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## 1 | INTRODUCTION

- Banco BPI, S.A. (hereinafter, and indistinctly, "BPI" or the "entity"), in line with the CaixaBank Group, is firmly committed to contributing to a sustainable economy in which long-term profitability is reconciled with environmental protection and the promotion of social justice.
- Accordingly, BPI defines in this Engagement Policy (hereinafter, the "Policy") the principles of participation in the decisions of the companies and issuers in which it invests, considering environmental, social and governance criteria.
- This Policy applies to the discretionary investment portfolio management service, a service through which Clients grant the entity a mandate to manage their portfolios. BPI has delegated the provision of this service to BPI Gestão de Ativos (hereinafter referred to as "BPI GA" or "management company").
- The analysis of a company or an investment must consider not only strictly economic aspects, but all adjacent risks and opportunities, including environmental, social and governance (ESG) criteria.
- This Engagement Policy is aligned with this approach and is based on the following **pursuits**:
  - The incorporation of ESG factors into the investment analysis and decision-making process, in addition to traditional criteria.
  - Open dialogue with public or private issuers on material or controversial issues related to ESG factors (hereafter referred to as Engagement).
- The objectives pursued by BPI through these pursuits are intended, on the one hand, to improve the long-term financial and non-financial results of the companies or issuers in which it invests and, on the other, to guarantee the rights of its Clients.

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## 2 | OBJECTIVES

- The purpose of this Policy is to define the general principles, criteria and procedures relating to the engagement and is applicable to the discretionary mandates conferred on BPI by its Clients, in accordance with the provisions of Directive 2017/8281 on the promotion of long-term shareholder engagement (hereinafter, the "Shareholder Rights Directive").
- This Directive, on the promotion of long-term shareholder engagement, structures the relationship between shareholders and companies listed on regulated markets in the European Union whose issuers have their registered office in a Member State, rendering it more fluid, transparent and effective.
- Among other aspects, this Directive has the following objectives:
  - Encourage the engagement of intermediaries and asset managers in the governance of investee companies.
  - Improve the transparency of investment strategies, engagement policies and the process of exercising voting rights, especially when using proxy advisors. Particularly, an obligation is introduced for credit institutions providing discretionary portfolio management services to develop and make public their engagement policy and to **publicly disclose on an annual basis** how this engagement policy has been implemented.

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## 3 | SCOPE OF APPLICATION

- BPI, as a credit institution providing discretionary portfolio management services, is responsible for preparing and **publicly disclose** its own engagement policy to describe how it integrates its engagement as an equity manager into its investment policy.
- This Policy applies to portfolio management services in which Clients entrust BPI, by ratifying the corresponding management mandate, with the power to invest in companies and/or issuers, without prejudice to Clients retaining their voting rights.
- BPI has delegated the discretionary portfolio management service to BPI GA. Nonetheless, BPI is ultimately responsible for providing this service and, as such, will ensure that the execution of the mandates by the management company is carried out in accordance with the provisions of this Engagement Policy.

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## 4 | GENERAL PRINCIPLES

- The dialogue actions will be carried out diligently and in the exclusive interest and benefit of the shareholders. BPI considers the various policies adopted by the CaixaBank Group, to which it belongs, in this regard.
- The Group is committed and aligned with different international standards and regulations, such as:
  - The UN Global Compact
  - The Principles for Responsible Investment (PRI)
  - The UN Guiding Principles on Business and Human Rights
  - The United Nations Sustainable Development Goals (SDGs)
- The content of this Policy may be adapted or modified due to operational or procedural changes arising from legislative or regulatory changes applicable to BPI.

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## 5 | REGULATORY FRAMEWORK. REGULATIONS AND APPLICABLE LEGISLATION

- This Policy is subject to the applicable legislation and regulations in force, as well as any updates or revocations that may occur in the future. The following is a non-exhaustive list of the laws and/or other documents that constitute the regulatory context in which this Policy is framed:
  - Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC on the exercise of certain rights relating to the long-term engagement of shareholders in listed companies and its transposition into Portuguese law.
  - Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.
  - Commission Implementing Regulation (EU) 2018/1212 of 3 September 2018 laying down minimum requirements implementing the provisions of Directive 2007/36/EC of the European

Parliament and of the Council as regards shareholder identification, the transmission of information and the facilitation of the exercise of shareholder rights.

