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## ANNUAL REPORT

(ECONOMIC, FINANCIAL, SOCIAL AND ENVIRONMENT)





# 2020

ANNUAL REPORT

(Economic,  
financial, social and  
environment)

Caja de Crédito de los Ingenieros, Sociedad Cooperativa de Crédito was founded in 1967.  
Listed in the Special Register of the Bank of Spain under number 3025.  
Listed in the Central Cooperatives Register under number 14651, Key 1698-SMT of the Ministry of Employment. Listed in the Companies Register of Barcelona under Folio 1, Volume 21606, Page B-25,121, Entry 1.

Caja de Ingenieros is a member of the Deposit Guarantee Fund.  
Caja de Ingenieros is a registered Securities Investment Fund Custodian.  
Caja de Ingenieros is a registered Pension Fund Deposit Institution.  
Caja de Ingenieros is a member of the National Union of Credit Cooperatives (UNACC).  
Caja de Ingenieros is a member of AIAF Mercado de Renta Fija SA.  
Caja de Ingenieros is a direct participant in TARGET2-Bank of Spain.  
Caja de Ingenieros is a participating entity in Iberclear.  
Caja de Ingenieros is a partner of the Government of Catalonia Debt Issues programme.  
Caja de Ingenieros is a clearing member of MEFFRepo.  
Caja de Ingenieros is a member of Spainsif - Spanish Socially Responsible Investment Forum.  
Caja de Ingenieros is a member of European DataWarehouse GmbH, the European database for information about securitisation.  
Caja de Ingenieros is a signatory member of the United Nations Global Compact.  
Caja de Ingenieros is a member of UNEP FI- The United Nations Environment Programme Finance Initiative.

The Governing Board convenes the Ordinary General Meeting in the first half of the year by means of an announcement published in a widely circulated newspaper within the Bank's area of action. During this Meeting, the following themes are addressed: examination of corporate management, approval of the annual accounts and resolutions on profit distribution or, if applicable, the allocation of losses, as well as establishing the general policy of the Cooperative Credit Society, not to mention any other matter that can be included on the agenda in relation to the operations of the Credit Society. In the event that it is deemed advisable, the Governing Board may also convene an extraordinary meeting.

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# 00. Interview with José Oriol Sala Arlandis

2011 Chairman - March 2021



Once again, our high levels of solvency, liquidity and asset quality have played a key role in facing this crisis, with the necessary resilience to meet the needs of members and of society.



**How would you sum up 2020 in the banking sector? What have been the most significant aspects arising from the current health crisis? How has it be faced by the Group?**

The COVID-19 crisis has lead to unprecedented consequences for society, for the economy, and for health, which I think it will take a long time to recover from.

In a record time, citizens and businesses were forced to adapt to new circumstances and implement significant internal changes. Once again, our high levels of solvency, liquidity and asset quality have played a key role in facing this crisis, with the necessary resilience to meet the needs of members and of society. This

alone has enabled us to show the uniqueness of our Cooperative bank and the professional - but above all human - quality of all those who make this Bank possible.

Caja de Ingenieros has faced the situation by being closer to its members. For example, in light of the growing need for financing due to the crisis, in 2020 Caja de Ingenieros financed the economy with a credit investment that was 45% higher than in 2020 and, even so, continued to keep bad debt at very low levels.

**This health crisis has made even more patent the vital importance of businesses in our society. What do you think are the main contributions of Caja de Ingenieros in 2020 towards mitigating the situation and providing added social value?**

The COVID-19 health crisis has slowed down the economy and led to a drop in employment. This has particularly affected the more vulnerable groups, thus increasing inequality and social exclusion. Over these years, the concept of a cooperative financial institution and its social character have gained in value and recognition precisely because being aware of the social situation surrounding us forms part of our bloodline.

The Caja de Ingenieros Group, and especially the Caja de Ingenieros Foundation, which structures all our CSR activities, has continued to work on listening to the demands and mitigating the needs of society wherever we are able to do so.



For example, the Caja de Ingenieros Foundation started a campaign with its members to support the Red Cross in the purchase of healthcare material so that volunteers can continue helping the most vulnerable in the pandemic in safe conditions. Furthermore, thanks to the support of our members and professionals, we also collaborated with Amigos de los Mayores in 2020 in a campaign aimed at one of the more vulnerable groups. We provided emotional support for 815 elderly people suffering from loneliness or social isolation by sending them a Christmas hamper.

Our contribution did not stop there. We have also worked with Cáritas —once again thanks to the contributions of our members and personnel of the Group — on the SAE Project (Financial Aid Service) that involved a campaign to collect funds, which were also provided by the Caja de Ingenieros Foundation.

In 2020, we were able to see how everyone forming part of the Caja de Ingenieros Group believes fully in the cooperative spirit, and at hard and very uncertain times we are closer than ever.

Of course, we cannot forget the healthcare staff. Caja Ingenieros Vida y Pensiones, the life insurance and pension plan and fund management company of the Caja de Ingenieros Group, collaborated in a charity fund —the largest collective policy of this type signed to date in our country— created by UNESPA to protect healthcare personnel fighting to contain the coronavirus pandemic in Spain. The fund has covered over 700,000 professionals.

**The Caja de Ingenieros Group is a cooperative society that works very closely to its members. How has the Bank reacted to ensure it is even closer to its members at these times of uncertainty?**

We have reacted just as we know how: making the most of our cooperative bloodline to remain at the service of our members, at their side, listening to them and helping them. Since the state of emergency began, Caja de Ingenieros has kept the doors of almost every branch in Spain open, following the instructions given for banks by the Bank of Spain and adopting all the protocols to guarantee the utmost safety for our employees and our members.

The major technological investment made by Caja de Ingenieros over the years has been extremely significant. This effort has played a key role in our quick adaptation to the new normal arising from COVID-19, encouraging interaction with members in a more flexible and agile manner, and enabling almost the entire workforce to work from home.

Of course, we have tried to do our bit for our members, individuals, business owners, pensioners, the unemployed, or people who had been furloughed, to make sure they feel a bit more protected at these difficult times when many people in this country are watching their economies being especially hard-hit. So we have taken a series of measures. For example, we have brought forward the payment date for the Social Security pension for pensioners and the date on which the benefit is paid to the unemployed, we have extended the limit



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of credit cards to deal with any unforeseen circumstances, and we have joined the agreement for public credit guarantees —ICO, ICF and Avalis— and the mortgage moratorium.

**Sustainability is to play a major role, along with digitisation, in the medium and long-term economic and social recovery. How does the Caja de Ingenieros Group face this challenge?**

In 2020, the Caja de Ingenieros Group implemented its new strategic plan Conecta 2023 to respond to the challenges of the sector from a more cooperative and sustainable perspective. The COVID-19 crisis has shown that sustainability is an essential value and a mainstay in economic and social recovery. The Caja de Ingenieros Group follows a very solid line in this area, on which it has been working for many years now.

For example, the Bank is carbon neutral, and has been a member of the UN Global Compact since 2018 to help meet the Sustainable Development Goals (SDG). In fact, its innovative range of products and services involves 14 of the 17 SDGs. Furthermore, we joined the UN environmental programme finance initiative in 2020, through which we have signed the six Principles of Responsible Banking that the Bank has implemented since it began, in line with its nature as a cooperative.



## Caja de Ingenieros is ground-breaking in the range of sustainable financed products and services in Spain.

Caja de Ingenieros is ground-breaking in the range of sustainable financed products and services in Spain. It was one of the first to register a socially responsible investment (SRI) fund in 2006, and to launch the first investment fund in Spain to act against climate change.

In 2019, the Bank set goals and metrics to monitor its contribution to the SDGs and, through our Conecta 2023 plan, we are committed to implementing an energy transition rating for the investment portfolio.

**The trust of stakeholders in any organisation is based on transparent, open communications, among others. Caja de Ingenieros presented its first integrated report in 2019, and its first non-financial information and diversity report in 2020. How do you think these milestones are being reflected internally in the governance of the organisation, in its strategies, and in its future performance?**

The publication of the integrated report was welcomed warmly and was valued extremely highly by all those forming part of Caja de Ingenieros, including colleagues and members. It was an extraordinary exercise of transparency that enabled us to use one document to combine the structure of our strategy, the Group's governance, and the financial performance with the social, economic and environmental environment in which we operate.

Now, with this first non-financial information and diversity report, we have taken one step further to assess our evolution with regard to diversity. This is the new goal we have set ourselves, which will remain present on our new Conecta 2023 road map and that will be seen in a clear policy to foster equality and inclusive corporate culture.



# 01. Interview with Félix Masjuan Teixidó

Chairman since March 2021



**You have been a member of Caja de Ingenieros for many years, and its chairman since March 2021. What has your relationship with the Bank been like?**

I became a member when I finished my engineering degree 46 years ago. Throughout this time, the Bank has supported me during different times of my private and professional life, providing advice and financial services, such as my first loan, my investments, or my retirement fund. I joined Caja de Ingenieros as a member of the Governing Board in 2012, where I remained until 2017 when I became secretary of the Governing Board and chairman of the Audit and Risk Committee.

**In your opinion, how has the Bank evolved over recent years?**

It has evolved very positively, and over the past ten years Caja de Ingenieros has doubled most of its relevant figures, such as the number of members, turnover, or the number of professionals in our team, among others.

We want to continue along these lines of growth and to remain a benchmark credit cooperative in the banking sector, recognised for the satisfaction of its members and for its efficiency, maintaining our socially responsible character while offering an appropriate and different response to the needs of our members throughout Spain.

**What are your goals for the Group?**

I have three very specific goals: to increase the satisfaction of our members, as they are the cornerstone of our activity; to maintain the solvency and the risk policy; and to remain aware of the social, economic and regulatory environment.

We will do all this within our strategic plan Conecta 2023, while adapting to the circumstances of the market that, as we have seen during the COVID-19 pandemic, can sometimes be unexpected and changing. We must be capable of adapting quickly to this environment, as we successfully did in 2020.



We are a solvent Bank, we want to grow qualitatively, and we are ready to do so, yet with our main goals always present: service excellence and the satisfaction of our members, as they are our *raison d'être*.

### And how do you plan to meet these goals?

With the help of the Group's great team of professionals, of course, and its managers and directors, without whom its governance would not be possible.

Meeting these goals requires sustained growth throughout the country, establishing strict risk control, maintaining governance, increasing digitisation, improving efficiency in information technology management, and optimising the organisation, involvement and satisfaction of personnel, while promoting management control systems.

### What is your vision of the banking sector in Spain?

The old model of the banking sector, with a lot of branches full of personnel, has become obsolete. Now, the sector is amid a restructuring process that involves very dramatic changes and that depends on a lot of factors: negative interest rates, the high cost of maintaining physical branches, and digitisation. The sector will never again be how we knew it.

The future is uncertain, but we are on the right track and our philosophy and our high levels of solvency mean that we have been able to grow gradually, opening branches throughout Spain

and increasing our number of professionals to continue providing a personalised, friendly service.

There is strong demand for digitisation in the sector, and Caja de Ingenieros has been preparing for this for years. In fact, we have invested 40 million euros over the past six years in technology to meet the high level of digitisation of members (74.8% of members are digital), which is 5.2 percent up on 2020.

We are a solvent Bank, we want to grow qualitatively, and we are ready to do so, yet with our main goals always present: service excellence and the satisfaction of our members, as they are our *raison d'être*.



## 02. Interview with Joan Cavallé Miranda

### General Manager



Caja de Ingenieros has financed the economy with a credit investment of 553 million euros, 45% above that of the previous year. Through all this, it has been possible to keep bad debt at very low levels, with a ratio much lower than the sector average.



#### What has Caja de Ingenieros learned from its earnings in FY2020, an exceptional year full of challenges?

According to the International Monetary Fund, because of the coronavirus pandemic in 2020, “we have faced the worst economic crisis since the great depression of 1929”. This crisis has shown sustainability to be an essential value, a key factor for economic and social recovery, which has speeded up disruption towards a more digitised society.

Along these lines, our strength has been the resilience that has characterised us all these years. We have prioritised sustainable growth and service to members, as well as solvency

and caution, over obtaining greater profits. This crisis has highlighted the importance of our cautious attitude to risks, but also our capacity to react. For example, in light of the growing need for financing due to the COVID-19 crisis, Caja de Ingenieros financed the economy during the first half of 2020 with a credit investment of 553 million euros, 45% above that of the previous year. Through all this, it has been possible to keep bad debt at very low levels, with a ratio much lower than the sector average.

#### How has the business activity of Caja de Ingenieros adapted to the current health crisis? In which aspects do you believe the cooperative and personalised member service model will become even stronger?

COVID-19 has changed the economic and financial scenario. Even more importantly, it is causing stress in businesses and families due to the sudden drop in GDP. We have therefore made every effort to adapt to face this crisis with a strict risk control policy to ensure maximum operability and service quality.

We have moved forward in digitisation to ensure we are closer to members. We have also obtained record figures regarding credit investment for families, businesses and the Public authorities as a key factor in helping reactivate the economy.

We have faced the situation by being closer to its members. We are certain that the efforts of the Group and of all our workforce throughout 2020 are highly valued by our member base. They are our *raison d'être* and our goal will

always be to remain at their side, providing a personalised, friendly service, and meeting their needs while generating a shared value.

**What are the main challenges and opportunities for Caja de Ingenieros following the current health crisis?**

2021 promises to be a year full of challenges, almost more so than 2020. Many families, businesses and self-employed individuals will continue to suffer the effects of a health crisis that affects all areas of people's lives. In terms of just some data, Spain was the country to suffer most from the recession in the entire Eurozone. According to recent data, 204,000 companies had disappeared by the end of summer 2020 and over 320,000 self-employed individuals have had to cease work. In the event of a situation like this one, banking must play an extremely active role in helping generate value and protecting the business network.

I hope this crisis will open our eyes to the fact that we have very significant elements of risk, such as climate change, which could have a greater impact than the pandemic, and very little is generally being done to mitigate this. The significance and resilience of the more social sectors compared with the more commercial ones must also be considered. I hope this crisis will lead to the scale of values being reconsidered on a more social side to generate shared value.

Our challenge as a Bank committed to our members and to society is to continue



Our challenge as a Bank committed to our members and to society is to continue providing assistance through the measures we have available to mitigate the effects of this crisis and strengthen our cooperative model yet further.

providing assistance through the measures we have available to mitigate the effects of this crisis and strengthen our cooperative model yet further.

**The rapid adaptation of Caja de Ingenieros' business activity to the new circumstances highlights the fact that the digitisation model implemented is working properly. What progress is foreseen in this sense in the medium and long-term?**

That's right. The great technological investment of 2019 has played a key role in ensuring we can adapt to the new normal following COVID-19, and has encouraged interaction with members in a more flexible, agile way. During the state of emergency, we intensified the deployment of our digital services through on-line banking and mobile banking, and even via WhatsApp. We also reinforced proximity in terms of specialist banking, Retail Banking and Business Banking, adapting an Agile relational management model that has enable us to overcome the challenge of the reduction in mobility.

Our members have accepted the on-line channel extremely well, and their level of satisfaction has been very high. In fact, this is the channel most commonly used by our members for their transactions.

Over the coming months, we will continue to work along these lines to strengthen these forms of support that they appreciate so much and that streamline their operations yet further.

**The care and protection of the health of the entire Caja de Ingenieros workforce was a priority in 2020 and remains as such today. What is in store for 2021?**

The Caja de Ingenieros workforce is one of our main assets, and we will do everything in our power to ensure they can continue to work in a safe environment. Aware of the essential nature of the Group's activity, we adapted to the situation right from the very start and kept 27 of our 32 branches spread around Spain open, abiding at all times by the instruction given by the health authorities.

90% of our workforce was able to work from home, which was an acid test because we had never come across a similar situation. It was, however, a complete success, and we attribute this to the investment made over recent year and to the skills of the team, which meant that the Bank could continue to operate with relatively normality.

Now, with all the branches open, the safety measures remain in place and will continue to be applied to ensure workforce and the members are protected. Social distancing, the provision of sanitiser gel, limited capacity in all branches, and controlled, orderly access to the facilities are measures that make sure Caja de Ingenieros is a safe space.

**Caja de Ingenieros has been supporting SRI for years. At a time when ESG (environment, social, and governance) aspects are increasingly relevant in the investment portfolio, how do you think SRI will affect the products and business management of the organisation?**

The fight against climate change affects all sectors of the economy, and the financial sector must play a key role in this. In 2020, we increase our managed assets in SRI pension funds and plans, which stand at 407 million euros, 12% up on 2019. We are a benchmark in sustainable finance and SRI investment, and our strategic plan Conecta 2023 has set the goal for at least 50% of our investments to be SRI.

In the future, we will continue to work with sustainability in mind, as we have done in 2020 when we underlined our commitment towards responsible banking by joining UNEP FI, the UN Environmental Programme Financial Initiative. We were also the first bank in Spain to have joined the Tobacco-Free Finance Pledge initiative, the goal of which is to help reduce smoking worldwide through the capacity to act of the financial sector.

**Caja de Ingenieros members are, along with its team of professionals, the cornerstone of the Bank. In 2020, they were at the centre of the digital advice strategy. What other future activities are planned to ensure their continued satisfaction?**

That's right. We have implemented several measures to convey excellence to on-site services and personalised and proximity assistance to the digital environment so that members can enjoy the same level of accessibility in all channels and complete any transaction in a fully trustworthy, easy and convenient way. Examples of this are the new WhatsApp communications channel and the new multichannel hiring processes. In July, we also implemented Mis Finanzas, a personalised management tool to manage deposits and expenses, and to make forecasts for saving or the need for financing.

Of course, the future is digital and we continue to work on improving our service



In the future, we will continue to work with sustainability in mind, as we have done in 2020 when we underlined our commitment towards responsible banking.

through remote channels and, in turn, offer personalised, valuable advice in our 32 branches.

We also believe in the concept beyond digital of intelligent banking, which combines the digital part with data analysis to offer each member the most suitable service in terms of time, manner, and price. This is possible thanks to artificial intelligence, automatic learning, and other assets, which I am convinced will soon enable us to improve the already great satisfaction of our member, which is our pledge as professionals of Caja de Ingenieros.



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# 03

## 2020 in figures



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## 2020 in figures

# 209,748

number of members

The number of members has grown by 2.8% in relation to 2019 and now stands at 209,748 members.

### Recommendation

# 52.9%

NPS

The 2020 Net Promoter Score stood at 52.9%, far higher than the sector average.

## At the service of our members

# 8.28

satisfaction index

The satisfaction index in 2020 was 8.28.

### Satisfaction

74.81% of all members use the Group's digital channels for their transactions, which is 5.2 percent up on the previous year.

# 74.81%

digital members

### Digitisation

# €2,855 M

total amount digitally managed

The total amount digitally managed amounts to 2,855 million euros in 2020.



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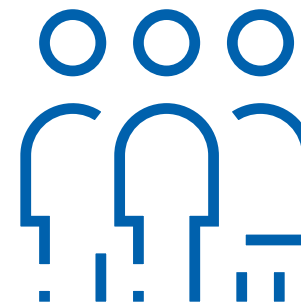
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**Workforce**

9.67

average years of seniority

The team at the Caja de Ingenieros Group has an average seniority of 9.67 years, which reflects the stable, quality employment that the Bank seeks to create.

**Looking after our people**

97%

of personnel with permanent contract

The Group believes in the importance of building solid, talented teams. Therefore, 97% of all personnel have a permanent contract and job stability.

**Talent retention**

26,376

training hours

2020 saw 26,376 hours of training completed, which is an average per employee of 53.85 hours.

**Training**

53.85 h

average per employee

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**Paper consumption****-66%**

waste generation

In 2020, paper consumption was cut by 24% and 66% less paper waste was generated.

**Emissions****100%**

offset emissions

The Caja de Ingenieros Group offsets 100% of its emissions.

**Energy****100%**

clean energy

100% of the Bank's consumption is from clean energy sources.

**Committed to the environment****Socially responsible investment (SRI)  
as part of our bloodstream****SRI****+12%**

assets managed in ISR pension funds and plans

In 2020, we increased our managed equity in SRI funds and pension plans by 12%, thus reaching 407 million euros. This represents 37% of the Bank's equity.

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## Support for professional groups

# 134,691

thousands of euros

In 2020, loans were granted to companies and professionals to the sum of 134,691 thousand euros.

## Creating value in society

# € 80,000

raised

80,000 euros raised through contributions from members, distributed among the Red Cross, Cáritas and Amigos de los Mayores.

## COVID-19 social projects

# 55

projects  
implemented

# 493

beneficiaries of  
grants, awards  
and training

# €500,440

in terms of channelled  
social investment.

## Caja de Ingenieros Foundation



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**Turnover**

€7,771 M

In 2020, turnover was 8.8% higher than that of the previous financial year, thus standing at a figure of 7,771 million euros.

**ROE<sup>1</sup>**

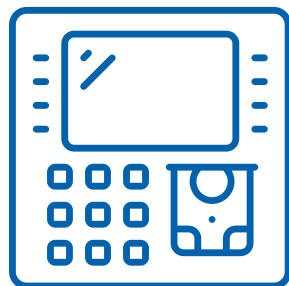
5.40%

The average ROE in 2020 was 5.40%, compared to the average -1.42%<sup>2</sup> of the financial sector.

**Capital ratio**

15.21%

In 2020, a CET1 capital ratio of 15.21% was obtained.

**Our financial figures****Default rate**

2.75%

The default rate stood below the financial sector average (4.51%)<sup>2</sup>, which is 2.75%.

**Year's result**

€13.06\* M

We obtained a consolidated result before tax and provisions to the Education and Promotion Fund (FEP) of 13.06 million euros.

1. The return on equity (ROE) relates the financial yield and the equity invested to obtain that yield.

2. Data provided by AFI on 25/05/2021.

\*Earnings before taxes and EPF allocations.

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# 04

## About us



# Our environment

## Economic/financial environment

### ANNUS HORRIBILIS

In terms of the economy, 2020 will be remembered as the “worst economic crisis since the Great Depression of 1929”, according to the International Monetary Fund (FMI). This categoric statement highlights the exceptional circumstances arising from the COVID-19 crisis. According to estimations by the FMI, updated in 2021, a global drop of 3.5% in gross domestic product (GDP) is expected for 2020, followed by a recovery of most of the ground lost in 2021, which is estimated at 5.5%. Along these lines, all the main economies ended 2020 in the red, except for China, which managed 2.3% economic growth in comparison with 2019.

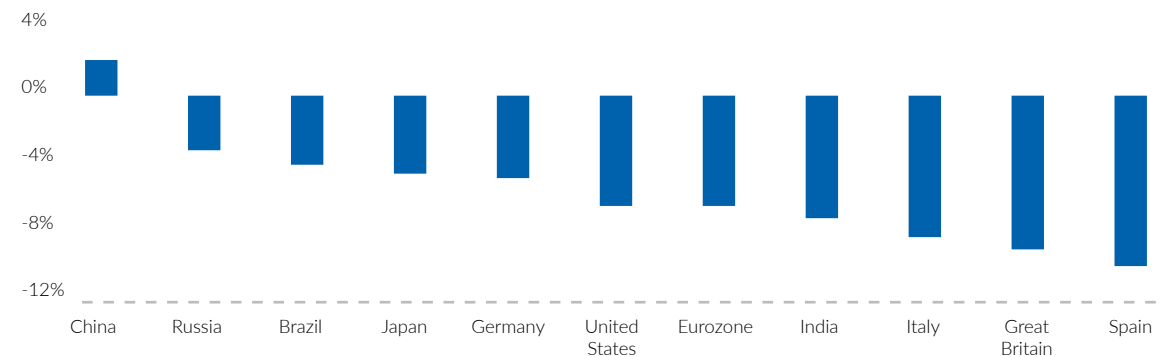
The Eurozone is one of the most highly affected economic blocks. The IMF estimates a 7.2% drop in GDP for 2020. There are several reasons for this situation. On one hand, most of the European economy is boosted by the tertiary sector, which has been gravely affected by the strict measures implemented to restrict mobility. Another sector heavily affected is the cyclical industry, such as the production of cars.

On the other, the Spanish economy depends rather heavily on these sectors, affected by the pandemic and the social restrictions. Furthermore, the significance of SMEs in generating employment is higher than in the case of many other European partners, which offers an additional weakness during times of economic crisis given their reduced financial capacity in comparison with large companies. All these factors as a whole explain the significant impact of the pandemic on Spain's GDP.

As the IMF indicates in its forecasts, the perspective for 2021 and 2022 is clearly more optimistic. The different economic, tax and monetary measures, which will be analysed below, along with the approval and start of distribution of the Pfizer-BioNTech and Moderna vaccines, point to economic recovery over the coming quarters.

### Evolution of the gross domestic product in 2020

Source: International Monetary Fund, January 2021.





## UNPRECEDENTED ECONOMIC, TAX AND MONETARY MEASURES

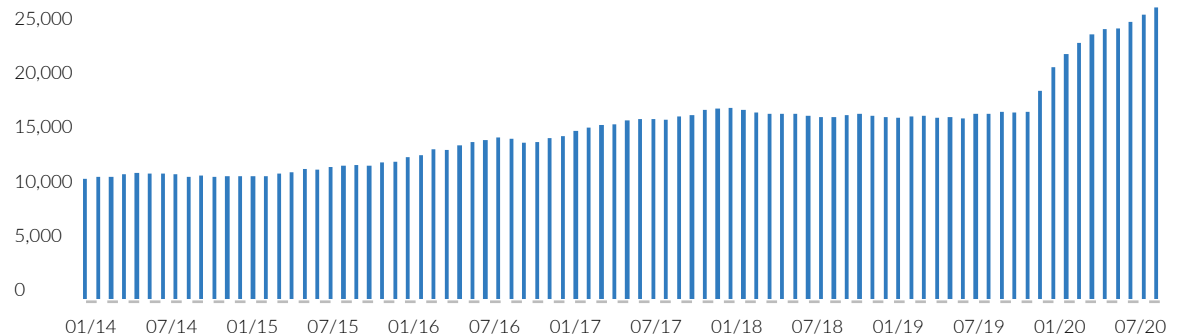
The role given to the main public tax and monetary institutions has been essential in avoiding a new economic collapse. According to estimates by the IMF, the increase in global public expenditure (increase in public deficits) is higher than 10% GDP, which is almost unprecedented. However, there are great differences between the different countries depending on their tax capacity. For example, between countries such as Germany or the United States, which increase their deficit with almost 10% of their GDP, and countries with higher public debt, such as Spain, Italy or Belgium, with significantly lower figures.

The significant increase in deficits leads to a great increase in the needs for financing by public treasuries in debt markets. Therefore, the different central banks have announced programmes to purchase financial assets (an unlimited amount in the United States, and around 16% of the GDP in the Eurozone). The purchase of public debt and corporate fixed income by the central banks guarantees sufficient demand for new issues and also keeps financing costs under control. This situation, therefore, involves coordination between the tax and monetary policy in an environment of low interest rates created by the central banks, which enables Governments to incur in high public deficit and new issues of debt.



### Size of the balance sheet of the G4 central banks

Source: Bloomberg.



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## ECONOMIC CONSEQUENCES OF COVID-19

The recession caused by the COVID-19 pandemic has been extremely different to other past crises. In previous recessions, the tertiary sectors tended to suffer lower declines in growth than the industrial sectors. In this crisis, the restrictions required to slow down the transmission of the virus meant that the tertiary sectors depending on social interaction were affected the most. This led to a crash in supply and demand in a very significant part of global GDP. This situation generated great uncertainty regarding the economic impact in 2020 and the subsequent recovery rate.

Given that this is a health crisis and not an economic crisis, the present crisis can be considered temporary. However, depending on how long it lasts and its impact, and of the characteristics of each individual country, there is a risk of negative structural effects regarding the loss of business network and, therefore, production capacity, with consequences on the creation of employment, internal demand and, in short, the medium and long-term growth potential.

In view of the current emergency, the priority lies in starting the economic recovery, although the medium and long-term consequences should be assessed. Firstly, given the strong tax stimulus, record figures of debt are being seen in the main economies, which will restrict the room for manoeuvre in the event of new recessions in the future and for improvement projects for countries. In relation to tax policy, monetary

policy cannot be ignored and this increasingly acts as support in Government financing. The situation therefore involves a gradual approach towards debt monetisation.

The risk of inflation must also be considered, as it is important to remember the high increase in money supply by the central banks, an injection into the system that is now necessary but that might lead to imbalances in the no-to-distant future. Another important element is the so-called *zombification of the economy*, an economy with a dangerous percentage of companies without the capacity to add value and that survive thanks to the low cost of financing. This situation leads to an erroneous allocation of capital, which reduces the medium and long-term growth capacity of an economy.

Finally, the pandemic has shown us how the systemic risks might exponentially affect our society and economy, which has speeded up the focus on necessary measures to reduce climate change. The need for economic reconstruction, with a key role for Governments and central banks, is therefore seen as an opportunity to boost the transition towards a more sustainable economy.



The pandemic has shown us how the systemic risks might exponentially affect our society and economy, which has speeded up the focus on necessary measures to reduce climate change.





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## LESSONS FROM THE FINANCIAL MARKETS IN 2020

The behaviour of the financial markets in 2020 was dictated by the evolution of the pandemic. Clearly, certain assets have come out stronger from the current dynamics. A good example of this was the index of technology companies in the United States, NASDAQ, which ended the financial year with a return of over 40%. However, the indexes formed by cyclical companies with little significance in the technology sector were the most badly affected. Along these lines, the IBEX 35 recorded a drop of 15.5% in 2020.

Good evolution in public debt assets could also be observed, which received the support of the main central banks, with very flexible monetary policies in an environment of low inflation. The year ended with a 0.9% return for the US 10-year bond, -0.575% for the German 10-year bond, and +0.07% for Spanish public debt. The risk of peripheral countries, measured by risk premiums, remained low thanks to the European Central Bank and the positive signal sent following the agreement reached between the European partners of the European Construction Fund, the EU Next Generation. In terms of corporate fixed income, in line with other risk assets, a positive evolution was also observed in the narrowing of differences in quality, *investment grade* credit and in that of greater risk, *high yield*.

## LESSONS FOR BANK INVESTMENTS

The following lessons for Bank investments can be highlighted from the evolution of the different financial assets during a global pandemic and a significant economic crisis:

- The stock markets can give positive returns, even in a severe economic crisis.
- Times of volatility and stress are unavoidable, so it is important to diversify and keep a percentage of the investment in low-risk assets.
- The best opportunities for investment arise during periods of greatest stress.
- The stock exchange is not the economy, but a group of listed companies with prices that vary depending on future business estimates, the impact of tax and monetary measures, and the expectation of an economic recovery.
- The tax authorities, and especially the central banks, guarantee the smooth running of the financial markets and financial stability at times of great volatility and stress.



## Regulatory environment

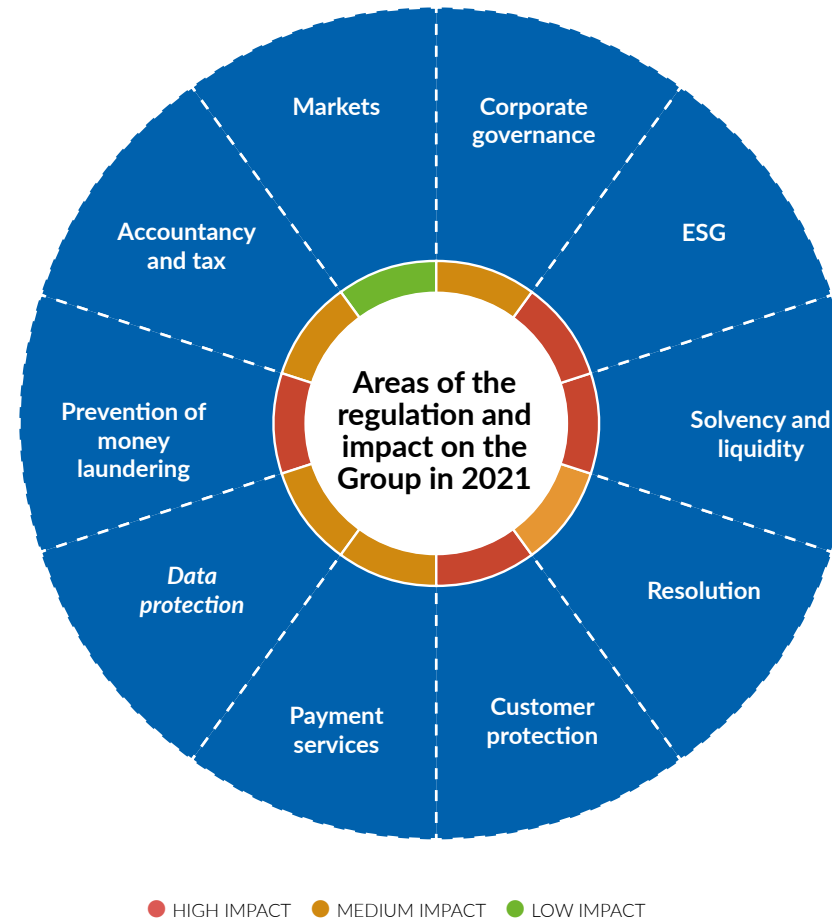
The COVID-19 crisis has greatly determined the already complex management of the regulatory environment of the financial sector, both in Europe and at home. The European Commission, the European Parliament, the European Banking Authority and the European Central Bank, with the support of the Bank of Spain, have approved legislative and supervisory changes with the aim of mobilising all available resources in credit institutions in order to support the economy.

The emergency situation caused by the pandemic has required the Bank to adapt quickly to support its members during these difficult times with initiatives, such as moratoriums on loans or the renegotiating of business loans, with a vision of the risks beyond the short term.

In an environment such as the present one, in which the foundations must be laid for solid recovery, the Agenda for Climate Change becomes even more important. In the regulatory environment and, more specifically, in the financial sector, this seeks three main goals: to progress towards a circular economy (redirecting capital flows towards sustainable investments), to foster transparency and long-term investments, and to include environment, social and governance (ESG) factors in the risk management of banks.

## OUTLOOK FOR FINANCIAL YEAR 2021

Illustrated and explained below are the areas of action in the regulatory environment set by the Agenda for financial year 2021.



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## Corporate governance

The European Banking Authority has issued several guidelines for consultation in terms of bank governance, the final version of which is expected to be published in 2021:

- To update the guidelines to assess the suitability of members of management bodies and key function holders.
- To update the guidelines on internal governance of banks.
- To update the guidelines regarding remuneration practices.

These seek to strengthen areas such as parity, the prevention of money laundering and terrorist financing, and the integration of ESG criteria in remuneration practices.

In addition, the Bank of Spain has issued for consultation the guide to the organisational and operational criteria for customer service departments in supervised banks, in which it identifies relevant aspects such as their role in the governance and control system, communications channels, and internal organisation.

Finally, the directive<sup>3</sup> on the protection of persons who report breaches must be highlighted that, when applied across all public and private entities of any sector, includes criteria for the management and protection of persons who report breaches or offences occurring within the entities through the channels established for this purpose. Its transposition into Spanish law is foreseen for 2021.



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<sup>3</sup> Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.



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## ESG: sustainable finances

### New supervisory guides on climate risk

The international organisation of supervisors, Network for Greening the Financial System (NGFS)<sup>4</sup>, issued its guide for supervisors integrating climate-related and environmental risks into prudential supervision, which includes the identification of the risks of supervised banks and the assessment of any potential losses, should they arise. The European Central Bank supervision has issued a guide upon consultation that explains how it expects banks to prudently manage climate-related risks and disclose such risks transparently. In 2020, the European Banking Authority issued upon consultation guidelines to be published in 2021 on incorporating climate-related risks into the assessment of capital and liquidity risks. The Bank of Spain issued the document on supervisory expectations regarding the risks arising from climate change and environmental damage. The European Commission Action Plan of 2018 includes a clear mandate for the incorporation of sustainability into prudential banking regulations.

### Sustainable products

A process has begun to review several regulatory packages regarding investment and insurance products and services (MiFID II<sup>5</sup> and IDD<sup>6</sup>), which seeks to ensure banks consider the ESG preferences of their customers when assessing suitability when they provide advisory services or issue pre-contractual and post-contractual information on the integration of ESG factors and risks.

In addition, the adaptations have begun for the implementing regulations regarding investment funds (UCITS<sup>7</sup> and AIFMD<sup>8</sup>), which involve the internal processes of fund management companies, ensuring ESG integration into the organisational structure, into risk management processes, and into other internal control measures.

4 A group of central banks and supervisors willing, on a voluntary basis, to share best practices, contribute to the development of environment and climate risk management in the financial sector, and to mobilise mainstream finance to support the transition toward a sustainable economy.

### Non-financial disclosure and information

In 2021, the European regulation on the disclosure of information relating to sustainability in the financial services sector will come into force, forcing banks to inform of the integration of ESG risks and the analysis of adverse incidents into the investment selection and investment decision-making processes, as well as into advice on financial products.

The European Commission has issued for consultation the amendments to the directive for *reporting* non-financial information, but there is no definitive text to date. As the requirements for information from companies on their exposure to energy transition risks are more explicit, homogeneous, comprehensive and easily accessible, the lesser the amount of information that credit institutions must request to assess the climate-related risks of these companies.

5 Directive of the European Parliament and of the Council of 15 May 2014 on markets in financial Instruments.

6 Directive of the European Parliament and of the Council of 20 January 2016 on insurance distribution.

7 Directive of the European Parliament and of the Council of 13 July 2009 related to undertakings for collective investment in transferable securities.

8 Directive of the European Parliament and of the Council of 8 June 2011 on alternative investment fund managers.

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## Solvency, liquidity and resolution

### Limitation for the distribution of dividends

The request by the Central European Bank to postpone the distribution of dividends and variable remuneration has been replaced by the defining of a cautious limit for distribution, according to the specifications of the supervisor. The Bank of Spain has extended this limitation to the credit institutions under its direct supervision.

### Urgent legislative measures in Spain in light of COVID-19

The moratoriums on mortgage loans and non-mortgage loan agreements regulated by Royal Decree-Law 8/2020 and 11/2020 have been extended, so that the new figure is maintained in the category of normal risk requiring specific *reporting*, given the vulnerability of the groups that the law authorises for this type of product. The granting of public guarantees to companies also involves separately classifying and documenting the transactions taking advantage of the public aid.

## Deferral of implementation of Basel IV

In March 2020, the Basel Committee on Banking Supervision announced that it was postponing the implementation of the new agreement on capitals until 1 January 2023, and will phase until 1 January 2028. The modifications require adapting the calculation of capital requirements in the different types of credit and financial investment to the standards of the new agreement, which will involve changes to the figure of risk-weighted assets and resulting solvency ratios. However, the main limitations involve the use of advanced models, which are widespread among the banks supervised directly by the European Central Bank, and establish floors in according to the standard method. Caja de Ingenieros currently uses the standard method and, therefore, its capital requirements will not be affected by the establishing of floors. The adaptation of Basel IV to European law is currently under discussion. One of the Bank's priorities is for it to include proportionality criteria in the areas of investment assessment and *reporting*. In terms of sectors, the implementation to postpone it yet further is being discussed, given the successive waves of impact of the pandemic.

## Specific reporting package due to COVID-19

The European Banking Authority has prepared additional *reporting* models to those that already exist, which are in the hands of the Single Supervisory Mechanism for its approval, although the intensity of the data gathered in Europe is currently above that of other geographic areas, especially with regard to less significant entities. *Reporting* may include information on moratoriums and public guarantees, balance sheet and solvency projections, operational continuity and the market risk.

### New guidelines for granting and monitoring of credit facilities

The European Banking Authority has published guidelines for the granting and monitoring of credit investment. Application of the guidelines to existing credit facilities requiring renegotiation or contractual changes will become effective in June 2022, and there is to be certain flexibility in its implementation with regard to the monitoring of credit until June 2024.

### Intangible assets in capital requirements

On 22 December 2020, the European Union approved the technical standards on the prudential treatment of *software assets*, produced by the European Banking Authority, which exempts all *software* assets from the deduction requirement for calculable equity. The European regulation on the subject remains more restrictive than the US regulation.



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## Customer protection

National and European regulators and supervisors continue to pay special attention to protection measures for the clientèle of financial services. Most noteworthy in FY2020 are the following regulations and initiatives to strengthen the protection mechanisms in this area:

- Transposition of the insurance distribution directive<sup>9</sup> (IDD).
- Ministerial Order on the regulation of revolving credit<sup>10</sup> (primarily for credit cards in their revolving modality).
- Notices from the Bank of Spain<sup>11</sup> (repealing former Notice 6/2010) and of the National Securities Exchange Commission<sup>12</sup> (CNMV) on the advertising of banking and investment products and services.

<sup>9</sup> Directive of the European Parliament and of the Council of 20 January 2016 on insurance distribution.

<sup>10</sup> Order ETD/699/2020 of 24 July.

<sup>11</sup> Notice 4/2020 of 26 June of the Bank of Spain on the advertising of banking products and services.

<sup>12</sup> Notice 2/2020 of 28 October for the National Securities Exchange Commission on the advertising of investment products and services.



Intra-Community payment services have, for a number of years, been a subject of concern, supervision and regulation by the European Union.

- Proposal for review of the MiFID II<sup>13</sup> Directive, including modifications that could affect areas of protection for investors, such as the charging of incentives, the profile and classification of customers, pre-contractual information, the elimination of discrepancies for application in different European countries, or the impact of the separation of the cost of analysis, and the possible adverse consequences for certain small undertakings. Although progress is expected in 2021, their approval is not foreseen until 2022.

<sup>13</sup> Directive of the European Parliament and of the Council of 15 May 2014 on markets in financial Instruments.

## Payment services

Intra-Community payment services have, for a number of years, been a subject of concern, supervision and regulation by the European Union. It all started with the SEPA, and additional provisions have gradually been added that include the payment services directive<sup>14</sup> (known as PSD2).

This regulatory package intends to eliminate incoming and outgoing barriers, facilitate payments between customers from different European banks, and include and regulate new players. In terms of the PSD2, FY2020 says significant effort by the entire sector and the banks involved in e-commerce, which have had to adapt the authentication mechanisms for on-line purchases to the new reinforced standard required by this directive. This becomes particularly relevant in an environment with a considerable increase in transactions of this type, with increasing predominance of transactions involving remote payment or contactless technology. The reason for this is that the pandemic has encouraged the trend that already existed in previous years regarding the reduction in cash payment methods. In this context, the draft law on prevention measures and the fight against tax fraud must be noted, which restricts payments in cash between businesses from the current 2,500 euros to 1,000 euros.

<sup>14</sup> Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market.

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## Protection of data, privacy, and digital finance

In late 2020, the European Commission published its fourteenth version of the proposed e-privacy regulation, which is to replace the current directive. The future regulation seeks to guarantee consistency with the General Data Protection Regulation (GDPR).

The new regulation will repeal the directive and will be directly applicable, so that the Law on information society services and e-commerce, which was implemented in Spain to transpose the directive to be repealed, will also be repealed. However, the regulatory projects published to date consider a two-year transitional period for application after it enters into force (the same term as for the GDPR). Its direct application is therefore not expected until 2023.

In the financial sector, in 2020 the European Commission presented its strategic digital finance plan. This new packet of measures seeks to stimulate competitiveness and innovation in the EU financial sector and focuses on areas such as payments, cryptoassets, the fostering of digitisation, and digital resilience. In this context, the approval and entry into force in 2020 of Law 7/2020 of 13 November for the digital transformation of the financial system is worth noting. Through this law, the creation of the so-called regulatory *sandbox* is incorporated

into the legal system and places the Spanish financial industry among the forerunners in innovation. The regulatory *sandbox* is a space designed to perform controlled tests of a limited duration and for a specific purpose. These tests are performed using real customers on a fully functional prototype ready to be launched in the market.

