

2021 GHG Emissions from the financing portfolio

> TABLE 1

Outlook by type of asset	Exposure		Absolute emissions		Economic intensity
	Total exposure (€m)	% of calculated amount	S1+2 (ktCo2e)	S3 (ktCo2e)	Intensity of emissions S1+2 (tCo2e/€m)
CRE	6,868	84.7%	332	-	57
Mortgages	120,906	99.9%	2,805	-	23
Corporate Finance (PF, GL, SMEs)	126,611	79.0%	10,947	29,728	109
Vehicles	5,208	95.2%	1,374	-	277
Equities	1,267	81.9%	7	26	7
FI	856	43.7%	88	130	234
Total	261,716		15,553	29,884	

> TABLE 2

Outlook by sector	Exposure		Absolute emissions		Economic intensity
	Total exposure (€m)	% Calculated Exposure	S1+2 (ktCo2e)	S3 (ktCo2e)	Intensity of emissions S1+2 (tCo2e/€m)
O&G	6,219	79.8%	1,202	8,789	242
Energy	13,860	93.9%	1,920	5,093	147
Transport	14,890	83.3%	1,891	4,385	152
Real estate business	18,341	73.2%	685	1,424	51
Cement	293	77.8%	562	49	2,464
Iron and Steel	2,217	91.7%	459	790	226
Agriculture (includes stockbreeding)	3,705	69.8%	1,070	522	414
Aluminium	419	85.9%	72	192	201
Coal	0.24	17.0%	0.09	0.01	2,092
Other non-intensive sectors	66,666	76.6%	3,086	8,484	60
Total	126,611		10,947	29,728	

> CONSIDERATIONS

- > The **calculation was done from an operational control approach**, as per the methodology developed by PCAF and described in the "Global GHG Accounting and reporting Standard for the Financial Industry (Part A). Second Edition".
- > The **information on emissions and the financial data** of the companies that are part of the Bank's portfolio are for the **close of 2021**.
- > **Exclusions:** Funded issues have not been calculated for assets with insufficient data, and exposure to credit institutions and sovereign risk are not part of the perimeter (includes €19,160m of Sareb bonds)..
- > **Corporate finance** (non-financial corporations). Includes loans for general corporate purposes (including SMEs) and project finance.
- > The **company value calculation** for the **Corporate Financing and Fixed Income** categories is the sum of equity and debt, (book value) for both listed and unlisted companies.
- > **Scope 3** has been calculated for all sectors in CaixaBank's portfolio. In view of the high risk of double counting of emissions for calculating Scope 3, only the intensity of emissions per million euros is reported for Scope 1+2.

> TABLE 3

Outlook by geography	Exposure		Absolute emissions		Economic Intensity
	Total exposure (€m)	% Calculated Exposure	S1+2 (ktCo2e)	S3 (ktCo2e)	Intensity of emissions S1+2 (tCo2e/€m)
Spain	233,659	92.6%	12,952	21,968	60
Europe	18,054	64.3%	1,251	5,309	108
Rest of the world	10,003	51.5%	1,350	2,607	262
Total	261,716		15,553	29,884	

Note: The GHG emissions of the financing portfolio for 2021 included in tables 1 and 2 have been verified by the external auditor (PwC).

CaixaBank, S.A.

Independent limited assurance report
Financed greenhouse gas emissions
31 December 2021



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent limited assurance report on financed greenhouse gas emissions

To the management of CaixaBank, S.A.

Scope of work

We have undertaken a limited assurance engagement of the financed greenhouse gas emissions (hereinafter 'financed emissions') of CaixaBank, S.A. (hereinafter, 'CaixaBank') for the year ended 31 December 2021, included in Document 1 accompanying this report. This engagement was conducted by a team of sustainability and climate change assurance practitioners.

