



Policy for safeguarding of financial instruments

29 April 2024

Version control

Version	Date <i>[approved by Board]</i>	Control
1	October 2013	Initial version
2	July 2014	Adaptation to the scaling of International Sub-Custodians
3	Julio 2015	Adjustment to the changes resulting from the reform of the Spanish Securities Market
4	January 2016	Adaptation to regulatory changes applicable to the policy
5	September 2018	Adaptation to regulatory changes applicable to the policy
6	September 2020	Adaptation to the policies model of CaixaBank
7	June 2022	Adaptation to the changes in asset custody accounts Biennial review by the Board of Directors
8	April 2024	Alignment with the new policy model defined by the Bank and update to the new Law on securities markets and investment services

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1. Introduction

1.1 Background

To ensure that CaixaBank, S.A. (hereinafter “CaixaBank” or “the Company”) satisfies the customer protection goals set out in both national and European regulations, described in section three of this document, CaixaBank has a Policy for safeguarding financial instruments (hereinafter “the Policy”), as detailed below.

1.2 Financial instrument safeguarding risk

The risk managed and controlled under this Policy is conduct and compliance, especially in relation to the safeguarding of customers’ property rights, in particular instances of company insolvency and to regulate, where applicable, their own use of customers’ financial instruments.

The Policy is defined for this purpose, and a single individual is designated to safeguard customers’ assets - a function that falls on the manager of the Operations Department - who must have the skills and authority needed to exercise his/her duties efficiently and with no impediments. His/her main duties shall include the obligation to periodically report to senior executives at the Bank on the supervision of the policy’s effectiveness with regard to compliance with the safeguarding of customer assets.

1.3 Purpose

The purpose of this Policy is to set out/establish/regulate/define the principles and foundations that regulate the general rules for protecting the financial instruments of customers.

This policy sets out:

- Strategy or general principles governing how financial instrument safeguarding risk is managed.
- Governance framework.
- General management aspects of the general principles that govern the distinction between own assets and customer assets, as well as account reconciliation mechanisms, safeguarding the cash of customers, or the potential use of their financial instruments.
- Control framework.
- Information framework.

2. Scope of application

This Policy is categorised as an individual policy of CaixaBank, the parent company of the CaixaBank Group. For this reason, other companies of the CaixaBank Group that may provide investment services must each have their own Policy for safeguarding financial instruments.

3. Regulatory Framework. Applicable Standards and Regulations

This Policy will be governed by the applicable regulations in force and any regulations that may amend or replace them in the future. Specifically, at the date it is being drawn up, the prevailing regulations applicable to the Group's parent company are:

- Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (MiFID II).
- Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, repealed by Directive 2013/36/EU of 26 June 2013.
- Delegated Directive 2017/593 with regard to safeguarding of financial instruments and funds belonging to clients.
- Delegated Regulation 2017/565 as regards organisational requirements and operating conditions for investment firms.
- Law 6/2023, of 17 March, on securities markets and investment services.
- Royal Decree 814/2023 of 8 November on financial instruments, admission to trading, registry of negotiable securities and market infrastructures.
- Circular 5/2009 of 25 November of the National Securities Market Commission regulating the annual report of the auditor on customer asset protection.

4. General principles for protecting the financial instruments of customers

As laid out in the applicable law detailed earlier, entities that provide investment services must take the appropriate measures to safeguard the ownership rights of customers, especially in cases of insolvency of the entity and to regulate, as appropriate, the entity's use of the financial instruments of its customers.

5. Governance Framework

The governance framework is based on the following pillars:

- Compliance with the principles contained in this Policy by CaixaBank within its scope.
- Alignment with best practices, supervisory expectations and current regulations.
- Maximum involvement of the governing bodies and management.
- The internal control framework based on the Three Lines of Defence model, which insures the strict distribution of functions and the existence of several layers of independent control.