## Prevention of money laundering

Within the framework of the Commission's plan to homogenise, strengthen and adapt the regulation and supervision in terms of the prevention of money laundering and terrorist financing (PML/FT), the European Banking Authority has issued publications and guidelines to coordinate the law and supervision in this area at Community level. In 2020, the term ended for transposition of the 5th PML/FT Directive, although the order had not come into force by the end of the financial year. To this end, the transposition into Spanish law of this directive is expected for 2021, which includes new issues in several areas: improvements in the access to the centralised registration of beneficial owners of companies, the incorporation as taxpayers of providers of exchange services between virtual currencies and fiduciary currencies (known as *exchanges*), and adjustments in the definition of politically exposed persons.

## Markets

No significant changes are foreseen in the regulation of financial markets, although the development of rules already published in previous years will continue in order to strengthen market transparency and homogenise criteria on a Community level. In the context of the revision of the financial market regulations (MiFID II<sup>15</sup> and MiFIR<sup>16</sup>), initiatives have been published by the European Commission to update the MiFIR Regulation to simplify the market structure requirements and foster negotiations through negotiation centres.

## Accountancy and tax

FY 2020 saw the approval of Law 5/2020 on the Tax on Financial Transactions, the goal of which is to impose a tax on the purchase of shares listed in a regulated market of Spanish companies with a market capitalisation of over 1,000 million euros. The law will enter into force in January 2021.

15 Directive of the European Parliament and of the Council of 15 May 2014 on markets in financial Instruments.  
16 Regulation the European Parliament and of the Council of 15 May 2014 on markets in financial Instruments.

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## Banking environment

In 2020, the COVID-19 pandemic placed the European banking system at the centre of attention. Initially, its highly cyclical component meant that it was **one of the sectors most affected** by the significant drops in stock market values and, subsequently, an active part of the solution by channelling certain public aid and government programmes.

More specifically in Spain, the bank played a significant role in two of the three main measures of support that the Government approved to rescue the real economy. This leading role by the bank refers to its efficient participation in the financial relief for companies (with banking as the main channel for **guarantees** for almost one million corporations and self-employed individuals) and for homes (with the legislative **moratoriums** granted on loans for more than 600,000 homes and over 750,000 sector-based undertakings).

To facilitate the role of the bank in these operations, regulators and supervisors granted significant **flexibility in capital and liquidity requirements and in the regulatory and accounting treatment** of credit impairments. The true impact of COVID on the quality of banking assets will therefore appear with a delay of several quarters, but with what is bound to be great intensity, and extremely evenly among different entities depending on their business model.

Along these same lines of anticipating a post-pandemic banking environment with asset impairment and with a curve of rates that is a long way away from any form of standardisation (with the subsequent ongoing pressure on margins), this renewed willingness of the banks regarding **integration operations** to tackle this new post-COVID environment under better conditions must be contextualised. Domestic operations, such as those announced in Spain, allow for the faster generation of synergies associated to the integration of central services and to decreasing the existing excess size, particularly in geographic areas where a greater overlap between integrated entities is possible.

However, the recommendations of the regulators have not yet had any impact in the case of transnational integrations. The synergies are smaller, the usefulness of diversification between European countries is doubtful, given the significant correlation between their different economies, and, lastly, the capital and liquidity requirements must be fulfilled country to country, so there is no possibility of combined optimisation.

The challenges of the sector have increased after the pandemic: reformulating of business models, organisational agility, and the search for efficiency in an increasingly digital environment.



The challenges of the sector have increased after the pandemic: reformulating of business models, organisational agility, and the search for efficiency in an increasingly digital environment.

## 2020 FIGURES FOR THE BANKING SECTOR (DEPOSIT BANKS)

For the first time in a decade, **ORS credit** (other resident sectors) experienced a positive year-on-year variation and ended with a volume that was around 40,000 million euros higher (+3.5%) than December 2019. This change in tendency in the evolution of credit lies primarily in the strong growth experienced by **business loans**. This evolution is greatly influenced by the granting of ICO guarantees due to needs for liquidity by companies, particularly SMEs, during the first few months of the crisis during the strictest lockdown implemented to stop the pandemic from spreading.

In terms of **domestic loans**, an opposite tendency was observed to that experienced by companies. A reduction in the mortgage and consumer balance (-6,523 million and -4,418 million, respectively) was observed, along with this lesser use of credit by families in view of the worsening economic situation.

Insofar as **credit impairment**, there was a slight drop in the balance of bad debt by -3.8% to stand at 52,200 million at 2020 end, and a 34 bps drop in the default rate to stand at 4.44%.

In relation to retail resources, there was a **strong growth in deposits** in 2020 (+109,000 million, 9.4% year on year), which was the main recipient of the significant increase in household savings within a difficult context for consumption, and the existence of a certain amount of precaution in light of the uncertainty of future employment and household revenues. After recording a significant drop of almost 30,000 million in equity in March 2020 (80% through the valuation effect and 20% through reimbursements), **investment funds** experienced a gradual recovery over the year, through both net subscriptions and market recovery, which almost offset the losses recorded in March.

On analysing the results regarding the business, there was a **slight -0.7% reduction in the interest margin** in FY2020. The reason for this is that, despite the increase in volume in the productive performing asset of the sector, the start of the regulatory moratorium to protect part of the real economy had a negative impact on the profit and loss account, with fewer accruals of financial income (-5.7% y.o.y.), although these could be almost entirely offset through lower financial costs.

	Dec. 20	Monthly change		YTD		Interannual change	
	Balance Mill. €	Mill. €	%	Mill. €	%	Mill. €	%
<b>Deposit (system total)</b>	<b>1,282,901</b>	<b>24,631</b>	<b>2.0%</b>	<b>109,860</b>	<b>9.4%</b>	<b>109,860</b>	<b>9.4%</b>
Demand deposits	1,164,347	27,986	2.5%	143,192	14.0%	143,192	14.0%
Term deposits	118,555	3,354	-2.8%	33,332	-21.9%	33,332	-21.9%
<b>Lending to other residential sectors</b>	<b>1,174,937</b>	<b>683</b>	<b>-0.1%</b>	<b>39,347</b>	<b>3.5%</b>	<b>39,347</b>	<b>3.5%</b>
of which: Normal	1,122,713	61	0.0%	41,424	3.8%	41,424	3.8%
of which: NPL	52,224	621	-1.2%	2,077	-3.8%	2,077	-3.8%
<b>Public Authority lending</b>	<b>77,198</b>	<b>2,064</b>	<b>2.7%</b>	<b>10,275</b>	<b>15.4%</b>	<b>10,275</b>	<b>15.4%</b>
Default rate	4.44%	-5 bp		-34 bp		-34 bp	
		-5 bp		-18 bp		-18 bp	
		0 bp		-16 bp		-16 bp	

Source: AFI based on BoS.

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In relation to the gross margin, **the 30.4% drop in dividends received** from the equity portfolios of banks during 2020 must be highlighted (from 14,100 million euros in 2019 to 9,800 million in 2020), when many companies cancelled the payment of dividends in light of the crisis and the need to save funds. There was, however, certain **stability in net fees** amounting to 12,300 million euros (the same figure as in 2019), whereas the **EFT (earnings from financial transactions) were boosted by +21.3% y.o.y.** To stand at 2,700 million euros in 2020, primarily from the disposal of fixed income portfolios.

In 2020, **operating expenses fell** by around 1,000 million euros, in line with the focus on improved performance set by the sector, although operating income ultimately ended -10.4% lower than in 2019.

In the last part of the profit and loss account, **asset impairment losses amount to around 18,200 million euros** must be noted, which triples the loss recorded for this concept in 2019. Banks have made great efforts to anticipate the adverse effects of the pandemic.

Finally, the net result of the Spanish banking sector accounted for a loss of 3,100 million euros and an ROE of -1.5% in 2020.





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# Strategy



The distinctive feature of the Caja de Ingenieros cooperative model is that each member is both a customer and an owner of the Bank. It has always relied on its foundational values to strengthen the basis of its growth and the cooperative banking model.

## Presentation

The Caja de Ingenieros Group is a Spanish cooperative financial and insurance group that offers personal, commercial and institutional banking services. Its vocation is to provide a service to professionals and their families, whether engineers or other professions.

Being a cooperative credit society means that any profits directly revert back to all of its members, resulting in numerous additional advantages and services, both professional and personal.

The cooperative model, which is the Group's foundation, fosters principles of ethics, commitment, trust and social responsibility and, therefore, a return for its members and employees, professional communities and society in general.

## HISTORY

A group of industrial engineers established the cooperative in 1967 and, since then, it has continued to grow over its fifty years of history. It has always had a well-defined calling since its inception: to provide personalised financial and insurance services with the highest sustainability standards.

The distinctive feature of the Caja de Ingenieros cooperative model is that each member is both a customer and an owner of the Bank. It has always relied on its foundational values to strengthen the basis of its growth and the cooperative banking model.

In February 2011, the Caja de Ingenieros Foundation was established to convey the Bank's corporate social responsibility (CSR) activities. This is a private, non-profit institution that came about following the transformation of the former Agrupación Sociocultural y Tecnológica de los Ingenieros. The Foundation seeks to optimise the efficiency of the resources used to promote and foster engineering and activities of cultural, social, environmental, health and welfare, professional and technological interest.

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## Mission, vision and values

### MISSION

**Deliver sustainable value.**

**To deliver value to members to meet their financial and insurance needs, contributing to sustainable social development**

The Caja de Ingenieros Group is a corporate services group aimed at professional communities with the mission of delivering value to members on financial, professional and personal issues, contributing to sustainable social development.

For this purpose, it establishes long-term relationships based on ethics, commitment and trust, and ensures the Group's strength as a means to provide a return to its partners, collaborators, professional communities and society. Because of its focus and service excellence, it is the leading institution in the sector for professional communities, to which it devotes, through the Caja de Ingenieros Foundation, its social action.







### VISION

**Be a leading bank**

The Caja de Ingenieros Group wants to be the Bank of reference for its members and the professional communities with which they relate, for which they develop their cooperative model and generate shared value, in addition to the financial component.

To do so, they respond to the individual needs of each member by offering advice and the most appropriate solutions with a differentiated service. They have a highly qualified team committed to the Bank's mission, and they are champions of innovation and technology, working constantly to improve efficiency as a way of achieving sustainability for their value proposition.

### VALUES

 INTEGRITY	 COMMITMENT	 EQUITY WITH STAKEHOLDERS	 MEMBER PROXIMITY	 PROFESSIONALISM	 EXCELLENCE
<p>The Caja de Ingenieros Group works honestly, responsibly, reliably and transparently. It is true to its principles and themselves. It strictly complies with commitments established to generate a trustworthy relationship.</p>	<p>The Caja de Ingenieros Group is tenacious and takes the initiative. It also places focus on its social commitment to help in sustainable development, with a positive impact on society.</p>	<p>The Caja de Ingenieros Group considers the specific needs of its different stakeholders and adapts to them to offer a personalised, quality service that adapts to each individual situation.</p>	<p>The link with members is based on physical and emotional closeness, on solid and stable relationships that are built on mutual trust and knowledge of their needs.</p>	<p>The Caja de Ingenieros Group works with efficiency, rigour and empathy thanks to effort, teamwork and ongoing training.</p>	<p>The Caja de Ingenieros Group wishes to become a benchmark in cooperative banking for professionals, and seeks excellence through effective and imaginative solutions for its members so that they can help it improve every day.</p>

## COMPANIES FORMING THE GROUP

The Caja de Ingenieros Group consists of a number of companies that enhance, optimise and diversify its capacity to provide services and support to members. All the banks in the Group participate in CSR, but their social action is conducted via the Caja de Ingenieros Foundation.

Caja de Ingenieros, which currently has 32 member service offices, acts as the parent company of the Caja de Ingenieros Group, which also includes Caja Ingenieros Gestión, Caja Ingenieros Vida y Pensiones, Caja Ingenieros Bancaseguros, Fundación Caja de Ingenieros, Ingenium Shopping and Norbolsa (with a 10% stake in the company, it specialises in stock market brokerage and in added-value financial services). The following table lists the different companies in the Group.

Company name	Registered address	Corporate purpose
<b>Caja de Crédito de los Ingenieros, S. Coop. de Crédito</b>	Via Laietana, 39 08030 Barcelona	A cooperative credit society that conducts all kinds of asset, liability and service transactions in banking, with special attention to the financial needs of its members.
<b>Caja Ingenieros Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, SAU</b>	Casp, 88 08010 Barcelona	The Caja de Ingenieros Group investment fund manager.
<b>Caja Ingenieros Vida, Compañía de Seguros y Reaseguros, SAU</b>	Casp, 88 08010 Barcelona	Life insurance company marketing additional social insurance products and a pension fund manager.
<b>Cooperativa de Consumidores y Usuarios de los Ingenieros (Ingenium Shopping)</b>	Via Laietana, 39 08003 Barcelona	Provision of services and sale of consumer articles and supplies for members.
<b>Caja Ingenieros, Operador de Banca-Seguros Vinculado, SLU</b>	Casp, 88 08010 Barcelona	A company dealing in insurance brokerage.
<b>Norbolsa, SV, SA*</b>	Plaza Euskadi, 5 48009 Bilbao	Investment services company.
<b>Fundación Caja de Ingenieros</b>	Potosí, 22 08030 Barcelona	Corporate social responsibility vehicle.

\*Associate. Caja de Ingenieros has a 10% stake in Norbolsa, SV, SA. Even though this is less than 20% of share capital, it has significant influence over the investee, as shown by its seat on the latter's Governing Board.

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## CAJA DE INGENIEROS GESTIÓN

Since its creation, Caja de Ingenieros Gestión has been aware of the importance of responsible investment. Besides financial analysis, its trustee duties as a management and administration company of the collective investment institution (CII) means that the Bank must be responsible with the investment it makes on behalf of its unitholders.

The investment philosophy of Caja de Ingenieros Gestión is based on an independent financial and extra-financial analysis, taking into account environmental, social and governance (ESG) aspects and placing special emphasis on the sustainable business model of the companies in which it invests.

### Method of investment in the instruments managed

- 1) In terms of **sustainability**, all the funds share a common commitment policy:
  - a. This includes a constructive dialogue with the companies in which it invests, responsible exercising of voting rights, and joining different international initiatives aimed at eradicating corporate mal practice or at fostering transparency.
  - b. Furthermore, certain controverted sectors, such as the weaponry industry or the tobacco sector, are excluded from the Group's investment universe.
  - c. The integration of ESG (environment, social and good governance) factors in the investment process is essential when determining the suitability of an investment and assessing the social and environmental impact generated by its activity or business model.
- 2) **Trends** incorporated into strategies that generate opportunities for participants:
  - a. Demographic trends
  - b. Change in private consumption patterns
  - c. Transformations in urban processes
  - d. Digitisation of society
- 3) The **management style** involves detecting quality assets that offer certain resilience in any market environment and economic cycle. Along these lines, the following are valued:
  - a. Competitive advantages to maintain leadership positions
  - b. High and sustainable rates of return
  - c. Solid and solvent financial positions
  - d. Predictability and recurrence in revenues and operating margins

### The investment method of Caja Ingenieros Gestión is based on the following aspects:

- Extra-financial analyses (ESG factors)
- Investment based on fundamentals, far removed from market noise
- Focus on business models and their competitive advantages
- Portfolio construction based on bottom-up criteria
- Preparation of our own analysis for each position
- Differentiated sectoral distribution with regard to the index

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Furthermore, a characteristic trait of this bank's collective investment is its risk management (especially the risks associated to climate change), and the inclusion of secular and disruptive tendencies in its funds.

The programme of activities of Caja Ingenieros Gestión includes discretionary pension plan management and advice on investments to eligible counterparts. Both activities are performed at present by providing the corresponding services to Group companies.

At the end of financial year 2020, the equity managed stood at 760 million euros in investment funds, i.e. 10% up on the previous year. The total number of managed investment fund accounts stood at 40,281, which is a 14% increase on the previous year, and the number of investment fund unitholders increased by 9% to stand at 21,191.

### Managed equity 2020

INVESTMENT  
FUNDS

**760**  
million euros

**+10%** vs 2019

PARTICIPANT  
ACCOUNTS

**40,281**

**+14%** vs 2019

NUMBER OF  
PARTICIPANTS

**21,191**

**+9%** vs 2019





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Related information in:

CHAPTER 8, "RESPONSIBLE INVESTMENT" SECTION.



 Caja Ingenieros  
Gestión is now the  
third management  
company nationwide to  
manage most assets in  
investment funds with the  
SRI label and applies the  
advanced management  
model in the incorporation  
of environmental, social  
and corporate governance  
(ESG) criteria when selecting  
companies.

## THE COMMITMENT OF THE CAJA DE INGENIEROS GROUP TOWARDS SOCIALLY RESPONSIBLE INVESTMENT (SRI)

In 2014, the Caja de Ingenieros Group took another step forward in its commitment towards SRI by becoming a member of the United Nations Principles for Responsible Investment (PRI) initiative to encourage the incorporation of extra-financial criteria into traditional corporate analysis.

Caja Ingenieros Gestión is now the third management company nationwide to manage most assets in investment funds with the SRI label and applies the advanced management model in the incorporation of environmental, social and corporate governance (ESG)

criteria when selecting companies. Proof of this is the sustainability rating obtained from the Morningstar agency in conjunction with Sustainalytics, in which up to eight funds of Caja Ingenieros Gestión had the highest rating at 2020 end.

The investment fund management company remains clearly committed to socially responsible investment. In June 2019, it launched the first collective investment instrument with an impact on the Sustainable Development Goals, the CdE ODS Impact ISR, FI. With this fund, almost 40% of the assets managed by the company have the SRI label. This fund won an award as one of the 100 best ideas for 2020 by *Actualidad Económica* in the sustainability category.



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## INSURANCE AND PENSION PLAN BUSINESS

The insurance and pension plan business of the Caja de Ingenieros Group meets all the needs of its members regarding welfare and protection.

Its activity is divided into two companies:

- **Caja Ingenieros Vida, Compañía de Seguros y Gestora de Planes de Pensiones**, which creates and manages life and savings insurance and pension plans.
- **Caja de Ingenieros, Operador de Banca-Seguros Vinculado**, a company that deals in general insurance brokerage.

### Insurance and pension plan business

#### NET PROFIT

€1,857 M

#### TOTAL CONTRACTS

59,760  
(+5.3% COMPARED TO 2019)

#### LIFE INSURANCE WITH SAVINGS

28,040

#### GROSS PROFIT

€2,397 M

#### PENSION PLANS

17.652  
(+10.6% IN RELATION TO 2019)

#### LIFE RISK INSURANCE

14,068

#### ASSETS

€618.2M

#### IN PENSIONS

€618.2M

#### IN SAVINGS INSURANCE

€279.3M

#### INCREASE IN PENSION PLAN PARTICI-

PANTS **+10.6%**  
COMPARED TO 2019

#### TOTAL AGREEMENTS

**+5.3%**  
COMPARED TO 2019

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## CAJA INGENIEROS VIDA, COMPAÑÍA DE SEGUROS Y REASEGUROS

This is the benchmark Company with regard to welfare in the Caja de Ingenieros Group. It provides specific products and services for supplementary social welfare and personal protection adapted to the individual needs of each member with a personalised advisory service.

It also manages a wide range of pension plans to provide members with solutions to suit their risk profile and the time frame for their retirement, based on a high management quality that has been recognised by the main international rating agencies.

According to the commitment of the Caja de Ingenieros Group to contribute toward

the sustainable growth of the economy, Caja Ingenieros Vida has been at the forefront of the Spanish market in the launch of pension plans managed under a strategy of socially responsible investment (SRI), which considers the selection of the best positioned companies in terms of environmental, social and good governance issues.

Caja Ingenieros Vida stood first in the classification due to growth of net contributions in comparison with the equity managed, and was among the first three in the classification of return on pension plans during FY2020, according to official data by INVERCO.

Equity in pension plans with SRI strategies reached 109.3 thousand euros, which is 11.53% up on 2019, and accounts for 32.26% of managed equity in pension plans.

## Morningstar Spain Fund Awards 2020 in the category of Best Mixed Pension Plan

Caja Ingenieros Vida y Pensiones was recognised by the Morningstar Spain Fund Awards 2020 for its CI Climate Sustainability ISR, PP, in the category of Best Mixed Pension Plan. The plan, which invests 50% of its equity in variable income and the remaining 50% in fixed income, is characterised by the fact that it invests in companies selected based on SRI criteria, with particular emphasis on respect for the environment and on meeting COP21 goals regarding greenhouse gas emissions.





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## CAJA INGENIEROS, OPERADOR DE BANCA-SEGUROS VINCULADO, SLU

Caja de Ingenieros, Operador de Banca-Seguros, completes the range of insurance products for patrimonial, professional and business protection, and provides coverage and solutions adapted to the needs of Caja de Ingenieros members at any given time. The Company does this through insurance brokerage involving the distribution of products by the main specialist companies in the market.

The Caja de Ingenieros Group provides its members with a comprehensive, personalised advice model known as the **Insurance Advisory Service**, the goal of which is to help them in the overall management of their insurable risks and propose the best solutions with the guarantee of a personalised service that also includes the regular review of their risks and coverage.

In 2020, the Bank increased the volume of brokered premiums by 5.3%, leading to a total annual premium portfolio of 18.4 million euros. A total of 5,924 new policies have been taken out through the network of Caja de Ingenieros branches, which involved a volume of premiums of 2.4 million euros. The total number of valid policies taken out by Group members stands at 49,005.

Insofar as portfolio distribution, the branch with the greatest volume of premiums is life (31%), followed by home (19%), death (15%), payment protection (12%) and health (10%).

## COOPERATIVA DE CONSUMIDORES Y USUARIOS DE LOS INGENIEROS (INGENIUM SHOPPING)

Ingenium Shopping was created in 2011 to offer members and their relatives more favourable financial conditions and advantages in establishments from a wide diversity of sectors.

At the end of 2020, Ingenium Shopping had 139 affiliated establishments from very diverse business sectors and of the most prestigious brands that the Bank considers to be of interest to its members. The volume of purchases made during this year in establishments affiliated to Ingenium Shopping exceeded 224,000 transactions at the sum of over 8.7 million euros.

The sectors represented in Ingenium Shopping are: food and beverages, beauty, sports, electronics and electrical appliances, skiing, flowers and gardening, training, photography, home, image and sound, information technology, jewellery and watches, toys, books and stationary, pets, messaging, furniture and decoration, fashion and accessories, leisure and culture, optics, child care, catering, health and personal care, storage, vehicle and motor, and footwear.

Ingenium Renting was created in 2016 to offer quality services to members and to meet all their needs. It offers long-term vehicle rental through the company Lease Plan Servicios, SA, with its corresponding maintenance, assistance and insurance services, among others.



At the end of 2020, Ingenium Shopping had 139 affiliated establishments from very diverse business sectors and of the most prestigious brands that the Bank considers to be of interest to its members.

ingenium  
**shopping**®

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## NORBOLSA, SV

Norbolsa, SV, is the investment services company associated with the Caja de Ingenieros Group in which Caja de Ingenieros holds a 10% stake.

It was established by the Basque savings banks in 1989. It specialises in brokerage and in high added-value financial services: fixed and variable income primary market, portfolio management, stock market analysis, liquidation and custody services, corporate business, services to issuers, and financial advice.

Norbolsa is a financial advisor of reference in the capital market access process for companies and investors, and its main business lines are brokerage, the liquidation and custody of securities, the management and consulting of institutional portfolios, the provision of corporate services to companies and operations in primary markets.

Its analysis services are supported by its thirty-plus years of experience and a qualified team of professionals with solid financial training.





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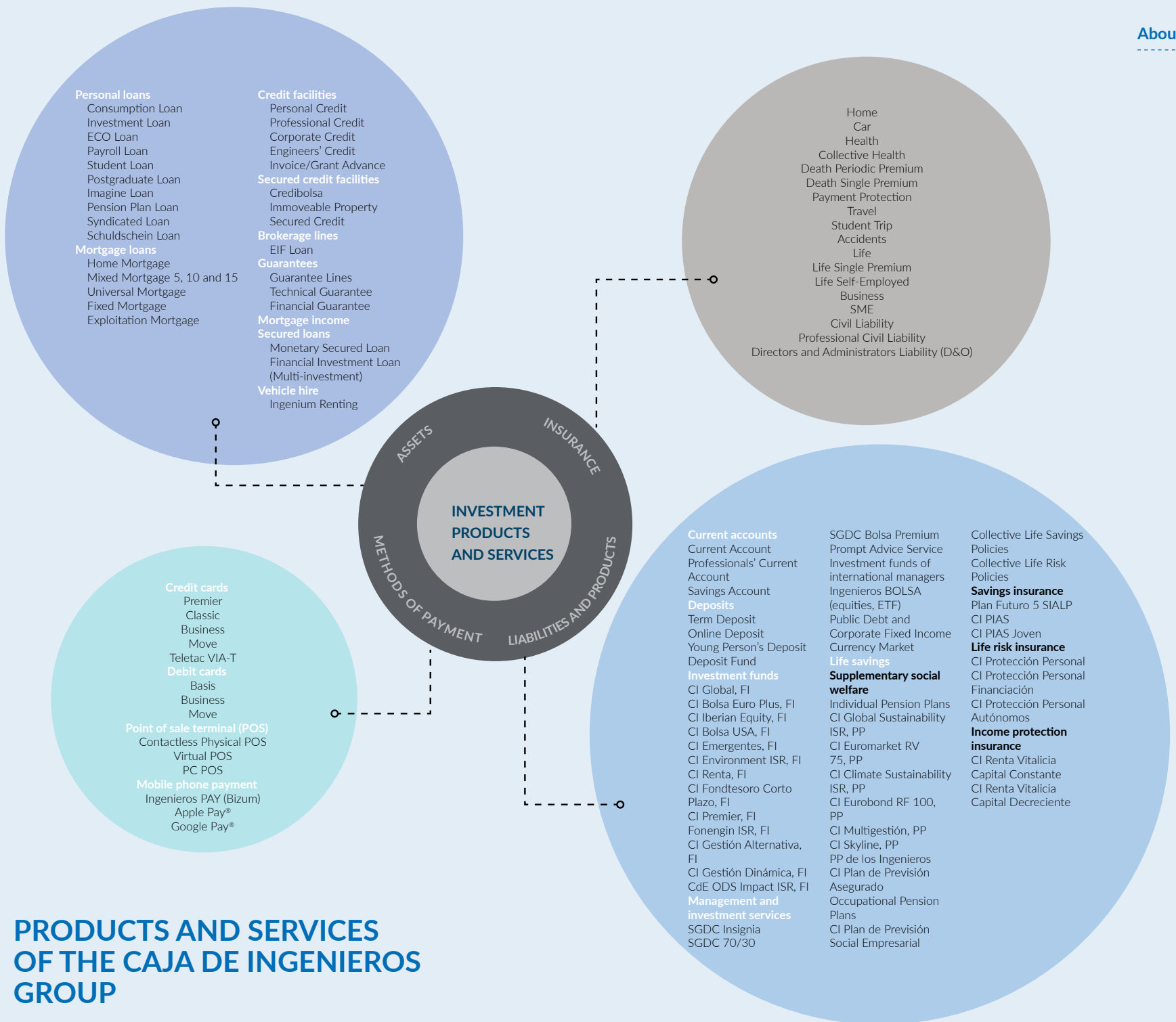
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## PRODUCTS AND SERVICES OF THE CAJA DE INGENIEROS GROUP

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We started the new Conecta 2023 strategic plan in February 2020, an ambitious plan that Caja de Ingenieros will apply over the next four years, based on digitisation, quality, growth, and risk management.

## 2021 strategy: plan Conecta

### ANALYSIS OF THE 2020 STRATEGY

After the end of a historic financial year for Caja de Ingenieros in 2019, we started 2020 with the certainty that we would continue progressing as a growing Bank in terms of number of members, regional impact, and products and services. We started the new strategic plan Conecta 2023 in February 2020, an ambitious plan that Caja de Ingenieros will apply over the next four years, based on digitisation, quality, growth, and risk management.

Just one month later, the economic and social context did a one-eighty and changed the strategic priorities that Caja de Ingenieros had set for FY2020. As a result, the focus of these priorities with regard to services was as follows:

1. The goal was **to supply the maximum volume of financing and liquidity to members** and join the different public support initiatives through the ICO and the mutual guarantee societies in the regions where the Bank is present, **as well as the credit moratoriums, and to advance the payment of unemployment and pension benefits. Improvements were also made to the advance payment of salaries and the exemption of costs for POS terminals in establishments that remained closed during lockdown.** All these measures have been extensively used by members, as we have recorded a 96% growth in the granting of new credit to companies in general, and 106% to

SMEs, for an overall sum of almost 350 million euros and 105 million euros, respectively, over the year.

**2. In the area of equity and savings-income management,** the strong position of the Group must be highlighted in **socially responsible investment and management based on extra-financial ESG criteria,** which means the selection of companies and assets in line with excellence in sustainability criteria, social and governance criteria, enabling members to enjoy the excellent returns reached by the Caja de Ingenieros instruments. These returns were not only **recognised by the classifications of the main investment fund and pension plan analysis agencies,** but also by a **change in direction in investor preferences,** who turned to this Caja de Ingenieros investment management model.

Another of the challenges taken on was in relation to the consolidation of interaction with members, with the following goals: **to increase the number and scope of proactive interactions, to increase the scope of member data analysis, to reduce response times to requests, and to reduce service administration costs and processes.**

The results obtained were significant in the different areas, considering the fact that interaction with members grew by 56% over the financial year. Worth noting are the **proactive activities based on the analysis of needs detected using propensity and adaptation models.**

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The 8.28 score given to the Bank by its members in 2020 reflects a 0.05 point increase in satisfaction.

	PNF: Targeted proactive contact with members	e-mails received	Calls	Scheduled visits to branches	External visits	Total activities managed
2020	61,553	58,084	73,504	38,743	2,132	234,016
2019	45,886	28,319	50,027	67,043	3,827	149,216
VaR%	34.14%	105.11%	16.93%	42.21%	44.29%	56.83%

In terms of the response to requests received, given the infection prevention measures, the separation of service teams and the adapting of service hours, and the extremely significant growth in the number of calls received, it was not possible to improve the request quality until the end of the year, despite having increased the size of the professional teams, included new channels of communication, and relocated part of the member digital services team to a new corporate site in Calle Ali Bei in Barcelona. However, the requests received were subject to **technological and communications process improvement, which meant that it was possible to absorb the greater demand for service by members.**

Insofar as operating expenses, a great deal of work has gone into containing these expenses, which remained at the same level as in 2019 despite the significant growth in turnover, the new expenses arising from adaptation to the COVID-19 situation, and the **opening of two new branches and one new operating centre.**

The 8.28 score given to the Bank by its members in 2020 reflects a 0.05 point increase in satisfaction. Improvements must be noted in loyalty and recommendation, of 0.14 points and 0.12 points, respectively, placing their scores at 8.91 and 8.63, respectively. Furthermore, the **Net Promoter Score or recommendation index has improved, growing 3 percentage points to stand at 52.9% as a result of 61.4% of members recommending the Bank and only 8.5% not recommending it.** These classifications encourage Caja de Ingenieros to improve satisfaction and provide a positive comparison with the most highly appraised financial institutions worldwide.

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## STRATEGY FOR FINANCIAL YEAR 2021

The **overall goals** involve a slow recovery of economic activity and consist of **maintaining the solvency, liquidity and profitability indicators**, as well as asset quality and performance, in line with the levels reached in 2020, so that the growth capacity of the Bank is not restricted during times of more intense growth once the current pandemic is over.

Caja de Ingenieros believes FY2021 to be a **key year of change in the economic cycle**, which will require substantial additional adaptation to that started in 2020 in terms of management and proposed service. Based on the success of adapting to the sudden rise of COVID-19, as explained in the above paragraphs, 2021 offers expectations of strong recovery, which might be asymmetrical and geographically different in each individual region. Furthermore, despite the activities of the public authorities and the appearance of vaccines, the risk of a third or fourth wave that is more intense than expected adds uncertainty at a time when recovery is becoming the buzz word.

It is clear that the economic policies implemented around the world, particularly the monetary policies, have become relevant in the expected recovery. However, this is also creating a distortion in the prices and value of financial and credit assets. Although these policies are necessary in present times, they also require caution by Caja de Ingenieros because the market mechanisms have been distorted by the extensive measures of guarantees, tax effort, and monetary injection. These facts must therefore be evaluated from a cautious perspective, and combined with the essential support that the Bank must give its members in terms of credit and asset management.

The efforts must be **maintained in terms of digitisation are also undeniable. Advanced data management techniques** must be incorporated to manage underlying risks that are not currently evident, given the disruptive and uncertain situation at present, but that must be considered in order to preserve the service to members, operational and financial performance, and the Bank's capital.

## The following are the bases for work in this context for 2021:

1. Monitoring and preservation of the Bank's key variables, in view of the high levels of solvency, liquidity and asset quality.
2. Maintaining an intense process of member and business growth, despite the difficulties incurred by the pandemic.
3. Adaptation of the service to members model to digitisation to continue promoting the growth of interaction with members, with the benefit of proximity that this represents, and that involves an improvement to the advisory and personalisation capacities, which form the focus of the Bank's value proposal in terms of digitisation.
4. Search for improvement in the financial and operational efficiency metrics by adopting new methods of work, including robotics, artificial intelligence, and improved operational processes.

## Business model

The Caja de Ingenieros business model has been notably strong during COVID-19, considering the following circumstances:

1. **The capacity to generate top quality capital**, regarding the increase in capital of 2019 and through the profit and loss account, which recorded a clearly different evolution to the traditional banking sector.
2. **Strong growth of the member base**, thanks to the extremely high level at which the Bank is recommended, with an indicator of the *Net Promoter Score* that is much higher than that recorded by the banking sector in our country and equivalent to that of the leading banks worldwide.
3. **A level of bad assets that is substantially lower than those comparable in the domestic sector** and a very intensive bad asset provisions policy in terms of economic effort.
4. **Capacity to adapt to complex situations, as seen during recent months**—the financial crisis and COVID-19 being the most noteworthy—, which are highlighted by the lack of a legacy to be restructured, especially:
  - a. A distribution model based on the existence of a very effective single-channel network in which the growing network of branches is not only extremely optimised, but is also adapted to new on-site relationship methods.
  - b. A technology based built over the past ten years to face digitisation with guaranteed success and without requiring an unattainable economic effort.
  - c. A trained and highly qualified team of professionals, with proven experience and committed to the cooperative mission of the Bank.

## Challenges

The challenges for 2021 focus on different aspects:

1. **To continue gaining proximity with members, using digital skills:**
  - a. To strengthen the digital service channels and personalise the relationship with Caja de Ingenieros professional who is always nearby.
  - b. To increase the proactive activity with members by 15% in all channels to reach five hundred thousand interactions.
  - c. To increase the agile establishing of specialist banking member portfolios (personal, premium, and business) by 15%.
2. **To focus the credit effort to provide support for member projects with a 25% increase in the amount of credit granted in comparison with 2020** and strengthening the activity aimed at business, providing continuity to the corporate diversification strategy for their activities.
3. **To maintain investment in technology to continue adapting the Bank** to the context of growth and digitisation and to the growing regulatory demands and service demands of members, to reach a volume of 8 million euros.
4. **To maintain demanding risk management that constantly assesses traditional banking risks, liquidity and asset quality**, and that maintains a bad debt ratio in 2021 of around 3% and a minimum hedging level of 50% of exposure, including proactive management of the climate risks of the different credit and investment exposures of the Bank.
5. **To generate a positive impact for society, strengthening social and sustainability criteria** based on governance that is in line with the best cooperative practice required for financial supervisors, and providing impact metrics for member investments through the Bank's instruments.



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Finally, to summarise, the key indicators for 2021 and their goal.

## Key indicators for 2021

MEMBER SATISFACTION

above 8.25

NET PROMOTER SCORE

above 50%

CET1 SOLVENCY

above 14.50%

DEFAULT

below 3.20%

COVERAGE RATIO

above 50%

LCR LIQUIDITY

>200%

TURNOVER

above  
€8,500 M

ROE

>5.25%

EFFICIENCY

around 79%\*

\* Including the impact of COVID-19

Caja de Ingenieros



**Conecta 2023**

## Conecta 2023 strategic plan

**WE ARE A DIFFERENT, CONSISTENT AND COMMITTED COOPERATIVE THAT CONNECTS WITH PEOPLE.**

**In February 2020, we launched Conecta 2023, a strategic plan that establishes the replacement of the Impulsa 2016-2019 plan.**

### STRATEGIC CORNERSTONES

①	②	③	④	⑤	⑥	⑦	⑧	⑨
Promoting the original DNA of the Caja de Ingenieros Group	Growth of the cooperative and of the return to society	Comprehensive and relatable advice to members	Fostering of the cooperative relationship	Promotion of Group companies	Organisation ready for future challenges	More efficient and scalable operations and corporate functions that provide value	Decision-making based on data	Financing of the transition towards an economy that is neutral in CO <sub>2</sub>

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## MAIN GOALS 2023

### FINANCIAL

- Turnover: **>€10B**
- ROE: **>8%**
- No. of members: **250,000**
- CET1 ratio: **>14.5%**
- Performance ratio: **69.28%**
- Bad debt ratio: **first quartile of the sector**

### SOCIAL

- NPS: **>55%**
- Satisfaction index: **8.75**
- Digital members: **80%**
- Commitment to society: **8.5**
- Social value: **x5**
- Managed SRI equity: **50%**
- Gender diversity: **45%**

### SUSTAINABILITY

- To mobilise **500 million euros** investment and financing for sustainability
- To reduce by **20% the CO<sub>2</sub> emissions** of the Group
- To align the business with the UN **Principles of Responsible Investment and Banking**

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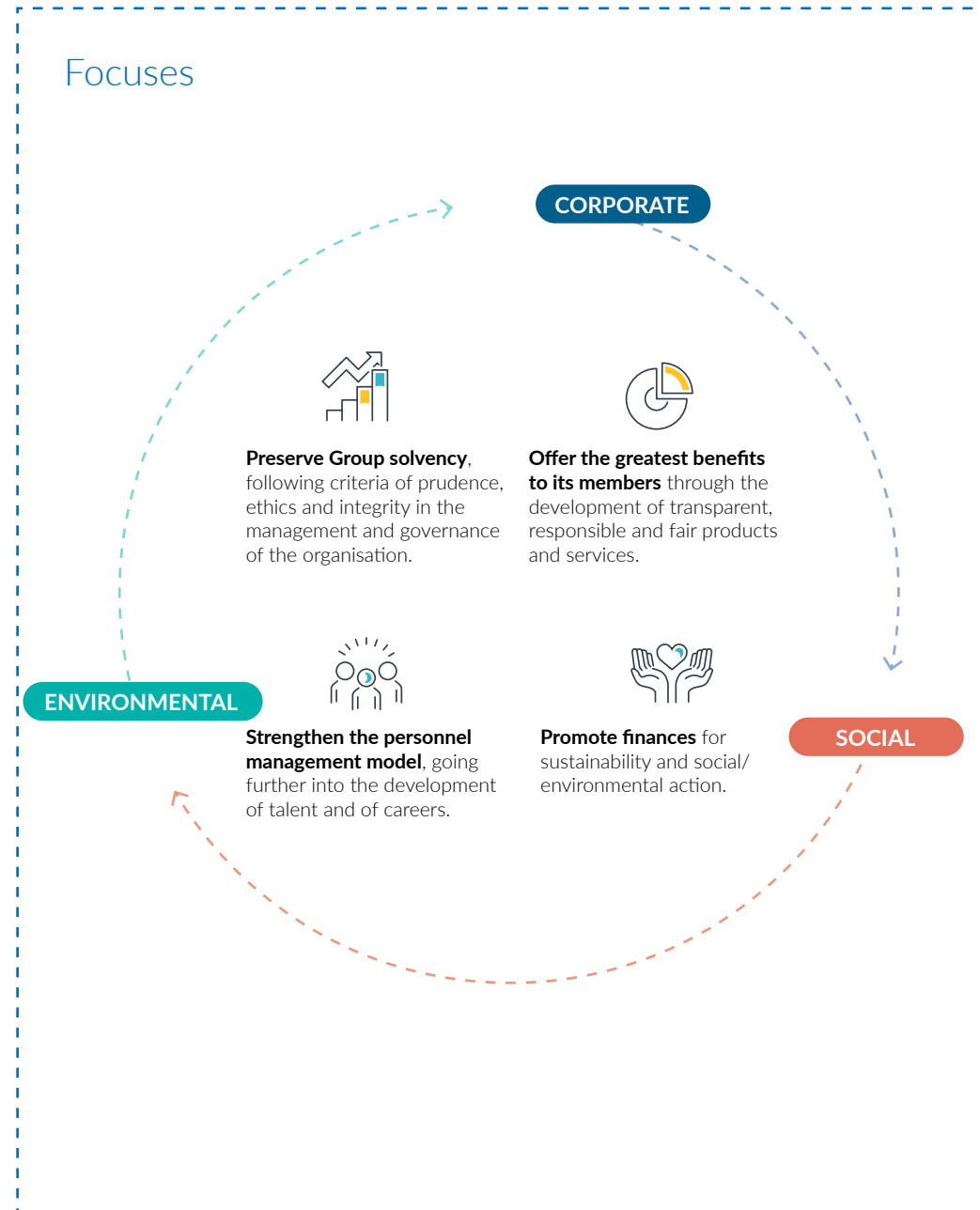
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## Sustainability strategy, Sustainable Horizon and SDG

The sustainability plan of the Caja de Ingenieros Group is based on these three cornerstones.



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The plan covers seven areas that run across the entire organisation.

## SOCIAL RESPONSIBILITY IN THE CAJA DE INGENIEROS GROUP

<b>PRUDENCE AND RISK MANAGEMENT</b>	The risk management model is based on sustainability, management quality, responsibility, monitoring, commitment and independence.
<b>ETHICS AND INTEGRITY</b>	The business of the Bank is governed by the values, principles and rules of action laid out in its Code of Ethics, which fosters the performing of professional duties under criteria of honesty, integrity, excellence, responsibility, transparency, and responsible, sustainable and impact investment.
<b>INVESTMENT AND FINANCING RESPONSIBILITY</b>	The financing and investment policy of the Caja de Ingenieros Group includes criteria for human, employment, and social rights, and respect for the environment. Such investments exclude manufacturers of weapons, explosives or military vehicles, manufacturers of specific components for the military industry (with >10% of revenues from this activity), manufacturers of tobacco and gambling companies.
<b>SERVICE TO MEMBERS</b>	The cooperative and socially responsible model of the Caja de Ingenieros Group places members at the centre of activity in order to provide them with complete solutions adapted to their needs and based on service quality, assistance, advice, and proximity.
<b>PERSONNEL POLICY</b>	The Caja de Ingenieros is a quality employer, and one of its main commitments focuses on the training and development of its professionals. Equal opportunities is one of the principles of the organisation, and it is working on ensuring it at all levels.
<b>SUSTAINABILITY AND THE ENVIRONMENT</b>	The Caja de Ingenieros Group promotes socially responsible investment (SRI), which encourages the sustainability of the economy and helps protect the environment. The Bank foster initiatives to improve the eco-efficiency of the organisation and preserve the environment through awareness activities and the mitigation of the effects of climate change.
<b>SOCIAL ACTION</b>	The Bank channels its commitment to society through the Caja de Ingenieros Foundation, which devotes its resources to improving the quality of life and the wellbeing of people, to facilitating social and workplace reintegration, to protecting the environment and to fostering innovation, training and professional excellence.