- Law no. 50/2020 of 7 August, which transposes into Portuguese law Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 as regards the rights of shareholders of listed companies regarding their long-term engagement.

- Decree-Law no. 486/99 of 13 November, as amended, approving the Securities Code.

- This Policy is likewise based on the principles established in the applicable Portuguese legislation.

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## 6 | ENGAGEMENT WITH COMPANIES, COMMUNICATION WITH STAKEHOLDERS AND COOPERATION WITH OTHER SHAREHOLDERS

- BPI, in accordance with the operating principles defined by the CaixaBank Group, views sustainability as a driver of long-term change in markets, countries and companies, with an impact on their future performance and the potential to ultimately improve the investment process for its Clients.
- The management company, as the entity entrusted with investment management, undertakes to dialogue on ESG issues in the belief that such constructive dialogue can improve behaviour with respect to environmental factors, risk management and good corporate governance.
- Engagement is understood as dialogue with the public and private issuers in which they invest, to assess how they integrate ESG risks and how they take advantage of the business opportunities associated with sustainability challenges. The inception of the process of active dialogue is initiated whenever a need for engagement is identified, i.e., a specific improvement objective. Dialogue actions can have different purposes according to the needs identified. Ultimately, the goal is to change companies' behaviour on certain sustainability-related issues through persistence on relevant aspects.
- BPI is aware that this active dialogue with public and private issuers is a tool for improving the sustainability of the companies and issuers in which it invests. BPI has delegated the exercise of these dialogue actions to BPI GA, as explained below.
- Pursuant to the above, mechanisms have been established to initiate dialogue actions aimed at modifying the possible conducts identified that:
  - Violate the values of BPI, the CaixaBank group, the management company itself or the Clients and shareholders of the portfolios they manage.
  - Are aligned with the strategic opportunities and risks identified by BPI, the CaixaBank Group, and the management company, such as climate change, the objectives of the Paris Agreement through its support for the Task Force on Climate-Related Financial Disclosures (TCFD), as well as the opportunities and risks expressed in the Sustainable Development Goals (SDGs).
  - Could have a negative impact on society, the environment, the company's reputation, or solvency.
- BPI GA, as the company mandated to manage investments, may engage in dialogue either directly with the companies and issuers, or in collaboration with other investors, or through a third-party representative. BPI GA may also carry out dialogue actions for certain specific issues, through specialised providers, to whom the service is outsourced.
- BPI is aware and supports the fact that the management company promotes an open dialogue with the companies or issuers in which it invests, adopting in each case the method that is deemed

appropriate, in accordance with the provisions of the management company's own Engagement Policy.

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## 7 | EXERCISE OF VOTING RIGHTS (PROXY-VOTING)

- In general, clients of the discretionary portfolio management service do not delegate to BPI voting rights or the exercise of voting rights inherent to the shares they hold.
- In this regard, BPI will not exercise the voting rights pertaining to the shares held by its Clients under the discretionary portfolio management service, given that the Clients maintain the exercise of the voting rights pertaining to the shares they hold. Voting rights are exercised in accordance with the provisions of the discretionary portfolio management contract.
- BPI, in its capacity as depository of the shares associated with the discretionary portfolio management service, will provide its Clients with information on the General Shareholders' Meetings convened by the respective companies (e.g. date, notice or agenda), in accordance with the applicable regulations.
- Notwithstanding, BPI will not issue any kind of recommendation or guidance as to the voting behaviour which may or should be exercised by the Clients in their name and on their behalf.

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## 8 | MANAGEMENT OF CONFLICTS OF INTEREST

- The exercise of dialogue and voting rights can sometimes give rise to conflicts of interest for the Clients of the portfolios managed. Should this occur, the Group has a BPI's General Policy on Conflicts of Interest which defines, among other aspects, the general principles, and procedures to be followed in managing conflicts of interest.
- BPI, in line with the provisions of the aforementioned Corporate Policy, undertakes to ensure that potential conflicts of interest are managed effectively to avoid jeopardising the interests of its Clients. Particularly to:
  - Implement a long-term sustainable investment strategy that is always in the interests of BPI's Clients.