6. Management framework for safeguarding financial instruments

6.1 Distinction between own and customer assets

CaixaBank has established a structure of securities accounts that enables differentiation between its own financial instruments from those of customers, and within these, identify the assets owned by each of them. In the national market, CaixaBank, in accordance with the applicable regulations, maintains the following account structure:

- Own account and third-party account in the Central Securities Depository (IBERCLEAR) as a participating company.
- Accounts for end customers in MEFF as a trading and clearing member.

In international markets, CaixaBank uses EUROCLEAR BANK, BNP PARIBAS Milan, CECABANK and ALL FUNDS BANK as sub-custodians to settle and custody securities and CIs, and BANCO SANTANDER as an intermediary for clearing and liquidating financial derivatives (hereinafter, all of them "Sub-custodians"). The account structure of said Sub-custodians is as follows:

- Own account and third-party accounts.

Sub-custodians that are not direct members of the Central Securities Depository for the market where they provide service may, in turn, require a third Sub-custodian for custody and settlement of securities.

Exceptionally, CaixaBank may be obliged to use other Sub-custodians for the custody of securities that may come from merger or acquisition transactions of other companies. This occurs where said securities are blocked by the market or are not accepted by the Sub-custodians used by CaixaBank.

6.2 Account reconciliation

CaixaBank maintains the necessary records and accounts so that at all times a customer's assets may be distinguished from those of other customers and CaixaBank's own assets without delay. In turn, the internal records and open accounts ensure the information contained therein is accurate and corresponds to the customers' financial instruments. To do this, CaixaBank carries out the reconciliation processes described below:

Domestic market

- Fixed-income and equities instruments: CaixaBank reconciles the balances in the accounts held in the Central Securities Depository (IBERCLEAR) every day.

- Financial derivative instruments contracted in organized markets: CaixaBank carries out daily reconciliation with regard to the accounts held for every customer at MEFF.
- Issuances with records at bookkeeping companies: CaixaBank carries out monthly reconciliation with regard to the overall balances registered at bookkeeping companies. In addition, annual reconciliation is performed for customer positions.
- Physical securities deposited at the securities vault: CaixaBank carries out reconciliation with a minimum frequency of one year.

International Markets

- Fixed-income and equities instruments: CaixaBank carries out weekly reconciliations of the balances held at Sub-custodians.
- Financial derivative instruments contracted in organized markets: CaixaBank carries out daily reconciliations of the existing balances in the accounts held at BANCO SANTANDER, a company with which CaixaBank has agreed the performance of clearing and settlement services.
- Foreign collective investment institutions ("foreign CII's"): CaixaBank carries out daily reconciliations of the balances held at ALLFUNDS, a company with which CaixaBank has agreed the services of custody and settlement.

Discrepancies detected in the reconciliation processes are analysed and managed for resolution. In addition to the reconciliation processes described, CaixaBank, through its Internal Audit Department, conducts periodic reviews, to include the annual external audit, which considers these reconciliation processes as part of its review.

6.3 Aspects to consider in cases of sub-deposits

Royal Decree 217/2008 allows investment firms to deposit financial instruments they hold on behalf of their customers into accounts open with a third party, on the condition that the companies act with due diligence and competency in selecting, designating and periodically reviewing said third party.

The deposit and subdeposit schema at CaixaBank is as follows:

Domestic market

CaixaBank subscribes to the Central Securities Depository (IBERCLEAR) settlement and custody platform for Sovereign Debt, Private Fixed Income (AIAF) and Equities, and to the MEFF platform for clearing and settlement of derivatives contracted in organized markets. Therefore, it does not delegate to any third party the deposit of its customers' financial instruments.

International markets

CaixaBank uses global and/or local Sub-custodians carry out settlement and custody operations in different international markets where customers perform transactions.

CaixaBank has a procedure that details the criteria followed with regard to the selection, appointment and review of Sub-custodians to ensure they comply with the requirements and practices for holding assets of the various markets in which they provide their services.

For the purposes of selecting the Sub-custodians, CaixaBank takes into account different aspects including the experience and renown on the market of the selected Sub-custodians, their credit rating, market coverage

for settlement and custody of securities, the company's specialization in the field of securities and other aspects such as the quality of information for monitoring the activity, frequency and access to positions held at all times.