Along these same lines is the Bank's 2023 Sustainable Horizon plan, which focuses on three main areas of action: finance, the responsible and sustainable management of the Bank, and the establishing of different partnerships to work towards sustainability. Each of these areas involves specific goals to reach by 2023.

Related information in:

CHAPTER 9, "ENVIRONMENTAL COMMITMENT" SECTION.





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The finances of sustainability are at the centre of the Group's strategy, because, from the viewpoint of cooperative banking, they include the double perspective by which the Caja de Ingenieros Group performs its function: social and commercial.

## SUSTAINABLE DEVELOPMENT GOALS (SDG)

Over the last quarter of 2018, the Caja de Ingenieros Group signed its membership to the **United Nations Global Compact**, the main goal of which is to promote the incorporation of ten sustainability principles into the areas of human rights, the environment, rules for employment and the fight against corruption in business activities worldwide, as well as to channel the actions helping meet the Sustainable Development Goals (SDG).

For the first time, the SDGs are proof of the commitment of organisations worldwide to promote actions so that they are met and to measure their impact on society.

The finances of sustainability are at the centre of the Group's strategy, because, from the viewpoint of cooperative banking, they include the double perspective by which the Caja de Ingenieros Group performs its function: social and commercial.

## Implementation

In line with our sustainability strategy, progress continued in 2019 in the three SDGs in line with the Bank's strategic goals and in which it has greatest impact, following the SDG Compass, a guide developed jointly by the Global Reporting Initiative (GRI), the United Nations Global Compact, and the World Business Council for Sustainable Development (WBCSD).

These three SDGs are decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), and climate action (SDG 13).

Shown below is an indication of how the Caja de Ingenieros Group has contributed in 2020 to each of the three SDGs identified as primordial, the metrics used to monitor this contribution and examples of projects the Bank has completed.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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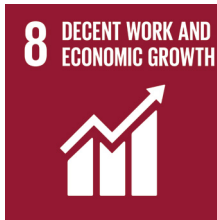
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## SDG 8. DECENT WORK AND ECONOMIC GROWTH

### 8.1. Contribution towards per capita economic growth and GDP growth in Spain.

- The Group's pretax earnings amounted to 12.5 million euros.
- The Bank has fulfilled its tax commitment through the taxes and levies paid, which amounted to 12.8 million euros.

### 8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalisation and growth of micro-enterprises and SMEs, including through access to financial services.

- The Bank has made purchases from its suppliers amount to 32,093,869 euros, of which 12,691,493.03 euros were from local suppliers.
- 39.54% of the Group's suppliers are local (with central offices in Catalonia).
- Financing has been granted to major companies, SMEs and the Public Authorities for a total of 348 million euros.
- Over 660 companies and professionals have been given access to financing.
- 100 startups took part in the Enterprise Award promoted by the Caja de Ingenieros Foundation.

### 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, as well as equal pay for work of equal value.

- 97% of the Caja de Ingenieros Group workforce is employed under a permanent contract.
- The Bank integrates professionals with different degrees of disability into its organisation.
- Over 26,376 hours of training has been given to the team.
- The Group contracts suppliers with a strong social component that offer employment to vulnerable collectives.

### 8.6. By 2020, substantially reduce the proportion of youth not in employment, education or training.

- In 2020, new recruits under the age of 30 accounted for 55%.
- The Bank has granted study loans with advantageous conditions for a value of over 1.3 million euros.
- Scholarships, study and training awards have been granted to over 490 young people.
- The Group has partnership agreements to support students with the main universities in Spain (Universitat Politècnica de Catalunya, Universitat Autònoma de Barcelona, Universitat de Barcelona, Universidad Politécnica de Madrid, Universidad Politécnica de Valencia, Universidad de Sevilla, Universidad de Alicante, etc.).
- Thanks to the Foundation's Innovative Ideas Award, 140 enterprising proposals have transformed their business idea into an actual company.

### 8.8. Protect labour rights and promote safe and secure working environments for all workers.

- The Group's professionals are covered by private medical insurance and advantageous coverage for their relatives.
- The Bank provides those professionals requiring as such with benefits for physical exercise in arranged sports centres.
- We support the education of the relatives of Caja de Ingenieros Group professionals with study grants for children up to the age of 25.



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## SDG 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

### 9.2. Promote inclusive and sustainable industrialisation by 2030.

- 20 % of financing was given to SMEs and professionals.
- The Caja de Ingenieros Group distributes products to promote sustainable industrialisation (ECO Professional Loan).
- The Bank has been a signatory to the Responsible Investment Principles initiative since 2014.
- We are guided by investment exclusion criteria and avoid less sustainable and inclusive sectors.
- The Bank uses investment criteria considering environment, social and governance (ESG) factors.
- The Bank's credit policies include the exclusion of certain activities.

### 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, as well as ensure that all countries taking action in accordance with their capabilities.

- We have channelled over 256 million euros in investment into sectors that promote sustainable industry and innovation.



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## SDG 13. CLIMATE ACTION

### 13.2. Integrate climate change measures into policies and strategies.

- The Caja de Ingenieros Group has channelled over 150 million euros in investment into sectors that are taking measures to reduce their CO<sub>2</sub> emissions and the effects of climate change.
- The Group has granted credit to companies and individuals to finance energy efficiency projects for a total value of 1.2 million euros.
- The goals of the Group's credit investment policy include the development of products, measuring methods, and granting criteria to reduce greenhouse gas emissions and for transition to an emission-free economy.
- The portfolios of Caja de Ingenieros are in line with the Paris Agreement. The investments focus on companies that mitigate the impact of climate change thanks to the production of clean energy, which helps reduce the risk of transition and, consequently, the impact on the market risk in financial investment portfolios due to the climate transition.
- The Bank has offset 100% of all greenhouse emissions that they were unable to avoid.
- We have reduced our paper consumption by 24%.
- We have incorporated climate-related risk into the risk management models.
- 69% of members use the Group's on-line channels for their transactions, 8.7% up on the previous financial year, thus avoiding having to go to the branches, which has helped reduce the use of paper.
- The Bank has reduced its water consumption by 42%.
- We are members of the Climate Action 100+ platform to promote dialogue with the organisations generating greatest negative impact on the environment.
- The Group continues with selective waste collection in the workplace.

### 13.3. Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

- The Caja de Ingenieros Group has brought its strategy in line with the Paris Agreement, so as not to reach an increase in temperature of more than 1.5 degrees.
- The Bank maintains its commitment by allocating 11% of the investment of the Caja de Ingenieros Foundation to environmental awareness and protection projects.
- The Group is working to improve its energy efficiency through centralised HVAC systems in its branches.
- It is also working to reduce the carbon footprint of organisations and individuals thanks to its products (ECO Loan).



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# 05

## Governance, ethics and integrity





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The Caja de Ingenieros Group has the firm commitment to strengthen its activities, inspired by the values of ethics, transparency and good governance, in order to generate quality information for its stakeholders, create conduct criteria for all its members and strengthen a sustainable business model, all with the utmost respect for and compliance with human rights.

The Caja de Ingenieros Group therefore abides by the Code of Ethics, which reflects its principles and values in line with respect for human rights. The Code of Ethics is available to all stakeholders, and its application is required of our employees and of the professionals working with the Bank.



The governing bodies with control and management duties are the General Meeting, the Governing Board, and the Executive Committee.

## Corporate organisational chart

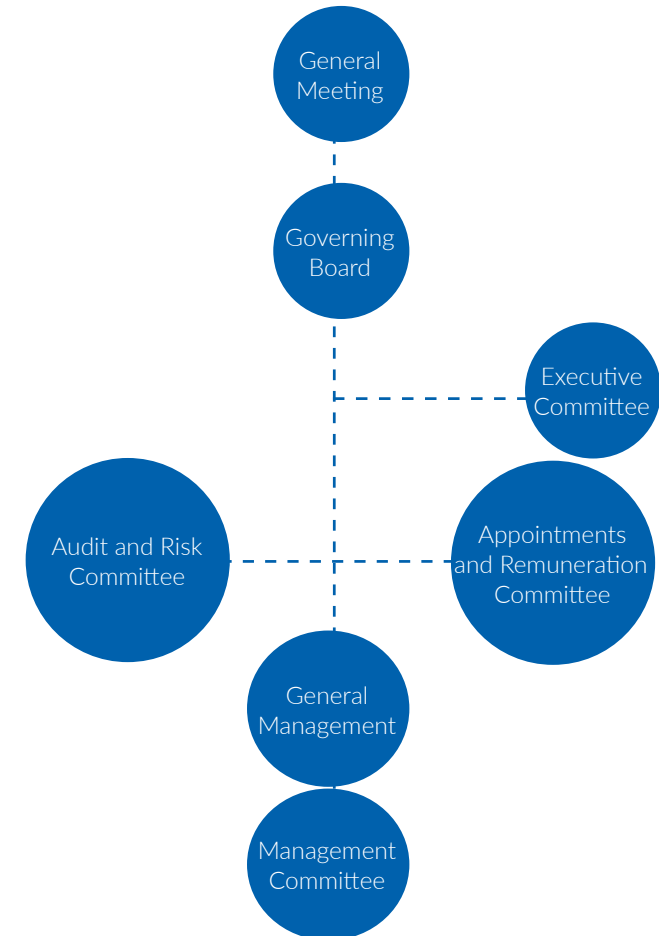
The organisational structure of the Caja de Ingenieros Group seeks collaboration among all the areas of the Group, primarily to offer members personalised, cross-cutting, transparent and quality proposals.

The corporate and governance bodies are the **General Meeting** and the **Governing Board**, and, through delegation by the latter, the **Executive Committee**. In turn, the Board receives the support of two advisory and supervisory committees: the **Audit and Risk Committee** and the **Appointments and Remuneration Committee**, which encourage the internal control and democracy of the Caja de Ingenieros Group.

The governing bodies with control and management duties are the General Meeting, the Governing Board, and the Executive Committee.

The **Bank's Internal Audit Head Office** is directly answerable to the Audit and Risk Committee, to which it also reports directly, to encourage independence and objectivity in supervisory tasks, in line with the best practices accepted. Also reporting directly to this committee is the **General Sub-Head Office of the Global Risk Management Area**.

The **General Management** is answerable to the Governing Board and takes part in the control and management of the organisation, its duties being included in the Articles of Association. The **Management Committee** is answerable to the General Management and acts as the internal governing body for Group management and control.



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## Governing bodies

**102-30, 102-15** The main duties of the maximum governing, management and control bodies indicated above are described below.

### GENERAL MEETING

This is the highest body of expression of the corporate will of Caja de Ingenieros. It is formed by members or their representatives and it has the power to discuss matters of common interest and make decisions regarding the general policy of the Bank. Its operation and powers are set out in the Articles of Association.

### GOVERNING BOARD

The Governing Board is the main management body, responsible for the governance, management and representation of the Bank. It is responsible for senior management, supervision of managers, and representation of the cooperative society.

Its representative powers extend to all acts related to activities comprising its corporate purpose. It is competent to establish the general guidelines for action and to exercise the powers not reserved by law or by the Articles of Association to other corporate bodies. It acts in accordance with the law, the Articles of Association, and the general policy established by the General Meeting.

In relation to the General Meeting, the Board performs relevant duties, such as:

- Legal representation of the Bank
- The call for the General Meeting to be held
- The surveillance, implementation and monitoring of compliance with corporate agreements

The Board meets as often as necessary for the proper performance of its duties, and at least six times a year.

The Board is made up of thirteen members, twelve of whom are chosen by the General Meeting from among the members. The remaining member is the employment advisor, who is chosen from among the Bank's employees.



The Board meets as often as necessary to correctly perform its duties, and at least six times a year.

NAME	POSITION	TYPE OF BOARD MEMBER
José Oriol Sala Arlandis*	Chairman	Non-executive
Manuel Bertran Mariné* (deputy chairman)	Deputy Chairman	Independent
Félix Masjuan Teixidó	Secretary	Independent
David Parcerisas Vázquez*	Member no. 1	Independent
Pedro A. Hernández del Santo	Member no. 2	Independent
Pedro Marín Giménez	Member no. 3	Independent
Jaime Roure Pagès	Member no. 4	Independent
José María Pera Abadía*	Member no. 5	Independent
August Bou Camps	Member no. 6	Independent
Carne Botifoll Alegre	Member no. 7	Independent
Josep M. Muixí Comellas	Member no. 8	Independent
Antonio Santamans Olivé	Member no. 9	Independent
Ignasi Vinuesa Gimeno	Member no. 10	Employment advisor

\* Board member until 26 November 2020. Remaining in the post until the Bank of Spain approves the appointing of new board member elected at the Extraordinary General Meeting of the Bank.

## EXECUTIVE COMMITTEE

This is a delegate body of the Governing Board. This committee exercises certain management and administration powers delegated by the Governing Board, which are included in the *Internal Operating Rules of the Board*. The Executive Committee meets at least eleven times a year. The Governing Board always maintains its competence in the delegated powers and is responsible to the Bank, members, creditors and third parties for the management carried out by the Executive Committee.

### Advisory and supervisory committees

The **Audit and Risk Committee** and the **Appointments and Remuneration Committee** are delegate bodies of the Governing Board and play an advisory and supervisory role. They encourage the internal control and democracy of the Caja de Ingenieros Group.

Each committee has internal operating regulations approved by the Governing Board, which include its duties, responsibilities, powers and obligations.

## AUDIT AND RISK COMMITTEE

This committee has advisory and supervisory duties, especially in matters regarding the governance system, management policies and models, risk control and internal auditing, as well as the review of financial information and of the competition and independence of the accounts auditor.

It meets at least once a quarter and consists of five members of the Board: a chairman, a secretary and three members.

### APPOINTMENTS AND REMUNERATION COMMITTEE

This Committee is responsible for supervising and advising on the remuneration, selection and appointment of members of the Board, the Senior Management, key personnel, and holders of internal control functions. To do so, it regularly monitors and supervises the selection and appointment policy of the positions mentioned above, as well as the remuneration policy, ensuring that it is aligned with the Bank's sound and prudent management.

This committee is made up of five Board members: chairman, secretary and three members (one of whom is the employment advisor), who meet at least once a year.

## EXECUTIVE COMMITTEE

NAME	POSITION	TYPE OF BOARD MEMBER
José Oriol Sala Arlandis*	Chairman	Non-executive
Félix Masjuan Teixidó	Secretary	Independent
Manuel Bertran Mariné*	Board Member	Independent
Pedro A. Hernández del Santo	Board Member	Independent

\* Board member until 26 November 2020. Remaining in the post until the Bank of Spain approves the appointing of new board member elected at the Extraordinary General Meeting of the Bank.

## AUDIT AND RISK COMMITTEE

NAME	POSITION	TYPE OF BOARD MEMBER
Félix Masjuan Teixidó	Chairman	Independent
Josep M. Muixí Comellas	Secretary	Independent
José Oriol Sala Arlandis*	Board Member	Non-executive
Jaime Roure Pagés	Board Member	Independent
José María Pera Abadía*	Board Member	Independent

\* Board member until 26 November 2020. Remaining in the post until the Bank of Spain approves the appointing of new board member elected at the Extraordinary General Meeting of the bank.

## APPOINTMENTS AND REMUNERATION COMMITTEE

NAME	POSITION	TYPE OF BOARD MEMBER
Manuel Bertran Mariné*	Chairman	Independent
Pedro A. Hernández del Santo	Secretary	Independent
José Oriol Sala Arlandis*	Board Member	Non-executive
Félix Masjuan Teixidó	Board Member	Independent
Ignasi Vinuesa Gimeno	Board Member	Employment advisor

\* Board member until 26 November 2020. Remaining in the post until the Bank of Spain approves the appointing of new board member elected at the Extraordinary General Meeting of the bank.

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The Governing Board is the main administrative body, and is responsible for the governance, management, and representation of the Bank. It is responsible for senior management, supervision of managers, and representation of the cooperative society.

The current composition of the Governing Board and of the different committees is indicated below, who were acting members as of 30 November 2020, and have been approved by the Bank of Spain and act with full rights since 29 March 2021.

NAME	POSITION	TYPE OF BOARD MEMBER
Félix Masjuan	Chairman	Independent
Antoni Santamans	Deputy Chairman	Independent
August R. Bou	Secretary	Independent
Javier García	Member no. 1	Non-executive
Pedro Hernández	Member no. 2	Independent
Pedro Marín	Member no. 3	Independent
Jaume Roure	Member no. 4	Independent
Sara Gómez	Member no. 5	Non-executive
Ana Oller	Member no. 6	Non-executive
Carme Botifoll	Member no. 7	Independent
Josep M Muxi	Member no. 8	Independent
Ana Toda	Member no. 9	Non-executive
Ignasi Vinuesa	Member no. 10	Employment advisor

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## EXECUTIVE COMMITTEE

NAME	POSITION	TYPE OF BOARD MEMBER
Félix Masjuan	Chairman	Independent
August R. Bou	Secretary	Independent
Pedro Hernández	Board Member	Independent
Antoni Santamans	Board Member	Independent

## AUDIT AND RISK COMMITTEE

NAME	POSITION	TYPE OF BOARD MEMBER
Félix Masjuan	Chairman	Independent
Josep M. Muixí	Secretary	Independent
Jaume Roure	Board Member	Independent
August R. Bou	Board Member	Independent
Carme Botifoll	Board Member	Independent

## APPOINTMENTS AND REMUNERATION COMMITTEE

NAME	POSITION	TYPE OF BOARD MEMBER
August R. Bou	Chairman	Independent
Pedro Hernández	Secretary	Independent
Pedro Marín	Board Member	Independent
Félix Masjuan	Board Member	Independent
Antoni Santamans	Board Member	Independent
Ignasi Vinuesa	Board Member	Employment advisor





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Senior management (General Management) actively participates in the Caja de Ingenieros internal control system and is kept permanently up to date by all functional areas responsible for supervising its effectiveness.

## General Management

This is the body responsible for the executive management of Caja de Ingenieros Group and, to that end, it has general powers in relation to the organisation and management of the Group and coordination of the different areas of business, support and control. The current managing director of the Group is Joan Cavallé Miranda.

Senior management (General Management) actively participates in the Caja de Ingenieros internal control system and is kept permanently up to date by all functional areas responsible for supervising its effectiveness.

The Caja de Ingenieros General Management is also the representative of the Bank before Spain's anti-money laundering watchdog, SEPBLAC.

## Management Committee

This is an internal body that is answerable to the General Management. Its role involves implementing the strategic lines of the Group and of all the companies forming it. It has general powers in terms of Group organisation and management, as well as the coordination of the different areas of business, support and control, and other key areas of the Bank.

### NAME

Joan Cavallé Miranda

Jaume Franco Domingo

David Murano Casanovas

José Luis Sánchez Rabaneda

Montse Bertran Bergua

Victor Cardona Vernet

Xavier Fàbregas Martori

Antoni Fernández Moreno

Bas Fransen

Juanjo Llopis Rodríguez

Mariano Muixí Vallès

Isabel Sánchez Soria



## Organisational chart of the Caja de Ingenieros Foundation and subsidiaries

The organisational chart containing the list of trustees of the Caja de Ingenieros Foundation and of our subsidiaries, a description of which is included in the previous chapter, is also included below.

### CAJA DE INGENIEROS FOUNDATION

José Oriol Sala Arlandis (chairman)

Manuel Bertran Mariné (deputy chairman)

Félix Masjuan Teixidó (secretary)

David Parcerisas Vázquez

Pedro A. Hernández del Santo

Pedro Marín Giménez

Jaime Roure Pagès

José María Pera Abadía

August Rafael Bou Camps

Carne Botifoll Alegre

Josep M. Muixí Comellas

Antonio Santamans Olivé

Ignasi Vinuesa Gimeno

Joan Cavallé Miranda

Josefina Cambra Giné

Salvador Domingo Comeche

Ramón Ferrer Canela

Antonio Galdón Ruiz

José Miguel Muñoz Veiga

Joan M. Vallvé Ribera

José María Bueno

Miguel Ángel Iriberry

### CAJA INGENIEROS GESTIÓN

Máximo Borrell Vidal (chairman)

Jordi Martí Pidelaserra (board member)

Ferran Sicart Ortí (board member)

Jordi Marsan Ruiz (board member)

Xavier Fàbregas Martori (managing director)

### CAJA INGENIEROS OPERADOR DE BANCASEGUROS

Jaume Franco Domingo (sole director)

### CAJA INGENIEROS VIDA

Máximo Borrell Vidal (chairman)

Ferran Sicart Ortí (deputy chairman)

Francisco Durán Lorenzo (board member)

Montse Bertran Bergua (board member)

Antoni Fernández Moreno (managing director)



# Functional organisational chart

In the functional organisational chart of the Caja de Ingenieros Group, all departments are structured around the members. The Bank is organised over four main cross-cutting areas of service, which work with the utmost collaboration possible to provide members with a personalised quality service.

They are responsible for institutional and internal issues of the Group.

- Corporate social responsibility and communication
- Legal advice and UCAA

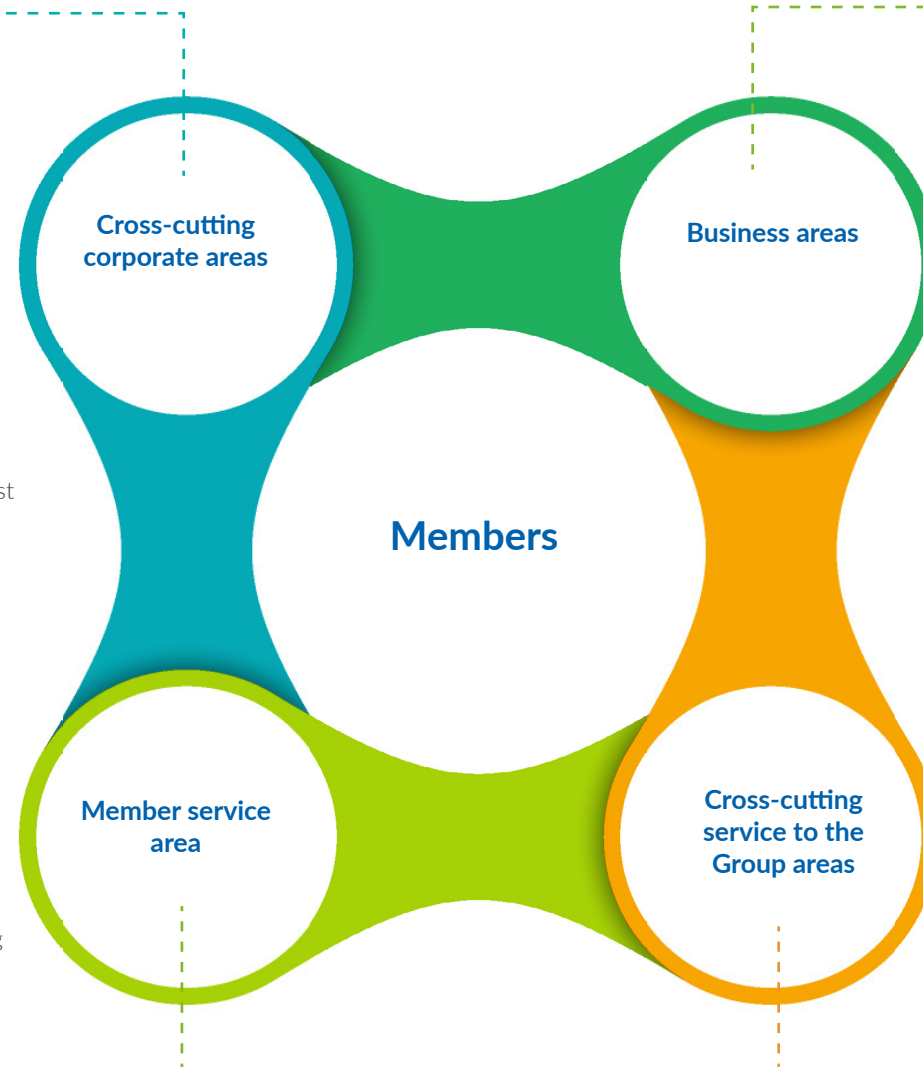
Combines professionals with the highest training to give the best service.

## Management segments:

- Retail banking
- Personal banking and premium banking
- Institutional banking
- Corporate banking
- Wholesale banking

## Departments:

- Business Intelligence and Planning
- Marketing
- Services to Members and Digital Strategy



They head the constant reviewing and updating of the entire range of products and services, according to the needs of the members.

- Insurance and social welfare (Caja Ingenieros Vida and Caja Ingenieros Operador de Banca-Seguros)
- Management and distribution of investment products and services
- Banking business

They offer overall, interdisciplinary support to the entire organisation.

- Resources and technology
- Personnel management
- Global risk management
- Financial area

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# Good governance



The Code of Ethics establishes guidelines for action regarding the equality and diversity of people, which requires respectful and equal behaviour for all types of personal and professional relationship arising from the businesses and activities of the Caja de Ingenieros Group and in which there is no room for discrimination.

**103-2** The Caja de Ingenieros Group provides its main stakeholders with its Code of Ethics, in which the values, principles and rules governing the Bank and its professionals are established. Despite working exclusively in Spain, the essential base of the Code of Ethics involves the inevitable respect for human rights and acts as the foundations for all other policies, procedure and directives, which provide additional guidance regarding the correct behaviour of Caja de Ingenieros Group personnel.

## Code of Ethics and prevention of criminal risks

The Code of Ethics is a tool that promotes the performing of professional work by employees, management and members of the governing bodies, in line with criteria of honesty, integrity, excellence, responsibility and transparency. The contents of the Code of Ethics are regularly reviewed and are explained in further detail in the *Code of Ethics Regulation*.

The Caja de Ingenieros Group is committed to the application of the contents of the Universal Declaration of Human Rights, the UN Global Compact, and all other conventions and treaties by international organisations, such as the Organisation for Economic Cooperation and Development and the International Labour Organization.

The Code of Ethics also sets out guidelines for action regarding the equality and diversity of people, which requires respectful and equal behaviour for all types of personal and professional relationship arising from the businesses and activities of the Caja de Ingenieros Group and in which there is no room for discrimination due to gender, ethnic origins, creed, religion, age, disability, political beliefs, sexual orientation, nationality, citizenship, marital status or socioeconomic status.

During FY2020, with the plan of ending the task in FY2021, the Code of Ethics was subject to review and updating, with the participation of cross-cutting internal bodies, such as task forces, the Management Committee, the Audit and Risk Committee, and the Governing Board as a whole.

**103-3** The Caja de Ingenieros Group has procedures to prevent any breach of the Code of Ethics, including any violation of human rights. These procedures focus on three main stakeholders: employees, members and customers, and suppliers.

Related information in:

CHAPTER 9, "SUPPLIERS" SECTION.



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In order to safeguard the values and principles included in the Code of Ethics and other related regulations, the Bank provides its professionals with a reporting channel, known as the Ethics Channel, through which any breaches can be received confidentially and anonymously, if required. Employees are able to choose different recipients, so the reports can be received by different people in various areas of the organisation, all with enough authority and independence to deal with them. During financial year 2020, no communications were received in this area.

**205-2** Training is also essential in the risk prevention system of this area. The Caja de Ingenieros Group regularly trains its employees on the Code of Ethics and criminal risks. Almost 100% of the workforce has been trained since 2016: all active employees were generally trained that year, and they any newcomers were trained individually. Up to 2020, a total of 596 employees have received training in this area.<sup>17</sup>

17. The number of employees includes all active employees to date, regardless as to whether or not they still had a working relationship with the Caja de Ingenieros Group at 2020 year end.

With regard to 2021 and due to the aforementioned updating of the Code of Ethics, we plan to update the training of the entire workforce in this area.

Training for newcomers, apart from that mentioned on the Code of Ethics and criminal risks, must be passed by all employees and includes training on:

- Prevention of money laundering and terrorist financing
- Security of information
- Occupational risks

This training, along with other training that is also obligatory depending on the specific job (MiFID, prevention of market abuse, property contracts, insurance), is given and updated annually for the entire workforce.

In addition, in the selection processes for certain jobs, a criminal background certificate is requested for additional evaluation.

In terms of members and customers, the Caja de Ingenieros Group is governed by a policy of acceptance in line with applicable law, particularly the prevention of money laundering and terrorist financing. In this policy, a risk-based approach excludes certain groups of acceptance. Furthermore, the assessment and, where applicable, authorisation by the Money Laundering Prevention Committee is necessary for other groups of members. In all cases, the internal regulations implementing this policy include the non-acceptance of members who might be a reputational risk to the Bank as an element that must be evaluated.



Training for newcomers, apart from that mentioned on the Code of Ethics and criminal risks, must be passed by all employees and includes training on: prevention of money laundering and terrorist financing, security of information, and occupational risks.



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## The Caja de Ingenieros Group has zero tolerance towards acts of corruption.

The Caja de Ingenieros Group has zero tolerance towards acts of corruption. The Bank's Code of Ethics sets out the principles for action to prevent any situation that might lead to acts of corruption. These criteria are specifically developed in the criminal risk prevention policy (reviewed by the Audit and Risk Committee and approved by the Governing Board), which includes mechanisms for prevention and, where applicable, detection of behaviour associated to the crime of corruption. This policy and its regular updates are available for all employees on the corporate intranet.

- The **criminal risk prevention policy** lays out a structure to prevent illegal behaviour, including the fight against corruption and the response procedures to risky situations. Therefore, the Code of Ethics acts as a framework, on which specific policies are based, which are also part of the compliance system.
- La **money laundering and funding of terrorism prevention policy**, approved by the Governing Board and harmonised in accordance with European regulations and requirements, includes measures to prevent, detect and report suspicious

transactions related to money laundering and/or the funding of terrorism. The Caja de Ingenieros Group has a Manual for the prevention of money laundering and terrorist financing (the last updated version was reviewed by the Audit and Risk Committee and approved by the Governing Board on 17 September 2020), which includes the main measures and systems for management and control in this area, including the following:

- **Governance, management and control system with responsibilities defined for the entire Bank**, including Internal Control Body (ICB or Money Laundering Prevention Committee) and the technical unit specialising in the control of this area.
- **Member and customer admission and acceptance policy**, with a risk-based approach. This approach includes categories of members and customers excluded from acceptance, members and customers requiring extra measures (including assessment and approval by the ICB), and members and customers with normal measures.
- **Know your member and customer measures** (KYC).

- **Prevention and detection of suspicious transactions** and, where applicable, internal communication and notification to the supervisor (Executive Service of the Commission for the Prevention of Money Laundering and Financial Offences, SEPBLAC). In 2020, 25 notifications were made to SEPBLAC for suspicious activity (compared with the 36 in 2019).
- **Workforce training**. The entire workforce receives specific training every year on the prevention of money laundering and terrorist financing.

The internal control measures are also subject to assessment and examination by an external expert. In 2020, a specific audit was conducted on this area. The report issued by the external expert identified no aspect to be corrected. However, two suggestions for improvement were identified.

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The Articles of Association of the Caja de Ingenieros Group indicate that the members of the Governing Board only receive the total expenses associated with their jobs and that they may be paid for any activity attributable to their position by way of allowances, which are set and authorised by the General Meeting.

## REMUNERATION POLICY

The remuneration policy of the Caja de Ingenieros Group defines the principles that promote consistent remuneration, in line with the sound and prudent management of the Bank and with current regulations. The Governing Board is the top decision-making body and responsible for ensuring the remuneration policy is applied. Along these lines, the Governing Board or the Executive Committee (to which this power is delegated) approves the remuneration policy, and the Appointments and Remuneration Committee is responsible for assessing the degree of compliance with this policy at least once a year.

The Articles of Association of the Caja de Ingenieros Group indicate that the members of the Governing Board only receive the total expenses associated with their jobs and that they may be paid for any activity attributable to their position by way of allowances, which are set and authorised by the General Meeting.

The Caja de Ingenieros Group publishes the **Prudential Relevance Report** every year, which provides stakeholders with data on the remunerations accrued in favour of the Board members and of key and internal control positions, among others.

## MANAGING CONFLICTS OF INTEREST

The rules of conduct offer a framework for the prevention, management and, where applicable, solving of any conflicts of interest that may arise within the Governing Board, its delegate committees, the General Management and its related personnel, as well as the remaining employees.

## SUITABILITY OF THE GOVERNING BODIES

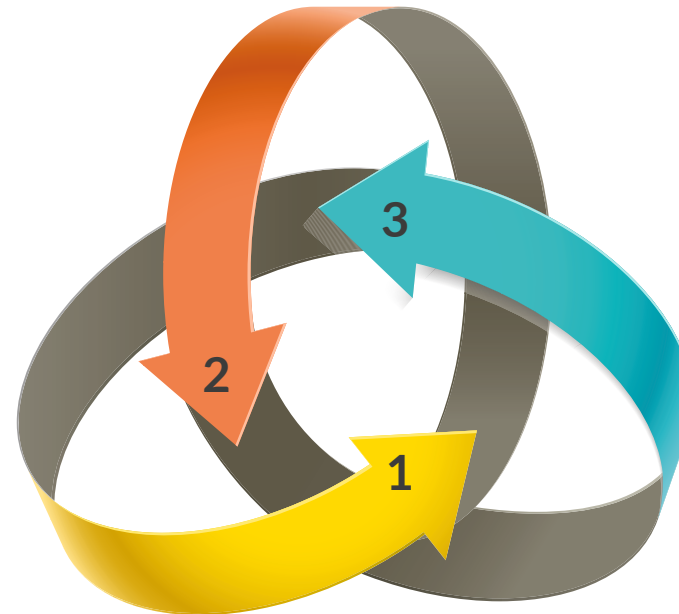
The selection and appointments policy approved by the Governing Board indicates that, when assessing the suitability of applicants, relevant aspects, such as background, professional honour, experience and knowledge, must be considered, as well as the degree of adaptation to the duties to be performed, and avoid any bias that might generate any type of discrimination. Applying this policy guarantees that the members of the governing bodies have the appropriate skills for good governance of the Bank.

## Three lines of defence model

The Caja de Ingenieros Group has a risk management and control model established: the three lines of defence (3LD) model. This model identifies three groups that participate in effective risk management:

**Second line of defence (2LD):** the functions supervising the risks. These implement risk and compliance management policies, and monitor the controls of the first line of defence. The 2LD consist of the following functions:

Risk management  
Compliance  
Safety  
Control of financial information



**First line of defence (1LD):** the functions that own and manage the risks. They are responsible for ensuring the effective control these risks. They are formed by the business and operational areas.

**Third line of defence (3LD):** the functions assumed by Internal Audit. It provides the governing bodies and Senior Management with comprehensive assurance based on the highest level of independence within Caja de Ingenieros.

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## Risk management



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# Risk management model



The Governing Board of the Bank establishes the risk management framework of Group activity through the defining of internal control policies, systems and procedures, and monitoring their compliance.

The crisis caused by the COVID-19 pandemic has led to a period of great uncertainty regarding the economic, financial and banking evolution. As a result, the macroeconomic forecasts presented by the Bank of Spain for 2021 show significant differences among central, mild and severe scenarios.

The economic crises experienced in the past have highlighted the crucial importance for financial institutions to properly manage their risks. For the Caja de Ingenieros Group, risk management is an essential cornerstone of its competitive strategy and is aimed at preserving its solvency and liquidity levels.

Crises show weaknesses, even in the financial sector. The initial position of Caja de Ingenieros is extremely solid. The high level of solvency and excellent liquidity, as well as a low intensity of assets weighted by risk and the low level of credit legacy provide Caja de Ingenieros with room to manage present and future needs.

The generous position of liquidity has increased. The strong entry of deposits over recent years, along with the structural position of a surplus of deposits in relation to credits, provides one of the highest liquidity coverage ratios in the sector.

The Caja de Ingenieros Group has maintained its ongoing growth, anticipating needs for capital and liquidity. The business model prioritises service quality, diversification of income sources and prudence in risk taking.

The same resources present to successfully face the financial crisis, strong capitalisation and extremely high liquidity are factors that must enable us to appropriately manage the crisis resulting from the coronavirus with the necessary serenity.

The Governing Board of the Bank establishes the risk management framework of Group activity through the defining of internal control policies, systems and procedures, and monitoring their compliance. The coordination of these prudent policies, as well as the use of uniform and effective management and control methods and techniques, enables us to obtain recurring and sustainable results, and to enjoy a comfortable position of solvency.

The identification, measuring and management, as well as the control and monitoring of the risks inherent to Group activity, are established as fundamental goals, within a framework of global risk management optimisation, including the following:

- Credit and counterparty risk
- Structural interest rate risk
- Liquidity risk
- Market risk
- Operational risk, including the technological risk
- Compliance, conduct and money laundering risk
- Reputational risk
- Climate change risk



## General principles

The Governing Board states in the risk management policy that the risk management system requires the application of principles that facilitate effective risk management. The following are considered fundamental:



- **Sustainability.**  
Our mission is to provide sustainable value to members, and This sustainability must be based on risk management policies and good practices.



- **Quality in management.**  
Risk is inherent to the Caja de Ingenieros Group business and, consequently, professionalised, robust and cross-cutting risk management must be established throughout the organisation.



- **Liability.**  
Ultimate accountability for risk management rests with the Governing Board. The managing director of Caja de Ingenieros is responsible for the implementation of risk management.



- **Monitoring.**  
The Caja de Ingenieros Group must define the acceptable risk threshold and monitor its risk profile in relation to the defined risk threshold. The risks taken must be identified and mechanisms for their measurement and monitoring must exist.



- **Commitment.**  
Risk management requires the involvement of the entire organisation. The Group promotes a risk culture by transferring risk management criteria to different areas of the organisation through internal communication mechanisms, including training and regulations.



- **Independence.**  
The role of risk management and control must be independent from the commercial function and business areas.

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## Risk management system

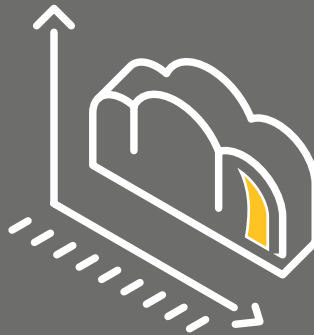
The Caja de Ingenieros Group has a risk management system established that consists of the following aspects:

- A system of governance and organisation of the risk function that has an adequate definition of roles and responsibilities, committees and delegation structures, a model of three lines of defence and an internal control system consistent with the nature and magnitude of the risks.
- A risk appetite framework, incorporated into the risk management policy and approved by the Governing Board, which determines the nature and degree of risk that the Group is willing to take in order to achieve its business goals.
- A management model that includes risk self-assessment, comprehensive risk monitoring and planning, solvency, internal and public communication, and a regulatory body that governs risk management.
- An adequate assignment of human and technological resources to manage and supervise the model effectively.

### THE RISK APPETITE FRAMEWORK

The risk appetite framework is the overall framework used to set, communicate and monitor the risk appetite. This requires policies, procedures, systems and controls. This framework explicitly defines the limits to which the Bank managers can operate. Our risk appetite framework has the following characteristics:

- Alignment with the mission, vision, values and strategic principles of Caja de Ingenieros
- Alignment with the strategic and business plan
- Search for a low to medium risk profile
- Clear, concise, forward-looking and manageable formulation
- Explicit definition of the limits to which managers can operate
- Maintenance of a reasonable excess of capital and liquidity



The Caja de Ingenieros management model includes self-assessment and comprehensive monitoring of risk, risk and solvency planning, internal and public communication, and a regulatory body that regulates risk management.



# Types of risk

TYPE OF RISK	Examples of control mechanisms
<b>Strategic</b>	Strategic plan Strategic plan office Annual operations plan Recovery plan Risk appetite framework Global risk management policy Risk Management Committee Capital and liquidity self-assessment
<b>Credit and counterparty risk</b>	Credit investment policy Credit Policy Committee Credit committees and steering committee Structure of powers and limits (concentration, positions, by expected loss) Counterparty risk limits Credit risk models Granting, monitoring and recovery criteria Accounting hedges and guarantees
<b>Interest rate risk</b>	Interest rate risk policy Asset and Liability Management Committee Tolerance levels Interest margin forecast and monitoring Interest margin stress scenarios Balance sheet economic value sensitivities Balance sheet economic value stress scenarios
<b>Market risk</b>	Financial investment policy Financial Markets Committee Limitation of the universe of acceptable securities Limits to exposures and due to losses Limits due to regulatory equity capital consumption Limits due to value at risk Limits due to application of stress scenarios
<b>Liquidity risk</b>	Liquidity risk policy Funding plan Assignable asset report (ACBE) Liquidity contingency plan Liquidity stress scenarios LCR and NSFR ratio monitoring

TYPE OF RISK	Examples of control mechanisms
<b>Compliance, conduct and money laundering risk</b>	Code of Ethics MiFID policies and other conduct policies Internal conduct regulation Money laundering prevention policy Investment services committee Money Laundering Prevention Committee Report from the external expert on the prevention of money laundering Associated to Autocontrol as advertising self-regulation service
<b>Operational risk</b>	Business continuity plan Operational and Quality Risk Committee Operational risk self-assessment ISO/IEC 27001:2013 Information Security Management Systems (ISMS) certification Specialist CyberSOC and rapid response service
<b>Reputational risk</b>	Reputational risk policy Reputational Risk Committee Reputational risk communication report Monitoring of reports and claims Communication agency
<b>Climate change risk</b>	Inclusion of the climate risk into risk, credit investment, financial investments, and reputational risk management policies Inclusion of the climate risk into capital and liquidity self-assessment Analysis of exposure to the branches affected by the energy transition

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## Credit and counterparty risks

Credit risk refers to losses that the Group would suffer if debtors, either members or other counterparties, fail to fulfil their contractual obligations. Thus, it is risk associated with non-payment by the customer of credit, loan or guarantee transactions, as regards traditional financial products, or by the counterparty or issuer of other financial assets, such as those included in the fixed income portfolio. In accordance with current solvency regulations, credit risk is covered by the existence and control of certain own funds capable of absorbing the risks assumed, as well as the establishment of provisions intended to cover insolvencies. These hedges are classified as specific hedges for doubtful risks, whose purpose is to cover exposures with defaults or doubts in relation to full repayment, and normal risk hedges. These, in turn, are classified as normal risk hedges and normal risk hedges in special surveillance. The latter refer to hedges for transactions that have solvency weaknesses, but do not raise doubts about full repayment.

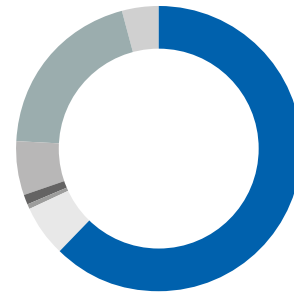
It should be noted that the Group's entire lending portfolio is highly collateralised, which contributes to improving its management ratios. As of the end of the 2020 financial year, 73.03% of lending to customers was collateralised, thus maintaining our high historical levels of collateral.

Following the line of diversification and collateralisation in the granting of loans with mortgage collateral typical of the Bank, it should be noted that, in 2020, 1,101 transactions (1,063 in 2019) were granted for an average amount of 166 thousands of euros (173 thousands of euros in 2019) and an average loan to value ratio of 63.98% (66.45% in 2019). The calculation used the appraisals in financial year 2020, appropriately updated, as a reference.

As of 31 December 2020, Caja de Ingenieros' default rate stood at 2.75%, substantially below the default level of the sector, which stood at 4.51%.

At the end of 2020, the total provisions of the Group to hedge bad debts by customers and debt securities stood at €29,128 thousand: €3,647 thousand related to normal risk provisions, €6,159 thousand related to provisions of normal risk in special surveillance, and €19,322 thousand to specific provisions for doubtful assets.