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## 9 | GOVERNANCE FRAMEWORK

The governance structure at BPI is as follows:

### 9.1 Board of Directors

- BPI's Board of Directors is ultimately responsible for complying with the provisions of this Policy and consequently for managing the risk of conduct in terms of Client categorisation.

- By law, it is responsible for determining BPI's management policies and strategies. Within the scope of conduct risk management, it is particularly responsible for:
  - Defining a system of governance that guarantees the sound and prudent management of BPI, including an appropriate distribution of functions in the organisation and prevention of conduct risk, monitoring the implementation of the system and periodic control and assessment of its effectiveness, taking appropriate measures if necessary to resolve possible disputes.
  - Establishing general principles for action, supervision and communication of conduct risk that serve as a reference to enable BPI to develop the necessary organisational measures and procedures.

## 9.2 Risk Committee

- In the performance of its duties as an advisory and support body to the Board of Directors, the Risk Committee is responsible, namely, for advising the Board of Directors and the Audit Committee on the Company's risk policy and, within that framework, on BPI's general, current, and future risk appetite and strategy, and for assisting the Board of Directors in overseeing the execution of BPI's risk strategy by the Executive Committee.
- In the context of conduct risk management, the Risk Committee:
  - Proposes approval of this Policy to the Board of Directors.
  - Monitors the degree of adequacy of the risk assumed to the previously decided profile and ensures that the Bank's actions are consistent with the tolerance levels established.
  - Determines, jointly with the Board of Directors, the information that these bodies must receive, so that knowledge of exposure to this risk is sufficient for decision-making purposes.
  - Assesses the risk of compliance with applicable legislation and/or regulations in force within this area of action and decision, detecting any risk of non-compliance and monitoring and analysing any shortcomings in keeping with ethical or deontological principles.
  - Verifies whether BPI has the means, systems, structures, and resources in accordance with the best practices that allow it to implement its strategy in managing conduct risk.

## 9.3 Audit Committee

- The Audit Committee supervises the effectiveness of the internal control system, ensuring that the established Policies and Systems are effectively applied, and assesses the effectiveness of the financial and non-financial risk management systems, for the purpose of exercising its supervisory functions as a management body, namely by proposing the approval of this Policy to the Board of Directors.

## 9.4 Executive Committee of the Board of Directors

- The Executive Committee of the Board of Directors is responsible for approving the procedures needed to implement this Policy, as well as the decisions to be adopted within the scope of conduct risk management.

## 9.5 Global Risk Committee

- BPI's Global Risk Committee is the body dependent on the Risk Committee responsible for managing, controlling, and monitoring in an overall manner the risk resulting from possible

defaults, as well as assessing the respective implications for liquidity management, solvency levels and regulatory and economic capital consumption.

- To this effect, it must analyse the Bank's overall position in relation to this risk, establishing directly and/or through its possible Delegated Committees, the Policies and/or procedures which optimise its management, monitoring and control, in line with BPI's strategic objectives.
- In this context, the specific objective of this Committee is to adjust the strategy in this matter to that established by the Board of Directors within the scope of the risk appetite, to coordinate the measures to mitigate defaults and the reaction to early warnings, keeping the Board of Directors informed, through reports to the Risk Committee, on the main lines of action and their status at BPI.

## 9.6 Transparency Committee

- The Transparency Committee is the body dependent on the Executive Committee of the Board of Directors responsible for assessing and approving this Policy in the first instance.

## 9.7 Sustainability Committee

- The Sustainability Committee is the body dependent on the Executive Committee of the Board of Directors responsible for approving and monitoring BPI's sustainability strategy and practices.

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## 10 | CONTROL FRAMEWORK

- BPI promotes a risk culture that favours risk control and compliance, as well as the establishment of a solid internal control framework that encompasses the entire organisation and allows fully informed decisions to be taken on the undertaken risks.
- BPI's internal control framework is structured according to the Three Lines of Defence model, which ensures a strict division of functions and the existence of several independent levels of control.
- The **first line of defence** is comprised of the business areas, business support and central services, which are responsible for:
  - Applying the regulations in force, including this Policy, as well as any manuals on specific operating procedures for the activity.
  - Establishing procedures and proactively implementing measures to identify, mitigate and manage conduct risk in the matters covered by this policy.
  - Establishing and implementing appropriate controls to ensure compliance with obligations in respect of conflicts of interest.
- The Compliance Department, as the **second line of defence** for conduct risk in terms of the engagement policy, has the following functions:
  - Promoting the approval of the Policy by the Board of Directors, as well as any substantial change thereto, in alignment with the Policy defined by CaixaBank.
  - Reviewing the satisfactory compliance and effectiveness of the measures adopted by BPI, within the scope of the general procedures for dealing with Client categorisation described in this Policy.