MARKET SOLVENCY AND PRESENCE REQUIREMENTS	
Creditworthiness	The solvency assessments issued by the leading international ratings agencies (Standard & Poor's, Fitch and Moody's) will be checked. The companies and the debt they issue must meet the minimum requirements.
Market and Instrument Coverage for settlement and custody	The coverage of settlement and custody services for required markets and instruments shall be assessed.
Criteria for selecting and reviewing the local sub-custodian network	The selection and review procedure shall be taken into account for companies used as local Sub-custodians.
Reputation, experience and specialization	CaixaBank exclusively uses recognized and renowned companies.
Charges	Competitive rates are required in line with those at similar companies.

OPERATIONAL REQUIREMENTS	
Services and Operational Support, and Communication Systems	The reliability of the operational procedures, level of automation, quality of information and speed of the support shall be assessed.

The designated companies enjoy globally recognized renown, experience and solvency to carry out this activity.

CaixaBank has contracted services with offices of these companies in European Union countries that have specific regulations and supervision for holding and safekeeping financial instruments, with Sub-custodians being subject to these regulations and supervision.

For deposits of instruments issued in non-EU member states, the designated Sub-custodians may in turn require use of local Sub-custodians or central depositories subject to the regulations and supervision of these non-EU member states. In such instances, customers are warned that their rights over said instruments may be different to those subject to legislation of a member state.

CaixaBank likewise ensures that the companies that provide clearance and liquidation services for foreign derivatives comply with the solvency and presence requirements of the applicable market (credit rating, market coverage, reputation, experience, specialisation and fees), and that they satisfy the operational requirements.

The accounts opened at these entities are global meaning, as stated in the appendix to the CaixaBank Securities Deposit and Management contract, that as a result of insolvency of the Sub-custodian, with the appropriate start of insolvency and/or administration or liquidation proceedings, the described operation may, where applicable, include temporary restriction of the availability, a lower value or even loss of the financial instruments owned by the customer or of the rights deriving from those financial instruments. Due to the aforementioned legal risks, the following could specifically occur:

- Delays in the execution of orders that represent movement of the deposited assets.
- Partial loss of the deposited securities or charging of costs in the event that the assets effectively held by the sub-custodian were insufficient to cover the customers' claims or the sub-custodian were subject to bankruptcy proceedings.

In any event, CaixaBank may only deposit its customers' financial instruments at a third party domiciled in a state not subject to regulations and supervision of financial instrument custody for third parties where any of the following conditions apply:

- Due to the nature of the financial instruments or services relating to these instruments custody is required to be performed at a third party of that country.
- The financial instruments belong to a professional customer and the latter requests in writing that CaixaBank deposits at a third party in that country.

6.3.1 Operational processes

CaixaBank has set up real-time connection mechanisms for communication with its Sub-custodians than enable immediate and constant access to account information, particularly regarding assets in custody, settlement transactions and corporate events that occur with regard to customer positions.

The reconciliation processes are detailed in the "Account reconciliation" section of this document.

6.3.2 Outsourcing Arrangements

Based on the structure of CaixaBank with regard to securities custody, it may be stated that CaixaBank has no outsourcing arrangement currently, considering:

- In the national market: CaixaBank is a direct participant in different subsystems set up at the Central Depository.
- In international markets: CaixaBank relies on international Sub-custodians, considered a standard market practice. This type of support does not mean that CaixaBank has outsourced its custody duties and international securities settlement with different Sub-custodians, but instead that these companies are service providers.

CaixaBank only outsources admin activities specific to settlement, clearing and custody activity.

6.4 Aspects to consider for safeguarding customer cash

As a credit institution with official administrative authorization from the Bank of Spain and as an authorized institution as per Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions, amended by Directive 2013/36/EU of 26 June 2013, CaixaBank acts directly as a depository for its customers' cash accounts.

6.5 Using the financial instruments of customers

In compliance with what is set out in articles 193 of the Securities Market Act and 42 of Royal Decree 217/2008, CaixaBank does not use financial instruments it holds for its customers to undertake finance operations for its own business.