### Breakdown of lending to customers by type of guarantee and borrower



★ Natural persons: 1st mortgage on 1st property	59.30%
● Natural persons: 1st mortgage on 2nd property	5.88%
● Natural persons: remaining first mortgages	0.55%
● Natural persons: other collateral	0.81%
● Natural persons: other	6.41%
● Legal persons	21.80%
● Public authorities	5.25%

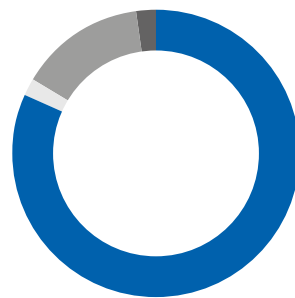
Total provisions relating to the lending portfolio held at 31 December 2020, which amounted to 27,842 thousand euros, represented a hedge ratio of 51,05% and are significant given the solid guarantees of the loan portfolio.

In addition, interbank transactions, fixed income, derivatives and other financial instruments were also exposed to credit risk. The Group is governed by a financial investment policy, which establishes a system of limits, according to its risk profile, and enables concentrations of credit risk to be avoided. Most portfolio investments are in assets with a good credit rating and, above all, about half of the investments are in Spanish public debt.

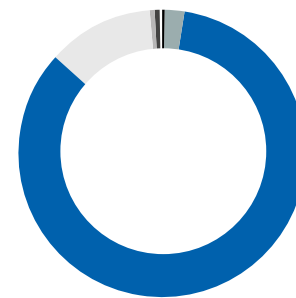
Shown below is a breakdown of the financial investment portfolio of the consolidated Group at prudential level, excluding the trading portfolio, at 31 December 2020, by rating level and type of debt.

The credit risk includes the counterparty risk, which is the risk that counterparties incur in non-compliance with the Group prior to final settlement of transactions with derivative instruments, repurchase transactions, securities lending transactions, deferred settlement transactions and collateral financing transactions.

## Breakdown of the investment portfolio



Public debt	81.25%
Autonomous communities	0.94%
Private fixed income	16.94%
Securitisations	0.87%



AAA	80.57%
AA	16.50%
A	0.45%
BBB	0.22%
BB	2.26%

Caja de Ingenieros reviews compliance with counterparty limits in the interbank market, simultaneous transactions and derivative transactions, as well as issuer credit rating limits in the fixed income market. Monitoring of and compliance with the limits structure make it possible to avoid concentrations of risk that may affect the own funds of the Bank.

It should be noted that the counterparty risk taken by the Group is highly insignificant in relation to total credit risk.

In addition, credit concentration risk, which is associated with the possibility of significant losses as a consequence of the concentration of risk in a small group of creditors, in a group of creditors with similar behaviour, or in financial assets that are particularly correlated, is an essential element in credit risk management.

In order to limit sectoral concentration, Caja de Ingenieros has adopted a two-fold approach: a policy of prudent lending (which results in a portfolio of high-quality and well diversified lending) and a Group-wide financial investment policy, which establishes limits on all investments in each economic sector.



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The breakdown of credit risk exposure has an adequate sector-based level of diversification, in which the most significant weights correspond to the following economic activities: business and professional services (18.90%), real estate (16.26%), processing and manufacturing industries (12.10%), non-basic or discretionary consumer goods (11.22%), essential goods (9.96%), telecommunication and information technology services (8.44%) and public utilities (7.96%).

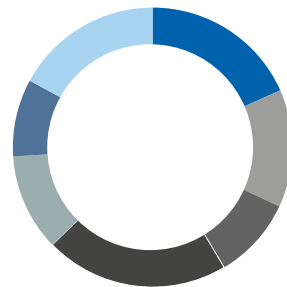
In addition, the aforementioned credit granting and financial investment policies establish limits of amount and hierarchy in decision-making that enable individual or business group concentration to be controlled.

In accordance with EU Regulation 575/2013, all risks that a bank incurs with a single physical or legal counterparty or economic group are considered major risks if their aggregate value exceeds 10% of the own funds of the Group.

Regarding the fixed-income securities portfolios of the Group, these are well diversified and are distributed among 108 issuing groups of good credit quality.

## Sector-based concentration

The other sectors, individually, do not account for 5% of total exposure.



Real estate	16.26%
Processing and manufacturing industries	12.10%
Telecommunication and information technology services	8.44%
Business and professional services	18.90%
Essential goods	9.96%
Public utilities	7.96%
Other sectors	15.17%



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## Structural interest rate risk

Structural interest rate risk is the possibility of losses due to the potential impact of changes in interest rates on the Bank's profits or net value of its assets. The interest rate risk of the trading portfolio is excluded.

The structural interest rate risk is also known as the balance sheet interest rate risk, as it includes the risks arising from differences in the expiries and renewal of interest rates for the assets and liabilities on the balance sheet. For example, credits and loans, which are included in the assets of credit institutions, tend to reprice their interest rate at different times to deposits, which are included in liabilities.

The Asset Liability Management Committee, also known as the ALM Committee, is responsible internally for the active management of the interest rate risk, based on monitoring the exposure of the Bank and the stances taken to mitigate this exposure, in compliance with the limits set by the Group.

Caja de Ingenieros uses the Ambit Focus ALM tool to asset exposure to interest rate risks. The tool allows us to analyse maturity or repricing gaps between assets and liabilities from a static perspective, i.e. starting from the current balance sheet, with its maturity and renewal terms. The Bank also calculates the economic

value of the balance sheet, which is the current net value of all the foreseen balance sheet flows, considering the expiry is not renewed. Based on the economic value calculated, the sensitivity of the economic value to different scenarios of changing interest rates is analysed. Dynamic analyses that, as the name indicates, go beyond that of the current balance sheet to calculate future simulations are also performed. This simulates the interest margin, as well as its sensitivity to interest rate changes.

The structural balance sheet interest rate risk, measured in terms of gap between assets and liabilities distributed by maturity or repricing, allows for concentrations of interest rate risk to be detected in the different periods.

At 31 December 2020, the sensitivity of the economic value of the Bank to a parallel movement of the interest rate curve of -200 basis points was 0.20%, significantly below the regulatory limit of 20%.<sup>18</sup>

These figures indicate that interest rate changes would have a low adverse impact on economic value and minimum own funds.

18. According to Bank of Spain Circular 3/2008, regulation 106.3.a), and the technical applications of regulatory reporting, a floor is established on the displaced curve in a scenario with a drop in rates of -100 basis points for instant maturities and a floor that increases 5 basis points per year until it reaches 0% for maturities at 20 years or more. This is an absolute floor, which is applied to the resulting rates curve after the displacement. Where the rates observed in the basic scenario are below these minimum rates, the lower interest rate observed will be applied, despite it being below the absolute floor.



The structural balance sheet interest rate risk, measured in terms of the gap between assets and liabilities distributed by maturity or repricing, allows for concentrations of interest rate risk to be detected in the different periods.

# Economic value sensitivity

SIGNIFICANTLY  
LOWER THAN THE  
REGULATORY LIMIT  
OF 20%.

# 0.20%

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## Structural liquidity risk

Liquidity risk means possible losses to the Group in the event of a situation where it is impossible to obtain reasonably priced funds to promptly fulfil payment obligations, either for the reimbursement of funds or use of available credit transactions by customers or the settlement of market transactions.

The liquidity management policies of the Group are aimed at securing the funds required to meet business needs diversifying funding sources and minimising their cost. The Group monitors through Caja de Ingenieros the liquidity position and financing strategies on an ongoing basis. In addition, the Bank is governed by the liquidity contingency plan that allows management of possible unexpected events, caused by economic or market conditions, or other situations beyond the direct control of Caja de Ingenieros, which could cause short- or long-term liquidity difficulties.

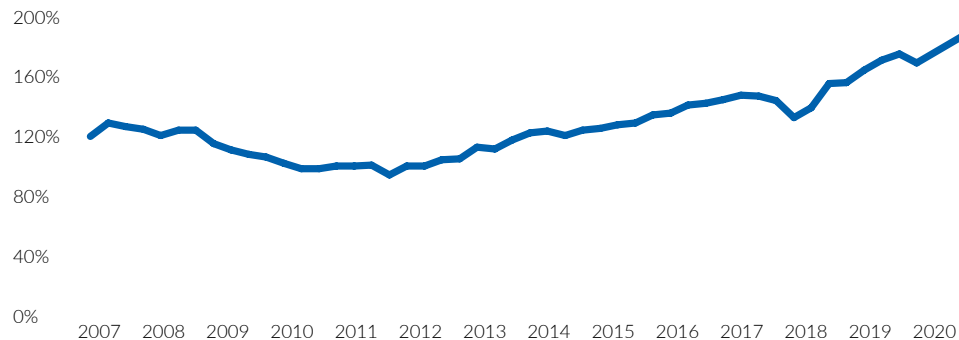
The liquidity coverage ratio (LCR) seeks to ensure that the Bank has sufficiently high-quality liquid assets to face cash outflows arising in a scenario of acute stress lasting for one month. According to developments in recent years, this has increased to give very high short-term liquidity availability. More specifically, at 31 December 2020, the LCR ratio stood at 429% (the regulatory requirement is 100%).

The net stable funding ratio (NSFR) provides information on the resistance capacity over one year, measuring the proportion of stable funding in relation to the assets requiring funding. As in prior years, this has remained at high levels. At 31 December 2020, the

NSFR ratio stood at 176% (after approval of the Capital Requirements Regulation II, the regulatory requirement of 100% will be applied as of 2021).

Finally, it should be noted that the Caja de Ingenieros Group has historically maintained a favourable structural liquidity ratio (defined as the quotient between customer deposits and credit). This stood at 175,46% at 31 December 2020.

### Evolution of the structural liquidity ratio





## Market risk

Market risk is the risk associated with the possibility of losses in trading portfolio positions, caused by adverse movements in market variables.

For the management of market risk, in addition to measures of duration, convexity and sensitivity, a triple limit structure is applied daily. First, different scenarios are calculated to ascertain potential trading portfolio losses in the event of situations of severe stress in the financial system. Secondly, the portfolio's one-day value at risk (VaR) is obtained using Monte Carlo simulations and a confidence interval of 99%. Finally, on a daily basis, the trading portfolio's market risk capital consumption is determined and checked, as in the other cases, whether it meets the limit established by the Governing Board. In addition, the trading portfolio is included in the monitoring of counterparty risk limits valid for the financial investments of the Group.

As well as measuring VaR, conditional VaR (or TailVaR), which measures the average loss that would occur in cases where the VaR level was exceeded, and the Component VaR, which measures the contribution of a sub-portfolio to the total VaR of the portfolio, are calculated.

<i>(In thousands of euros)</i>			
	Trading portfolio		
	VaR	Conditional VaR	Component VaR
<b>Total</b>	<b>90.98</b>	<b>110.58</b>	
Fixed income	200.37	257.74	44.87
Equities	55.97	69.37	46.11
Investment funds			
Sum of VaR and Conditional VaR	256.34	327.12	
Diversification effect	165.36	216.54	

*VaR calculated with a confidence interval of 99% and time frame of one day. Annualised results.*



## Operational risk

Operational risk is defined as the set of events that could cause losses as a result of inadequate internal processes, human error, malfunctioning of information systems or external events. This risk is inherent to the daily operation of any bank, so it must be monitored closely in all areas.

This definition includes legal risk, but excludes strategic risk and image or reputational risk.

Legal risk includes the possibility of being penalised or fined, or required to pay punitive damages as a result of actions of the supervisor or private agreements between parties. The organisational model adopted by the Caja de Ingenieros Group is based on the three lines of defence model that distinguishes between (1) the functions that own the risks and manage them, (2) the functions that control the risks and (3) the functions that provide independent assurance.

Regarding operational risk, the organisational model adopted by the Caja de Ingenieros Group based on the **three lines of defence** identifies the following pillars or levels of independent responsibility:



- **Business and support functions.** These are responsible for identifying, assessing, managing, controlling and reporting the operational risks associated with their activities.



- **Operational risk function.** Responsible for defining the methodology and solutions for correct identification, measurement, control and management of the operational risk of the Group and controlling correct deployment. This supports the business and support functions and consolidates the information on the operational risk of the entire Group for reporting to the Global Risk Management Sub-Head Office and Head Office and to the risk management committees involved.



- **Internal audit function.** In relation to operational risk, this is the area responsible for reviewing compliance with the established operational risk identification, measurement, control and management model.



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The operational risk function analyses, informs and advises the business and support functions on the best way to assess operational risk. Its daily management falls to the different areas and departments of the Bank, which maintain lines of communication with the operational risk function. This works with them to obtain information and implement actions, where applicable to manage the risk. Interaction between the operational risk function and the other areas and departments has been defined through its manager.

In addition, it should be noted that the Bank has a comprehensive banking insurance policy that essentially covers losses that could occur as a result of eventualities related to operational risks (computer fraud, employee infidelity, etc.).

## Reputational risk

Reputational risk is the possibility of the Group sustaining damage as a result of negative information or publicity, whether true or not, about its business practices, which could affect its customer base, litigation costs or income. It is associated with the repercussions that we could suffer as a result of being discredited or becoming distrusted by our current and potential customers.

This risk is particularly linked to the compliance function, given the strong reputational impact of receiving financial penalties or other disciplinary action by supervisory bodies. It also includes conduct risk, which seeks to measure and manage the risk of harm to members and the integrity of the market. In turn, it is closely linked to the risk of money laundering and terrorist financing, the risk of any economic, administrative or even criminal damage from using the financial system for activities involving money laundering and financing of criminal organisations, including those linked to terrorism.

It is also particularly important to appropriately manage the following aspects:

- **Marketing of complex financial products.**  
The Caja de Ingenieros Group has drawn up specific policies to design and launch new products.
- **Actions related to money laundering.** The Bank is governed by a Governing-Board approved money laundering and terrorism financing prevention policy, which includes measures to prevent, detect and report suspicious transactions related to money laundering or the financing of terrorism.
- **Transparency with customers in relation to banking transactions.** The Bank also has mechanisms for the issue of commercial and advertising communications, including an internal control system that involves adhesion to the advertising self-regulation system through the body Autocontrol. Moreover, it has a member and customer service department through which users of the banking services can address their complaints or claims. The service has the necessary independence to issue its decision, and has an operating regulation that describes the functions and responsibilities of the department. On the other hand, there is a banking ombudsman, external to the Bank, with which users of the banking services can file complaints or claims.

Related information in:

"SATISFACTION-ORIENTED"  
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# Climate change risk

## THE PARIS AGREEMENT AND THE TYPES OF CLIMATE RISK

Global data confirms the continued increase in the planet's temperature, regardless of the historic seasonal fluctuations. This trend has led to an increase in the consequences and severity of extreme short-term climate phenomena, such as flooding, fires, and earthquakes. It is also foreseen that the long-term effects of climate change due to progressive phenomena such as the change in rainfall patterns, could have significant consequences. The climate-related risk due to these phenomena is called a physical risk.

Having recorded the current impacts and the possible future impacts of the climate emergency, the Paris Agreement was drawn up. This was the first universal and legally binding agreement on climate change, adopted at the Paris Climate Conference (COP21) in December 2015 to mitigate their effects. More specifically, the agreement establishes a global framework to limit global warming to 2 °C, preferably to below 1.5 °C, and ensure emissions neutrality by the second half of the century. To reach these goals, the almost 190 parties signing the agreement have incorporated or plan to incorporate specific measures, which will lead to new policies and regulations that, in turn, will possibly have significant impact for emission-intensive companies. In addition to these regulatory effects are the changes in consumer trends due to greater social awareness regarding CO<sub>2</sub> emissions and the arise of technological innovations able to

displace carbon-intensive technologies. The climate-related risk due to these circumstances is known as the transition risk, i.e. The risk that might result from the process of adaptation to an economy with fewer emissions. This risk might be conveyed to the credit risk associated to loans granted and to the fixed income acquired in the Bank's portfolio, as well as the value of the collateral if they do not meet the new emissions standards.

The effective management of climate-related risks has become an essential requirement in avoiding significant impact in the future and strengthening a position that allows for business opportunities to be generated.

## CLIMATE RISK GOVERNANCE

The climate risk is managed through the executive bodies of Caja de Ingenieros. The Sustainable Finance Working Group (GTFS) reports directly to the Management Committee. The GTFS has coordinated the 2023 Sustainable Horizon sustainability plan, which has been integrated into the Conecta 2023 strategic plan, approved by the Management Committee. The strategic plan has also been approved by the Governing Board and presented to Caja de Ingenieros Group employees.

The risk management policy, supervised by the Audit and Risk Committee and approved by the Governing Board, includes the climate change risk within the risk appetite framework. The relationship in governance between the climate change risk and the credit investment risks and financial investment risks is seen in the credit investment policy and the financial investment policy, respectively.

The credit investment policy includes the development of products, measuring methods, and granting criteria to reduce greenhouse gas emissions and for transition to an emission-free economy. The financial investment policy limits exposures to companies according to ESG criteria, in line with an external score that incorporates the principles of good climate management.

The capital and liquidity self-assessment report, submitted to the Audit and Risk Committee for analysis and approved by the Governing Board, includes a report on the risk profile of energy transition of the financial investment portfolio and the credit investment portfolio, on which sufficient information is available. In its absence, this information is obtained according to the branches of activity potentially affected by the energy transition.

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## CLIMATE RISK MEASUREMENT

Caja de Ingenieros has analysed the transition risk of the companies in its portfolio by assessing the exposure to the sectors that the 2 Degrees Investing Initiative, by way of the Paris Agreement Capital Transition Assessment (PACTA), deems relevant for climate change. These emission-intensive sectors are the energy sector, the mining of fossil fuels, the automotive industry, cement, steel, sea transport, and air transport, which account for 75% of global emissions.<sup>19</sup> For each emission-intensive sector, metrics are used to set goals for suitable climate transition. The following table shows the metrics used in each of the emission-intensive sectors.

The PACTA tool for financial institutions is implemented through statistical packages and a database of corporate companies provided by the Asset Resolution in collaboration with the 2 Degrees Investing Initiative. This database is combined with the Caja de Ingenieros loan and credit database in search for relationship in the assets of the credit investment portfolio, from which the climate results for emissions and alignment with the Paris Agreement are obtained. The tool provided by PACTA to analyse the credit portfolios of banks only includes three companies with exposures in Caja de Ingenieros. Therefore, the scenario analysis using the PACTA method is insufficiently representative.

	Technology	Units	CO <sub>2</sub> emission factor
Automotive	Electrical Propellants Hybrid Internal combustion	Cars produced	×
Cement	Integrated installation Grinding	Tonnes of cement	Tonnes of CO <sub>2</sub> /Tonnes of cement ×
Coal	Coal	Tonnes of coal	×
Oil and gas	Gas Oil	July	×
Energy	Coal Gas Hydraulic Nuclear Oil Renewables	Megawatts	×
Steel	a.c. electric arc furnace Basic oxygen furnace d.c. electric arc furnace Hearth furnace	Tonnes of steel	Tonnes of CO <sub>2</sub> /Tonnes of steel

19. As indicated in the PACTA for Banks Methodology Document.

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## APPLICATION OF THE MEASUREMENT TO CAJA DE INGENIEROS PORTFOLIOS

The tools and metrics described in the above section are applied to Caja de Ingenieros portfolios to analyse climate-related risks.

### Lending

Analysis of the credit portfolio according to the emission-intensive sectors established by PACTA provides the weight of these sectors in credit investment. In our case, they account for 3.0% of exposures in the company, including large corporations and SMEs, which accounts for 15 thousand euros of the total 494 million euros granted to companies. 81% of the exposures are instrumentalised through loans, 12% through credit, and the remainder are guarantees and, to a lesser extent, overdrafts in liability accounts.

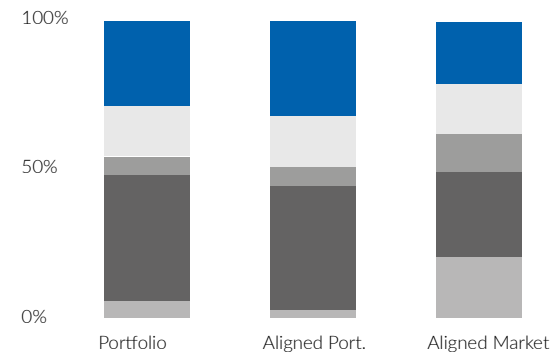
The average term for the positions in these sectors is 5.5 years. Among the operations to relevant sectors for the transition risk, there are no credit exposures to mining industries, including coal, oil, and natural gas.

### Financial investments

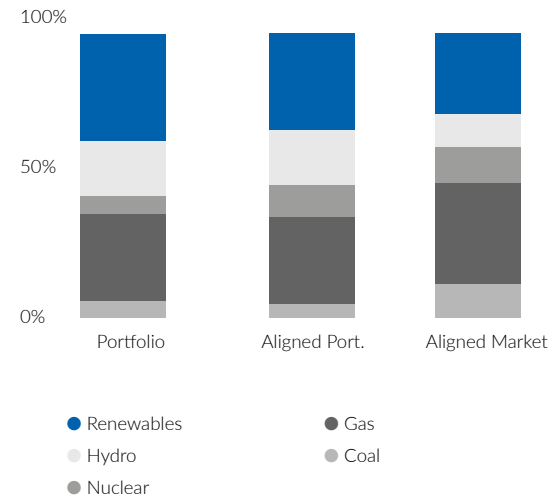
The sectors included in the PACTA analysis account for 17.1% of investments in companies, excluding public debt and asset securitisation, which accounts for 45.9 million euros of the total 269.4 million euros in corporate assets. Fixed income issues from companies in emission-intensive sectors have an average term of 3.2 years. Of the sectors potentially most exposed to the climate transition in the financial investment portfolio, 70.1% form part of the energy sector. Details of the exposures of this sector are shown below, distributed among the different technologies available which are split between fixed income and variable income.

The first column of the graph shows the distribution of technologies from the energy sector for financial investment portfolios at September 2020. The second columns shows the distribution of technologies from the energy sector for the financial investment portfolio in 2025 (presuming that the portfolio does not change and applying energy production forecasts). The third column shows the values for the energy sector as a whole in 2025, meeting the goals defined in the sustainable development scenarios<sup>20</sup> of the International Energy Agency (IEA). As can be seen in the graphs, the Caja de Ingenieros portfolios are in line with the Paris Agreement, with an overweighting in renewable energies in relation to the energy sector as a whole (around 50% of energy capacity is renewable).

### Fixed income



### Equities



20. The scenarios of sustainable development provide an ambitious, pragmatic viewpoint that, based on the Sustainable Development Goals (SDG), include a reduction in the severe harmful effects of contamination (3), universal access to energy (7) and the mitigation of climate change (13), and establish the necessary steps in a realistic, effective manner with regard to costs to meet these goals. A probabilistic framework of global warming is defined that, according to the World Energy Model, would be below 1.8 °C to a probability of 66%.

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The investments by Caja de Ingenieros focus on companies that mitigate the impact of climate change thanks to the production of clean energy, which helps reduce the risk of transition and, consequently, the impact on the market risk in financial investment portfolios due to the climate transition.

The credit risk analysis is especially important for corporate fixed income. Along these lines, given the possible climate-related impact of emitters from the PACTA sectors, the distribution by credit quality of these emitters is indicated below. It can be seen that over 95% of exposure has an investment rating.



Caja de Ingenieros investments focus on companies that mitigate the impact of climate change thanks to the production of clean energy.

## Distribution by rating of corporate fixed income in emission-intensive sectors

AAA	-	BBB-	-
AA+	-	BB+	1,918,940
AA	-	BB	-
AA-	2,008,206	BB-	-
A+	-	B+	-
A	4,114,080	B	-
A-	-	B-	-
BBB+	24,277,900	CCC	-
BBB	7,798,785		<b>40,117,911</b>





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### Foreseen developments

According to the sustainability principles and strategy and by joining the UN Environmental Programme Financing Initiative (UNEP FI), Caja de Ingenieros has adopted the goal to help mitigate the climate risk in line with the good practice defined by this association, and to promote the sustainable development goals according to the Paris Agreement. This willingness to actively manage climate-related risks requires a business model that considers the effects of the climate on investment analyses.

In 2021, an agreement has been reached to reinforce the information available regarding the climate for financial investments by including an external measuring tool. The different tools available in the market have been analysed to provide data on the sustainability of financial investment portfolios and investment products managed in the Group. The usefulness of the tools in line with the regulatory and self-regulating requirements on the matter has been compared, and they have been analysed comparatively regarding:

- The supervisory expectations of the Bank of Spain
- The recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
- The Principles of Responsible Banking of the UNEP-FI and the Principles for Responsible Investment
- The report by the European Central Bank on the information to be disclosed on climate and environmental risks

The tool selected will provide the measurement of the emissions corresponding to scope 3 for most financial investments in corporate, and will offer an insight into the alignment of the portfolio with the scenarios of the Paris Agreement. This measurement includes all indirect emissions produced in the value chain of a company and that do not belong to those produced from the generating of electricity, steam, heating or cooling.

### Climate risk materiality

The Caja de Ingenieros portfolio of companies and SMEs has a term of 3.4 years (3.5 years in credit investment and 3.2 years in financial investments). Therefore, this portfolio is primarily dependent on the short and medium-term climate risks because the terms will fall due before the long-term climate impact can occur. Furthermore, as explained above, the climate risk only represents 3% of exposure in credit investment. In financial investments, although the exposure stands at 17%, the investments are primarily in the energy sector, where the portfolio is in line with the Paris Agreement.

To conclude, primarily due to the short duration of existing portfolio and to their relative insignificance on the balance sheet, the analysis of any impact shows that the materiality of the current risk is relatively remote.

### Off-balance-sheet climate risk management

Caja de Ingenieros distributes investment and benefit products that, according to the assets forming their portfolios, may contribute towards climate change, which would lead to a reputational risk. To this end, having the tools to make members aware of ESG issues and particularly of the climate risk is especially important. Equity management in line with these criteria is integrated into the traditional financial analysis, which enables members to invest according to their preferences on these matters. Initiatives such as the Sustainable Development Goals, the Paris Agreement, and the agenda for sustainable finances seek to recirculate flows of capital towards investments and sectors that decidedly support EGS criteria.

According to the conviction and strategic positioning of Caja de Ingenieros regarding the principles of socially responsible investment, the analysis of the profile of members as investors includes elements that provide information on the relevance given by members to socially responsible investment so that advice can be provided on this matter. Based on this knowledge of the risk profile, the Caja de Ingenieros product catalogue can respond to concerns regarding socially responsible investments and, more particularly, investments with climate criteria.

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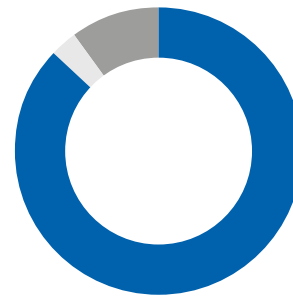
# Solvency

The low default rate, high collateralisation of credit, strength of provisions and reduced exposure to other risks, together with an adequate structure of own funds, result in a high degree of solvency for the Group.

The total capital ratio, at the end of the 2020 financial year, was 15.21%, substantially above the legally required minimum.

The total capital ratio measures the ratio of capital requirements to own funds and, in accordance with Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR), Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), and pillar 1, this ratio must be higher than 10.5%, including the capital preservation cushion. Following the coronavirus crisis, the Single Supervisory Mechanism established that the capital requirement should not include the capital preservation cushion (2.5%); thus, meeting an 8% pillar 1 requirement is sufficient. The pillar 2 regulatory requirement must also be met.

## Capital requirement by type of risk



● Credit risk	88.47%
● Market risk	2.99%
● Operational risk	8.35%

## Total capital ratio

SUBSTANTIALLY ABOVE  
THE MINIMUM REQUIRED  
BY LAW

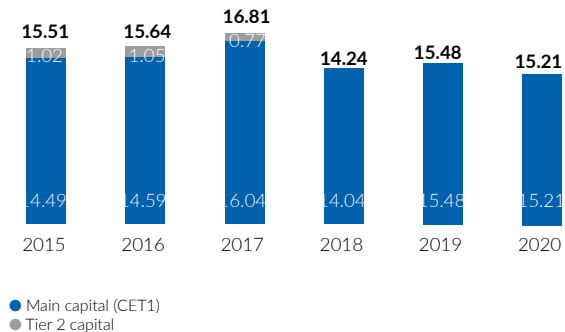
15.21%

In addition, with regard to the minimum 8% capital ratio, the total capital surplus at 2020 end stood at 97 million euros.

According to data from the end of financial year 2020, the CET1 of the Caja de Ingenieros Group amounted to 204,944 thousand euros, and its ratio stood at 15.21%, with a capital surplus in relation to the required 4.5% CET1 minimum of 144 million euros.

Given that the Caja de Ingenieros Group chooses not to apply temporary adjustments to mitigate the impact of IFRS 9 on the capital, as set forth in Regulation (EU) 575/2013, regarding temporary provisions to mitigate the impact of IFRS 9 on own funds, there is no difference between the *fully loaded* ratio and the *phased-in* ratio. Thus, with regard to the minimum pillar 1 required *fully loaded* CET1 of 7%, which includes the 2.5% capital preservation cushion, the capital surplus amounts to 111 million euros.

## Consolidated solvency ratio





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# 07

## The people





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**103-1** The nature of the Caja de Ingenieros Group as a credit cooperative sets the strategic vision of the Bank with regard to its professionals. The promoting of its corporate values forms a mainstay for building and strengthening a committed and highly skilled team of people: integrity, commitment in meeting goals, work excellence, professionalism in performance, and proximity with members of the Bank are also key in managing this team of professionals. The proposal of the Bank is, therefore, to support its team by promoting their professional development in a working environment in which they are able to develop all their potential, providing their knowledge and generating a positive impact on the Caja de Ingenieros Group and its members.

## Selecting, retaining and training the best talent

### Selecting the best professionals

Effectiveness in selecting personnel is key in shaping a motivated team, which identifies with the company values and contributes towards the excellent performance of its activity. The Caja de Ingenieros Group believes that the ideals of those aspiring to work at the Bank must be in line with its corporate values and with what this cooperative banking project represents. It therefore has a personnel selection procedure that includes the entire selection process, from the initial time when the need for recruitment of a professional to the team is identified to the ultimate appointment of the selected person, including a suitability analysis between the Bank and the candidate.

The Caja de Ingenieros Group process for attracting and retaining talent consists of the following stages:

- **Talent attraction** Thanks to its reputation and position as an employer, the Bank is able to appoint candidates who are notable professionals in the sector. Along these lines, the employment conditions (remuneration, employee benefits, flexible working hours, professional development, etc.) are competitive, which is an effective recruitment tool.
- **Talent retention** The Caja de Ingenieros Group believes the best way of retaining talent is to offer its employees professional growth and a working environment that favours the wellbeing and satisfaction of the team, and helps maintain a good work-life balance. This is achieved by means of work-life balance policies and a carefully prepared package of employee benefits. The identification and integration of culture within the company must be one of the cornerstones for the retaining of talent.



## New recruitments of professionals according to gender and age group

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	20	11	31	17	13	30	13	7	20
Between 30 and 50	26	17	43	19	19	38	5	10	15
Over 50	-	1	1	1	1	2	-	1	1
Appointments	46	29	75	37	33	70	18	18	36

As can be seen in the above table, 2020 recorded the lowest number of recruitments (~48.6%) due to the exceptional emergency health situation arising from COVID-19. Despite this, 40 new jobs were offered, for which 10,263 applications were recorded (an application ratio of 19%) and over 52,600 views.

The general rotation ratio and the voluntary rotation ratio dropped notably during the financial year.

### Training of talent

One of the strategic goals of the Caja de Ingenieros Group involves professionals who are increasingly trained in the different aspects of the business. Knowledge of new products and services, improvement of digital tools for internal management, and the enhanced relationship with members and customers provide a structure for the new environment in which the company operates, for which its workforce must be prepared.

As well as correctly selecting personnel, the Bank establishes development and performance plans to manage its team that guarantee the long-term sustainability of the business and the correct management for compliance with the obligations inherent to each position. These development plans seek to promote the talent of the Bank's personnel, governed by an annual training plan.

The training plan includes cross-cutting areas (e.g. Languages), which are agreed to by supervisors and area manager through a performance assessment to ascertain the needs of each area.

In order to prepare the training plan, the training requirements are studied at annual meetings with the supervisors of the teams and the area managers. This plan includes areas considered a priority in training professionals, such as banking and finance and insurance, which comply with legal regulations. The training plan also includes training in cross-cutting areas to promote the professional skills and abilities of the workforce, e.g. languages.

The Caja de Ingenieros Group also has development programmes for personnel with great potential.

## Recruitment ratio

40 NEW JOBS WERE OFFERED AND 10,263 APPLICATIONS WERE RECORDED

19%

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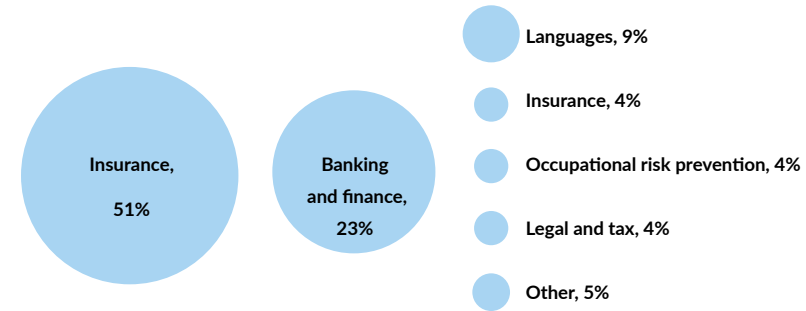
## Training activities in 2020

Over this year, 2,781 participants (43% of whom were women) received a total of 26,376 hours of training, which is 19% less than the previous year. During the COVID-19 pandemic, certain planned training activities were changed or cancelled. The team at Caja de Ingenieros Group has made every effort to successfully adapt to the new situation to ensure the services offered by the Bank to its members are of the same quality as always.

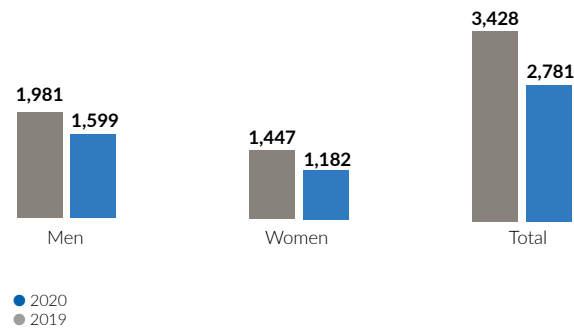
Investment in personnel training was equivalent to 0.63% of the wage bill in 2020, with an average investment per employee of 372.24 euros.



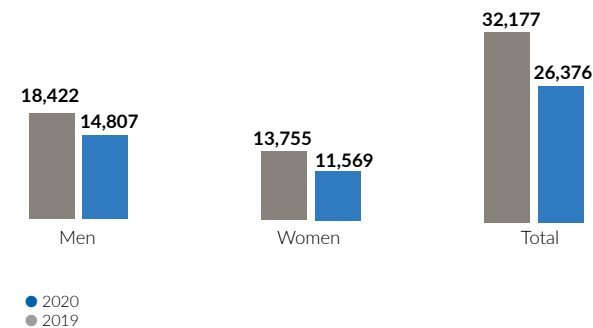
The main areas included in the 2020 training plan were those related to finance and banking (23%), insurance (51%) and languages (9%).



Participants in training per gender and year



Hours of training per gender



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# Equal and diverse

## Diversity, equal opportunities, and the fight against discrimination

**103-2** The Code of Ethics of the Caja de Ingenieros Group and its values and principles as a company include equal opportunities, the recognition of diversity, and non-discrimination as fundamental rights that must be respected. It has developed the necessary tools to safeguard these and to raise awareness on these key areas in the management of its workforce.

In December 2020, the Bank's second equality plan was approved, which is to run until 2024 and includes 53 measures grouped into 8 strategic goals and 13 operational goals. This is just one step further in the commitment towards effective equality between men and women. The Caja de Ingenieros Group has a protocol for the prevention of sexual and work-related harassment in order to prevent cases of sexual harassment, gender-based harassment and work-related harassment, and to manage any cases that may arise, guaranteeing confidentiality, data protection, and speed in the investigation procedure. Foreseen within the framework of this second equality plan is the review and updating of this protocol.

The Bank assumes the principle of equal opportunities between men and women to guarantee equality in all areas of the Group's personnel management, including selection, promotion, salary policy, training, working conditions, occupational health, and the work-life balance, especially focusing on the progressive elimination of stereotypes, attitudes and obstacles that hinder the appropriate balance between both genders.

The Bank believes it essential for the entire organisation to be in line with equality principles and, therefore, the internal and external communication and dissemination of these goals is essential. Measures are permanently fosters to ensure the Bank's equality goals are met.

The following documents are therefore available to the entire workforce on the intranet:

- Commitment of the General Management
- Presentation of the equality plan
- Protocol for the protection of pregnant and breastfeeding employees
- Protocol for the prevention of harassment
- Gender equality communication manual
- Equality agents

The figure of the equality agents is worth noting, the duties of whom include being liaison officers and intermediaries between the Bank and the workforce in issues relating to equality, as well as being aware of the particular situation of the employees and ensuring compliance with the equality policies established. They are also active in the design and implementation of equality measures. They are also responsible for analysing cases of discrimination and suggesting corrective measures, where appropriate.

One of the most significant risks related to personnel management is sexual harassment, gender-based harassment, and work-related harassment. This is an extremely serious problem yet with little quantitative impact, with no report or enquiry being recorded in 2020.



## Inclusion of people with disabilities

The Caja de Ingenieros Group fosters the inclusion of people with different capacities and also complies with the main laws on this matter: Royal Legislative Decree 1/2013 of 29 November approving the Consolidated Text of the General law for the rights of persons with disabilities and their social inclusion (known as the General Disability Law). In 2020, six people with functional diversity formed part of the workforce, representing 1% of all those employed by the Caja de Ingenieros Group.

Furthermore, according to the General Disability Law regarding alternative exceptional compliance with the reserved quota in favour of people with disabilities, the Bank made a donation to the Adecco Foundation, a non-profit organisation working towards the integration of people with functional diversity into the workplace.



## People with disabilities per gender

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of persons	4	4	8	3	5	8	3	3	6
Proportion	1%	2%	2%	1%	2%	2%	1%	1%	1%

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## Wellbeing and satisfaction of our team

The satisfaction and commitment of the team at the Caja de Ingenieros Group is one of the challenges in the personnel management strategy. Therefore, as part of the Bank's performance assessment regarding the management the personnel, it produces a commitment assessment survey twice a year, which elaborates on key aspects relating to performance in the workplace and the emotional ties with the Bank, while assessing the satisfaction of the team members.

### Participation in PULSE survey

THE RESULTS INDICATE THAT 72% OF RESPONDENTS HAD AN OPTIMISTIC OUTLOOK

**85%**  
of the workforce took part

### COVID PULSE SURVEY

In 2020, in line with the exceptional circumstances of the pandemic, a special survey format was prepared that focused on this special and extraordinary time. This was the COVID Pulse survey, which aimed to take the pulse of the situation among all the teams in order to obtain the best lessons from COVID-19.

416 people took part in the survey, which accounts for 85% of the workforce. The results indicate that 72% of respondents had an optimistic outlook. These results are above the average *benchmark* of companies that took part in the survey, in which 67% had an optimistic outlook and 33% were sceptic or negative. These results enabled us to improve the response of the Caja de Ingenieros Group to the challenge of the pandemic.





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## Measures for the work/life balance

The Caja de Ingenieros Group believes that the commitment of its workforce to be essential in ensuring it becomes a benchmark in cooperative and European banking. It therefore promotes different measures to improve working conditions.

### TIME MANAGEMENT

**Flexible working hours.** Shorter working hours for reasons of legal guardianship for those who look after children under the age of 12 who are in their care is an individual right of both men and women. This translates into a proportional decrease in salary, between a minimum of one hour a day and a maximum of half the working day. Other measures are also considered, such as facilities to deal with personal matters, continuous working days in August or during the week of local festivities (in the case of branches), among others.

In 2020, to face the challenges of the COVID-19 pandemic, special working hours were established, as well as telework and, in the specific case of those requiring as such, the balancing measures established by the Government due to the state of emergency. More specifically, two people have agreed to a 100% reduction in their working day, and one person has taken unpaid leave.



In 2020, to face the challenges of the COVID-19 pandemic, special working hours were established, as well as telework and, in the specific case of those requiring as such.

**Lights-out policy.** A lights-out policy as of 8.00 p.m. has been established to avoid any extension of the working day.

**Holidays.** The holiday period (22 calendar days) can be enjoyed at any time throughout the calendar year. The Caja de Ingenieros Group facilitates its adaptation and adjustment to the needs of the workforce and has increased the time during which it can be enjoyed to the last day of March of the following year.

**Leave.** The possibility of enjoying another two days of unpaid leave per year is also offered.

**Family.** The Group's team has a series of measures to favour their family situation that are adapted to each circumstance:

- **Leave of absence.** Staff may apply for leave of absence for specific reasons, such as caring for children below the age of three or special voluntary leave of absence.
- **Lactation breaks.** Specific breaks are given, according to the situation, to breastfeed children below the age of nine months.
- **Shorter working day.** It is possible to request a shorter working day for reasons of legal guardianship.
- **Study benefit for children.** The Caja de Ingenieros Group believes the education of children to be the best legacy for the future. Employees with children in their care under the age of twenty five are entitled to receive an annual study benefit per child.
- **Life and accident insurance** Group personnel are offered life and accident insurance.
- **Maternity and paternity leave.** Members of the workforce are given maternity and paternity leave, to which they are entitled by law. Over recent years, this has been the number of employees who have exercised their right.

## Maternity and paternity leave

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Entitled to leave*	9	10	19	20	13	33	8	7	15
Take the leave**	9	10	19	20	13	33	8	7	15
Returned to work after the leave***	9	5	14	20	11	31	8	7	15
Still work for the Bank twelve months after the leave has ended****	9	8	17	20	11	31	8	7	15

\* People entitled to maternity or paternity leave.

\*\* People who have taken maternity or paternity leave.

\*\*\* People who have returned to work once maternity or paternity leave ended.

\*\*\*\* People who have returned to work once maternity or paternity leave ended and continue to work twelve months after returning to work.

As can be seen in the table, all people entitled to leave have exercised this right without exception. In 2020, fifteen people from the workforce exercised their right to maternity and paternity leave. All the professionals also returned to work once the leave had ended. Lastly, twelve months after the leave had ended, it can be seen that they all continue to work and balance their professional lives and domestic responsibilities.



## THE FUTURE

The Caja de Ingenieros Group values the development and commitment of its team and, therefore, looks out for their future in essential aspects, such as training, which is used as a basic tool to meet each of their professional goals.

**Study benefits for staff of the Caja de Ingenieros Group.** The team of the Caja de Ingenieros Group that is currently taking regulated studies from among a specific list of subjects will be entitled to benefits that are equivalent to 90% of the total sum of the text books and enrolment fees.

Moreover, the Group offers study benefits for the children of its personnel: a total of 382 benefits were awarded in 2020.

**Special training offers.** The Caja de Ingenieros Group expands its range of training activities with special conditions in different training centres.

**Employment pension plan.** The Bank has an **employment pension plan** for the entire workforce, in which Caja de Ingenieros makes an annual contribution for all professionals.



## Tabla of study benefits for employees' children

	2018	2019	2020
Number of study benefits for employees	7	4	4
Number of study benefits for children	338	373	382
Total number of benefits	345	377	386
Number of employees receiving benefits	224	228	246

## HEALTH

**Health insurance.** The Caja de Ingenieros Group has taken out health insurance for its staff, with the option of adding relatives (spouse and children) at a very competitive price. In addition, due to the COVID-19 pandemic this year, the possibility of taking individual COVID-19 tests without the need for a doctor's prescription has been arranged this year.