Responsibility of the management

The financed emissions have been prepared by CaixaBank, S.A.'s management under the responsibility of the CaixaBank, S.A.'s directors and will be part of the Interim Consolidated Management Report for the six months period ended 30 June 2023. These financed emissions have been prepared in accordance with the internal procedures "Huella de carbono financiada. Metodología de cálculo. Gobernanza", "Huella de carbono financiada. Metodología de cálculo. Hipotecas y CRE", "Huella de carbono financiada. Metodología de cálculo. Financiación Empresarial", "Huella de carbono financiada. Metodología de cálculo. Project Finance", "Huella de carbono financiada. Metodología de cálculo. Autos", "Huella de carbono financiada. Metodología de cálculo. Renta fija" and "Huella de carbono financiada. Metodología de cálculo. Renta variable" of CaixaBank, described in Document 2 accompanying to this report. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of financed emissions that are free from material misstatement, whether due to fraud or error.

Greenhouse gas emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The information contained in the CaixaBank's financed emissions needs to be read and understood together with the internal procedures applied to its preparation, described in Document 2 accompanying this report, which CaixaBank, S.A. is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure the financed emissions allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

It is acknowledged by stakeholders globally, including regulators, that there are significant limitations in the availability and quality of greenhouse gas emissions data from third parties, resulting in the extensive use of proxy data. This limitation has resulted in the Partnership for Carbon Accounting Financials ('PCAF') establishing a data quality score which is incorporated into the internal procedures of CaixaBank, described in Document 2 accompanying this report. It is anticipated that the principles and methodologies used to measure and report the CaixaBank's financed emissions will develop over time and may be subject to change in line with market practice and regulation, impacting comparability year-on-year.

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Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA Code”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financed emissions based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3410 (ISAE 3410), ‘Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). That standard requires that we plan and perform this engagement to obtain limited assurance about whether CaixaBank’s financed emissions are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of CaixaBank’s use of applicable criteria as the basis for the preparation of the financed emissions, assessing the risks of material misstatement of the financed emissions whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the financed emissions. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Through inquiries and meetings with personnel of CaixaBank’s various departments who have been involved in the preparation of the financed emissions, obtained an understanding of CaixaBank’s control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.



- Evaluated whether CaixaBank's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate CaixaBank's estimates.
- Verified, through analytical and substantive tests based on the selection of a sample, the information (activity data, calculations and information generated) used to determine CaixaBank's financed emissions and the correct compilation of information based on the internal procedures applied by CaixaBank.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if we had performed a reasonable assurance.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that CaixaBank, S.A.'s financed emissions for the year ended 31 December 2021, included in Document 1 accompanying this report, are not prepared, in all its material respects, in accordance with the internal procedures applied "*Huella de carbono financiada. Metodología de cálculo. Gobernanza*", "*Huella de carbono financiada. Metodología de cálculo. Hipotecas y CRE*", "*Huella de carbono financiada. Metodología de cálculo. Financiación Empresarial*", "*Huella de carbono financiada. Metodología de cálculo. Project Finance*", "*Huella de carbono financiada. Metodología de cálculo. Autos*", "*Huella de carbono financiada. Metodología de cálculo. Renta fija*" and "*Huella de carbono financiada. Metodología de cálculo. Renta variable*" of CaixaBank, described in Document 2 accompanying to this report.

Use and distribution

Our report is only issued to the management of CaixaBank, S.A., in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than CaixaBank, S.A.'s management.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Juan Ignacio Marull Guasch

26 July 2023

Document 1. Financed greenhouse gas emissions of CaixaBank, S.A. for the year ended 31 December 2021

Emission by asset class	Exposure		Absolute emissions		Economic intensity	Data Quality Score	
	Total exposure in scope (€MM)	% of exposure calculated	Scope 1+2 emissions (ktCO ₂ e)	Scope 3 emissions (ktCO ₂ e)	Emission intensity S1+2 (tCO ₂ e/M€)	Data Quality Score (S1+2)	Data Quality Score (S3)
CRE	6,868	84.7%	332	-	57	4.0	-
Mortgages	120,906	99.9%	2,805	-	23	3.9	-
Corporate Financing	126,611	79.0%	10,947	29,728	109	3.5	3.6
Vehicles	5,208	95.2%	1,374	-	277	4.0	-
Variable Income	1,267	81.9%	7	26	7	1.1	1.1
Fixed Income	856	43.7%	88	130	234	3.0	2.8
Total	261,716		15,553	29,884		3.7	