There are currently no agreements between CaixaBank and its customers to undertake financing operations using financial instruments owned by its customers.

Movements of financial instruments are based solely on instructions given by customers or in compulsory corporate movements.

6.5.1 Controls that ensure financial instruments are not used

Compliance with this policy is controlled as per the methods set out below:

- A log of orders and transaction is kept that includes the instructions given by customers.
- Balance reconciliation for own and customers' accounts, as detailed in the "Account reconciliation" section of this document.
- Confirmation sent to customers for each movement made in their securities account, setting out the specific details of the transaction and its global position.

6.5.2 Possible use of customers' financial instruments in the future

CaixaBank shall only be able to set up arrangements for securities financing operations using customers' financial instruments or use them in any other way both on its own behalf and on customers' behalf in accordance with the following requirements.

- i. The customer gives express prior consent to the use of its financial instruments. For retail customers, said consent shall require a written document signed by the customer or any equivalent alternative mechanism.
- ii. The use of financial instruments shall comply with the conditions specified and accepted by the customer.

In addition to the above, where the use of financial instruments is authorized by the customer and they are deposited in a global account, as long as applicable regulations allow it, the following requirements shall apply:

- i. Prior, express and written individual consent shall be needed from customers whose instruments have been deposited in a global account.
- ii. CaixaBank shall need to have systems and controls in place that ensure the instruments are only used if the customer has provided express consent.
- iii. A record of these transactions must be kept that includes:
 1. The details of the customer whose instructions have been followed to use the financial instruments.

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2. The number of financial instruments used that belong to each customer who has given their consent (to be able to properly attribute possible losses thereto).

7. Control Framework

CaixaBank promotes a risk culture in the Group that fosters the control of risk and compliance, as well as the establishment of a robust internal control framework that covers the entire organisation and that allows for fully informed decision-making about the assumed risks.

The internal control framework of the CaixaBank Group follows the three lines of defence model, which ensures the strict segregation of functions and the existence of several layers of independent control:

- The **first line of defence** will be in the operational units that effectively manage the safeguarding of financial instruments. These units will be responsible for applying the internal policies and procedures involving the protection of customer assets; they will proactively introduce measures to identify, manage and mitigate risks involving the protection of financial instruments; they will establish and introduce adequate controls, and will be responsible for knowing and applying the obligations resulting from this Policy.

In particular, and in the field of action specific to the Company, the Securities and Funds Operations Department, part of the Operations Department, shall act as the first line of defence in the management of the safeguarding of financial instruments.

- The compliance function, as the internal control function that makes up the **second line of defence** against the behaviour and compliance risk, shall ensure the quality of the entire process of managing the Policy to safeguard financial instruments; it will review the consistency with the internal policy and the public guidelines of the processes related to the protection of customer assets; It will conduct specific controls and provide guidance on the design and review of the related processes, and on the controls established by the units that manage these risks.

More precisely, and in relation to the Bank's own sphere of activity, the Compliance Department acts as second line of defence in relation to safeguarding financial instruments conduct and compliance risks. Notwithstanding the foregoing, the Corporate Risk Management Function & Planning Department will exercise the cross-cutting second line of defence functions that correspond to it pursuant to the Corporate internal control policy.

- The internal audit function, as the **third line of defence**, is an independent and objective function for assurance and consultation; it is designed to add value and improve Group operations. It plays an important role in achieving the strategic objectives of the CaixaBank Group, providing a systematic and disciplined approach to evaluating and improving risk control and management processes and corporate governance. In particular, Internal Audit will supervise the activities of the first and second lines of defence so as to provide reasonable levels of assurance to senior management and the governance bodies. It will periodically check the effectiveness and efficiency of the management framework of the Policy to safeguard financial instruments, including first- and second-line controls, and the compliance with the applicable laws, the requirements of supervisory bodies and the internal policies and procedures related to this risk. Based on the results of its controls, it will issue valuable recommendations to the areas, monitor their proper implementation and, where appropriate, make recommendations to the governance bodies and propose possible improvements.