**Responsible preventive behaviour.** This project was designed to improve the working conditions of those working at the Caja de Ingenieros Group. As a result of this initiative, health-oriented activities have been organised, such as the document *Coronavirus: guidelines for emotional self care*, which was produced to manage the stress caused by the pandemic and lockdown, discounts on gym fees, etc.



In 2020, health-oriented activities were organised, such as the document *Coronavirus: guidelines for emotional self care*, which was produced to manage the stress caused by the pandemic and lockdown, discounts on gym fees, etc.

## ECONOMY

The Caja de Ingenieros Group offers its employees preferential conditions on banking products and services in order to meet their needs in this area. The products with a special discount for staff are:

- Debit and credit cards
- VIA-T
- Banker's cheques
- Individual systematic savings plans
- Securities accounts
- Personal loans
- Mortgage loans
- Insurance

The team also has a personal employee manager, the purpose of whom is to offer financial advice to those working in the Group.





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## Internal communications

During a year such as 2020, which was full of uncertainty and constant changes, the Caja de Ingenieros Group Communications Area has been intensely involved in keeping the workforce informed at all times, conveying the directives of the Bank regarding the pandemic, and dealing with and channelling all their concerns, especially considering the fact that many have been working from home through telework, which meant that the team spirit also had to be reinforced.

New communications channels were used for this, as well as the existing channels.

### New channels of communication

- In March 2020, when lockdown and, as a result, telework began, we created an **internal Telegram channel**. The goal was to remain connected with the maximum number of employees. The messages were initially sent every day to update the status of the branches that were open and closed, with important publications, internal measures, etc. Images of how colleagues spent their lockdown were also shared to create community, team spirit, and unity. The channel remains active, although messages are now published just once a week.
- **Intranet** is an important communications channel in which corporate news or communications of interest to employees have been published (465 publications in 2020).
- From March to December, 19 **webinars** were organised for employees to share the operations of the Bank, activities carried out, impressions among departments, projects, training, etc.
- Two **corporate videos** have been produced with the participation of employees. The first was recorded during lockdown and employees shared what they were doing at home to stay in shape, amuse themselves, or have fun, etc. A video was published with all the material collected. The second was to wish all employees a merry Christmas and also included the collaboration of everyone.







The Caja de Ingenieros Group strives to maintain open, direct communications between the entire workforce and the General Management, offering people the chance to convey their concerns, ideas and suggestions, and providing the appropriate mechanisms to do so.

## Relationship between the staff and management

The Caja de Ingenieros Group strives to maintain open, direct communications between the entire workforce and the General Management, offering the chance to convey their concerns, ideas and suggestions, and providing the appropriate mechanisms for this. Along these lines, the Bank provides several internal communication channels to strengthen ties.

- **Works councils.** The three workers' committees in the Bank act as representation for the employees and form a mechanism for participation and dialogue with the Management.
- **Breakfasts with the General Management.** A small group of employees chosen at random meet with the General Management every month. The aim is to encourage debate in an informal, relaxed environment to exchange ideas, share opinions, and learn about different outlooks of the situation. This was not possible in 2020, due to the restrictions of the pandemic.
- **Webinars.** During 2020, the Management organised three webinars for the entire workforce, in which the situation and perspectives of the Bank and of its situation were shared, as well as the preventive measures due to the pandemic. The Management also organised a series of online sessions focused on each area for first-hand knowledge of the challenges that each one was facing.
- **Suggestion box.** This is a channel through which the innovative proposals for improvement made by the workforce are collected.
- **Network of innovation promoters.** Created in 2016, this network forms cross-cutting working groups every quarter to implement specific projects. At present, there are fourteen working groups that, focusing on different areas, promote innovation and encourage the participation of staff. In 2020, 13 of the 16 working groups registered were active.

# Occupational health and safety

## Training in occupational risk prevention

# 1,153 h

**103-1** The Caja de Ingenieros Group makes sure at all times people work in a safe working environment and in suitable working conditions. We therefore promote all necessary measures of prevention and give all accidents in the workplace its utmost attention, investigating and implementing the appropriate corrective action in each case.

The Caja de Ingenieros Group's **risk management system** has been implemented in line with the requirements of the Occupational Risk Prevention Law and applies to all staff (100% is covered) and workplaces.

The Bank's Prevention Department analyses job safety. For preventive purposes, we also offer annual medical examinations to the entire workforce and provide training in occupational risk prevention and emergencies to employees.

As preventive measures, we also give training in remote emergencies, perform evacuation drills at the larger work sites, and provide first aid training.

In 2020, 1,153 hours of occupational risk prevention training were given (694 hours to men and 459 to women).

As can be seen in the table on page 214, a total of 30 accidents have been recorded in 2020, which involved a total of 667 days lost. This increase is due to the fact that, according to current legal provisions, all incidents arising from COVID-19 (positive cases, quarantine, symptoms, personnel at risk, etc.), regardless as to where the person involved was infected (not necessarily in the workplace), are considered an occupational accident. Of the 30 occupational accidents, 27 are COVID-19 incidents.

Moreover, all accidents on the way to or from work are investigated and corrective actions are introduced to reduce the risk and guarantee the safety of personnel at the work sites. No professional illness has been recorded in 2020.

The Caja de Ingenieros Group wants to make sure that the working conditions are at all times the best for the health and wellbeing of its employees. The Bank therefore encourages good habits and a healthy lifestyle, providing specific information and training on occupational risks to provide useful tools and procedures for its team.

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## Risk management: risk of robbery

The most relevant risk within the banking sector is that of robbery, which is regularly assessed and for which there are response criteria for the main purposes of protecting people and guaranteeing the safety of customers and staff. The Security Department is responsible for defining the regulations and procedures, and the Personnel Area for training and raising awareness through the workforce. Thus, through the protocol and directive system, along with specific training, the team is prepared to act effectively in the event of a robbery.

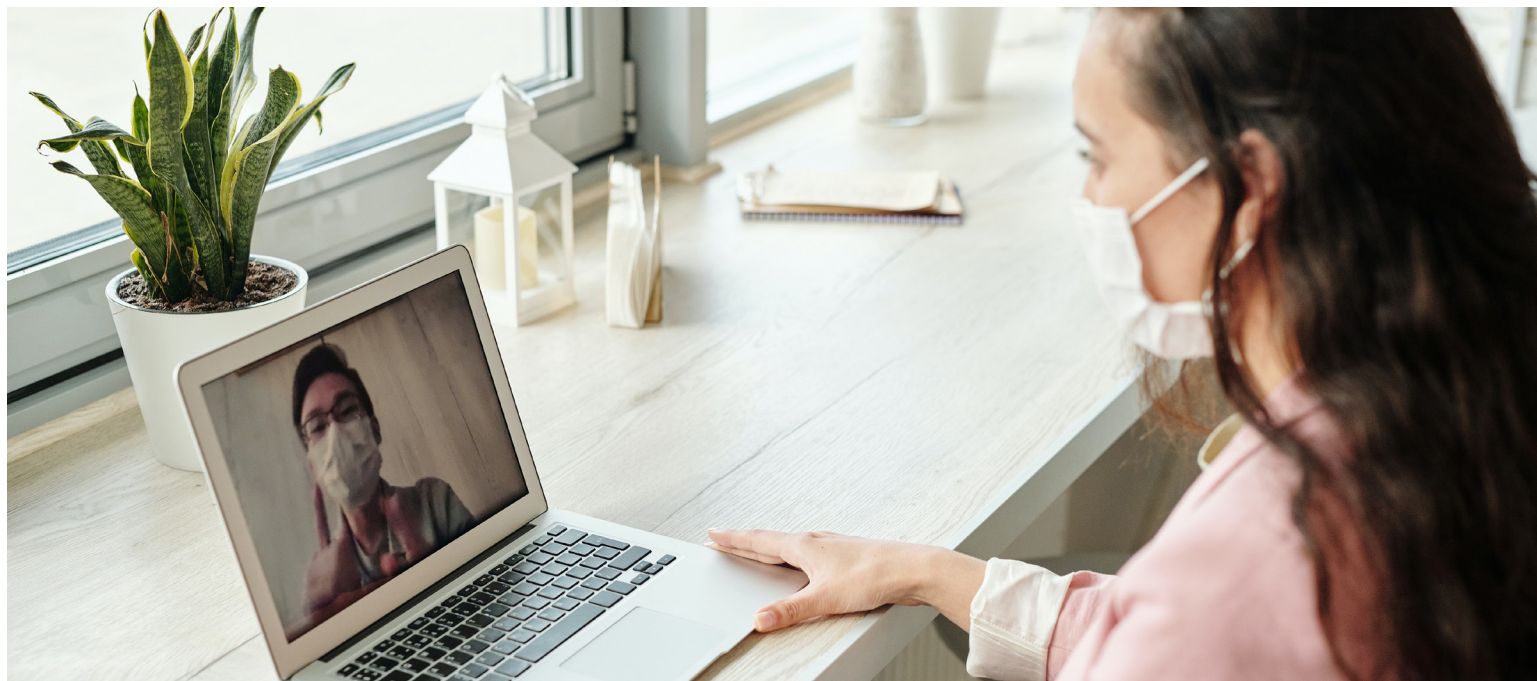
## Extraordinary health & safety measures due to COVID-19

Due to the COVID-19 pandemic and the state of emergency ordered by the Government of Spain in March 2020, as well as the action taken by the Regional Governments regarding this matter and the different health indications, the Caja de Ingenieros Group, through the Supervisory Committee, the Prevention Department, and the Health & Safety Committee, implemented a wide range of measures during this year primarily to ensure the good health of all its personnel, while guaranteeing the essential service it must provide as a financial institution to its members and to society in general.

Various measures were implemented, in line with the instructions of the health authorised and adapted to each case. The most relevant are shown in the table on the following page.

All these measures have involved great human and financial effort to respond to the challenge caused by the COVID-19 pandemic, to which the Bank and all its personnel have been and remain fully committed.

Occupational health and safety management is structured through the Health and Safety Committee, the Prevention Department, and application of the risk management policies.



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### For the branches and work sites of the Caja de Ingenieros Group

- Establishing of special working hours since the start of the pandemic.
- Establishing of shifts in branches where two-metre social distancing between workstations is not feasible.
- Installation of protective screens separating all workstations where members are attended directly.
- Reinforced daily cleaning of the work sites and special disinfection to avoid sources of infection of COVID-19 through contact.
- Reorganisation of all workstations to guarantee two metre distances between them and protection regarding transitory areas.
- Inspection and supplementing of ventilation systems to check and improve air renewal at work sites.
- Implementation of internal procedures for the use of communal areas, meeting rooms, office, and to eat safely in the workplace, as a preventive measure to ensure social distancing.
- Provision of several Webex rooms and a Telegram channel as measures to maintain internal relationships and unload the volume of work in branches.

### For Bank personnel

- Provision of surgical masks, gloves and sanitiser gel for all personnel.
- Offering of telework to all jobs not required to attend the work site, providing training and resources for healthy telework.
- Preparation of a guide with the main measures for a work-life balance and management according to the work-life balance needs that have arisen.
- Time extension for telework, included in the protocol for the protection of pregnant employees, from two to four months before the planned date of delivery while social distancing remained in force.
- Individual evaluation by the health monitoring department for all vulnerable personnel.
- Organisation of three webinars for the entire workforce, sharing the situation and perspectives of the Bank and of the situation, as well as preventive measures due to COVID-19.
- Creation of new internal communications channels (Telegram, specific e-mail address, etc.) to keep the entire workforce informed of the evolution and management of COVID-19 in the Bank, and of all the doubts raised regarding the pandemic.
- Through the group health policy, the possibility of individual testing to detect COVID-19 without the need for a doctor's prescription.
- Coaching sessions aimed at people who have unfortunately lost a relative from COVID-19.
- Survey to take the pulse of the Bank and the experiences of the Group's personnel regarding the pandemic.

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# A committed, prepared workforce

## Professional profile

The Caja de Ingenieros Group's workforce has experienced continuous growth, in line with the increase in our business. More specifically, over the past twelve years, the workforce has increased by 48.5%, placing the Bank as a social agent with a leading role in the creation of employment.

The creation of qualified and quality jobs is one of the Bank's main commitments, as it ensures stability and a business environment in which equal opportunities come to the fore. This commitment can be seen by the 97% permanent contracts in 2020, which has been upheld from previous years.

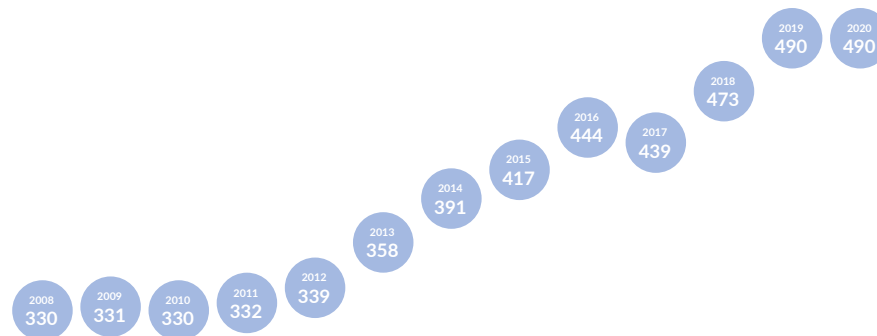
The banking and insurance sector is characterised by the great professionalism and skills of its professionals, which can be seen in

the significant number of people in the manager and technician categories of professionals and is shown in the table below. At present, 58% of the workforce are managers and technicians.

At 2020 end, the workforce was made up of 57% men and 43% women. Of these, a significant percentage work in management and expert posts (almost 48%).

The team of personnel forming the Caja de Ingenieros Group is characterised by being relatively young: 86% are below the age of 50 and, more specifically, the average age in 2020 was 41.64 years of age, with an average seniority of 9.67 years. This data just goes to show that the Caja de Ingenieros Group offers its employees a place where to develop a long-term career.

## Evolution of the workforce, 2008-2020





## 102-81 Distribution of the different contracts of employment by gender

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	261	191	452	271	201	472	271	204	475
Temporary contract	13	8	21	13	5	18	8	7	15
<b>Total</b>	<b>274</b>	<b>199</b>	<b>473</b>	<b>284</b>	<b>206</b>	<b>490</b>	<b>279</b>	<b>211</b>	<b>490</b>

## 102-81 Distribution of employees by professional classification and gender

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees with commercial, technical and administrative duties	103	104	207	103	115	218	95	110	205
Managers and technicians	171	95	266	181	91	272	184	101	285
<b>Total</b>	<b>274</b>	<b>199</b>	<b>473</b>	<b>284</b>	<b>206</b>	<b>490</b>	<b>279</b>	<b>211</b>	<b>490</b>

## Professionals by age group and gender

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	10	7	17	33	21	54	29	22	51
Between 30 and 50	152	123	275	202	175	377	196	175	371
Over 50	112	69	181	49	10	59	54	14	68
<b>Total</b>	<b>274</b>	<b>199</b>	<b>473</b>	<b>284</b>	<b>206</b>	<b>490</b>	<b>279</b>	<b>211</b>	<b>490</b>

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## Workforce

2020 end

57% men

43% women

86% under 50

9.67 average years of seniority

97% permanent contracts





## REMUNERATION AND PERFORMANCE ASSESSMENT

Salaries in the Caja de Ingenieros Group are made up of headings that are established by collective bargaining agreement, as well as other voluntary headings and a variable part. The variable part of the remuneration is based on the meeting of individual, area and Group targets.

We are governed by a **performance assessment policy**, whereby each manager defines the individual targets and skills of each member of his or her team, and assesses their achievement at the end of the year. The variable remuneration depends on whether the individual targets are met. In 2020, 78% of the workforce received performance assessments, and 100% of personnel are subject to them.

Another of the Bank's commitments with regard to its workforce is to offer a competitive remuneration: in 2020, the salary of the standard initial category was almost twice that of the minimum wage, for both men and women.

Another area in which the Caja de Ingenieros Group wishes to have a positive impact is on the incorporation of new graduates into the labour market. To do so, it offers specific programmes for this group of youngsters, such as the Talent Graduate Programme. One of the negative effects of COVID-19 was the need to suspend this programme in 2020. Even so, a total of thirteen young talents were recruited as interns, two of whom joined the workforce at the end of the year.



In 2020, 78% of the workforce received performance assessments, and 100% of personnel are subject to them.





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# 08

## The members



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# Members at the centre of the business of the Caja de Ingenieros Group

**103-2** The nature of the Caja de Ingenieros Group as a cooperative bank determines its relations model, which is very close to and personalised for its customers, i.e. its members, who are at the centre of all its business strategies. The evolution of this relationship has included the growing digitisation of recent years before taking the great qualitative leap in 2020, when digital advice took a leading role, without losing the proximity, transparency and assistance in line with the needs of its members.

The raison d'être of the cooperative bank consists of providing assistance for the needs of professional communities, families, and SMEs, prioritising general interests and the common good over individual interests. In line with this founding principle, the Caja de Ingenieros Group therefore guarantees access to banking and credit products and promotes the growth of local economies in its social work, thus generating long-term value for the community as a whole. It is this exercise of responsibility towards society that has enabled the Caja de Ingenieros Group to overcome economic, political and social risks in the past and successfully face the challenges arising.

The Bank's member relations model is therefore aimed at generating long-term value and a relationship of trust, which is a far cry from the simple approach of maximising short-term profits. This relations model is based on the principles of proximity, transparency and integrity that guide the Caja de Ingenieros Group throughout the entire value chain of its products and services: from design, marketing and after-sales service to the management of claims and complaints.

## Figures supporting the model of the Caja de Ingenieros Group

**103-3** During this year, the member base increased by 2.8% to stand at above 209,000 members.

During this period, the Caja de Ingenieros Group managed a turnover of over 7,700 million euros, which represents a 8.79% rise compared to the previous financial year. Products in which an advisory component is important produced excellent results: the volume managed in savings and pensions rose by 10.6%, as well as the volume managed in investment, which rose by 10.2%. Similarly, the number of Discretionary Portfolio Management Service contracts experienced significant growth compared to 2019, i.e. 23.8%, and the volume managed in this service for members exceeded 367 million euros (27% higher than in 2019). For its part, financing was another key element and the number of mortgages formalised by members rose by 4.9%.

For the Caja de Ingenieros Group, it is essential to preserve the asset of its members, which it is able to do through the cautious management of assets. This guarantees the necessary financial stability through adequate solvency and liquidity ratios, and maintains long-term relationships of trust.



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**102-10** The network of branches continues to grow to meet the challenge of ensuring proximity with members: in December 2020, the first branch of the Bank was opened in Sabadell, an Avant branch. It is located at Calle Indústria, 18, in the emblematic property owned by the Antiga Caixa Sabadell Foundation, which seeks to become a collaborative platform for engineering, as it is located next to the Official Association of Industrial Engineers of Catalonia. In July, a new Avant branch was also opened in Mataró, at Calle Camí Ral de la Mercè, 389, to offer a better service in the area in which the number of members has increased by 137% over the past two years.

The Avant branch is the response by the Caja de Ingenieros Group to the growing demand for service that the Bank has recorded, but also to the desire to provide a personal and quality service, promoting the multi-channel nature of service to members thanks to the extensive digitisation of banking transactions. This format also avoids the costs of traditional branches and promotes the digitisation of the service without ruling out the necessary services of value provided by professionals in direct contact with members.

In the last two years, the Caja de Ingenieros Group has created four corporate centres: in 2019 it moved the Gràcia branch, located for 28 years in Calle Torrent de l'Olla, to a new location in Calle Còrsega (Gràcia-Verdaguer), to offer a proximity service in a larger, more central space, with a room where workshops or meetings can be organised. It also houses the **Agile Center**, a space in which technology, multi-channels, digitisation, and valuable specialist advice are the fundamental elements in placing people at the centre of the service. In 2020, during the COVID-19 pandemic, a digital assistance service was created in Calle Ali Bei, a large space from which to deal with the increase in demand for assistance through remote channels. These centres are an addition to those that already exist in Via Laietana, where the central offices of the Bank are located, and in Calle Casp, where Caja Ingenieros Gestión and Caja Ingenieros Vida are located.



The Avant branch is the response by the Caja de Ingenieros Group to the growing demand for service that the Bank has recorded, but also to the desire to provide a personal and quality service, promoting the multi-channel nature of service to members thanks to the extensive digitisation of banking transactions.



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# Responsibility in our products

 The Bank believes that financial investments can be made responsibly and, therefore, the Caja de Ingenieros Group was one of the first banks in the country to register a fund with the socially responsible investment (SRI) label in 2006.

## Responsible products and services

The Caja de Ingenieros Group is committed to the integration of environmental, social and good governance (ESG) criteria into the management of its different products and services. Furthermore, in accordance with its cooperative values (integrity, commitment, excellence, professionalism and proximity), the Bank contributes to fourteen of the seventeen Sustainable Development Goals (SDG) promoted by the United Nations (UN) within the framework of the 2030 Agenda for Sustainable Development. The Bank considers that financial investments can be made responsibly, and, therefore, the Caja de Ingenieros Group was one of the first banks in the country to register a fund with the socially responsible investment (SRI) label in 2006.

The ten keys showing the different socially responsible activities carried out by the Bank regarding financial information are shown below.

## CONTRIBUTION OF THE CAJA DE INGENIEROS GROUP TO SDGS THROUGH ITS BUSINESS ACTIVITY

### 1. The SRI principles are key to choosing investments

As a cooperative bank, the Caja de Ingenieros Group has always advocated responsible investment through collective investment institutions (CII). Therefore, when investing in a company, the traditional financial analysis and a series of environmental, social and corporate governance (ESG issues) criteria are considered.

In 2020, socially responsible investment of the Caja de Ingenieros Group increased by 43 million euros, with a total of 407 million managed between SRI investment funds and pension plans.

### 2. Adhesion to the UN Principles for Responsible Investment (PRI)

The Caja de Ingenieros Group has been adhering to the PRI since 2014, guaranteeing its policies of responsible investment. There are six principles for commitment with the PRI, promoted by the UN Environmental Programme Financing Initiative and the UN Global Compact:

- To integrate ESG aspects at the time of investment and decision making.
- To be active owners and incorporate ESG issues into the ownership policies and practices of the company.




- To seek appropriate disclosure on ESG issues by the entities in which we invest.
- To promote these principles within the investment industry.
- To work to enhance the effectiveness of the principles.
- To report on the activities and progress towards implementing the principles.

This initiative promotes environmental policies in favour of environmental sustainability, commitment to the fight against climate change and energy efficiency. It also considers fundamental social aspects, such as respect for human rights, gender equality and occupational risk prevention policies. Finally, it advocates the maintaining of fair working relationships with customers and suppliers and the fight against fraud, corruption and the independence of management.

The PRI organisation believes that it is necessary to work on a global financial system that is efficient and sustainable from an economic viewpoint in order to create long-term value. If good management is in place, these actions will be beneficial to the environment and to our society.

Related information in:

CHAPTER 9, "RESPONSIBLE BANKING AND INVESTMENT: THE DNA OF THE CAJA DE INGENIEROS GROUP" SECTION



### 3. Contribution to the decarbonisation of the economy

The Caja de Ingenieros Group considers that the consequences of global warming not only affect the environment, but also harm all sectors of the economy and society in general.

Therefore, as a cooperative financial group, it takes action to reduce this damage, such as measuring the carbon footprint of its activities and its investment portfolios, and informing members of the risks of climate change. Another activity of the Bank involves adopting asset management policies that consider the impact of the investments on the environment and, therefore, their repercussions on climate change. Along these lines, the Caja de Ingenieros Group is the first financial institution nationwide to promote a fund – the CI Environment ISR, FI – and a pension plan – the CI Climate Sustainability ISR, PP, which, as well as the traditional financial analysis, focus their activity on investment in companies with a positive impact on the environment.



### 4. Beyond exclusions, integration

**412-1** Due to its purpose, the investment universe of Caja Ingenieros Gestión does not include a series of activities, including the following companies:

- Manufacturers of weapons, explosives or military vehicles
- Manufacturers of specific components for the military industry (>10% of revenues from this activity)
- Tobacco manufacturers
- Other companies with specific revenues from the tobacco sector (>30% of revenues from this activity)

To complete the financial analysis, ESG information is added based on the analyses for an understanding of how each company focuses the ESG risks of their business, considering the entire value chain and the parties involved. As well as qualitative issues, metrics are considered, such as positioning in classifications, pollutant emissions, the consumption of resources and the number of disputes with their environment. This analysis provides information on the position of each company and how it can help take advantage of the new opportunities generated by the main ESG trends for environmental transformation. This vision plays a key role in deciding whether the performance of the company is sustainable in the medium and long term.



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## 5. Caja Ingenieros Gestión has specific socially responsible investment (SRI) policies

The SRI label involves investing in better positioned companies in environmental, social and good governance areas.

## 6. Carbon footprint

The *Montreal Pledge Report* was published by Caja Ingenieros Gestión in March 2020. This agreement came about on the initiative of the PRI body and seeks to ensure asset management companies report the carbon footprint of their portfolios. The idea is to promote a reduction in carbon emissions caused by investment activity. Caja Ingenieros Gestión has been publishing the carbon footprint every year since 2017, in order to promote investment in companies with a lower impact on the climate.

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In 2020, Caja de Ingenieros and Caja Ingenieros Gestión signed the Tobacco-Free Finance Pledge initiative to become the first bank and the first fund manager in Spain to join this project.

## 7. Engagement and shareholder activism

In 2020, Caja de Ingenieros and Caja Ingenieros Gestión signed the Tobacco-Free Finance Pledge initiative to become the first bank and the first fund manager in Spain to join the project.

This programme was developed in collaboration with the UN Environmental Programme Financing Initiative (UNEP FI), the Principles for Sustainable Insurance, and the Principles for Responsible Investment, in which 153 international institutions from 22 countries took part, the goal of which is to help reduce the tobacco consumption through the capacity to act of the financial sector.

In 2020, Caja Ingenieros Gestión also remained a participant in the groups fighting climate change:

- **CDP (Carbon Disclosure Program):** a project that promotes transparency in carbon emissions in the corporate and public realm.
- **Climate Action 100+:** an initiative that seeks the commitment towards the fight against climate change of the one hundred most pollutant companies in the world.

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Caja Ingenieros Gestión also continued to exercise its voting rights at the meeting of shareholders of all the companies in portfolio of its three SRI funds in order to show its stance towards aspects that might be against the principles of good governance.



## 8. Impact and supportive investments

The management company of the Caja de Ingenieros Group provides part of the management fee of the Fonengin ISR, FI and CdE ODS Impact ISR, FI (0.03% a year on equity) to the Caja de Ingenieros Foundation to promote social action, which contribute towards environmental protection, improving quality of life, the integration of people at risk of exclusion, volunteering and welfare cooperation, encouraging research for employment and business training, support for academic and professional training, and corporate values. The goal of the Foundation is to contribute towards the good social, economic and cultural development of members and society.

## 9. Promoting and encouraging socially responsible investment

In 2020, the entire Caja de Ingenieros Group workforce was offered a course on socially responsible investment to acquire basic knowledge on the strategic principles of responsible investment and to become familiar with the common terms used in the sector. This initiative fulfils the principle of dissemination included in the Principles for Responsible Investment (PRI).

**102-13** Caja de Ingenieros joined Spainsif in 2013, a non-profit association promoting socially responsible investment in Spain. Among other activities, every year the Caja de Ingenieros Group takes part and/or sponsors some of the events included in the SRI week, which provide training and information on socially responsible investment.

## 10. Distinction in sustainability from Morningstar

All the Bank's SRI funds (CdE ODS Impact ISR, FI; CI Environment ISR, FI; and Fonengin ISR, FI) have the highest Morningstar sustainability rating and assert environmental, social and corporate governance values in the investment process. The Morningstar sustainability rating measures the degree of ESG risks and opportunities of the companies included in the investment funds or pension plans.



In 2020, the entire Caja de Ingenieros Group workforce was offered a course on socially responsible investment to acquire basic knowledge on the strategic principles of responsible investment.

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## PROXIMITY AND TRANSPARENCY

**103-2** Transparency in the reporting and marketing of the Caja de Ingenieros Group's products and services is key to communicating with our members.



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## Innovation, the driving force of the product portfolio

Using different data analysis technologies, the Bank has consistently identified the key segments under which the different member profiles are grouped in order to provide a personalised, tailor-made service with regard to the range of products and to the advisory model.

The creation of new products and services follows the protocol included in the internal regulation ensuring the interests and safety of members and respects the cooperative principles and values of the Bank. This means that all our products have been assessed to guarantee their suitability, transparency and adaptation to member interests.

Each product and service has a file and a manual that includes the marketing processes and its incorporation and maintenance in the supporting technological system, as well as a commercial activity guide that combines service quality during the pre- and post-sales stages.

**103-2** The challenge is to fully personalise the services the Bank offers through flexible and global solutions (financial, insurance and pensions) aimed at the following segments.

## PERSONAL AND PREMIUM BANKING

Personal and Premium Banking members are offered a personalised service through the assignment of a qualified Manager accredited by the European Financial Planning Association (EFPA) or higher. This manager coordinates his or her activity with the different areas of management, offers comprehensive advice to help correctly adapt financial investments, savings plans, and insurance risks, and in financing personal projects.

The Bank offers services adapted to each need

### 1 Investment:

- Investment Advisory Service
- Discretionary Portfolio Management Service
- Caja Ingenieros Gestión investment funds
- Selection of third-party management funds
- Equities
- Fixed income
- Structured
- ETF
- Management

### 2 Market information and financial news:

Personal Banking members are provided with **publications** containing exclusive information on the macroeconomic situation and the evolution and forecasts for the financial markets, as well as strategic financial asset allocation reports, model portfolios, special reports on important events in the markets, etc.

- [Personal Banking service guide](#)
- [Finance and insurance logs: Investment guide](#)
- [Defining of risk profiles – Strategic Asset Allocation according to the investor profile](#)
- Investment scenarios
- [Workshops and meetings](#)
- [IngenierosFONDOS.com](#)
- [Ingenieros BOLSA](#)
- Market reports

### 3 Risk prevention:

The Bank offers the **Insurance Advisory Service (AAS)** to provide members with an overall range of products for their insurance needs, and includes tailor-made solutions to manage the different risks to which they might be exposed.

The service offers:

- Overall view. An individualised proposal is presented, providing the risk analysis, recommendations for suitable management and hedging adapted to the needs.
- Help with management. Integration of the combined analysis of all risks, valuing the advantages as a member (coverage and price) and providing everything in a format that is easy to understand.
- Ongoing service. They are monitored to keep members promptly informed of the progress of any procedure or claim through the service and support department.

### 4 Provision:

- Personalised study of family provision
- Pension plans
- Individual long-term savings insurance (ILTSI), income insurance
- PIAS: individual systematic savings plan
- Unit linked: life-savings insurance that invests in investment products

### 5 Financing:

- Investment Loan
- ECO Loan
- Home Mortgage
- Reverse Mortgage
- CrediBolsa Service, variable income
- Multinversión Service, investment funds
- Credit cards

All this follows the correct, appropriate philosophy and an investment method based on four cornerstones:

1. Definition of the risk profile
2. Diversification of the investment portfolio
3. Dynamic portfolio adjustment
4. Socially responsible investment

Ascertaining the investor profile using the suitability test and the advisability test will establish the composition of the investment portfolio.

In 2020, the Bank focused on providing digital responses that involve new functions, and on the continuous improvement of all services it provides to this segment of members in order to provide a good service and support: multi-channel signature, contracting of funds through BancaMOBILE, WhatsApp enquiry channel, and the “Mis finanzas” personalised management tool, which allows for income and expenses to be administered and forecasts for savings or for the need for financing to be made. The “Mi gerente” channel was also promoted to be closer than ever to members, in which interactions have increased by 69% in comparison with 2019. The **Agile** account management project also plays an essential part in all this process.

#### Related information in:

CHAPTER 8, “DIGITAL  
ADVICE” SECTION





## RETAIL BANKING



### Young people

The new digital generations have specific needs regarding service and financing, particularly as to their training, the start of their career and their enterprise projects.

Imagina is the Caja de Ingenieros Group's programme aimed at providing young people with access to the financial and insurance services they need. With this programme, they can start managing their money, wire and receive transfers, deposit their first pay cheque, obtain discounts on purchases with Ingenium Shopping Joven, secure financing for their university and postgraduate studies, buy their first car or motorcycle, travel abroad and take out insurance for young people, among many other possibilities. They are also provided with access to the entire digital environment 24 hours a day, from any part of the world, which enables them to enjoy highly advantageous terms for overseas travel, accident coverage, digital payments with IngenierosPAY, Google Pay, Apple Pay, etc.



### Families

The Caja Group services can be adapted to all families: those that start a project in common, those that grow, those that find their home, those that seek the best education and even those that see their children start their own projects far from home.

The products and services aimed at the families segment focus on meeting the needs of special situations such as everyday management, with advantages on the direct payment of salaries and receipts through the account and the acquiring of debit and credit cards, as well as a full portfolio of digital services.

At the asset creation stage, the Bank provides the necessary financing for purchasing homes and cars.

The Caja de Ingenieros team also offers advice to channel savings into instruments that best suit each risk profile and objectives, in terms of both savings plans for retirement and investment.

The Bank also suggests the most appropriate insurance to protect against personal, family and asset risks. The risks that are particularly important for families are assessed, personal circumstances are analysed and an individualised proposal with the best solutions and coverage for each particular case is made.



### Professionals

Professionals evolve continuously throughout their working lives. Financial services therefore require different proposals, depending on their time of life.

The Caja de Ingenieros Group seeks to offer financial solutions to professionals so that they can focus on their projects. We provide services to manage their business through the Professional Account. A personalised study is performed on their business proposals so that they can be offered the different financing modalities and advice on saving and investment.

Through an insurance advisory service, all risks inherent to their activities (premises, personal, civil liability, computer-related) are analysed to offer proposals tailored to their needs, as well as a personal protection plan for the self-employed.

The Caja de Ingenieros Group also offers advice on how to supplement the retirement pension through saving plans. Through the pension simulator, financial projections for retirement is carried out, which even take into account possible life contingencies (temporary incapacity, disability, widow/widowerhood and death) to provide a future planning proposal.



### +65

As of the age of retirement, we provide members with products and services that are especially designed for this stage in life:

- Live comfortably, with enough income to face all projects. For example: Equity Advisory Service, Discretionary Portfolio Management, or Reverse Mortgage.
- Live with peace of mind:
  - o Tax advice: redemption of pension plans, seeking the highest profit and tax benefits.
  - o Death insurance: we make sure the procedures and services are covered in the event of death, with no additional payments and with the best assistance for relatives.
  - o Insurance advisory service: overall study of all the risks.
- Live happily: current account with all the services and a free credit card.

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## CORPORATE BANKING

Every business activity needs appropriate management of the different types of risk, whether they be financial, civil liability, corporate, asset or personal. Risk management is not just an essential activity for large companies, it is vital for all companies, regardless of their size. The Caja de Ingenieros Group identifies risks and recommends solutions that suit the activities of each company and are aimed at reducing and minimising their possible impact.

To provide support and stability to their activities, the Bank recommends the most practical and advanced personalised options: credit accounts to facilitate business financing; invoice advance payment policies and grants that are linked to increased company activity and complement the financing of investments in fixed assets; financial, economic and technical guarantees; medium- and long-term risk and insurance hedging for multiple purposes.

The Bank has supported companies to help them alleviate any effects of the COVID-19 pandemic: it has adhered to the ICO, Avalis and ICF lines of financing, as well as adopting special measures such as eliminating the payment of commission on POS terminals for establishments affected by the state of emergency.

## WHOLESALE BANKING

The Caja de Ingenieros Group has specialist managers to advise Wholesale Banking members. They belong to the group of companies with an annual turnover of more than 100 million (in Catalonia) or 50 million (in other regions), as well as mutual insurance companies, the Public Authorities, and entities linked to the central government (local councils, local government, etc.).

Caja de Ingenieros provides a value proposal aimed at:

- Minimising risks
- Maximising operational efficiency
- Making optimum use of available resources
- Supporting growth
- Improving the experience of stakeholders



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## Satisfaction-oriented

**103-2** The philosophy of the Caja de Ingenieros Group and its values and the business strategy arising from them led to an average customer satisfaction of 52.9% in 2020, according to the **Net Promoter Score** (NPS). This figure is 6% up on 2019, reflecting the great deal of work during the year and the high degree of commitment and satisfaction of members towards the Bank.

### COMPLAINT AND CLAIM MANAGEMENT

Members of the Caja de Ingenieros Group can send the Bank any complaint, claim or suggestion through different channels: the network of branches, e-mail, the phone numbers set up for this purpose, the official bodies, and the Member Assistance Service, with the necessary independence to issue the corresponding decision. Claims are analysed according to their type, in order to design preventive and corrective action.

As well as the internal quality controls available in the Bank, there is an external audit service in telephone banking and mystery shopping to assess the service provided.

**103-3** In 2020, a total of 477 complaints and claims were received, which were managed by the Member Assistance Service. Of these, 97% we accepted for review and 363 were solved during that same year, as well as 24 from the previous year. As an internal quality requirement, the Bank responds to the requests of its members as quickly as possible and exceeds all regulatory requirements in this area.

It should be noted that the Bank receives very few complaints and claims through official and supervisory bodies. Furthermore, the Caja de Ingenieros Group has not received any administrative penalties from official bodies regarding the distribution of its products and services or due to a breach of regulations or of the voluntary internal codes of the Bank.

In order to detect areas of improvement regarding policies, regulations and internal processes, the Bank monitors and analyses the complaints and claims in detail, along with the reports issued by the claims departments of the official bodies. Consequently, significant recommendations are made to improve communications with members and to inform clearly and transparently of the contracting of products.

## Complaints and claims

AS AN INTERNAL QUALITY REQUIREMENT, THE BANK RESPONDS TO THE REQUESTS OF ITS MEMBERS AS QUICKLY AS POSSIBLE

**97%**

accepted for processing



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# 2020: A year full of challenges

## Development of digital channels

THE TOTAL AMOUNT DIGITALLY  
MANAGED AMOUNTED TO  
2,855 MILLION EUROS IN 2020.

# +55%

Due to COVID-19 and the health crisis that arose following the pandemic, 2020 was a major challenge for society as a whole in many different areas, including healthcare, the business world, and personal lives.

The entire workforce at the Caja de Ingenieros Group has made every effort to keep the business activity running, offering its services to all members and implementing different new channels of communication and management, supported by the extensive digitisation of the Bank for this purpose. All this was completed without losing sight of the recommendations of the health authorities to ensure the health of members and of the Bank's team in all its branches.

Furthermore, in line with the deeply social nature of the Bank, specific measures were taken to help companies, members and society in general at such a critical time.



In 2020, in line with the deeply social nature of the Bank, specific measures were taken to help companies, members and society in general at such a critical time.

## Digital advice

The Caja de Ingenieros Group places special focus on the digitisation of many of its services. In 2020, 75% of all active members are digital (119,076) and 92% have used digital channels to interact with the Bank. Furthermore, the Member Services Area increased its remote contacts by 38.56% this year. These digital interactions continue to grow and account for 22,000 each month. The "My manager" space has doubled its number of interactions (+102%).

Other figures showing the degree of maturity and development of the Bank's digitisation are the sales generated through its digital channels: 46,260 in 2020 (+55% in relation to 2019). Furthermore, 78% of investment fund subscriptions were made through these same channels. The total amount digitally managed amounts to 2,855 million euros in 2020.

## AGILE MANAGER

While working on digitisation, firm support was given to the **Agile** model in 2019, a new concept of management that has led to a new, more dynamic, flexible and proactive way of work. In addition to digitisation, this core idea has been fundamental in the development and provision of services during COVID-19 and all the restrictions it entailed, which the Bank has been able to manage successfully.

The **Agile** manager offers an exclusive management service that is entirely adapted to the needs of members (on-site visits where required, remote management, video conferencing, etc.). These professionals are highly qualified and offer the best valuable advice, with the mobility and flexibility required to be able to offer this tailor-made service. The basis of their work is proactiveness and digital interaction, without forgetting face-to-face contact to promote the digital operability and transactionality of members at a time when the bank continues to provide support and progress to incorporate new functions for member relations.

The Bank has also set up the **Agile** centres, which are spaces that reinforce this same method and provide flexibility, innovation, collaborative work, and multichannel relations capacity.

## DIGITISATION AND MULTI-CHANNEL SERVICES

**103-2** The strategy to adapt to the situation of the pandemic and restricted mobility led to the reinforcement of digitisation and multi-channel services, both remaining present in all the Bank's service and business activity.

In 2020, all members were provided with a new channel of communication and dialogue via WhatsApp, through which they could make enquiries quickly, easily, and with an agile response from the Bank. Telephone assistance and the e-mail channel has also been particularly reinforced, as well as ONLINE Banking which recorded a huge increase in interaction with members.

New operational functions have also been set up, such as the digital signature, the remote change of account, on-line processing of mortgages (up to the signature) and loans of up to 30,000 euros. Mobile payments via IngenierosPAY were also promoted.



In 2020, all members were provided with a new channel of communication and dialogue via WhatsApp, through which they could make enquiries quickly, easily, and with an agile response from the Bank.

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## CONSTANT IMPROVEMENT IN SERVICE PERFORMANCE

**103-3** With the start of the pandemic, the Caja de Ingenieros Group created a contingency plan to detect the areas of service and member requirements that might need reinforcement, as well as any incidents that might be recorded in branches, telephone banking, workloads in branches, etc. Despite the significant growth in the use of digital channels, the latter recorded over 170,000 on-site visits by members.

Capacity controls were established in the branches to modulate the teams and their shifts, as well as the daily monitoring of volumes and levels of assistance over the remote channels. To reinforce the latter, the remote assistance team was increased by ten people, a new corporate centre was set up, and the team was split in two to guarantee the permanent continuity of the service. The regularity of Member Services Committee meetings (the maximum control and expenditure body for member service activities) was increased to a weekly basis to monitor the needs of members and the evolution of the Bank's response, as well as its impact on the organisation.

Internally, to deal with this large amount of activity without losing out on quality, different projects were implemented to increase process performance. In terms of the commercial activity, a very detailed commercial agenda was organised, the methodology was updated, and a member relations plan was established, all highly segmented and managed through recurrent contacts in order to constantly monitor their needs. This plan has involved over

234,000 activities managed (56% more than in 2019) between PNF,<sup>21</sup> e-mails sent, calls and visits, and the generating of 1,884 new leads.

## COVID ACTION: INVOLVEMENT BEFORE THE CRISIS

Other significant measures adopted were the adopting and promoting of the digital circuits to implement a series of activities that provided financial relief during the COVID-19 pandemic crisis. The mortgage moratorium is worth noting, along with the extension to the on-line banking transaction limits, the recovery of pension plans, the loan on salaries, account cancellation or the remote registration of new members (more than 1,400 new members). In some cases, these services had to be reinforced with new team members due to their high demand.

21. Activities centrally aimed at promoting commercial proactiveness and personalisation of the contact and advice, anticipating the current and future needs of our members.

## Measures for families and individuals

- New 100% online Salary Loan.
- Improvements to the amount and repayment term for the Advance on Salary.
- Extension to the limit on credit cards to pay for any unforeseen circumstances.
- Reduction in interest rates on deferred payments and purchased made in instalments using credit cards.
- Extension to the payment limit for contactless cards without the need to enter a PIN code.
- Advanced payment of unemployment benefit and pensions from the Social Security.
- Exemption from the payment of account maintenance fees for members who are paid unemployment benefit from the Government Employment Service (SEPE) up to 30 June 2021.

