulations for its operations in certain sectors, with the objective of mitigating the risk of events which could have negative impacts on sustainability.