

## “la Caixa” adopts Equator Principles for financial activities

- The financial entity will carry out a social and environmental evaluation of any *project finance* of more than ten million dollars that asks “la Caixa” for funding.
- “la Caixa” incorporates the standards fixed by the International Finance Corporation (IFC), a member of the World Bank Group, and commits itself to periodically reporting on the implementation of the Equator Principles.

**Madrid, 19 March 2007.-** “la Caixa”, the third largest Spanish financial group and the biggest European savings bank, has adopted the Equator Principles, a set of guidelines designed to make operations such as *project finance* adjust to certain social and environmental principles.

By adopting these principles, “la Caixa” recognizes that any *project finance* with a cost exceeding ten million dollars, regardless of sector or country, must receive a positive social and environmental evaluation in accord with the standards established by the International Finance Corporation (IFC), member of the World Bank Group. In addition, “la Caixa” will provide periodic reports about the implementation of such principles.

The Equator Principles are a voluntary set of principles for managing social and environmental issues related to the financing of development projects. The guidelines were created in June 2003 by ten banks. They were revised in June 2006 to raise the level of requirements and have been adopted by 45 financial institutions to date. It is estimated that these financial entities encompass about 85% of the funding of projects around the World. “la Caixa” has become the third Spanish entity to adopt these principles.

“By adhering to these principles, 'la Caixa' reasserts its growing commitment to good corporate government, which is based on responsible and transparent management, acting ethically, taking into account labor relations and the

environment, and contribution to the socioeconomic development of the milieu", explains Isidro Fainé, CEO of "la Caixa".

"As a bank active in project finance in developing countries, 'la Caixa's' adoption of the Equator Principles is a major step forward and one which IFC welcomes with enthusiasm. The application of agreed environmental and social standards for project finance throughout the World creates tremendous momentum for improving the quality of projects and facilitating positive impact," said Lars Thunell, IFC's Executive Vice President.

The adoption of these principles by entities around the world makes possible the creation of a common standard in the social and environmental criteria demanded for projects that request funding. For projects developed in OECD, compliance with the environmental laws of each country already entails compliance with the Equator Principles. In cases such as emerging markets, besides complying with the laws of the receiving country, the guidelines for contamination relief and prevention set by the World Bank and IFC for the relevant industry must be followed.

### **Risk coverage agreement**

Within the policy of support for foreign trade operations, "la Caixa" also has signed an agreement with the International Finance Corporation (IFC) for the coverage of political and commercial risks resulting from import-export operations in emerging markets. Following the agreement, "la Caixa" will participate as a Confirming Bank within IFC's Global Trade Finance Program. As such, it may benefit from World Bank payment warranties. To date, 94 banks have become confirming banks at IFC.

### **"la Caixa": Social commitment**

"la Caixa" is among the most socially conscience corporate entities, as its Social Work activity and widespread acknowledgement clearly show, and since its foundation has recognized that social and financial aspects are inseparable.

From this commitment arises the need that the projects "la Caixa" funds through its financial activity be managed responsibly. For this reason, it has adopted the Equator Principles. This initiative joins others already developed by "la Caixa", the private Spanish entity that allocates the most resources to satisfy society's needs.

In 2005, “la Caixa” joined the United Nations World Pact, giving its support to an initiative with an ethical, social and environmental commitment. The entity also joined, as of December 2004, the Sustainability Excellence Club, the first Spanish business platform in the area of sustainability, and has also taken on several voluntary commitments such as the United Nations Program for Financial Entities.

Within its financial activities, but not restricted to them, “la Caixa” has funded 613 microcredit projects and launched a plan for access to affordable homes for young people and the elderly.

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