## Measures for professionals and businesses

During a particularly complicated year for businesses, the activities were aimed at providing the maximum support regarding financing:

- Adhesion to ICF, Avalis and ICO financing lines.
- Exemption from payment of POS terminal fees for establishments affected by the state of emergency.



### “WE’RE AT YOUR SIDE” CAMPAIGN

The Bank has implemented several segmented campaigns in order to inform, help and support all members.

- In the “We’re at your side” campaign, the applicable measures were sent to ensure the Bank remained close to members at these difficult times and to help them in their insurance and financial needs.
- For the Personal and Premium Banking and Retail Banking segments, the “At your side” activity was launched, personally contacting 88% (14,151) of members from the first segment between 31 March and 24 April and 61% of members (29,286) from the second segment between 16 June and 31 July.





In 2020, a truly exceptional year, this close and flexible communication became even more important than ever.

## Communications channels with members: an increasingly close and accessible bank

The member relations model of the Caja de Ingenieros Group is based on principles of proximity, transparency and integrity. These principles are reflected in everyday work through flowing and multi-channel communications, enabling the Bank to remain close to an extensive, diverse audience, and to deal with their needs and suggestions both quickly and flexibly. The basis for this communication has a lot to do with digitisation, without losing out on personal relationships, as the digital service of Caja de Ingenieros is always supported by a professional. The traditional channels also gained importance through their advisory spaces. The Bank therefore maintains its support for reinforcing “interaction”, which provide value to the service offered to member.

The complexity of the financial products and services is not incompatible with transparency in information and in the marketing of Caja de Ingenieros Group products and services, which plays a key role in communications with the member base.

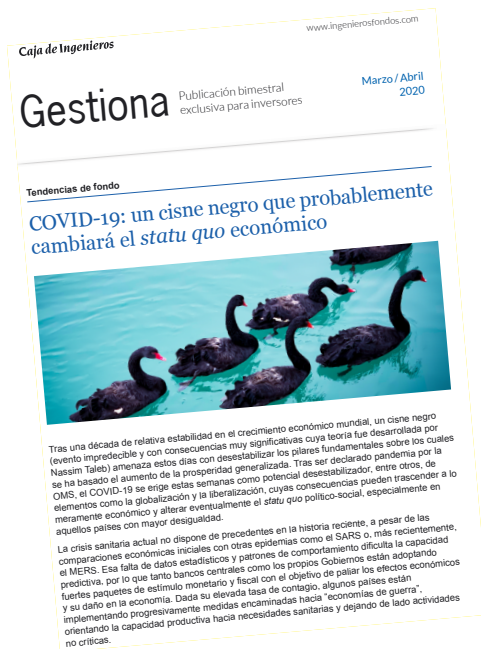
In 2019, a new way of connecting with members was implemented, seeking greater clarity, precision and transparency to convey the Bank’s main values simply and without technicalities. This enables it to remain close to the members, talking to them on the same level and better meeting their specific needs.

Personalised e-mails using friendly language and supporting images are, along with the push notifications and text messages, some of the channels that transmit information in a more direct, clear and effective manner, streamlining communications related to the news in the range of products and services, relevant news, and account management.

In 2020, a truly exceptional year, this close and flexible communication became even more important than ever.

## TRADITIONAL COMMUNICATIONS CHANNELS

<b>On-site member meetings</b>	Two meetings of members were organised in 2020, an ordinary meeting held on 15 October at which the 2019 accounts were presented and approved (delayed from June to October due to the pandemic), and an extraordinary meeting on 26 November to renew certain posts on the Governing Board.  Both took place at the Oriol Martorell Room at Barcelona Auditorium, a very large room to guarantee the social distancing and hygiene measures recommended by the health authorities, and to safeguard the health and safety of the members of the Caja de Ingenieros Group.
<b>On-site meetings</b>	Three on-site meetings were organised in Barcelona and Madrid to inform of the financial forecasts for the year.
<b>Publications</b>	In 2020, publications increased in relation to the previous year to keep members informed: <ul style="list-style-type: none"><li>16 publications</li></ul>
<b>Corporate blog</b>	132 publications posted in 2020 and 125,300 pages visited in 2020, 36% up on the previous year. The most read article was "Earth Day: benefits of coronavirus to the environment" with over 8,000 visits.
<b>Telephone</b>	Activation of the freephone 900 300 321 providing member assistance in Spanish and Catalan. More than 1,000 calls a day were recorded during the pandemic.



## DIGITAL COMMUNICATIONS CHANNELS

<b>Virtual meetings (webinars)*</b>	<b>21</b> webinars organised for different audiences and groups with which the Caja de Ingenieros Group collaborates. <b>5</b> online training courses organised by the Caja de Ingenieros Foundation.
<b>WhatsApp*</b>	General rapid enquiry channel (more than 2,000 chats per month via WhatsApp).
<b>Podcast*</b>	New podcast channel on economic and market news: Ivoox and Spotify.
<b>Social networks</b> are a remote channel for relations with members that not only provide information on corporate and commercial content, but also act as a direct and instant communication channel between them.	
<b>Twitter and Facebook</b>	These are the channels most often used by members to communicate quickly with the Bank. In 2020, natural growth has occurred in the Twitter community both in the Caja de Ingenieros accounts (+4.54% up on 2019) and in the Foundation's profiles (+6.95% up on 2019), considering the profiles in Spanish and Catalan. In terms of Facebook, the community increased by 7% in the Foundation's profile.
<b>Instagram</b>	The profile @economiasostenible became the channel of reference for chatting about sustainability, social action and social responsibility involving the Group. This profile, which grew by 8% in 2020, has enabled the Bank to reach a young audience aged between 18 and 35.
<b>LinkedIn</b>	The Caja de Ingenieros Group has a Group profile with four subpages for subsidiaries (Ingenium Shopping, Fundación Caja de Ingenieros, Caja Ingenieros Vida y Pensiones and Caja Ingenieros Gestión). The channel has experienced significant growth in followers in 2020, who now stand at 15,198, which is a 43% increase compared to 2019.
<b>YouTube and audio-visual material</b>	Eight videos over audio-visual channels such as YouTube were published in 2020, in order to reach a wider audience. The scope of the video <i>Finanzas para la sostenibilidad</i> must be note, with over 25,000 views.

\* Communications channels created in 2020.



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## Personalised solutions

**102-2** The Caja de Ingenieros Group offers full advice through quality, personalised financial services to guide its members in their decision making to ensure they find quality, personalised financial services that meet their needs.

The following are the four areas in which advice forms the basis of the service:

- Asset management
- Insurance
- Financing
- Social welfare

## ASSET MANAGEMENT

Its aim is to accompany members in making decisions regarding asset investment. The complexity and wide variety of financial instruments require the expert knowledge that the Group's professionals can contribute to the investment solutions.

The Services of the Caja de Ingenieros Group include:

- Capital preservation (value generation, portfolio optimisation, diversification).
- Personalised design of investment portfolios based on the financial perspective of our investment management team.
- Financial/fiscal optimisation.
- Optimisation of financial asset structures taking into account the situation and asset and personal needs.
- Delegation of management through the Discretionary Portfolio Management Service, a tool exclusive to Caja de Ingenieros.
- Detailed and personalised monitoring of the managed portfolio.

In any case, investment profiles and investment portfolio compositions are determined through suitability and advisability tests, as well as other requirements requested.

## INSURANCE ADVISORY SERVICE

The Bank analyses and assesses risks derived from personal circumstances, reviews insurance positions and their coverage, and compares them with needs to provide a personalised proposition.

The service includes a selection of trusted companies, valued for their excellence of service, their price, solvency, reputation and performance in the event of loss. Moreover, comprehensive and continuous day-to-day management of insurance portfolios, supervision of the quality of coverage and services and our own claims service to ensure appropriate and prompt processing are provided.





The Bank adapts to the individual needs of each family, professional, company, public sector body and institution, with a personalised and differentiated service based on an investment policy aligned with the principles of responsible banking management.

## FINANCING

The Caja de Ingenieros Group wants to offer the best financing solution for the projects of its members throughout their lives. Thus, the Bank adapts to the individual needs of each family, professional, company, public sector body and institution, with a personalised and differentiated service based on an investment policy aligned with the principles of responsible banking management, which means professional and prudent management of risks and incorporates criteria of sustainability and preservation of the environment.

The range of products includes:

- Mortgage loans for the purchase or renovation of homes, commercial premises or industrial warehouses, with members being able to choose between different instruments at variable, fixed or mixed interest rates and terms that enable financial commitments to be adapted to the ability to pay.
- Personal loans for the financing of current investments, studies and consumer goods. For example, the ECO Loan offers favourable conditions for the financing of investments in relation to the improvement of energy efficiency for families, professionals and companies.
- Mortgage subrogation from another bank.

- Credit facilities to meet the short-term financing requirements of companies.
- Guarantees to guarantee future commitments.

Agreements have also been reached with other institutions, such as the Official Credit Institute (ICO), European Investment Fund (EIF) and Reciprocal Guarantee Companies (SGR), which supplement our range and enable us to provide companies and professionals with products and guarantees to facilitate the development of their investment projects and cover their working capital financing needs.

The Bank applies active management and continuous follow-up to its exposures to ensure their proper evolution and implements measures or corrections for those that require them. In addition, our Code of Good Practice reinforces the protection of mortgage debtors without resources, and regulates and limits certain conditions for the restructuring of mortgage loans.

## SOCIAL WELFARE

Caja de Ingenieros supports members in their decisions to meet their retirement pension goals. We have an in-house model that follows along the lines of service commitment and responsibility with members and with society.

In-house provision model:

- We produce the simulation of their retirement and a forecast of the state pension.
- We determine the target income to supplement the pension.
- We prepare different investment scenarios to meet the goal depending on the risk profile, investment preferences, and savings goals.
- Regular monitoring of their savings plan to adapt it whenever necessary, without losing sight of the target set.



# Prioritising security



The Bank provides members with digital analysis and financial information tools wide range of products available for contracting, and advisory and discretionary management services.

## Transparency and protection in the area of financial investment: MiFID II

**103-2** The Bank has internal mechanisms to comply with investor and market protection regulations, including the MiFID II Directive. Members are provided with digital analysis and financial information tools, a wide range of products available for contracting, and advisory and discretionary management services.

All investment products and services distributed incorporate, in accordance with the objective of improving transparency and investor protection, the following attributes:

- **Specialist and certified training of the professional team at the Caja de Ingenieros Group.** The Member Services team features a training plan, which guarantees the highest professional qualifications and official certification to inform on financial instruments and provide investment services.
- **Adoption of a dependent advisory model through the Bank's managers to support members in their investment decisions.** The investment recommendations within the advisory service adapt to the investment profile of each member, considering their investment goals, their financial situation, their knowledge, and their prior investment experience, as well as the timeframe for the investment.
- **Better execution** Caja de Ingenieros has a policy of better execution for orders from the Bank's members, through which all measures are applied to ensure the best result possible.
- **Transparency regarding fees, costs and incentives.** Information about the costs and expenses associated with each service and financial instrument, as well as any incentives that Caja de Ingenieros might obtain for the marketing of third-party products, is reported in accordance with MiFID II regulations.
- **Corporate governance.** The Bank increases the level of protection for investors with greater transparency in the information provided, as well as adaptation of the products to each member profile.





## Data protection

**103-2** The significance of privacy and data protection, particularly the disruption of digitisation and multi-channel services has led to the Caja de Ingenieros Group security policy, which is in line with the requirements of the information Security Management Systems Law.

**103-3** The Group's security strategy aligns all its efforts with the ISO 27001 Information Security Management Systems standard. In 2011, the Bank was certified for the first time by the company BSI, in a public commitment to protect the information of the business group's members. The certification was renewed in 2020, and will remain valid for the next three years. Privacy is an essential part of this management system, as the basis for business activities involves the processing of personal data considered sensitive.

The identification of legal and control requirements to prove that the information and privacy is protected appropriately. Furthermore, regular audits help detect inefficiencies and redirect them, if necessary.

Moreover, there are procedures in place to report, collect and deal with the rights of members that are included in the current General Data Protection Regulation (GDPR). The [website](#) informs of the way in which the Caja de Ingenieros Group processes personal data, with the explicit commitment not to transfer the data to anyone, unless legally obliged to do so.

The Bank has a data protection officer in its corporate organisational chart who is accessible to anyone wishing to make enquiries and who takes part in all the projects involving the processing of personal data. The Group also has special services related to the protection and management of data, such as the Cyber-risk policy, the CyberSOC 24/7 service, and the CSIRT service (specialist cyber-incident response team).





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# 09

## Social and environmental commitment



# Environmental commitment



			
Main areas	Objectives	Lines of action	Targets for 2023
<b>Fin &amp; Green</b> <b>Finances for sustainability</b>	To generate a positive impact on the environment through investment, financing and social welfare products and services.	Service and support for sustainability.  Catalogue of financial products for sustainability.	To mobilise 500 million euros in investment and financing for sustainability.
<b>Responsible and sustainable management</b>	To reduce the impact that our operations have on the environment.	Actions and policies to minimise the environmental risks of the Group and of its stakeholders: • Eco-efficiency in the organisation. • Suppliers	To reduce the CO <sub>2</sub> emissions of the Group by 20%.
<b>Partnerships for sustainability</b>	To work in partnership with the sector-based initiatives to transform the sector into sustainable finances, reducing their negative impact and increasing their positive impact.	Cooperation with sector-based initiatives.  Socio-environmental partnerships of the Caja de Ingenieros Foundation.	To align the activity of the Caja de Ingenieros Group with the UN Principles for Responsible Investment and Principles for Responsible Banking, and generate a positive impact on the environment.



## Towards a sustainable horizon

**103-2** The environmental management of the Caja de Ingenieros Group is established in the Group's Conecta 2023 strategic plan which is structured around its sustainable banking model generating positive impact.

**103-3** The Sustainable Horizon plan is deployed in three areas, the goals of which are indicated below.

The Sustainable Horizon plan is monitored by a governance structure. The Sustainable Financing Working Group is responsible for setting, measuring and controlling the goals of the plan. The Sustainable Financing Working Group was set up in 2018, headed by the Subdirector General of the Global Risk Management Area, which is formed by the general management teams of Caja Ingenieros Gestión and Caja Ingenieros Vida, the coordinator of the Caja de Ingenieros Foundation, the Subdirector General for the Business Area, the CSR and Communications Management, and the Marketing Management. This group reports the progress directly to the Management Committee, which then reports through the General Management to the Governing Board.

In addition, the Caja de Ingenieros Group includes all those working for the Group in its commitment. Therefore, within the training plan framework, climate-related risk and its financial implications form part of the programme established by the Governing Board and Senior Management. Furthermore, awareness activities are conducted for members to support them towards sustainability through a cycle of workshops on socially responsible investments (SRI).

Related information in:

CHAPTER 9: "SOCIAL COMMITMENT"  
SECTOR



Part of the Bank's environmental commitment is channelled through the Caja de Ingenieros Foundation, for which the environment and sustainability are among its areas of action. In 2020, 11% of the budget allocated to the Foundation was reserved for this cornerstone.

The specific activities that the Caja de Ingenieros Group performs to meet the goals of the Sustainable Horizon plan are indicated in detail below.



Part of the Bank's environmental commitment is channelled through the Caja de Ingenieros Foundation, for which the environment and sustainability are among its areas of action.



## FIN & GREEN: FINANCES FOR SUSTAINABILITY

The Bank seeks to streamline the transition of its members to an economy free of greenhouse gas emissions. Therefore, the Caja de Ingenieros Group has been developing products and services for years that include sustainability criteria. This has been possible thanks to the strengthening of the skills and abilities of all the team in this area. It currently provides members with a catalogue of products and services in all areas of distribution that include ESG criteria, investment funds and pension plans, which contribute towards sustainable development, all certified in line with the Principles for Responsible Investment.

### ECO loans

The product was designed in 2016 to improve the contribution of members to sustainability. It is a financing product to promote the improved energy efficiency of homes and premises (heat insulation, heating, low-consumption lighting, renewable energy sources, etc.) or to purchase eco-friendly (electric, hybrid, liquefied petroleum gas or natural gas) vehicles or energy class A or higher electrical appliances. This loan reduces the consumption of non-renewable energy and improves the output of the facilities.

## Ingenium Renting

The Group offers a renting system in which a variety of vehicles with low environmental impact has been selected.

- **100% electric.** This is the most ambitious and environment-friendly option in terms of emissions.
- **Hybrid.** Thanks to the combination of an electric engine and an optimised conventional engine, consumption and emissions are significantly reduced to provide a truly sustainable option.
- **Gas.** Vehicles using liquefied petroleum gas are increasingly popular among car owners. This is a more environment-friendly variety than conventional fuel. The Caja de Ingenieros Group has therefore included it in the options to be selected by its customers.

### Related information in:

SEE CHAPTER 8,  
"2020:  
A YEAR FULL OF CHALLENGES" SECTOR

## PARTNERSHIPS FOR SUSTAINABILITY

**102-13** Caja de Ingenieros participates actively in technical working groups that promote finances for sustainability in the sector or in Europe. Some of these include **Barcelona Centre Financer Europeu (BCFE) for Sustainability**, which forms part of the International Network of Financial Centres for Sustainability (FC4S), and the ESG (climate) Group of Experts of the European Association of Cooperative Banks. In 2020, the Group also joined the **CFA Society Spain Sustainability Committee** to promote responsible investment.

The Bank is also a member of the following leading sustainability networks and organisations both generally and in the banking sector:

- United Nations **Principles for Responsible Investment (PRI)**.
- United Nations **Principles for Responsible Banking**.
- United Nations **Global Compact**.
- **Carbon Disclosure Project (CDP)**, an independent non-profit organisation that runs the disclosure system for investors, companies, cities, states and regions to manage their environmental impact.
- **Climate Action 100+** An investor initiative launched in 2017 to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.



## RESPONSIBLE AND SUSTAINABLE MANAGEMENT

With regard to the environmental impact of its operations, the Caja de Ingenieros Group has set the goal of reducing its CO<sub>2</sub> emissions by 20% (scopes 1, 2 and 3), keeping its commitment to become a carbon-neutral organisation. To meet this goal, the Bank has developed a series of activities that work and have an impact on the following areas:

- **Energy consumption and reduction in its carbon footprint** by establishing a contract with the supplier of energy from 100% renewable sources.
- **Waste minimisation** through selective collection in separate bins in all of the Group's branches.
- **Reduction in paper consumption.** The digital signature has been implemented to avoid having to sign paper documents.

All these measures are extensively discussed below.

## Committed to reducing the carbon footprint

### Energy

As a result of Group activity, the greatest impact on climate change is caused by energy consumption and business travel. Caja de Ingenieros therefore ensures more efficient energy consumption by introducing improvements in its facilities and branches, where the main energy expense of the Bank occurs, energy consumption.

Through the four energy distributors that supply Caja de Ingenieros, 2020 consumption stood at the final figure of 1,638,656 kWh, 58.96% of which is renewable energy, 40.49% is non-renewable green energy, and 0.56% is non-renewable. Bearing in mind that electricity consumption in 2018 (base year) was 1,888,813 kWh, that the Bank had 30 branches at that time and that it had 36 in 2020, relative electricity consumption (kWh per branch) dropped by 13.3%.

A centralised temperature control has also been set up and the opening hours of the branches has been limited to maximise energy efficiency in all facilities.

Greenhouse gas emissions are being reduced through a drop in energy consumption. The group has established the following measures for this purpose:

- **Automation.** The branches have automation and control equipment and systems to reduce energy consumption, such as automatic on/off mechanisms in transitory areas.
- **Building automation technology.** The Group's facilities have building automation systems installed to effectively control the HVAC, lighting and other installations using energy.
- **Low-consumption LED bulbs.** In 2014, the relatively inefficient bulbs for the lighting system were replaced with low-consumption bulbs.

## CALCULATING THE CARBON FOOTPRINT OF THE CAJA DE INGENIEROS GROUP

The fight against climate change is everyone's responsibility. Thus, Caja de Ingenieros actively pursues to be part of the transition towards a low-carbon economy by reducing greenhouse gas (GHG) emissions and by offsetting the emissions resulting from its business.

Once again this year, the Bank's carbon footprint was calculated by rating the GHG emissions generated through the business of the Group (scope 1, 2 and 3). This calculation is made according to ISO Standard 14064:1-2012, based on the *Greenhouse Gas Protocol Corporate Accounting and Reporting Standard*, developed in the World Business Council for Sustainable Development. Using 2018 as a basis, and using widely recognised and standardised conversion factors in analyses of this type, the scopes are as follows:

- Scope 1: fleet fuel consumption.
- Scope 2: consumption of electricity.
- Scope 3: purchase of products and services, waste generation, business travel and travel to and from work by the workforce.

The results of the carbon footprint were calculated considering all possible direct and indirect impacts, and a margin of uncertainty was established to guarantee the high reliability of the results. The calculation results of the carbon footprint in 2020 are described in the following table.

Scope	Source	tCO <sub>2</sub> eq in 2018 (baseline year)	tCO <sub>2</sub> eq in 2019	tCO <sub>2</sub> eq in 2020
Scope 1	Own fleet	3.43	2.97	0.80
<b>Scope 1 total</b>		<b>3.43</b>	<b>2.97</b>	<b>0.80</b>
Scope 2	Electricity	13.66	472.73	181.87
<b>Scope 2 total</b>		<b>13.66</b>	<b>472.73</b>	<b>181.87</b>
Scope 3	Purchase of goods and services	403.25	283.47	254.02
	Waste generation	1.26	1.03	0.36
	Business travel	26.68	24.52	9.17
	Travel to and from work	365.28	352.75	160.82
<b>Scope 3 total</b>		<b>796.47</b>	<b>661.77</b>	<b>424.37</b>
<b>Total</b>		<b>813.57</b>	<b>1,137.47</b>	<b>607.04</b>

To calculate the estimated greenhouse gas emissions expressed in tons of CO<sub>2</sub> equivalent, the fugitive emissions of fluorinated gases from refrigeration equipment, the emissions from fleet transport and fuel (direct emissions: scope 1), electricity consumption (indirect emissions: scope 2), the purchase of goods and services, the processing of municipal waste (paper), business travel by Group employees using means of transport that do not belong to the organisation and travel to and from work by all employees (other indirect emissions: scope 3) were considered.

In general, the emission factors used are those published in the *Practical guide for the calculation of GHG emissions* by the Catalan Climate Change Office, in its March 2020 version. The energy combinations of the electricity retailers published in the April 2020 report of the National Commission on Financial Markets and Competition were also used. Finally, with regard to the purchase of goods and services, the factors of version 4.0 of the Paper Calculator by the Environmental Paper Network were used for paper consumption, and the Econivent 3.5 database for all other materials.

The emissions of the Caja de Ingenieros Group fell by 25% in comparison with 2018 (baseline year). Primarily, scope 1 emissions have been reduced (by 77%). The significant reduction in emissions associated to the consumption of electricity must be noted, with a drop of 61.5%. This was possible thanks to the amendment of the valid supply contract in 2019 to become 100% renewable energy.

Furthermore, the impact of the COVID-19 pandemic and the implementation of telework for part of the team, as well as the replacement of corporate travel with video conferences or other digital channels also led to a significant reduction in travel. All this had a direct impact on the reduction of fossil fuels, and scope 3 emissions fell by 47% in 2020.

## Reduction of scope 3 emissions

THE IMPACT OF THE COVID-19 PANDEMIC HAS HAD A DIRECT IMPACT ON SCOPE 3 EMISSIONS

# -47%

## GHG emissions per branch\*

Scope	tCO <sub>2</sub> eq in 2018	tCO <sub>2</sub> eq in 2019	tCO <sub>2</sub> eq in 2020	Evolution 2018-2020
Scope 1	0.11	0.09	0.02	-79%
Scope 2	0.46	14.77	5.51	1111%
Scope 3	26.55	20.68	12.93	-51%
<b>Total</b>	<b>27.12</b>	<b>35.55</b>	<b>18.46</b>	<b>-32%</b>

\* The Caja de Ingenieros Group had 33 branches at FY2020 end. The calculation of emissions included in the table is the average emissions per branch.

## OFFSETTING 100% OF EMISSIONS

Since 2018, the Caja de Ingenieros Group has been offsetting 100% of the carbon footprint generated by the Group's activity. In 2020, the emissions were offset that were generated through the Ambatolampy solar PV project, the largest solar power plant in Madagascar, which avoids the emission of 25,000 tonnes of CO<sub>2</sub> a year and generates clean energy equivalent to the consumption of 50,000 households a year. As well as the reduction in emissions, the benefits of the project include the generating of 80 stable jobs, and of reaching the goal of 80% of the energy used by the country coming from clean sources by 2030.

In 2019, the Caja de Ingenieros Group decided to register its carbon footprint as part of the Acuerdos Voluntarios programme promoted by the Catalan Climate Change Office. Joining the register means having to present the inventory of emissions by the organisation every year, along with the measures implemented to reduce them.

This year, in line with its commitment to fight climate change, it has renewed its membership and has reported its inventory for 2020.

Moreover and going beyond this commitment, Caja Ingenieros Gestión calculates the GHG emissions of the investment portfolio for the SRI funds it manages.

## RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE

In terms of managing the ESG risks and the risks associated with climate change, the risk management policy includes climate change within the context of the risk appetite, as indicated in the section on risk management. Along these lines, the Group promotes the skills to assess and measure energy transition risks associated with a process of adaptation towards a low-carbon economy.



Related information in:

CHAPTER 6, "CLIMATE CHANGE RISK"  
SECTION FOR MORE INFORMATION





INTERVIEW  
WITH THE  
CHAIRMANINTERVIEW  
WITH THE  
MANAGING  
DIRECTOR2020 IN  
FIGURES

ABOUT US

GOVERN-  
ANCE, ETHICS  
AND  
INTEGRITYRISK  
MANAGEMENT

THE PEOPLE

THE MEMBERS

SOCIAL  
AND ENVI-  
RONMENTAL  
COMMITMENTFINANCIAL  
INFORMATION

ANNEX

## Efficient, sustainable use of resources

The Bank seeks to minimise its impact on the environment. To do so, it implements, as far as possible, measures to improve efficiency in the use of the necessary resources for its business. These are primarily water and paper.

### WATER

In 2020, water consumption stood at 1,541 cubic metres, which is 42% down on the previous year. Despite the constant increase in the number of branches and professionals, the Bank gradually continues to reduce its consumption, and relative consumption per cubic metre has dropped by 48% in comparison with 2019.

### PAPER

Paper is one of the most highly used materials in the Group's work, which is why several initiatives are in place to promote its responsible use.

The digital signature project started in the last quarter of 2019 is showing its results, with an extremely significant reduction in the use of paper. This project aims to ensure members digitally sign any documents provided, thus eliminating the need to provide paper documents.

In 2020, paper expenditure dropped by 24%, and it had already been reduced considerably in previous years.

## Water consumption (m<sup>3</sup>)

	2018	2019	2020
Water consumption (m <sup>3</sup> )	2,874	2,677	1,541
Branches (n.o)	30	32	33
Relative water consumption (m <sup>3</sup> /branch)	95.80	83.65	85.61*

\* Calculation based on 18 branches for which the water supply contract is in the name of Caja de Ingenieros. For the other branches, water consumption is paid for by the lessor of the property. See details of consumption per branch in Annex I.

## Paper consumption (kg)

	2018	2019	2020
Virgin paper consumption	44,145	26,613	27,556
Recycled paper consumption	-	9,875	102
<b>Total paper</b>	<b>44,145</b>	<b>36,488</b>	<b>27,658</b>

Furthermore, because paper is the most heavily consumed material in the Bank, different initiatives have been launched to ensure its responsible use.

- **Eco-design criteria.** Environmental criteria are applied in the design of operating documents, in order to guarantee efficiency in the use of paper and saving on coloured ink.
- **FSC eco-label.** A high percentage of the paper purchased has the FSC label, a certification which proves that the paper used is from responsibly managed forests.
- **Digital banking.** Promoting digital banking avoids the use of considerable amounts of paper. Thus, members can conduct their procedures and make their enquiries on a computer or mobile device and receive any correspondence by e-mail.



## Minimising waste

### MOVE CARDS

In 2018, the Caja de Ingenieros Group launched the first biodegradable contactless card in the Spanish market, the Move card. For all other cards, there are cardboard boxes in each of the Bank's branches where cards that are no longer valid can be deposited. These cards are regularly collected and enter a recycling cycle. Group members can help generate less waste through these initiatives.

#### Respecting the environment

- Non-polluting production
- Biodegradable
- Recyclable

#### Exclusive conditions abroad

- Free of charge
- No fees on the first five withdrawals of cash from ATMs each month
- No currency exchange fees

### WASTE MANAGEMENT

The Group generated a total of 6,184 kilos of paper waste in 2020. This is a 66% reduction in comparison with 2019, hand in hand with the progressive drop in consumption, as was discussed above.

The Caja de Ingenieros Group works with a supplier, the Trinirove Foundation, to eliminate any paper waste, and this same foundation is also responsible for its recovery and recycling and employs people at risk of social exclusion.

Furthermore, given the type of business the Bank develops and the number of confidential documents used each day, the Caja de Ingenieros Group has a specific collection service for all confidential documents that are to be destroyed. This is commissioned to the social welfare enterprise Junan Serveis Solidaris, which generates opportunities for groups at risk of social exclusion.

In 2020, as well as paper, a total of 133 kilos of plastic waste was generated and was incorporated into the waste collection process of the Trinirove Foundation.

## Waste generated (kg)

	2018	2019	2020
Paper	22,372	18,182	6,184

# Social commitment

**103-2** The founding principles of the Caja de Ingenieros Group and its nature as a cooperative bank place the commitment and responsibility with the social and economic environment in which it operates are the centre of its strategy, along with shared value.

As well as creating value through its cooperative model, the Bank channels its commitment to society and social action through the Caja de Ingenieros Foundation, which devotes its resources to improving quality of life and wellbeing, to facilitating social and workplace reintegration, to protecting the environment and to fostering innovation, training and professional excellence.

The Caja de Ingenieros Group is committed to:

- Achieving full, productive and decent employment for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- Promoting the growth of SMEs through access to financial services, entrepreneurship and micro-companies. Along these lines, it is also committed to encouraging access to financial services by SMEs to promote inclusive, sustainable industrialisation.
- Significantly increasing the contribution of industry to employment and to the gross domestic product.
- Contributing to local development by prioritising the hiring of local suppliers.
- Integrate climate change measures into policies and strategies.
- Improving education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

The promoting of the Sustainable Development Goals (SDG), approved by the UN, and the Agenda 2030 for Sustainable Development are the first example of commitment by organisations worldwide to end poverty, protect the planet, and improve the lives and outlook of people through activities that help meet them, and to measure their impact on society.

Along these lines, the financial institutions play a key role in meeting the SDGs. Sustainable finances and socially responsible investment are essential in achieving real changes not only in the sector but in the rest of the business network and society. As indicated, the Caja de Ingenieros Group is aware of its potential as part of the financial system in structuring the social and economic development sought by the SDGs. Sustainable finances are at the centre of the Group's strategy because, from a cooperative banking viewpoint, they include the double perspective of economic development and socio-environmental impact, to which the Bank seeks to contribute through its activity.

Given the nature of its business activity, the Group's capacity for impact is focused specifically on three SDGs:

- SDG 8: Decent work and economic growth
- SDG 9: Industry, innovation and infrastructure
- SDG 13: Climate action



## Socioeconomic impact

### CONTRIBUTION TOWARDS THE BUSINESS NETWORK AND TO FAMILIES

Through corporate financing, members and Public Authorities, the Bank helps generate more jobs and supports a dynamic economy with greater financial capacity to do business and create value. In 2020, total financing granted amounted to 553,561 thousand euros, corresponding to 2,887 transactions.

Among others, the Bank offers:

- Mortgage loans for the purchase or renovation of retail premises or industrial units, where conditions are adapted to the ability to pay.
- Personal loans for the financing of current investments, studies and consumer goods. For example, the ECO Loan offers favourable conditions for the financing of investments in relation to the improvement of energy efficiency for families, professionals and companies.
- Credit facilities to meet the short-term financing requirements of companies.
- Guarantees to guarantee future commitments.

In 2020, loans were granted to companies and professionals to the sum of 161,374 thousand euros.

### BACKING THE FUTURE BY SUPPORTING YOUNGSTERS

The new generations have specific needs regarding service and financing, particularly as to their training, the start of their career or their enterprise projects.

Along these lines, the Caja de Ingenieros Group has a programme aimed at providing youngsters with access to the financial and insurance services they need, included in the Imagina programme. Through this programme, they can start managing their money, make and receive transfers, deposit their first pay cheque, obtain discounts on purchases with Ingenium Shopping Joven, secure financing for their university and postgraduate studies, buy their first car or motorcycle, travel abroad and take out insurance for young people. In 2020, the study loans offered amounted to a total of 1,343 thousand euros.

They are also provided with access to the entire digital environment 24 hours a day, from any part of the world, which enables them to enjoy highly advantageous terms for overseas travel, accident coverage, digital payments with IngenierosPAY, etc.

## Financing for families and companies

THE BANK HELPS GENERATE MORE JOBS AND SUPPORT A DYNAMIC ECONOMY WITH GREATER FINANCIAL CAPACITY TO DO BUSINESS AND CREATE VALUE.

**553,561**  
thousands of euros

### TAX PAYMENTS

Thanks to its tax payments, the Group helps create jobs and boosts local and national economy by complying with its suppliers. Thus, the Bank's business has a direct and indirect impact on its economy.



## Economic value generated and distributed

(Thousands of euros)	2018	2019	2020
<b>Generated economic value</b>	<b>60,011</b>	<b>69,029</b>	<b>73,431</b>
Interest margin	34,106	33,784	34,817
Fees for services, net	21,338	28,362	29,765
Other revenues, net	4,567	6,883	8,849
<b>Distributed economic value</b>	<b>49,381</b>	<b>50,274</b>	<b>50,839</b>
Public authorities: corporate income tax and other taxes and encumbrances	11,329	13,506	12,809
Suppliers: general administration expenses	12,699	12,411	12,881
Personnel: personnel expenses	22,422	24,357	23,628
Members: interest	2,930	-	1,521
<b>Retained economic value</b>	<b>10,630</b>	<b>18,755</b>	<b>22,592</b>
Social welfare fund and Foundation	710	840	526
Amortisation and provisions	1,688	5,706	12,227
Reserves	8,232	12,209	9,839

During the uncertainty caused by the COVID-19 health crisis and its economic and social consequences, published by the international and regulatory bodies, on 27 March 2020 the European Central Bank published the recommendation, which was also adopted by the Bank of Spain, to restrict the payment of dividends (understood as cash payments) and the purchase of treasury stock to strengthen solvency and provide the utmost support to the economy during these times of uncertainty. On 27 July 2020, the European Central Bank published a new recommendation that ratified the first and extended it until 1 January 2021. This new recommendation was once

again adopted by the Bank of Spain, and it explicitly indicated that it expected the banks under its supervision not to adopt any type of measure to provide their shareholders with cash remuneration until 1 January 2021. To comply with these recommendations and from a perspective of financial caution, the Governing Board of Caja de Ingenieros deemed it necessary to modify the proposed application of the available surplus and the distribution of earnings from financial year 2019 for Caja de Ingenieros. On 15 October 2020, the General Meeting of Shareholders approved the new proposed distribution of earnings (see

the proposed distribution of earnings for the financial year include in Section "10.2. Results of the annual report for financial year 2019").

### Related information in:

CHAPTER 10, "RESULTS OF THE ANNUAL REPORT FOR FINANCIAL YEAR 2019" SECTION



Given the tax treatment given to the interest paid by the contributions to the capital stock, when calculating the taxable base for corporate income tax, the non-remuneration of the contributions to the capital involved a modification of the earnings for financial year 2019 that, in turn, affected the surplus available for the financial year and, therefore, the minimum contributions to be made: 50% of the available surplus from the financial year to the obligatory reserve and 10% of said surplus to the Education and Promotion Fund, hence once again modifying the earnings from financial year 2019. Given the immateriality of the modifications to 2019 earnings, the Governing Board did not deem it appropriate to redraft the annual accounts for Caja de Ingenieros corresponding to financial year ending 31 December 2019, as produced on 31 March 2020.

The contribution of the Caja de Ingenieros Group to non-profit foundations and organisations stood at **163,764.01 euros** in financial year 2020, and stood at 102,467.08 euros in financial year 2019.

Contribution to  
non-profit  
foundations  
and  
organisations  
**163,764**  
euros

## Social action

Social action is primarily channelled through the Caja de Ingenieros Foundation, but the activity performed by the Institutional Banking segment in support of the groups of professionals and youngsters is worth noting.

### ACTION TO SUPPORT GROUPS OF PROFESSIONALS AND YOUNG PEOPLE

Insofar as Institutional Banking, the Bank has a department that is responsible for some of the work being carried out in the area of education, promotion and support for professional groups, in addition to the work of the Caja de Ingenieros Foundation described below. Included in this work are initiatives such as recognition of the best students through partnerships with universities, and support for promotional activities with associations, professional bodies, and foundations. In 2020, a total of 277,000 euros was allocated to these projects.

Contribution to  
groups of pro-  
fessionals and  
young people  
**277,000**  
euros

The following initiatives must be noted:<sup>22</sup>

- Collaboration agreements to foster activities in the groups of professionals, students and families.
- Contribution through collaboration agreements or sponsorship in educational Institutions (mostly universities) to support talent through the presenting of awards to the best grades and grants for the continued education of youngsters. Presence in employment forums and events promoting the proximity of Caja de Ingenieros with this segment.
- Reinforcement of the Group's commitment towards the institutions through the range of financial and insurance services to meet any needs they may have.

22. Annex III contains a list of the organisations with which the Caja de Ingenieros Group collaborates in this area.

## CAJA DE INGENIEROS FOUNDATION

Initially, the Caja de Ingenieros Group channelled its social activities through the "Asociación Sociocultural y Tecnológica de los Ingenieros". After more than forty years, this became the current Caja de Ingenieros Foundation, which has been working constantly since 2011 on improving the quality of life of people and achieving better social, educational and environmental development.

The Foundation is a private, non-profit organisation with the commitment to help improve society through a socially responsible ethical management model that is characterised by the cross-cutting nature of the strategy, the processes and the activities. Along with the encouragement of the collaborators and with the goal of creating value for society, the Foundation acts in three main areas:

- The environment and sustainability
- Re-incorporation into the workplace and social action
- Education, professional excellence and engineering

## Caja de Ingenieros Group Foundation figures in 2020

	2020	Cumulative since 2011
Projects and partnerships developed	55	539
Beneficiaries of grants, awards and training	493	3,040
Applications submitted for the enterprise projects	245	1,295
Channelled social investment	€500 thousand	€4,200 thousand

## Actions taken by the Foundation due to the pandemic

Helping vulnerable groups is one of the three lines of action of the Foundation. Therefore, in 2020, three lines of action were implemented in order to provide support and offer the necessary assistance to people who have suffered the most and who continue to suffer the consequences of the pandemic, along with all the volunteers who have made this assistance possible. The Foundation involved all members in these activities to ensure the most amount of help possible was provided. Thanks to donations by members and the contribution by the Foundation and by Caja de Ingenieros, a total of 80,000 euros was donated among the Red Cross, Cáritas and Amigos de los Mayores.

<b>Red Cross</b>	Healthcare material was purchased so that its volunteers can continue to safely help the most vulnerable during the pandemic.
<b>Cáritas</b>	The SAE project by Cáritas seeks to assist vulnerable groups and meet their basic needs, such as food and access to housing. This assistance is always temporary and is within the framework of the work plan that involves social integration. Thanks to the campaign to collect funds by Caja de Ingenieros, 195 people are to be assured the right to food for three months.
<b>Amigos de los Mayores</b>	This campaign provided emotional support for 815 elderly people suffering from loneliness or social isolation by sending them a Christmas hamper. Given that many elderly people feel lonely due to the difficulties of celebrating a traditional Christmas lunch, Amigos de los Mayores showed it cared by giving our Christmas hampers through a friend. This is a small yet important gesture to let them know that, however long it takes to overcome this crisis, they will come through it together, sharing and feeding from their company.

## THE ENVIRONMENT AND SUSTAINABILITY

Collaboration or partnerships were established in 2020 with:

- Pau Costa Foundation
- Sèlvans
- AA ARCHITECT
- Vicente Ferrer Foundation
- Ingeniería Sin Fronteras
- ONGAWA
- Greennova Foundation



## RE-INCORPORATION INTO THE WORKPLACE AND SOCIAL ACTION

Organisations and entities with which the Foundation of the Caja de Ingenieros Group collaborates:

- Red Cross
- Cáritas
- Autónoma Solidaria Foundation
- Amigos de los Mayores Foundation
- Palau de la Música
- Formació i Treball
- Pere Claver Foundation
- IRES Foundation
- Ingeniería para la Cooperación-Lankidetzarako Ingeniaritza





## EDUCATION, PROFESSIONAL EXCELLENCE AND ENGINEERING

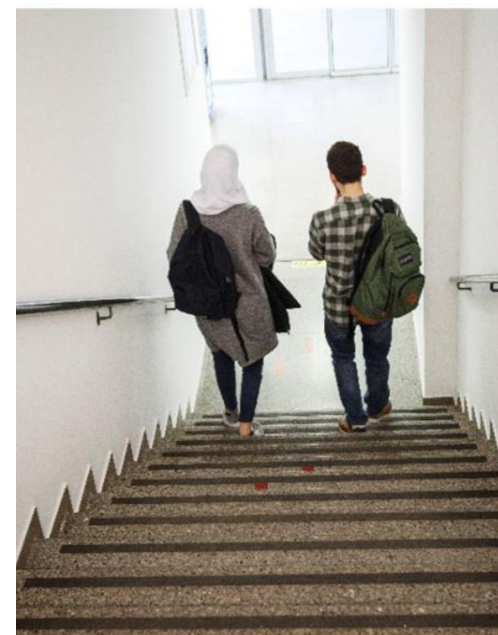
The Foundation promotes academic training through donations for grants and awards, and professional development. It also fosters research activities that help improve the employment and business world, and promote engineering.<sup>23</sup>

The activities performed by the Foundation within this area of activity are highlighted below.

- **Foundation training courses.** The goal is to promote re-incorporation into the workplace of unemployed members and helping young people get a foothold in the employment market. In 2020, five sessions were organised, for which there were 400 subscriptions.
- **8th Enterprise Award.** Its goal is to reward the talent and professional excellence of startups in the area of science, technology, innovation and sustainability in order to promote their business and benefit their development. More than 100 startups registered for this 8th edition.

- **3rd Isabel P. Trabal Innovative Ideas Award.** The goal is to promote the transforming of business ideas into companies. The award is aimed at promoting and developing projects in their initial stage that are related to science, technology, innovation and sustainability. More than 140 ideas were submitted in 2020.

Furthermore, the Caja de Ingenieros Foundation produces publications to provide its members with information on financial matters. Along these lines, the *Social welfare guide* was published in 2020, along with the second edition of the *Investment guide*, so that members can extend their knowledge in this area.



23. Annex III contains a list of the organisations with which the Caja de Ingenieros Foundation collaborates in this area.

## PARTNERSHIPS AND COLLABORATIONS WITH OTHER BANKS

The Foundation contributes to society in line with the annual plan prepared by the Board of Trustees. This is implemented through our own activities and supporting initiatives by other institutions, as mentioned beforehand.

Social investment by the Foundation in 2020 stood at €500,440.