- Reviewing and evaluating the policy every two years or less, if the situation so requires, taking into consideration possible changes in CaixaBank's Policy, in applicable regulations and in internal procedures.
- Issuing recommendations regarding the improvement or adoption of additional measures concerning the general procedures in matters of Client categorisation, resulting from the review procedure mentioned above.
- Informing the Board of Directors, in a timely manner, of any relevant event or occurrence that takes place in relation to possible defaults in terms of Client categorisation.
- Clarifying any doubts about the Policy that may arise during its application by BPI.
- Ensuring adequate disclosure and awareness of the Policy.
- The Internal Audit Department acts as the **third line of defence**, with the mission of supervising the performance of the first and second lines of defence. As an independent and objective function, it ensures the following functions:
  - Including in the audit plans reviews of the effectiveness of management, control, and governance procedures on issues of Client categorisation at BPI.
  - Issuing relevant recommendations and monitoring their proper implementation to ensure the achievement of strategic objectives and the improvement of the control environment.
  - Informing the Compliance Department, among other areas, of the risks of non-compliance in terms of Client categorisation that it detects during its activity.

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## 11 | INFORMATION AND REPORTING

- The establishment of an appropriate reporting structure is essential for the management of the risk underlying this policy.
- The main objectives of the reporting/information structure are:
  - Providing the relevant Governing Bodies, whenever necessary and in a timely manner, accurate, clear, and sufficient information, to facilitate decision-making and verify that BPI is acting in accordance with the legal and regulatory provisions in force, as well as in compliance with the applicable internal rules.
  - Satisfying any information requirements of Supervisors / Regulators.
  - Keeping BPI's stakeholders informed of the principles of action in terms of engagement policy.
  - Providing the heads of the different areas, especially the management and control areas, with the necessary data to monitor compliance with the strategy defined for BPI in matters of the engagement policy.

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## 12 | POLICY UPDATE

- This Policy will be submitted for review by the Board of Directors every two years.



- The Private Banking Department (DPB), as the body responsible for the Policy, must review its content annually and, if deemed necessary, propose changes to be submitted for the approval of the Board of Directors, after hearing the Risk Committee and the Audit Committee.
- Additionally, the Policy may be updated at any time, when the DPB has identified the need to amend it for the following reasons:
  - Changes in legislation and/or regulations.
  - Changes in business objectives and strategy.
  - Changes in management processes.
  - Modifications derived from results obtained in the monitoring and control activities.
  - New or modifications to existing Policies that affect the content of this Policy.
  - Modification of the organisational structure that implies a change in the conduct risk management functions inherent to the Client categorisation.
- As a review procedure, the DPB will:
  - Share the results of the analysis carried out with the other BPI structures involved in managing the conduct risk inherent in Client categorisation and make any necessary changes to the Policy.
  - Present a proposal to revise the Policy, which will include a summary of the revision carried out in the "Changes to the Latest Version" section at the beginning of this Policy.
  - Propose to the Global Risk Committee, to present the revision of this Policy to the Risk Committee and the Audit Committee, which will assess its compliance prior to consideration by the Board of Directors.
  - In situations where updates are made outside the established period (biennial review), if they are immaterial, they may be approved by the Global Risk Committee. For these purposes, immaterial updates are considered those resulting from organisational changes without implications in the conduct risk management functions of the Client categorisation, typographical corrections or those resulting from the updating of documents referred to in this Policy. The Risk Committee and the Audit Committee will always be informed of the updates approved by the Global Risk Committee. These Committees, in turn, will decide whether to inform the Board of Directors of these updates.
- The Organisation and Presidency Department is responsible for the archiving and accessibility of this Policy, ensuring the correct functioning of the archiving, distribution and, where appropriate, publication processes.
- Once approved, this Policy will be made available to all BPI employees via the intranet so that they are aware of it. It will also be made public and available on the Bank's website.

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