8. Reporting Framework

The establishment of a suitable reporting framework is fundamental for managing the behaviour and compliance risk as it relates to the safeguarding of financial instruments.

The main objectives of this reporting framework are as follows:

- Provide governance bodies and senior management with precise, clear and enough information sufficiently in advance to help them make decisions and enable them to verify that operations are being carried out within the set risk tolerance level.
- Meet the reporting requirements of regulatory bodies.
- To keep shareholders and stakeholders of CaixaBank informed in the area of safeguarding financial instruments.
- To provide the necessary information to the heads of various departments, in particular management and control departments, so they can enforce the strategy defined for the Group in relation to safeguarding financial instruments.

In addition, CaixaBank gives its customers information with regard to safeguarding the financial instruments or funds of said customers. It informs them of the possibility that their financial instruments or funds will be deposited with a third party by the Bank, as well as of CaixaBank's liability under the applicable national law for any act or omission of the third party and of the consequences for its customers of the insolvency of said third party. In turn, where customers' financial instruments are deposited in a global account at a third party, customers are informed beforehand and clearly warned about the resulting risks.

In this regard, deposit and management contracts are agreed and signed by customers that set out the main aspects relating to the management of the financial instruments through Sub-custodians and CaixaBank's guarantees over them.

In the event that in accordance with legislation in the country where customers' financial instruments are deposited it is not possible to differentiate customers' financial instruments held by a third party from those owned by the third party, CaixaBank shall notify its customers and advise them accordingly about the resulting risks.

CaixaBank shall notify customers where accounts holding funds or financial instruments are subject to legislation of a non-EU member state. In turn, it shall notify customers about the existence and conditions of any security interest or lien or compensation that CaixaBank has or may have over customers' financial instruments and funds.

Lastly, CaixaBank makes available to its customers this document on the Policy for safeguarding financial instruments, which contains all the procedures, customer rights and CaixaBank responsibilities in terms of safeguarding the financial instruments and funds of customers deposited in CaixaBank.

9. Policy Updates

This Policy will be reviewed by the Board of Directors once every three years. However, as the body responsible for the Policy, the CaixaBank Compliance Department in cooperation with the Securities and Funds Operations Department shall review its contents annually and, where it deems it relevant, shall propose amendments to present to the Board of Directors for approval.

In addition, the process of updating the policy may be initiated, at any time, upon the request of any of those involved in financial instrument safeguarding risk management who may have detected the need to modify the policy for one or more of the following reasons, such as:

- Changes in the regulatory framework.
- Changes in business strategy or objectives.
- Changes in the management approach or processes.
- Changes prompted by the results or findings of the monitoring and control activities.
- New policies or modifications to existing policies that affect the provisions of this Policy.
- Modification to the organisational structure that involves a change in the behaviour and compliance risk management function as it relates to safeguarding financial instruments.

As part of the review procedure, the party responsible for the Policy will:

- Share the results of their analysis with everyone else involved in managing the behaviour and compliance risk in relation to safeguarding financial instruments, and make the necessary changes to the Policy.
- Include a summary of the review carried out in the "Version control" section of the Policy.
- Propose to the Global Risk Committee, submission of the review to the Risk Committee for approval before submission to the Board of Directors for its approval.

However, minor changes made outside the default three-year period may be approved by the Global Risks Committee. For these purposes, minor changes are defined as those involving organisational changes that have no effect on the behaviour and compliance risk management function as it relates to safeguarding financial instruments, and changes to make typographical corrections or that result from updates to documents referenced in the Policy.¹ The Risk Committee must always be informed of any amendments approved by the Global Risk Committee. If the Risks Committee sees fit, it may escalate any such amendments to the Board of Directors.

This Policy shall be published on the Company's corporate website.

¹ The "updating of documents referred to in this Policy" would include only the transcription of excerpts of documents approved by the competent bodies (Board of Directors, Global Risks Committee, etc.) or of regulatory provisions, provided that the amended content is not subject to regulation by the Policy.