# Investment in the community

# 500,440

euros

	Description	2018	2019	2020*
Investment 1	Environment and sustainability projects (€)	58,500	73,500	54,500
Investment 2	Re-incorporation into the workplace and social action (€)	71,100	92,555	110,947
Investment 3	Education, professional excellence and engineering (€)	375,175	361,330	334,993
<b>Total</b>		<b>504,775</b>	<b>527,385</b>	<b>500,440</b>

\* Investment in the community has dropped in comparison with 2019 due to the fact that certain projects that were approved by the Board could not be carried out due to reasons not attributable to the Foundation.

**EDUCATION AND PROMOTION FUND (FEP)**

The Education and Promotion Fund (FEP) involves activities to benefit members and professionals, as well as the community in general, for educational and social purposes and to foster the development of cooperativism. It is supported by the Credit Cooperatives law 13/1989 of 26 May, partially amended by the Cooperative Tax System Law 20/1990 of 19 December. As a result of this regulation, Caja de Ingenieros applies at least 10% of its net annual surplus to the FEP.

The Education and Promotion Fund seeks to finance activities for:

- Training and education of members and staff in cooperative principles and values or in specific areas that contribute to business activities.
- Publicising cooperatives and fostering inter-cooperative relations.
- Cultural, professional and social welfare promotion of the local environment and community in general, as well as improving quality of life, community development and environmental protection actions.

In 2020, the budget for the FEP stood at 799,000 euros, the distribution of which, approved by the General Meeting of Shareholder, was as indicated below.

Budget for FEP

**799,000**

euros

Description	2020 (thousands of €)	2021 budget (thousands of €)
Training for members and personnel	174	350
Inter-cooperative relations promotion	25	35
Cultural promotion of the environment	600	350
<b>Total</b>	<b>799</b>	<b>735</b>

## Suppliers: extended social and environmental commitment

**103-2 103-3** The activity of the Caja de Ingenieros Group has a positive indirect impact on society and helps generate employment and in the growth of SMEs. In 2020, 48.19% of the suppliers<sup>24</sup> of products and services were local (local being understood as suppliers with head offices in Catalonia), with an associated turnover of 12,691,493.03 euros (6% up on 2019).

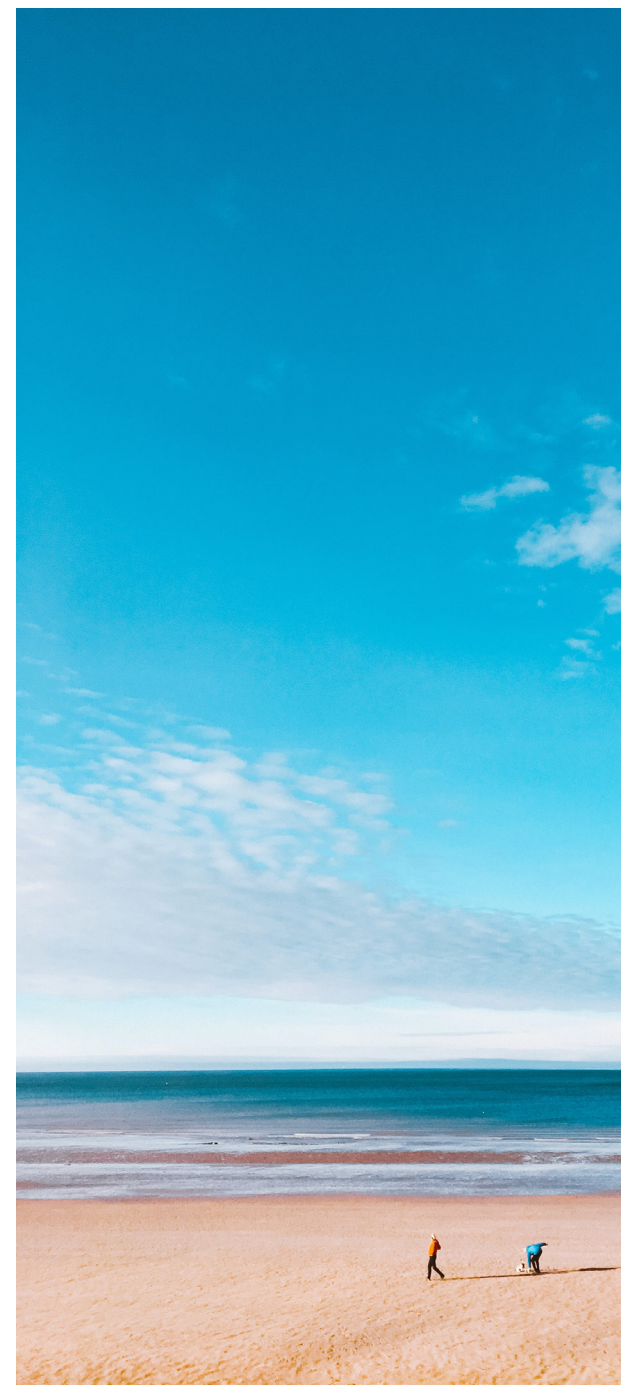
In addition to this social and economic impact, the Group wants to extend the protection of labour rights and the promotion of a safe working environment throughout its supply chain and encourage the creation of decent work both directly and indirectly. To do so, it performs an assessment on its suppliers.

### ENVIRONMENTAL AND SOCIAL ASSESSMENT OF SUPPLIERS

The Group highly values the fact that its suppliers have certificates and commitments regarding the improvement of the environment, governance and the social environment. Its **purchasing policy** specifies that suppliers involved in practices contrary to sustainability and environmental preservation must be avoided, and suppliers with certificates or policies and contractual undertakings that aim to improve environmental, governance or social areas (depending on the purchase and nature of the service) must be positively valued.

**308-1** In terms of the assessment and selection processes for new suppliers in 2020, 100% of them were assessed and selected in line with certain minimum requirements of Caja de Ingenieros, including environmental issues.

24. The data reported refer to Caja de los Ingenieros S. Coop. de Crédito and does not include data from the other subsidiaries of the Caja de Ingenieros Group. 97% of the purchasing volume is by the Group's parent company and the purchasing volume of the subsidiaries is not representative in comparison with the total weight of the Group.





# Responsible banking and investment in the DNA of the Caja de Ingenieros Group

Socially responsible investments (SRI) have been a priority for many years in the Caja de Ingenieros Group. At the end of 2020, the volume managed in SRI stood at 407 million euros, 12% more than the investment funds and pension plans managed in 2019 under this investment philosophy.

Since the start of its activity, the Caja de Ingenieros Group has prioritised socially responsible investment (SRI). The Bank registered an SRI fund in 2006 and was one of the first banks to do so, and the first in Spain.

Socially responsible investment incorporates ethical, social and environmental criteria (ESG issues) into the investment decision-making process, in addition to the traditional financial criteria. These criteria provide a qualitative view of the companies and, therefore, not only are their economic and financial results or their growth expectations considered, but also their policies of good governance, their activities within society and the degree of integration of measures to preserve the surroundings and the environment. This analysis allows for investment risks to be reduced, and helps ensure the impact of the investment is positive.

## PARTNERSHIPS FOR SOCIALLY RESPONSIBLE INVESTMENT

In 2014, Caja Ingenieros Gestión joined the United Nations Principles for Responsible Investment (PRI) under the supervision of the UN Environmental Programme Finance Initiative and the UN Global Compact.

In June 2020, Caja de Ingenieros joined the UN Environmental Programme Finance Initiative (UNEP FI). The goal of this initiative is to create a financial sector with a positive impact that serves people and the planet.

The UNEP FI promotes six principles for responsible banking, the goals of which are:

- To create a framework and lines of work to guide the financial sector towards a model that helps have a positive impact on society.
- To strengthen confidence and commitment with the customer.
- To enable banks to credibly prove and communicate their purpose and contribution to society.
- To establish the global reference point for responsible banking and safeguard practical guidelines to do so.

The Bank has been a member of Spainsif since 2013. This is a non-profit association that fosters the integration of environmental, social and good governance criteria into investment policies in order to promote SRI in Spain.



As well as having specific SRI products, for the other products without this classification Caja de Ingenieros Gestión applies exclusion criteria, such as not investing in the sovereign debt of countries classified as having an average or low human development index according to the UN, and manufacturers of weapons, explosives, or military vehicles, manufactures of specific components for the military industry, tobacco manufacturers, and other companies for which more than 30% of their revenues is from the tobacco sector.

This means that, in 2020, more than one third of the managed equity in funds and plans follows socially responsible investment criteria and is certified by AENOR as socially responsible financial products. The Bank wants to go further and, through its Sustainable Horizon plan, is committed to developing new responsible banking measures —such as the incorporation of an energy transition rating for the investment portfolio—, to double the number of sustainable credit investments and to reach 50% of managed equity in SRI investment funds and pension plans. For all the funds managed by the Group, the investment policy follows the PRI promoted by the UNEP FI and the United Nations Global Compact.

As proof of the aforementioned, members have been offered different products such as the [Fonengin ISR, FI](#) investment fund and the SRI [CI Global Sustainability ISR, Pension plan](#). We took a final step forward in improving the living conditions on the planet in 2019 through the creation of the [CdE ODS Impact ISR, FI](#), fund, which seeks to implement SDGs into its investments.

The [CI Climate Sustainability ISR, PP](#) (first climate-related pension plan in Spain) was developed in 2016 and the [CI Environment ISR, FI](#) (first environment-focused fund) in 2017.



More than one third of the managed equity in funds and Plans follows socially responsible investment criteria.





## Responsible investment funds and plans

### Investment funds

- CI Environment ISR, FI
- Fonengin ISR, FI
- CdE ODS Impact ISR, FI

### Pension plans

- CI Climate Sustainability ISR, PP
- CI Global Sustainability ISR, PP



“Our SRI funds have a measurable impact. In fact, we monitor the percentage of SRI strategies that help meet the SDGs. Furthermore, for more tangible information, we have started to determine in the short and medium term how many millions of euros of sales by each company have repercussions on each SDG”.

**Xosé Garrido, current manager of Fonengin ISR, FI**



## CI ENVIRONMENT ISR, FI

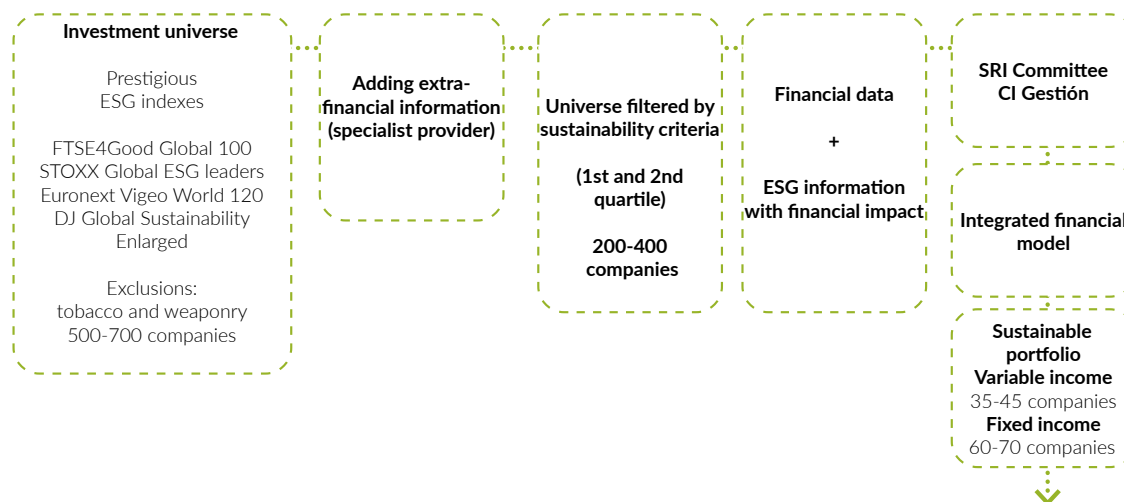
The Caja de Ingenieros Group has the clear purpose of promoting the fight against climate change through investment in companies. With this goal in mind, in 2017 the Bank created the CI Environment ISR, in which the Group's principles of responsible investment and sustainability are applied and investments are made in companies with a clear commitment to care for the environment.

The criteria used by the CI Environment ISR are managed using an investment model that is aimed at obtaining sustainable yield from the following perspectives:

- **Environmental** Investment in leading companies in the fight against climate change and that invest in R&D provide a better position with regard to environmental risks.
- **Socially responsible investment (SRI)** The Caja Ingenieros Gestión model also includes the management of the social and good governance aspects of companies and integrates them into the selection of investments.
- **Financial.** Integration of the financial analysis allows for a portfolio of companies to be built with solid balance sheets, high cash flow, significant yield on resources used and great long-term appreciation potential.

## FONENGIN ISR, FI

The Fonengin ISR is the first socially responsible investment fund of the Caja de Ingenieros Group and has the highest sustainability ranking by Morningstar. This is a mixed international fixed-income fund that promotes socially responsible investments by integrating environmental, social and governance (ESG) criteria in traditional financial analysis and favouring sustainable long-term investments.



The Fonengin ISR monitors the repercussions generated by its socially responsible investment through reporting to analyse the impact of its investment portfolio.

Generating positive impact	Fonengin ISR	MSCI World	Difference
Percentage of revenues by companies in the portfolio that contribute towards sustainable impact solutions during financial year 2020.	17.40%	6.90%	+10.5%
Annual revenues generated by the companies in the products and services portfolio that provide sustainable impact solutions for every million dollars of investment in Fonengin ISR or in the index during financial year 2020.	\$ 91,969	\$ 51,865	\$ +40,104 (+77% in comparison with the reference rate)

Source: MSCI at 31 December 2020. MSCI Inc is a US weighting company for investment capital funds, debt, security market indexes, hedging funds and other portfolio analysis tools. Reference rate based on components of the IBOXX Euro Sovereign 3-5 years, Dow Jones Sustainability World Index and Bloomberg Barclays Euro Corporate 1-5 Year Bond Index.



## CdE ODS IMPACT ISR, FI

The CdE ODS Impact ISR has a positive impact on meeting the SDGs and gives priority to companies involved in business that contributing towards meeting them. This ensures:

- **Sustainable goal.** The companies in which the fund invests not only practice responsible management, but are also innovators in their sector and promote the change in the current economic model to one that is more sustainable and responsible.
- **Measurable impact.** Investment in the fund is measurable and, therefore, the meeting of the goals can be monitored, e.g. Using the percentage of sales with an impact on SDGs in relation to total sales.

This fund invests using the 2030 Agenda for Sustainable Development as a reference and has an impact on three of its goals.

83% of the corporate portfolio of the CdE ODS Impact ISR has a positive impact on one or more SDGs. An investment of 1,000,000 euros in the CdE ODS Impact ISR generates 335,026 euros of positive impact on the SDGs.



### EDUCATION

Gender equality in access to education and free access to primary and secondary education, as well as increase in the number of grants in developing countries. When people access quality education, their possibilities of escaping poverty increase. Education also helps reduce social inequalities and helps ensure gender equality.



### WATER

Efficient use of water resources, universal and easy access to drinking water, improvement to the quality of water, and reduction in pollution.

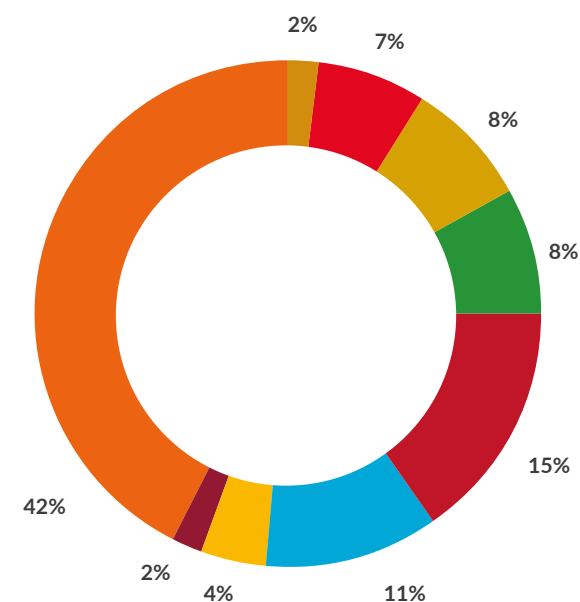


### INFRASTRUCTURE

Development of sustainable infrastructures that support economic development, transition to clean and sustainable industrial processes, and increased access to the internet and to technology in developing countries.



Source: prepared by the authors. Distribution based on 100% of the corporate portfolio with a positive impact according to MSCI and CI Gestión. MSCI data at 30 September 2020.



**CI CLIMATE SUSTAINABILITY ISR, PP**

The Caja de Ingenieros Group believes that support for the decarbonisation of the economy is of great strategic importance and, therefore, promotes projects and investments that contribute towards a relatively non-intensive society in the use of coal.

With the CI Climate Sustainability ISR, a sustainable footprint is left on the path towards retirement through responsible and sustainable investment in companies that are committed to respecting the environment. Through the welfare advisory model of the Caja de Ingenieros Group, members are supported in their decision making to meet pension goals for their retirement, and they are provided with all the experience and knowledge of the Bank, with a model that is in line with the service and responsibility commitment acquired with the entire member base.

The criteria for these pension plans are divided into the following areas:

- **Environmental.** Investment in leading companies in innovation and the fight against climate change.
- **Socially responsible investment (SRI).** The Caja Ingenieros Vida y Pensiones model also includes the management of the social and good governance aspects of companies and integrates them into the selection of investments.
- **Financial.** Integration of the financial analysis allows for a portfolio of companies to be built with solid balance sheets, high cash flow, significant yield on resources used and great long-term appreciation potential.

**CI GLOBAL SUSTAINABILITY ISR, PP**

Up to 30% is invested in variable income assets through the CI Global Sustainability ISR, selecting international companies included in indexes that use extra-financial criteria (ethical, social, environmental and corporate social responsibility).

The Global Sustainability ISR pension plan is AENOR-certified in Spain, which acknowledges the social and environmental approach of its investment.



Another noteworthy milestone in 2020 was the fact that Caja de Ingenieros joined the Tobacco-Free Finance Pledge initiative. This makes it the first bank and the first management fund in Spain to join this initiative.

## SRI events

In order to announce our spirit of social and environmental responsibility, the Caja de Ingenieros Group organises different promotional activities. The following activities to promote the SRI practices are highlighted for 2020.

### WEBINARS FOR MEMBERS

Within the programme of events for members, two digital meetings have been organised regarding sustainable finance: "Socially responsible investment and return during COVID-19" and "Socially responsible investment, a wealth reserve during COVID-19". Caja Ingenieros Gestión and Caja Ingenieros Vida also took part in the online meeting during the Socially Responsible Investment Week organised by Spainsif.

### PUBLICATION OF THE MONTREAL PLEDGE REPORT

In February 2020, Caja Ingenieros Gestión collaborated in the *Montreal Pledge Report*, arising on initiative of the PRI, to promote a reduction in the carbon footprint in investments:

The Caja Ingenieros Gestión Group acquired the commitment to publish the carbon footprint of the investments it manages through investment funds each year.

## 2020 SRI commitments

### TOBACCO-FREE FINANCE PLEDGE

Another noteworthy milestone in 2020 was the fact that Caja de Ingenieros joined the Tobacco-Free Finance Pledge initiative. This makes it the first bank and the first management fund in Spain to join this initiative.

This programme by Tobacco Free Portfolios was developed in collaboration with the UN Environmental Programme Financing Initiative (UNEP FI), the Principles for Sustainable Insurance (PSI), and the Principles for Responsible Investment (PRI), in which 153 international institutions from 22 countries took part.

The goal of Tobacco-Free Finance Pledge is to help reduce tobacco consumption worldwide thanks to the capacity to act of the financial sector through its investments. It promotes different activities, such as highlighting the leadership of the financial institutions that have implemented financing policies without including the tobacco sector and promoting others that do, classifying tobacco in the corporate agenda as a high-risk product and industry, and eliminating opportunities for possible collaborations, cutting ties between financial and corporate associations and the companies from this sector, raising awareness in financial institutions as to the essential role they must play to help effectively control the consumption of this product and encourage the transition towards financial policies free from this sector.

## PRI-CLIMATE ACTION 100+

Climate Action 100+ is an initiative by investors to ensure the world's largest corporate greenhouse gas (GHG) emitters take necessary action on climate change. The companies include one hundred systemically important emitters, accounting for two-thirds of annual global industrial emissions, alongside another sixty others with significant opportunity to drive the clean energy transition.

Climate Action 100+ requires investors sign the commitment statement. The public statement expounds the commitment and expectations of the signatories, who may also be shareholders of the companies at the centre of the initiative. To date, it has been signed by more than three hundred and twenty organisations from dozens of countries, managing over 33 billion US dollars as a whole.

The signatories of Climate Action 100+ are asking the boards of directors and senior management of the companies to:

- Implement a framework of solid governance that clearly structures the responsibility and supervision of the board of directors on the risks and opportunities of climate change.
- Take measures to reduce GHG emissions along the value chain.
- Provide better quality corporate information with the final recommendations of the task force on climate-related financial disclosures and, where appropriate, of the Global Investor Coalition on Climate Change.





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## Financial information



# Relevant data

2020 was marked by the economic difficulty due to the COVID-19 health crisis, with a significant negative impact on the financial situation of businesses and households. Despite all this, the Group continued to maintain an optimum level of its main indicators and increased its turnover. It also provided support to families and businesses to tackle the economic and social repercussions of COVID-19, and has increase credit risk hedging to anticipate any impact on the economic activity associated to current times.

Results	2020	2019	2018	2017	2016
Interest margin	34,734	33,728	34,106	37,147	36,381
Gross margin	71,552	67,186	58,258	63,035	57,275
Result of the operating activity	13,113	14,373	11,655	13,439	12,598
Profits or (losses) before taxes from ongoing activities	12,532	14,566	12,047	13,624	12,960
Consolidated result for the financial year	11,360	12,822	11,162	12,240	12,021
Balance sheet	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
<b>Total assets</b>	<b>4,225,100</b>	<b>3,894,425</b>	<b>3,227,111</b>	<b>2,798,683</b>	<b>2,709,996</b>
<b>Cash, cash balances in central banks and other demand deposits</b>	<b>384,641</b>	<b>448,216</b>	<b>100,309</b>	<b>113,728</b>	<b>50,069</b>
<b>Loans and advances</b>	<b>1,994,118</b>	<b>1,814,356</b>	<b>1,695,200</b>	<b>1,629,915</b>	<b>1,549,841</b>
Of which: Net lending to customers	1,984,970	1,804,508	1,687,225	1,624,086	1,528,813
Gross lending to customers <sup>(1) (2)</sup>	1,980,690	1,799,885	1,697,104	1,611,341	1,551,626
<b>Fixed income investments</b>	<b>1,721,992</b>	<b>1,517,331</b>	<b>1,338,755</b>	<b>976,258</b>	<b>1,043,154</b>
Financial assets held for trading	15,217	14,532	12,041	7,430	22,001
Financial assets designated at fair value with changes in earnings	2,100	2,102	-	2,547	2,455
Financial assets at fair value with changes in other overall earnings	789,307	803,551	767,804	755,919	804,148
Financial assets at amortised cost	915,368	697,146	558,910	210,362	214,550
<b>Resources managed in balance sheet <sup>(1) (2)</sup></b>	<b>3,644,787</b>	<b>3,337,913</b>	<b>2,762,080</b>	<b>2,377,618</b>	<b>2,310,152</b>
Customer deposits (including ACC)	3,423,706	2,956,433	2,631,713	2,034,675	2,115,146
Other resources	221,081	381,480	130,367	342,943	195,006
<b>Off-balance-sheet managed funds</b>	<b>2,145,573</b>	<b>2,005,325</b>	<b>1,731,022</b>	<b>1,761,402</b>	<b>1,594,607</b>
Investment funds	1,115,000	989,538	845,281	880,528	765,072
Fixed and variable income securities	404,066	447,609	425,691	468,601	452,996
Life-saving, pensions and retirement	626,507	568,178	460,050	412,273	376,539
<b>Managed customer resources <sup>(1) (2)</sup></b>	<b>5,569,279</b>	<b>4,961,758</b>	<b>4,362,735</b>	<b>3,796,077</b>	<b>3,709,753</b>
<b>Turnover <sup>(1) (2)</sup></b>	<b>7,771,050</b>	<b>7,143,123</b>	<b>6,190,206</b>	<b>5,750,361</b>	<b>5,456,385</b>
<b>Equity</b>	<b>243,954</b>	<b>227,974</b>	<b>183,982</b>	<b>190,862</b>	<b>187,952</b>
Capital and reserves	212,488	200,100	165,059	154,552	145,229
<b>Performance and return</b>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Performance ratio <sup>(3)</sup>	74.50%	77.64%	82.13%	80.40%	84.77%
ROA <sup>(4)</sup>	0.28%	0.36%	0.37%	0.44%	0.48%
ROE <sup>(5)</sup>	5.40%	7.19%	6.87%	7.98%	8.37%
<b>Credit risk management</b>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
Total risks <sup>(2) (6)</sup>	1,980,690	1,807,610	1,706,702	1,622,927	1,571,504
Bad debt balances	54,540	51,274	47,344	54,030	56,604
Credit loss hedging	27,841	24,540	27,428	29,325	34,151
Default rate	2.75%	2.84%	2.77%	3.33%	3.60%
Coverage ratio	51.05%	47.86%	57.93%	54.28%	60.33%

Amounts expressed in thousands of euros.

(1) Not including value adjustments. (2) Data referenced to the reserved balance sheet. (3) Administration expenses plus amortisations on gross margin (subtracting FOS).

(4) Year earnings after tax on total average assets for the period. (5) Year earnings after tax on average equity (subtracting the year earnings) for the period.

(6) Includes the amount pending amortisation of the securitisations prior to 1 January 2004.

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# Activities report



The total assets of the Group at 31 December 2020 stood at 4,225,100 thousand euros, which is an increase of 8.49% in relative terms.

## Assets

The total [assets](#) of the Group at 31 December 2020 stood at 4,225,100 thousand euros, in comparison with the 3,894,425 thousand euros at FY 2019 end, which is an increase of 330,675 thousand euros (8.49% in relative terms). This increase basically responds to a significant rise in lending to customers and in investment in debt securities for the sums of 180,462 and 204,661 thousand euros, respectively.

### Evolution of assets (in millions of euros)



### Lending to customers

[Lending to customers](#), which is recorded under the loans and advances heading of the financial assets at amortised cost portfolio, amounted to 1,984,970 thousand euros at 31 December 2020, compared with the 1,804,508 thousand euros at FY 2019 end, which is an increase of 180,462 thousand euros (10.00% in relative terms).

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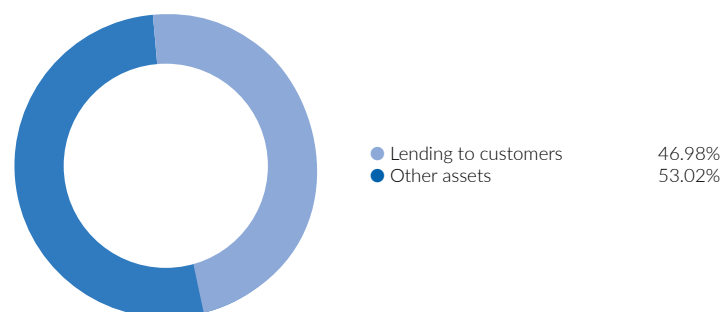
Lending to customers at 31 December 2020 accounted for 68.22% of the financial assets at amortised cost portfolio and 46.98% of total assets.

### Evolution of lending to customers (in millions of euros)



Lending to customers at 31 December 2020 accounted for 68.22% of the financial assets at amortised cost portfolio and 46.98% of total assets.

### Lending to customers and other assets in relation to total assets (%)





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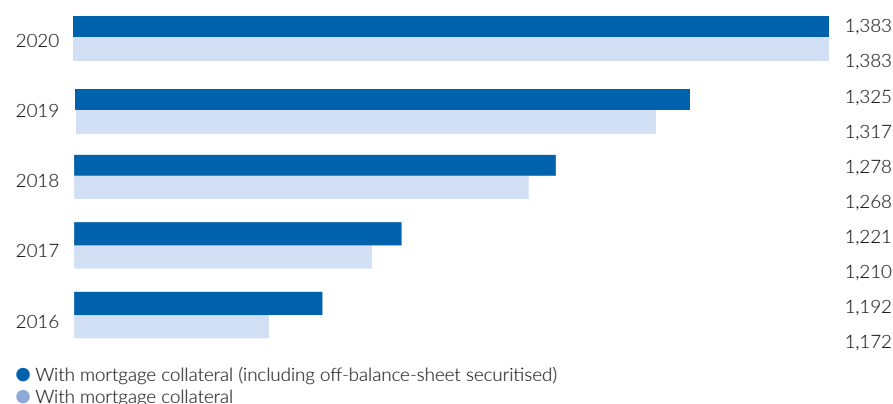
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Within lending  
to customers,  
mortgage loans  
increased by 65,420  
thousand euros (4.97% in  
relative terms) to stand at  
1,382,908 thousand euros.

Within lending to customers, **mortgage loans** increased by 65,420 thousand euros (4.97% in relative terms) to stand at 1,382,908 thousand euros by 2020-end, compared with the 1,317,488 thousand euros of the previous year. This portfolio represented 69.67% of total lending to customers and 32.73% of total assets on said date.

### Evolution of mortgage loans to customers (in millions of euros)



The number of secured mortgage loan transactions signed during 2020 amounted to 1,101, with the total sum of new financing granted standing at 182,399 thousand euros.

Lending to customers **without collateral** increased by 106,417 thousand euros (29.73% in relative terms) to stand at 464,350 thousand euros by 2020-end, compared with the 357,933 thousand euros of the previous year. The number of unsecured loan transactions signed during 2020 amounted to 1,701, with the total sum of new financing granted standing at 361,749 thousand euros.

Total financing for lending to customers, also considering lending to customers **with other collateral**, granted in FY 2020 amounted to 556,561 thousand euros in comparison with the 381,309 thousand euros recorded at 2019-end, which correspond to 2,888 transactions (2,852 transactions in 2019).



The distribution and evolution of lending to customers show that good lending quality is maintained, supported primarily by collateral, mostly mortgage.

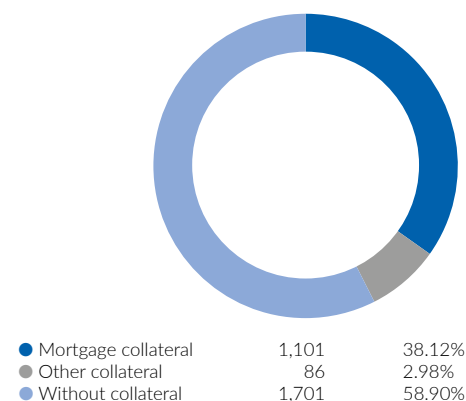
The financing granted to members to provide financial support to families and businesses to tackle the economic and social impact of COVID-19 is indicated below:

- Transactions with a mortgage guarantee included in legal moratoriums: moratoriums were granted to a total of 99 transactions for a gross sum of 14,834 thousand euros.
- Transactions with personal guarantee included in legal moratoriums: moratoriums were granted to a total of 20 transactions for a gross sum of 374 thousand euros.
- Lending to the self-employed, SMEs and companies with public guarantee: 353 new transactions were granted for a total sum of 45,939 thousand euros, guaranteed by Instituto de Crédito Oficial (ICO).

The [distribution and evolution of lending to customers](#) show that good lending quality is maintained, supported primarily by collateral, mostly mortgage.

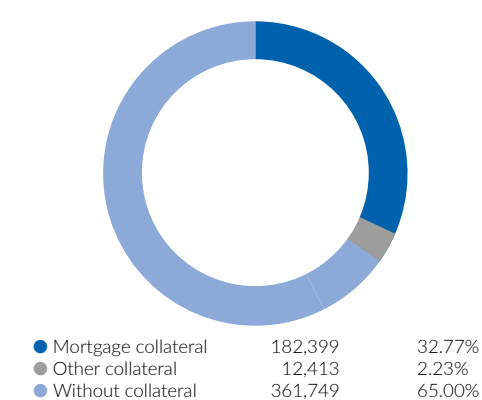
### Breakdown of the number of new loans and credit transactions

(number of transactions and %)



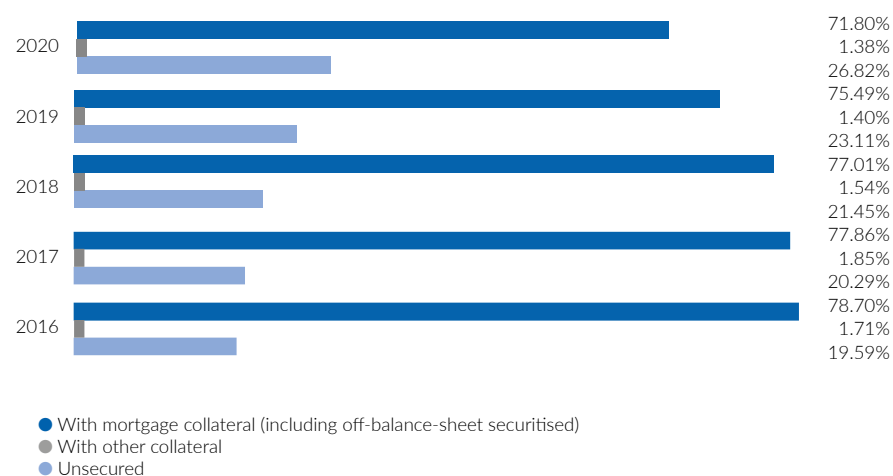
### Breakdown of the sum of new loans and credit transactions

(amount in thousands of euros and %)



The following chart shows the evolution of distribution of the collateral supporting lending to customers at normal risk and normal risk under special surveillance.

### Evolution of the breakdown of lending to customers with normal risk and normal risk under special surveillance by type of guarantee (%)



Lending [with mortgage collateral to households](#) for the purchase of homes represented 80.87% of lending with mortgage collateral. 90.53% of this lending had a loan to value (LTV) lower than or equal to 80%, using appropriately updated appraisals at 31 December 2020 as a reference for calculation, according to the breakdown by LTV shown below.

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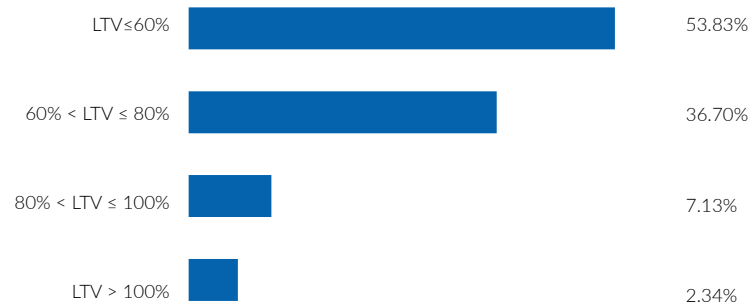


Mortgage loans to households for the purchase of homes accounts for 80.87% of all mortgage loans.



Doubtful credit at 31 December 2020 stood at 54,540 thousand euros in comparison with the 51,274 thousand euros at the end of the previous financial year.

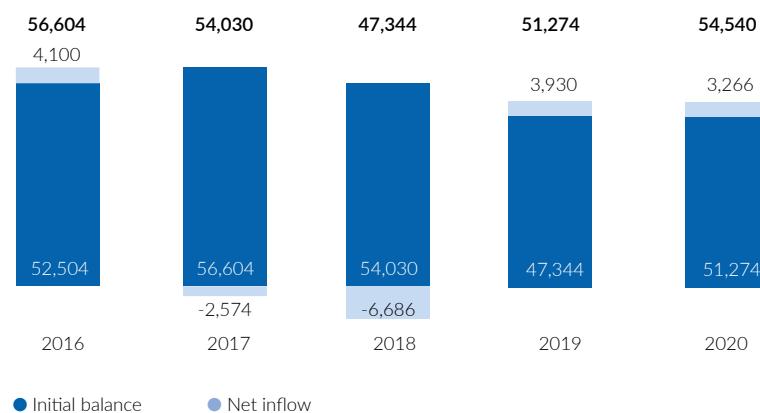
### LTV breakdown of mortgage lending to households for home purchases (%)



In addition, [refinancing and restructuring transactions](#) fell by 14.72% and stood at 15,483 thousand euros at the end of financial year 2020 (compared with the 18,156 thousand euros at 31 December 2019), representing 0.78% of total lending to customers.

[Doubtful credit](#) at 31 December 2020 stood at 54,540 thousand euros in comparison with the 51,274 thousand euros at the end of the previous financial year.

### Evolution of doubtful credit (in thousands of euros)





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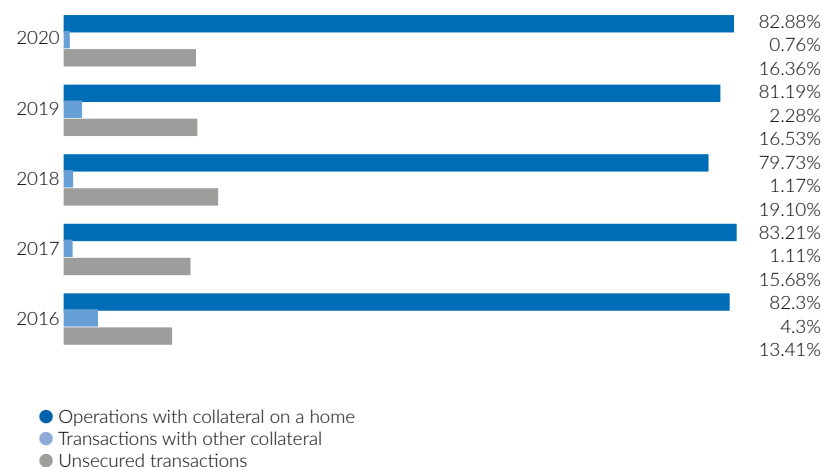


Doubtful credit at 31 December 2020 broke down as 45,201 thousand euros corresponding to the mortgage loans and lending portfolio and 9,339 thousand euros corresponding to other loans and lending, representing 82.88% and 17.12%, respectively.

Doubtful credit at 31 December 2020 broke down as 45,201 thousand euros corresponding to the secured mortgage loans and lending portfolio and 9,339 thousand euros corresponding to other loans and lending, representing 82.88% and 17.12%, respectively.

The following graph shows the evolution of the distribution of guarantees for doubtful credit.

### Evolution of the breakdown of doubtful lending to customers by type of guarantee (%)



These doubtful assets are distributed into 33,882 and 20,658 thousand euros classified by slow payment and reasons other than slow payment, respectively. The [default rate](#), which includes all doubtful credit, at 31 December 2020 stood at 2.75% compared to the 2.84% at 31 December 2019. It must be noted that the Group has kept the default rate substantially below the average of the financial sector, which stood at 4.51% at the end of financial year 2020, as a result of applying a strict policy on the granting of credit, the quality of assets and their collateral.

(\*) Data provided by AFI on 25/05/2021

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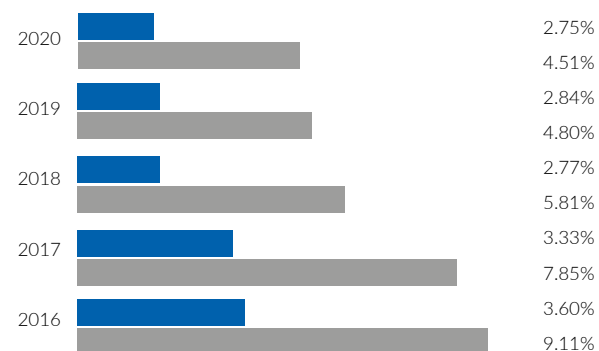
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The Group has kept the default rate substantially below the average of the financial sector, which stood at 4.51% at the end of financial year 2020, as a result of applying a strict policy on the granting of credit, the quality of assets and their collateral.

### Evolution of the default rate (%)



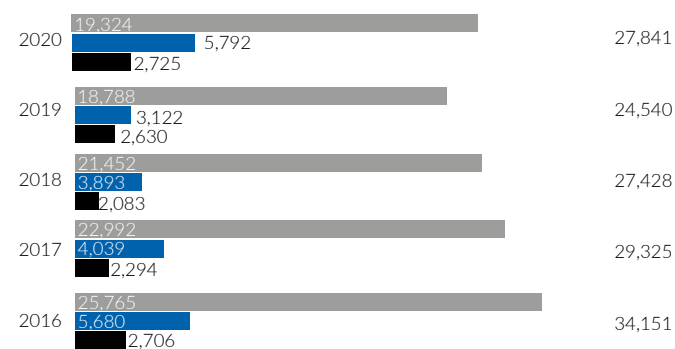
**2.75%**  
at Caja de Ingenieros

● Caja de Ingenieros  
● Financial sector\*

(\*) Data provided by AFI on 25/05/2021

Credit loss hedging increased by 3,301 thousand euros (13.45% in relative terms) to stand at FY 2020-end at 27,841 thousand euros in comparison with the 24,540 thousand euros recorded at 31 December 2019, as a result of the additional efforts made in order to anticipate the potential impact on economic activity of the COVID-19 health crisis, and the hedging ratio associated to customer lending stood at 51.05%.

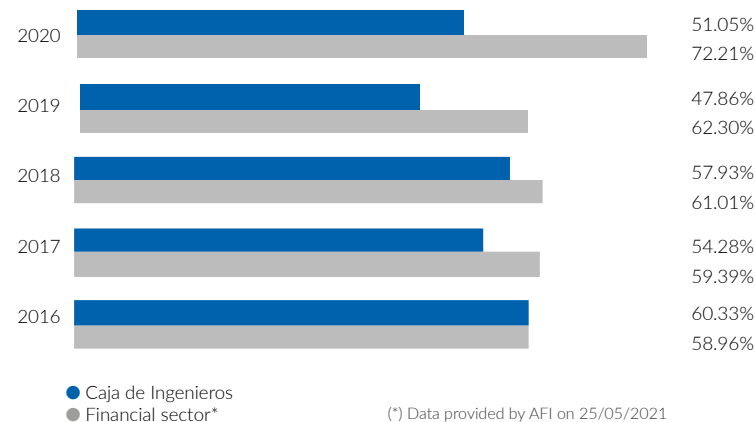
### Credit loss hedging (in thousands of euros)



● Hedging for doubtful risk ● Hedging for normal risk under special surveillance ● Hedging for normal risk

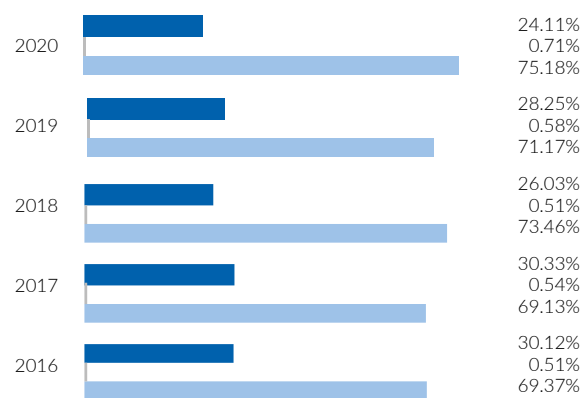
(\*) Data provided by AFI on 25/05/2021

### Evolution of the hedging ratio (%)

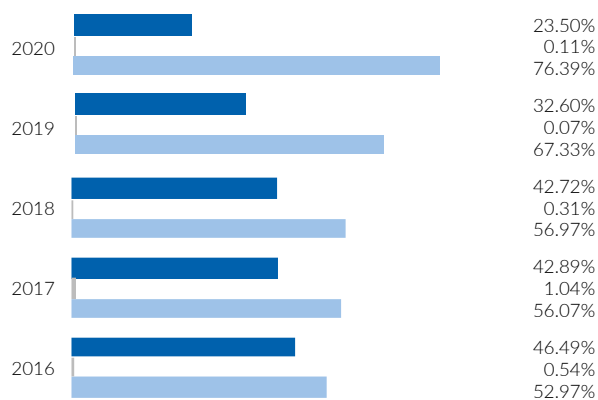


It should be noted that 24.11%, 23.50% and 65.20% of [hedging for normal risk](#), [normal risk under special surveillance](#) and [doubtful risk](#), respectively, are covering assets backed by mortgage collateral.