Emissions by sector (Corporate Financing)	Exposure		Absolute emissions		Economic intensity
	Total exposure in scope (€MM)	% of exposure calculated	Emissions Scope 1+2 (ktCO ₂ e)	Scope 3 emissions (ktCO ₂ e)	Emission intensity S1+2 (tCO ₂ e/M€)
O&G	6,219	79.8%	1,202	8,789	242
Electricity generation	13,860	93.9%	1,920	5,093	147
Transport	14,890	83.3%	1,891	4,385	152
Real Estate	18,341	73.2%	685	1,424	51
Cement	293	77.8%	562	49	2,464
Iron and steel	2,217	91.7%	459	790	226
Agriculture (including livestock)	3,705	69.8%	1,070	522	414
Aluminium	419	85.9%	72	192	201
Coal	0.243	17.0%	0.09	0.01	2,092
Other non-intensive sectors	66,666	76.6%	3,086	8,484	60
Total	126,611		10,947	29,728	

Explanatory notes:

- The calculation was performed under an operational control approach according to PCAF methodology developed and described in "The Global GHG Accounting and Reporting Standard for the Financial Industry (Part A). Second Edition".
- The information on emissions and financial data of the companies forming part of the CaixaBank, S.A portfolio relate to year-end 2021.
- Exclusions: Financed emissions from assets for which there is insufficient data have not been calculated, and the exposure to credit institutions and sovereign risk are not part of the perimeter (that includes 19,160€MM from Sareb bonds).
- Corporate financing (non-financial companies): This includes loans for general corporate purposes (including SMEs) and project finance.
- The company value calculation for the Corporate financing and Fixed Income categories is the sum of equity and debt, (book value) for both listed and unlisted companies.
- Scope 3 was calculated for all sectors making up CaixaBank, S.A.'s portfolio. In view of the high risk of double counting within Scope 3 emissions, emission intensity by €MM is only reported for Scope1+2.

Document 2. Scope, coverage and methodology used to calculate financed greenhouse gas emissions of CaixaBank, S.A.

A. Absolute financed emissions:

The methodology used by CaixaBank to estimate financed emissions is that established in the second version of “*The Global GHG Accounting and Reporting Standard for the Financial Industry*” developed by the *Partnership for Carbon Accounting Financials* (hereinafter PCAF standard), dated December 2022. This methodology establishes that financed emissions of a financial institution are always calculated taking into account an attribution factor (specific for each class/type of asset) multiplied by the emissions of the borrower, investee or financed asset, as per the following calculation formula:

>> Equation 1 – FINANCED EMISSIONS

$$Emisiones\ financiadas = \sum Factor\ de\ atribuci3n * Emisiones$$

Donde: el factor de atribuci3n: es la parte de las emisiones de CO₂e anuales del prestatario que se atribuye el Banco. Emisiones: las emisiones anuales del prestatario.

Information on GHG emissions and financial data of the companies forming part of CaixaBank’s portfolio has been taken as at the end of the reporting period (in this case, at 31 December 2021). Financed emissions have been calculated under an operational control approach within CaixaBank, S.A. scope. The calculation coverage is 70% of the total of CaixaBank, S.A.’s lending portfolio (of the remaining 30%, 8% pertains to exposure not calculated because of insufficient data and 22% to exposure not calculated because the relevant PCAF methodology was not available at the time of calculation). The breakdown of exposure for each asset type calculated may be consulted in Document 1 above.

There follow details of the methodology used to calculate financed emissions from each asset type.

A.1 Corporate financing (including SMEs). Methodology and calculation

The calculation of GHG emissions for this category includes all loans or credit facilities on CaixaBank’s balance sheet, for general corporate purposes, granted to companies, non-profit organisations or any other type of organisation (including SMEs).

Calculation of the attribution factor:

The attribution factor represents the weight of financing granted by CaixaBank with respect to the customer. Following the PCAF standard as a reference, it is calculated as follows:

>> Equation 2 – ATTRIBUTION FACTOR CORPORATE FINANCING

$$Attribution\ factor = \frac{Balance\ pending\ amortization}{EVIC}$$

The corresponding headings based on carrying amount have been used in calculating EVIC, to ensure that market volatility does not hinder management and delivery on the decarbonisation commitments established by the group/counterparty. The balance sheet information of the companies has been obtained from internal databases and mining of date on their balance sheets. When this financial information on the company is not available, it is not feasible to calculate financed emissions.

Calculation of GHG emissions:

Based on the information available, financed emissions are calculated under two different approaches (1,2 and 3 scopes):

- *Top-down*: when information is available on GHG emissions published by the companies, these are obtained directly from their public reports.
- *Bottom-up*: when no information is available on GHG emissions published by companies, these are estimated based on available information (on a sector level) of the counterparties, aka the business groups of those companies.

A.2 Project Finance. Methodology and calculation

The project finance portfolio includes all specific purpose project loans which at the year-end are recognised on CaixaBank's balance sheet. In order to calculate GHG emissions from these assets, only financed emissions over the lifetime of the operation with the entity are included.

Calculation of the attribution factor:

The attribution factor for this segment is calculated as follows:

>> Equation 3 – ATTRIBUTION FACTOR PROJECT FINANCE

$$\text{Attribution factor} = \frac{\text{Balance pending amortization}}{\text{Equity} + \text{Debt}}$$

Calculation of GHG emissions:

Given the information available, the following approaches have been used to calculate financed emissions for each of Scopes 1,2 and 3:

- Scope 1: This scope uses reported emissions from the project to be financed.
- Scope 2: GHG emissions calculated based on physical activity for the energy sector, including Scope 1 emissions only.
- Scope 3: GHG emissions, calculated based on economic activity and intensity factors provided by PCAF.

A.3 Mortgages and CRE. Methodology and calculation

The mortgage portfolio includes mortgage loans on the Entity's balance sheet used to purchase or refinance residential real estate, including individual dwellings and single-family homes. The Commercial Real Estate portfolio (CRE) includes mortgage loans on the Entity's balance sheet used to buy or refinance properties for commercial purposes. Consumer loans and loans used to build/refurbish dwellings and / or commercial real estate are out of scope.

Calculation of the attribution factor:

The attribution factor for this segment is calculated as follows:

>> Equation 4 – ATTRIBUTION FACTOR *MORTGAGES AND CRE*

$$\text{Attribution factor} = \frac{\text{Balance pending amortization of the property}}{\text{Property value in source}}$$

Calculation of GHG emissions:

In light of available information, in order to calculate Scopes 1 and 2 financed emissions from real estate, the primary information used is the physical intensity of the property which may be obtained from:

- Energy certificate of the property (approach under PCAF methodology). The EPC may be real, estimated, inferred or modelled.
- Instituto para la Diversificación y Ahorro de la Energía or PCAF/CRREM (scope 3 according to PCAF methodology) based on type of property.

A.4 Investment portfolio (corporate fixed income and variable income). Methodology and calculation

The investment portfolio includes corporate fixed income and variable income. Fixed income includes investment in financial bonds issued by private entities, excluding green bonds. Variable income includes the Entity's interests in other companies, including interests in listed and unlisted companies.

Calculation of the attribution factor:

The attribution factor for this segment is calculated as follows:

>> Equation 5 – ATTRIBUTION FACTOR *INVESTMENT PORTFOLIO*

$$\text{Attribution factor} = \frac{\text{Net book value}}{\text{EVIC}}$$

The corresponding headings in view of carrying amount have been used to calculate EVIC, ensuring that market volatility does not undermine management and delivery on the decarbonisation targets established by the group/counterparty. Specifically, for variable income investments in listed companies, EVIC is calculated based on the company's stock market capitalisation and debt.

Calculation of GHG emissions:

Given the information available, the following approaches have been used to calculate financed emissions for each of Scopes 1,2 and 3:

- Scope 1: This scope uses reported emissions from the project to be financed.
- Scope 2: GHG emissions, calculated based on economic activity and intensity factors provided by PCAF.

A.5 Vehicles. Methodology and calculation

The mortgage portfolio includes loans for companies and individuals to be used to buy or repair vehicles or boats.

Calculation of the attribution factor:

The attribution actor for this segment is calculated as follows:

>> Equation 6 – ATTRIBUTION FACTOR VEHICLES

$$\text{Attribution factor} = \frac{\text{Balance pending amortization}}{\text{Total value of the loan}}$$

Calculation of GHG emissions:

Given the lack of information available concerning real emissions (scope 1 emissions) for each vehicle, financed emissions are estimated based on the following proxies: average emission factor according to vehicle type and average mileage according to vehicle type.

B. Economic intensity of financed emissions:

Economic intensity (hereinafter EI) provides information on the portfolio efficiency in terms of emissions per euro financed.

EI is calculated on both a recognition or counterparty level and aggregate level.

- On a counterparty level¹, EI is obtained by dividing the counterparty's financed emissions (in tCO₂e) by the counterparty's outstanding balance.

>> Equation 1 – Economic intensity

$$EI = \frac{\text{Financed emissions}_{\text{Counterpart}}}{\text{Balance pending amortization}_{\text{Counterpart}}}$$

- On an aggregate level: a weighted average is obtained based on the counterparty's outstanding balance¹ with respect to the overall total to be aggregated:

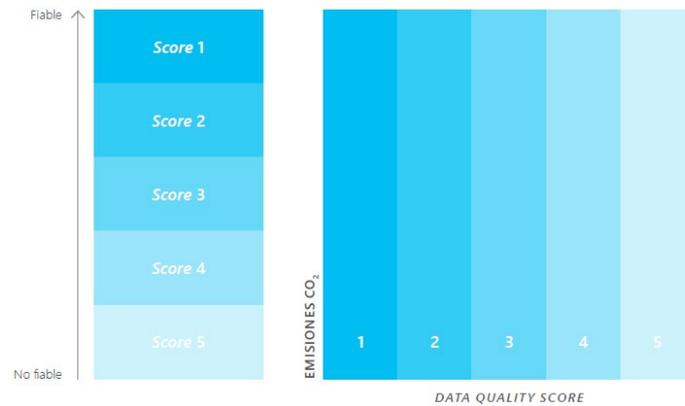
>> Equation 2 – Aggregate economic intensity

$$EI_{\text{Agregated}} = \sum \text{Economic Intensity}_{\text{Counterpart}} \times \frac{\text{Balance pending amortization}_{\text{Counterpart}}}{\text{Balance pending amortization}_{\text{Agregated}}}$$

¹ Economic intensity is obtained at the level of the property, vehicle or project depending on the type of asset calculated.

C. Data Quality Score. Data quality:

Based on the methodology used to calculate financed emissions and the estimates made, PCAF establishes a quality level for the degree of certainty of the estimates (the Data Quality Score or DQ Score). Specifically, PCAF has set five levels for the DQ Scope as described in the following graph:



In order to disclose the average quality of the data used in a representative way, the quality scores are normalised for each sector based on the amount drawn, applying the following formula:

$$\frac{\sum_{i=1}^n \text{Amount drawn } i \times \text{DQScore } i}{\sum_{i=1}^n \text{Amount drawn } i}$$