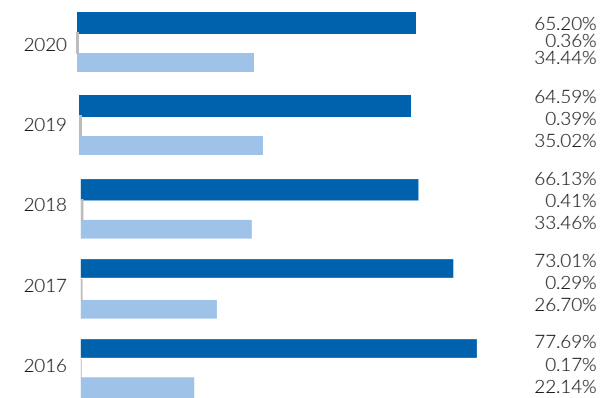
### Evolution of the breakdown of hedging for normal risk (%)



### Evolution of the breakdown of hedging for normal risk under special surveillance (%)



### Evolution of the breakdown of hedging for doubtful risk (%)



● Transactions with collateral on a home ● Transactions with other collateral ● Unsecured transactions

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## Related information in:

See the "Risk management" section in this report for a thorough analysis of the different risks taken by the Group.



25. The assigned rating, in line with the criteria set forth in Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, in which it is indicated that, where two credit assessments from different rating agencies are provided, this corresponds to the lower of the ratings.

**Foreclosed assets** relating to assets received by Caja de Ingenieros in payment of debts stood at 1,482 thousand euros at 31 December 2020, compared to 1,456 thousand euros at the end of the previous financial year. The volume of this portfolio at 31 December 2020 accounts for 0.04% of total assets. It should also be noted that foreclosed assets are managed by the Bank itself.

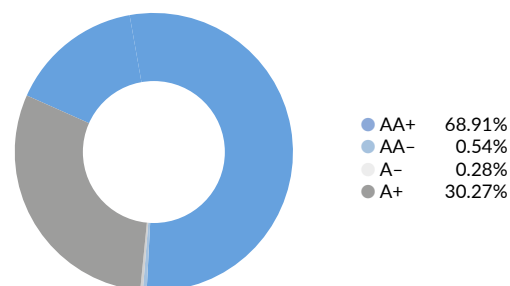
**Mortgage securitisation** is the process by which a financial institution transfers the mortgage credit rights it holds on the assets of its balance sheet and transforms them into tradable financial assets in organised markets. It is, therefore, a financing instrument in which illiquid credit rights are used as collateral in order to convert them into tradable liquid financial assets.

Caja de Ingenieros has participated in five multi-assignor mortgage securitisation programmes, of which two remain in force with an amount pending amortisation, at 31 December 2020, of 15,850 thousand euros, compared to an initial amount of 150 million euros.

The Bank has also carried out, as a single assignor, two securitisation programmes for mortgage assets, the Caja Ingenieros TDA 1 Asset Securitisation Fund and the Caja Ingenieros AyT 2 Asset Securitisation Fund, for initial amounts of 270 and 450 million euros, respectively. At 31 December 2020, the aggregate amount pending amortisation for both securitisations stood at 330,790 thousand euros.

Included below is a breakdown by credit rating of the bonds issued<sup>25</sup> through the current four asset securitisation programmes, which the Bank held in its portfolio at 31 December 2020 for a total sum of 350,541 thousand euros.

## Breakdown of bonds by credit rating (%)





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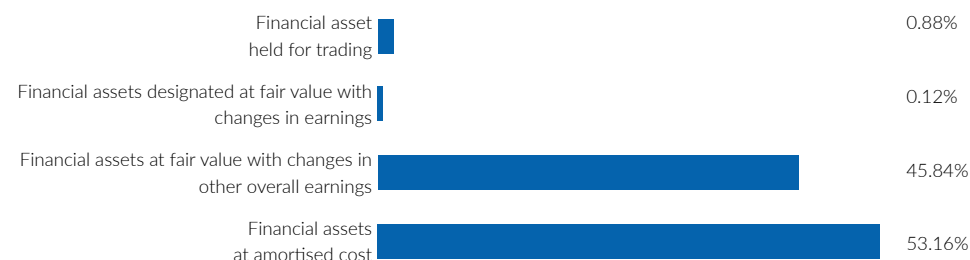
Debt securities went from 1,517,331 thousand euros to 1,721,992 thousand euros as of 31 December 2019 and 2020, respectively, representing an increase of 204,661 thousand euros (13.49% in relative terms).

### Debt securities

Investments in [debt securities](#), which form part of the portfolios of financial assets held for negotiating, financial assets designated at fair value with changes in results, financial assets at fair value with changes in other overall results and financial assets at amortised cost, increased from 1,517,331 thousand euros to 1,721,992 thousand euros at 31 December 2019 and 2020, respectively, which is an increase of 204,661 thousand euros (13.49% in relative terms). These positions mostly include sovereign debt securities, primarily Spanish.

The distribution of investments in debt securities by portfolio type at 31 December 2020 can be seen below.

#### Distribution of investments in debt securities by portfolio type (%)



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## Turnover

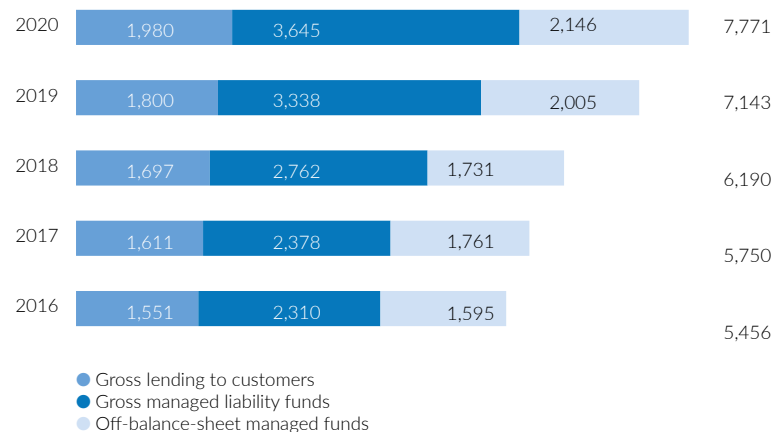
**Turnover**, defined at management level as the sum of and (gross) lending to customers and managed (gross) third-party funds, amounted to 7,771,050 thousand euros at 31 December 2020, compared to 7,143,123 thousand euros at 31 December 2019, which represented an increase of 627,927 thousand euros (8.79% in relative terms).

Detailed below is the evolution of the breakdown of turnover.

<i>(In thousands of Euros)</i>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>Variation (abs)</b>	<b>Variation (%)</b>
Gross lending to customers	1,980,690	1,799,885	180,805	10.05%
Gross managed liability funds	3,644,787	3,337,913	306,874	9.19%
Off-balance-sheet managed funds	2,145,573	2,005,325	140,248	6.99%
<b>Total turnover</b>	<b>7,771,050</b>	<b>7,143,123</b>	<b>627,927</b>	<b>8.79%</b>

### Evolution of turnover

*(in thousands of euros)*



#### Related information in:

See the "Assets" and "Liabilities and other managed funds" in this report, in which a detailed analysis is provided of lending to customers and managed third-party funds, respectively.



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Total managed third-party funds (gross) and own funds (without earnings) stood at 31 December 2020 at 6,002,848 thousand euros (+8.29% vs 2019 in relative terms).

## Liabilities and other managed funds

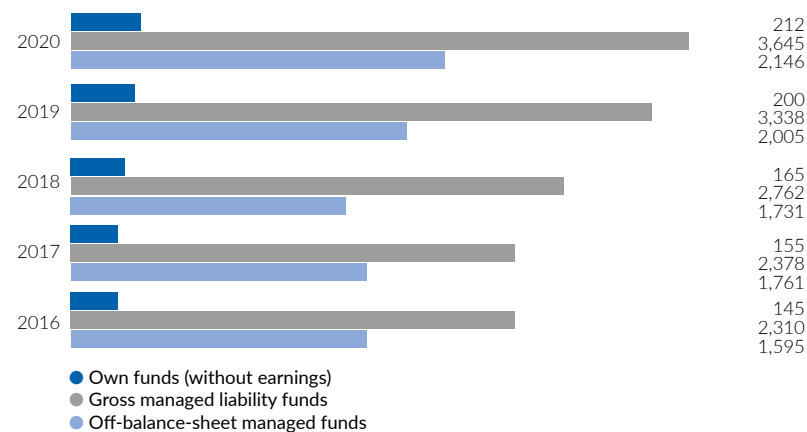
### Managed funds

Total managed (gross) third-party funds and own funds (without earnings) stood at 31 December 2020 at 6,002,848 thousand euros compared with 5,543,338 thousand euros at 31 December 2019, representing an increase of 459,510 thousand euros (8.29% in relative terms).

Detailed below is the evolution of the breakdown of managed funds.

(In thousands of Euros)	31/12/2020	31/12/2019	Variation (abs)	Variation (%)
Own funds (without earnings)	212,488	200,100	12,388	6.19%
Gross managed liability funds	3,644,787	3,337,913	306,874	9.19%
Off-balance-sheet managed funds	2,145,573	2,005,325	140,248	6.99%
<b>Managed third-party and own funds</b>	<b>6,002,848</b>	<b>5,543,338</b>	<b>459,510</b>	<b>8.29%</b>
<b>Of which: Total managed customer funds</b>	<b>5,569,279</b>	<b>4,961,758</b>	<b>607,521</b>	<b>12.24%</b>

### Managed funds and own funds (in millions of euros)



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**Managed third-party liability funds** (gross) stood at 31 December 2020 at 3,644,787 thousand euros (+9.19% vs 2019 in relative terms).

### Managed liability funds

Managed (gross) third-party liability funds stood at 3,644,787 thousand euros at 31 December 2020, compared to 3,337,913 thousand euros at 31 December 2019, which represented an increase of 306,874 thousand euros (9.19% in relative terms).

The composition of managed third-party liability funds, according to their nature, was as follows:

(In thousands of Euros)	31/12/2020	31/12/2019	Variation (abs)	Variation (%)
<b>Total customer deposits (gross)</b>	<b>3,423,706</b>	<b>2,956,433</b>	<b>467,273</b>	<b>15.81%</b>
Customer demand deposits	2,814,235	2,351,999	462,236	19.65%
Customer term deposits	471,170	515,583	(44,413)	(8.61%)
Customer financing with collateral	138,301	88,851	49,450	55.65%
<b>Total other managed liability resources (gross)</b>	<b>221,081</b>	<b>381,480</b>	<b>(160,399)</b>	<b>(42.05%)</b>
Financing by the European Central Bank	212,000	127,000	85,000	66.93%
Financing with collateral from credit institutions	-	242,419	(242,419)	(100.00%)
Demand and term deposits from credit institutions	9,081	12,061	(2,980)	(24.71%)
<b>Total managed third-party liability resources (gross)</b>	<b>3,644,787</b>	<b>3,337,913</b>	<b>306,874</b>	<b>9.19%</b>

It should be noted that the volume of [European Central Bank financing](#) corresponds in its entirety to the liquidity obtained through the long-term financing programme of the ECB, TLTRO II, which is being fully transferred to members through the granting of lending.



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## Related information:

See "Risk management" section of this report



 The off-balance-sheet managed funds increased to 2,145,573 thousand euros at 31 December 2020 (+6.99% vs 2019 in relative terms).

Finally, the Group had a **structural liquidity ratio** of 175.46% (an LTD, **loan to deposit**, of 56.99%) at 2020-end, more than 70 points higher than the financial sector average. This strengthens its excellent liquidity position and enables it to deal with changes in the financial environment, as well as episodes of stress in the financial markets. In turn, this optimum liquidity situation enables it to offer a wide range of financing to members and the economy.

**Off-balance-sheet managed funds**

Off-balance-sheet managed funds amounted to 2,145,573 thousand euros at 31 December 2020, compared to 2,005,325 thousand euros at 31 December 2019, which represented an increase of

140,248 thousand euros (6.99% in relative terms).

Detailed below is a breakdown of off-balance-sheet managed funds.

(In thousands of Euros)	31/12/2020	31/12/2019	Variation (abs)	Variation (%)
<b>Investment funds</b>	<b>1,115,000</b>	<b>989,538</b>	<b>125,462</b>	<b>12.68%</b>
Internal investment funds	741,749	679,464	62,285	9.17%
External investment funds	373,251	310,074	63,177	20.37%
<b>Insurance</b>	<b>626,507</b>	<b>568,178</b>	<b>58,329</b>	<b>10.27%</b>
Internal pension funds	338,859	284,962	53,897	18.91%
External pension funds	8,170	8,932	(762)	(8.53%)
Insured pension plan	95,240	103,020	(7,780)	(7.55%)
Individual systematic savings plan	104,529	94,676	9,853	10.41%
Annuities	9,131	9,429	(298)	(3.16%)
Individual long-term savings insurance	67,464	64,064	3,400	5.31%
Life/savings insurance	3,114	3,095	19	0.61%
<b>Securities</b>	<b>404,066</b>	<b>447,609</b>	<b>(43,543)</b>	<b>(9.73%)</b>
Equities	344,013	350,697	(6,684)	(1.91%)
Fixed income	60,053	96,912	(36,859)	(38.03%)
<b>Total off-balance-sheet managed funds</b>	<b>2,145,573</b>	<b>2,005,325</b>	<b>140,248</b>	<b>6.99%</b>
<b>Discretionary Portfolio Management</b>	<b>367,095</b>	<b>301,653</b>	<b>65,442</b>	<b>21.69%</b>
SGDC Fondos Insignia	179,767	137,224	42,543	31.00%
SGDC Fondos 70/30	181,423	159,278	22,145	13.90%
SGDC Bolsa Premium	5,905	5,151	754	14.64%

(\*) Data provided by AFI on 25/05/2021

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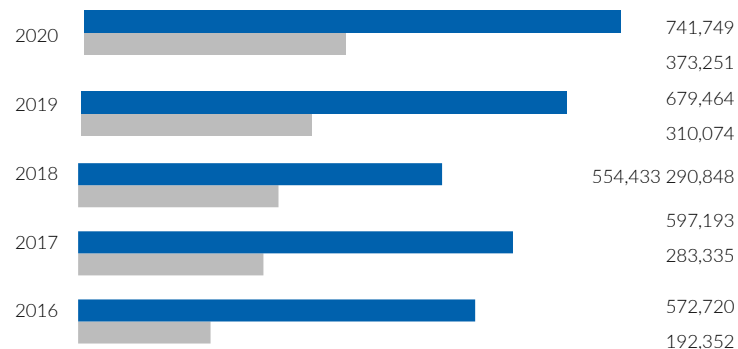
The assets of investment funds managed by Caja de Ingenieros Gestión and the assets of external investment funds marketed by the Group stood as a whole at 2020-end at 1,115,000 thousand euros, which is a 12.68% increase in relative terms.

### Investment funds

The assets of **internal investment funds** managed by Caja de Ingenieros Gestión and the assets of **external investment funds** marketed by the Group, **which form part of the off-balance-sheet managed funds**, stood as a whole at 2020-end at 1,115,000 thousand euros, which is a 12.68% increase in relative terms, primarily due to the strategy adopted by the Bank to provide a wide range of investment services to members, the tax treatment of which is more favourable than that of traditional savings products, in a financial environment with low interest rates.

Shown below is the evolution of the investment funds marketed by the Group.

### Evolution of marketed investment funds (in thousands of euros)



● Caja de Ingenieros Group investment funds  
● External investment funds

The total assets of the investment funds managed by Caja de Ingenieros Gestión at 31 December 2020 stood at 759,960 thousand euros, compared to 694,363 thousand euros for the previous financial year, representing an increase of 9.45% in relative terms.

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The total number of managed investment fund accounts stood at 40,281 and 35,398 at 31 December 2020 and 2019, respectively, representing an increase of 13.79%.

Indicated below is a breakdown of the investment funds managed by Caja de Ingenieros Gestión by type of fund.

<i>(In thousands of Euros)</i>	<b>31/12/2020</b>	<b>31/12/2019</b>	<b>Variation (abs)</b>	<b>Variation (%)</b>
Short-term Fixed-Income IF	27,522	24,092	3,430	14.24%
International Fixed-income IF	121,182	99,221	21,961	22.13%
Euro Variable-Income IF	58,887	64,486	(5,599)	(8.68%)
International Variable-Income IF	183,479	158,366	25,113	15.86%
International Mixed Fixed-income IF	194,358	205,678	(11,320)	(5.50%)
International Mixed Variable-Income IF	121,475	86,608	34,867	40.26%
Absolute Return IF	53,057	55,912	(2,855)	(5.11%)
<b>Total investment funds</b>	<b>759,960</b>	<b>694,363</b>	<b>65,597</b>	<b>9.45%</b>

The total number of managed investment fund accounts stood at 40,281 and 35,398 at 31 December 2020 and 2019, respectively, representing an increase of 13.79%.

#### Supplementary social welfare

Supplementary social welfare, corresponding to the consolidated rights of the [pension funds](#) and the mathematical forecast of the [insured welfare plan](#), managed by the subsidiary Caja de Ingenieros Vida, stood at 434,099 thousand euros at 31 December 2020 compared to 387,982 thousand euros at 31 December 2019, which was a 11.89% increase.

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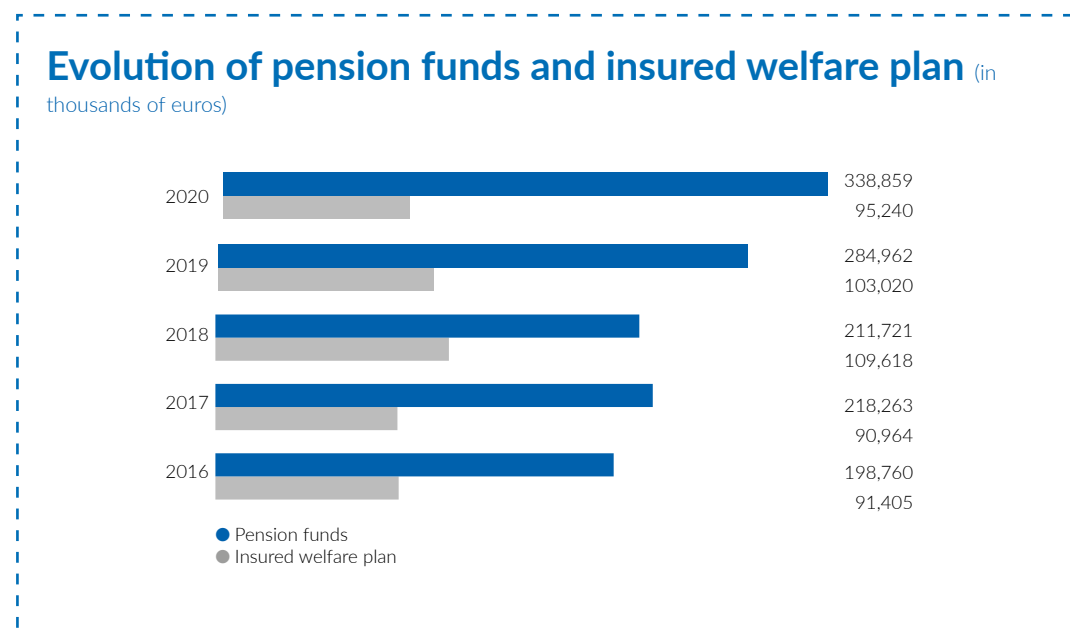
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Shown below is the evolution of the pension funds and insured welfare plan.



The breakdown by type of pension fund and insured welfare plan, managed by Caja de Ingenieros Vida, is shown below.

(In thousands of Euros)	31/12/2020	31/12/2019	Variation (abs)	Variation (%)
Employment PF	10,676	9,748	928	9.52%
Fixed-income PF	23,407	18,385	5,022	27.32%
Equities PF	133,880	108,771	25,109	23.08%
Mixed Fixed-income PF	93,577	83,411	10,166	12.19%
Mixed Variable-Income PF	77,319	64,647	12,672	19.60%
IPP	95,240	103,020	(7,780)	(7.55%)
<b>Total pension funds and insured pension plan</b>	<b>434,099</b>	<b>387,982</b>	<b>46,117</b>	<b>11.89%</b>



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### Related information:

See the "Strategy – We are Caja de Ingenieros" section of this report, in which information relating to the products managed by the Group is expanded on.



 The equity of the Group at 31 December 2020 stood at 223,826 thousand euros (5.17% up on 2019 in relative terms).

Moreover, the total number of pension fund accounts stood at 17,653 and 15,957 at 31 December 2020 and 2019, respectively, representing an increase of 10.63%.

### Discretionary Portfolio Management

The Caja de Ingenieros [Discretionary Portfolio Management](#) Service ended financial year 2020 with managed assets of 367,095 thousand euros, which represented an increase of 21.69% compared to the end of the previous financial year. This investment service offers an immediate and dynamic management response based on the succession of events occurring in the financial markets.

### Own funds

The [equity](#) of the Group at 31 December 2020 stood at 223,826 thousand euros, in comparison with the 212,831 thousand euros at the end of the previous year, which is an increase of 10,995 thousand euros (5.17% in relative terms). This increase responds primarily to the distribution of surplus from financial year 2019.

According to the recommendations adopted by the European Central Bank and the Bank of Spain to not remunerate capital contributions, Caja de Ingenieros amended the distribution of earnings from financial 2019 planned for the end of financial year 2019 and allocated it entirely to obligatory and voluntary reserves. Moreover, given the tax treatment given to the interest paid by the contributions to the capital stock when calculating the taxable base for Corporate Income Tax, the non-remuneration of the contributions to the capital involved a modification of the earnings for financial year 2019 that, in turn, affected the surplus available for the financial year and, therefore, the minimum contributions to be made to the obligatory reserve (50% of the available surplus from the financial year) and the Education and Promotion Fund (10% of said surplus), the latter once again modifying the earnings from financial year 2019. Given the immateriality of the modifications to 2019 earnings, the Governing Board did not deem it appropriate to redraft the annual accounts for Caja de Ingenieros corresponding to financial year ending 31 December 2019, as produced on 31 March 2020. However, it agreed to the modification of the Bank's results for their distribution, and the proposed application of the available surplus and distribution of earnings, which were approved by the General Meeting of Shareholders on 15 October 2020.

In addition, to compensate members, the General Meeting of Shareholders of 15 October 2020 approved the revaluation of the face value of cooperative shares from 96 to 100 euros. This share revaluation did not involve any disbursement by members, being charged to voluntary reserves.

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The capital stock at 31 December 2020 increased to 104,773 thousand euros, which is an increase of 4,420 thousand euros (4.40% up on 2019 in relative terms).

### Evolution of own funds (in thousands of euros)



The **capital stock** of the Group at 31 December 2020 stood at 104,773 thousand euros, in comparison with the 100,353 thousand euros at the end of the previous year, which is an increase of 4,420 thousand euros (4.40% in relative terms). This increase is primarily due to the revaluation of the face value of cooperative shares from 96 to 100 euros (see the analysis of "Equity" in this same section).

### Evolution of capital stock (in thousands of euros)



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Members of the  
Caja de Ingenieros  
Group increased  
by 5,636 in 2020, reaching  
a total of 209,748 at 31  
December 2020.

At 31 December 2020, the number of members with contributions to the capital stock stood at 25,807, with a total of 1,047,731 holdings in Caja de Ingenieros. The companies controlled by the Caja de Ingenieros Group possess 44,355 holdings for a face value of 100 euros each, which amounts to a total of 4,436 thousand euros in face value and 4.23% of the total capital stock of the Bank.

As a cooperative credit institution, Caja de Ingenieros maintains a highly dispersed capital structure that complies at all times with the limits set by its Articles of Association, ensuring that no member holds cooperative shares for an amount greater than 2.50% of its capital stock in the case of natural persons or 10% in the case of legal persons.

The most significant holdings in the Bank's capital stock held by legal persons belong to Fundación Privada de la Caja de Ingenieros and Consumidores y Usuarios de los Ingenieros, S. Coop. C. Ltda., with 3.27% and 0.74%, respectively, at 31 December 2020. Regarding holdings by natural persons, the high degree of dispersal of the Bank's members means that the highest individual holding, at 31 December 2020, was 1.96%.

Members of the Caja de Ingenieros Group increased by 5,636 in 2020, reaching a total of 209,748 at 31 December 2020. Their evolution is shown below.

### Evolution of membership

2020		209,748
2019		204,112
2018		187,410
2017		160,412
2016		142,597

92.94% of the Group's members were natural persons and 7.06% were legal persons, with the number of members in terms of natural and legal persons standing at 194,938 and 14,810, respectively, at 31 December 2020.

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The total accumulated reserves of the Group at 31 December 2020 stood at 107,715 thousand euros (+7.99% vs 2019 in relative terms).

The total [accumulated reserves](#)<sup>26</sup> of the Group at 31 December 2020 stood at 107,715 thousand euros, in comparison with the 99,747 thousand euros at FY 2019 end, which is an increase of 7,968 thousand euros (7.99% in relative terms). This increase is primarily due to the distribution of earnings from financial year 2019 (see the analysis of “Equity” in this same section). Reserves account for 48.12% of own funds.

### Evolution of reserves (in thousands of euros)



26. Including retained earnings, revaluation reserves, other reserves, and treasury stock (-).



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# Results

## Consolidated result

The Group's earnings for the financial year at 31 December 2020 stood at 11,360 thousand euros, which is a decrease of 11.40% compared to the 2019 figure of 12,822 thousand euros. This drop is primarily due to the additional efforts in increasing credit risk hedging in order to anticipate the economic effects of the COVID-19 pandemic that began at the start of financial year 2020 and that is having a significantly negative impact on the economic activity and that might lead to a decline in the financial situation of businesses and households. Despite the difficulties associated to the current economic situation, the increased turnover combined with greater transactional activity by members has increased "core revenues" (interest margin, net fees and income from the life insurance business) by 4.20%.

### Evolution of consolidated results (in thousands of euros)



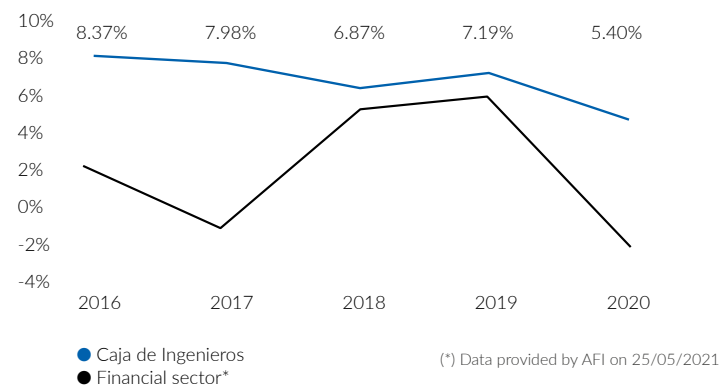
The evolution of earnings, along with the growth in equity that encouraged the financial strength of the Group, has placed the return on average equity (ROE) at FY 2020-end at 5.40%, compared with the 7.19% of the previous financial year, substantially above the average of the financial sector.

### Related information:

See the "Equity" section of this report

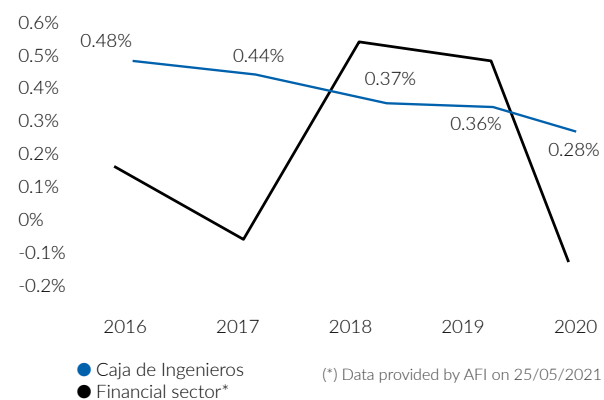


## Evolution of return on equity (ROE)



The [return on average assets \(ROA\)](#) stood at 0.28% at 31 December 2020, compared with the 0.36% of the previous year, substantially above the average of the financial sector.

## Evolution of return on assets (ROA)



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The interest margin in 2020 was 34,734 thousand euros, up 1,006 thousand euros (2.98% in relative terms) on 2019.

The [interest margin](#) in 2020 was 34,734 thousand euros, up 1,006 thousand euros (2.98% in relative terms) on 2019. This increase is primarily due to the significant increase in customer lending, which has offset the drop in remuneration from these credit assets while interest rates remained low, and the increase in financing through the ECB in more favourable conditions. However, the lower contribution of the fixed income portfolio must be noted, the return on which has decreased as a result of reinvestment in assets with a lower average rate.

### Evolution of interest margin (in thousands of euros)



[Earnings from banks valued using the equity method](#) stood at 1,346 thousand euros at 31 December 2020, compared with the 128 thousand euros recorded at 31 December 2019, representing an increase of 1,218 thousand euros. This increase is due to the increased earnings of Norbolsa, SV, SA following the net capital gain obtained from the sale of shares in BME (Bolsas y Mercados Españoles).

The [net between fees received and fees paid](#) was 29,765 thousand euros at 31 December 2020, compared to 28,362 thousand euros recorded at 31 December 2019, representing an increase of 1,403 thousand euros (4.95% in relative terms).

More specifically, [fees received](#) increased from 30,660 thousand euros to 32,077 thousand euros at 31 December 2019 and 2020, respectively, which is an increase of 1,417 thousand euros (4.62% in relative terms). This is basically due to the increase in transactions by members in contracting products (see Section "10.2.2 Turnover" of this report) and in basic services (direct payment of salaries, management of receipts, maintenance of current accounts and cards, transfers, and other transactions).

#### Related information:

See the "Individual results of Group entities" section of this report



#### Related information:

See the "Turnover" section of this report



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The gross margin at 31 December 2020 stood at 71,552 thousand euros compared with the 67,186 thousand euros at 2019-end, which is an increase of 6.50%.

The financial transactions net result amounted to 8,756 thousand euros at the end of the 2020 financial year, mainly as a result of the materialisation of part of the capital gains on the fixed-income asset portfolio.

The **net between other operating revenues and expenses** decreased by 936 thousand euros compared to the 2019 financial year, primarily due to the 839-thousand-euro increase in other operating expenses, thanks to greater annual contribution to the Deposit Guarantee Fund for Credit Institutions (FGDEC) and a higher accrual of the Credit Institutions Deposits Tax (IDEC) of 554 and 102 thousand euros, respectively, as a result of the increase in deposits by members. The contribution to the Single Resolution Fund (SRF) accrued during 2020 increased by 351 thousand euros in comparison with the same period of the previous year. This increase is basically due to an increase in the total contribution goal by member banks, of the liabilities to be covered, and the weighting of Caja de Ingenieros in the overall contribution to the SRF, having exceeded the threshold of 3,000 million euros in assets during 2018 (period of reference). It should be noted that total expenditure for financial year 2020 allocated to the FGDEC and IDEC, along with the SRF, stood at 5,838 thousand euros.

As a result of the different figures indicated, the **gross margin** at 31 December 2020 stood at 71,552 thousand euros compared to the 67,186 thousand euros at 2019 end, representing an increase of 6.50%. It should be noted that net interest and net fees accounted for 90.14% of gross margin at the end of 2020.

### Evolution of gross margin (in thousands of euros)





[Administration expenses](#) decreased in FY 2020 by 82 thousand euros compared with the previous year (-0.17% in relative terms), in line with the Group's key goal to contain and rationalise expenditure and to improve the operational and business processes, continuing to support organic growth through the opening of a new branch.

[Amortisation expenditure](#) increased in FY 2020 by 1,187 thousand euros (22.00% in relative terms) due to the start of several technological projects in FY 2020.

The result of the different figures indicated above led to a [performance ratio](#) at the end of financial year 2020 of 74.50% (compared with the 77.64% of the previous financial year), which led to an improvement in performance of 3.14 points.

The [net of provisions and the value impairment of financial assets](#) amounted to 4,739 thousand euros in financial year 2020, compared to the 218 thousand euros recorded in financial year 2019. More specifically in 2020, financial asset impairment losses increased significantly due to the efforts made to increase credit risk hedging in order to anticipate the potential adverse impact on economic activity due to the COVID-19 crisis.

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## Individual results of Group entities

Shown below is the evolution of the earnings of [Caja de Ingenieros and of the Group subsidiaries](#), as well as those of the [associate company Norbolsa](#), in which Caja de Ingenieros has a 10% holding to promote the services currently provided to members in terms of the securities markets, the Group's strategic business line.

<b>RESULTS OF GROUP ENTITIES</b> <i>(In thousands of euros)</i>	<b>2020</b>	<b>2019</b>	<b>Variation (abs)</b>	<b>Variation (%)</b>
Caixa de Crèdit dels Enginyers - Caja de Crédito de los Ingenieros, S. Coop. de Crédito (*)	6,250	8,177	(1,927)	(23.57%)
Caja Ingenieros Gestión, S.G.I.I.C., SAU	1,618	1,696	(78)	(4.60%)
Caixa Enginyers Vida - Caja Ingenieros Vida, Compañía de Seguros y Reaseguros, SAU	1,857	1,960	(103)	(5.26%)
Caja Ingenieros, Operador de Banca-Seguros vinculado, SLU	622	555	67	12.07%
Consumidors i Usuaris dels Enginyers, S. Coop. C. Ltda.	3	35	(32)	(91.43%)
Fundació Privada de la Caixa d'Enginyers - Fundación Privada de la Caja de Ingenieros	100	19	81	426.32%
<b>RESULTS OF ASSOCIATED ENTITIES</b>	<b>2020</b>	<b>2019</b>	<b>Variation (abs)</b>	<b>Variation (%)</b>
Norbolsa, S.V., S.A. (*)	13,465	1,280	12,185	951.95%

(\*) The Controlling Company has a 10% holding in Norbolsa, S.V., S.A.

The results of [Caja de Crédito de los Ingenieros, S. Coop. de Crédito](#) stood at 6,250 thousand euros, which is a drop of 23.57% compared with the 8,177 thousand euros of FY 2019 end, basically due to the additional efforts made to increase credit risk hedging to anticipate the economic effects arising from the COVID-19 pandemic.

The results of [Caja Ingenieros Gestión, SGIIC, SAU](#) at the end of financial year 2020 amounted to 1,618 thousand euros, which is a slight 4.60% drop in comparison with the end of 2019. This drop is partly due to the lower contribution to results of the class I investment fund management fee, and the class A investment fund success fee, in comparison with the same period of the previous year. All in all, turnover stood at 9.9 million euros, which is a new record for the bank, in line with the continuing increase in managed assets.

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The results of [Caja Ingenieros Vida, Compañía de Seguros y Reaseguros, SAU](#) (hereinafter known as Caja de Ingenieros Vida) in financial year 2020 amounted to 1,857 thousand euros, which is 103 thousand euros down on the end of 2019 (-5.26% in relative terms), primarily due to the technical-financial results.

Caja de Ingenieros Vida has adapted its processes to the new situation arising from the health pandemic in order to guarantee the service provided to its insured customers and participants in pension plans. It has also implemented measures to provide support to families, to businesses, and to society in general, including:

- The creation of an information website and the setting up of a specific channel so that members can request the additional withdrawal of accumulated savings in social welfare instruments through the new exceptional case of liquidity, approved to help alleviate the needs for liquidity of households, the situations of unemployment caused by furloughs, and the closure or reduced turnover of the self-employed due to COVID-19.
- Joining the Unespa initiative to create a free collective life policy to cover more than one million healthcare professionals. The joint contribution of all insurance companies amounts to 38 million euros.

The results of [Caja Ingenieros, Operador de Banca-Seguros Vinculado, SLU](#) (hereinafter known as Caja de Ingenieros, Operador de Banca-Seguros) stood at the end of financial year 2020 at 622 thousand euros, which is an increase of 67 thousand euros in comparison with 2019-end (12.07% in relative terms), primarily due to greater revenues from fees received from insurance portfolios.

Due to the health crisis caused by the COVID-19 pandemic, Caja de Ingenieros, Operador de Banca-Seguros has adapted its processes to the new situation in order to guarantee the service provided to its insured customers. It has also implemented measures to provide support to families, to businesses, and to society in general, including:

- Inclusion of coverage of COVID-19 in the insurance policies brokered by Caja de Ingenieros, Operador de Banca-Seguros:
  - o Agreements with insurance companies to deal with healthcare claims due to the pandemic.
  - o Inclusion of furlough coverage in the conditions of the payment protection product.

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- o Modification of coverage in travel assistance policies to cover claims related to COVID-19 and to ensure a proper service.
- Possibility of facilitating payment of insurance premiums, reaching agreements with the insurance companies regarding the payment in instalments of the amount payable without any surcharge being applied.

The results of [Consumidores y Usuarios de los Ingenieros, S. Coop. C. Ltda.](#) (hereinafter known as Consumidors) in FY 2020 stood at 3 thousand euros, which is a drop of 32 thousand euros in comparison with 2019-end (-91.43% in relative terms), basically due to the decrease in financial revenues.

During 2020, Consumidors has taken action to provide support and assistance to the population that has suffered and continues to suffer the consequences of the pandemic.

Ingenium Shopping has been involved in different overall activities published in all the media in which Consumidors is present, such as social networks, website, blog and e-mail to all members, which consisted, under the slogan #YoMeQuedoEnCasa, of a joint initiative with Consorci de l'Auditori i l'Orquestra and Fundació del Gran Teatre del Liceu to ensure music reached the home free of charge; an *online* proximity shop campaign for establishments with a commercial agreement; and the publishing of discounts on sporting equipment once lockdown had ended, among others.

Ingenium Renting, the *renting* companies with which Consumidors offers its service, agreed to treat each request received from Caja de Ingenieros individually in order to assess the best option in each case, considering the current situation and the situation of the beneficiary in particular.

The results of [Fundación Privada de la Caja de Ingenieros](#) (hereinafter known as the Foundation) in FY 2020 amounted to 100 thousand euros, which is an increase of 81 thousand euros in comparison with 2019-end (426.32% in relative terms), basically due to the increase in financial donations received at the end of the year, part of which is to be applied during financial year 2021.

Helping vulnerable groups is one of the three lines of action of the Foundation. Therefore, during 2020, action was implemented in order to provide support and offer the necessary assistance to people who have suffered the most and who continue to suffer the consequences of the pandemic, along with all the volunteers who have made this possible. The Foundation also involved all members in these actions and, thanks to donations from members, the contribution of the Foundation and of Caja de Ingenieros amounted to 80 thousand euros distributed among the following institutions and organisation:



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- Red Cross:  
Purchase of healthcare material so that its volunteers can continue to safely help the most vulnerable during the pandemic.
- Cáritas:  
The “Economic Assistance Service (SAE)” project by Cáritas seeks to assist vulnerable groups and meet their basic needs such as food and access to housing. This assistance is always temporary and is within the framework of the work plan that involves the social integration of the individual. Thanks to the campaign to collect funds by Caja de Ingenieros, 195 people are to be assured the right to food for three months.
- Amigos de los Mayores:  
This campaign provided emotional support for 815 elderly people suffering from loneliness or social isolation by sending them a Christmas hamper. Given that many elderly people feel lonely due to the difficulties of celebrating a traditional Christmas lunch, Amigos de los Mayores showed it cared by giving our Christmas hampers through a friend. This is a small yet important gesture to let them know that, however long it takes to overcome this crisis, they will come through it together, sharing and feeding from their company.

The results of [Norbolsa, SV, SA](#) at the end of financial year 2020 amounted to 13,465 thousand euros, which is an increase of 12,185 thousand euros due to the net capital gain from the sale of BME shares for the sum of 13,310 thousand euros.

## Remuneration to the governing bodies

All the remunerations received by the Governing Board and the Delegate Committees of the Bank correspond to allowances set by the General Meeting of Shareholders of Caja de Ingenieros to attend meetings or to perform any other activity or job attributable to the post.

Remunerations received by members of the respective governing bodies of the entities controlled by the Group correspond to allowances to attend board and delegate committee meetings.

The governing bodies do not receive any other remuneration for the performance of their duties as members of the aforementioned boards and committees.

Remuneration of members of the Governing Board and Delegate Committees of the Bank and the governing bodies of the subsidiaries that make up the Group amounted to 376 thousand euros, which represented an increase of 8.36% compared to the 347 thousand euros of the previous financial year.

The Group has no obligations with regard to the pensions or life insurance premium payments of the members of the above-mentioned governing bodies.

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## Proposal for distribution of profits

Caja de Ingenieros' result as of 31 December 2020 amounted to 6,250 thousand euros.

The proposed allocation of the profit for 2020, which the Governing Board of the Bank submits for approval to the General Assembly of Members, is shown below.

<i>(In thousands of Euros)</i>	<b>2020</b>
<b>Proposal for distribution of profits</b>	
Interest payable to members for capital contributions	1,521
To obligatory reserves	2,628
To voluntary reserves	2,101
<b>Total</b>	<b>6,250</b>

The distribution of 1,521 thousand euros as interest to be paid to members for contributions to capital involves the application of a nominal interest rate of 1.50%.

This proposal for the distribution of earnings for financial year 2020 implicitly involves the following legal proposal to apply the available surplus, which is obtained by subtracting corporate income tax and interest payable to members for capital contributions from the pre-tax earnings and the Education and Promotion Fund.

<i>(In thousands of Euros)</i>	<b>2020</b>
<b>Proposed legal application of surplus available</b>	
Financial year surplus available	5,255
Legal application of available surplus:	
Education and Promotion Fund (10%)	526
Obligatory reserves (50%)	2,628

Likewise, the Governing Board of the Bank submits the reclassification of part of the voluntary reserves to the maximum sum of 336 thousand euros to an unavailable reserve for a period of 5 years as a capitalisation reserve for approval by the General Meeting of Members, in order to apply the reduction to the taxable base of corporate income tax, as set forth in Article 25 of the Corporate Income Tax Law 27/2014 of 27 November.



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# 11

## Annex

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# Technical information and materiality

## Stakeholder relations

The integration of the different stakeholders into the Bank's lines of action is one of the most important tools in socially responsible management. Therefore, the Bank makes every effort to build solid, trustworthy relationships with the different stakeholders with which it relates in its financial and social activities, and

to create shared value through flowing and participative dialogue with them all.

Thus, the Group's priority stakeholders have been identified using criteria, such as dependence, responsibility towards them, proximity and power of influence.

STAKEHOLDERS	DESCRIPTION AND MAIN CHANNELS OF COMMUNICATION AND DIALOGUE
Members	Members represent the centre of cooperative activity, which is committed to creating long-term value, guaranteeing equal rights, offering the utmost informative transparency and encouraging continued dialogue. Digital communication channels: email, website, online banking, mobile banking, telephone banking, push notifications, text messages, WhatsApp, social media (Twitter, Facebook, Instagram, Youtube, and LinkedIn) and blog.
Employees	Through a model of relationships and organisation among the staff involved in the everyday business of the Group, people can enhance their professional development within a context that respects the principles of equal opportunities and work-life balance. Communication channels: email, intranet, internal communications and surveys
Suppliers	The management of relationships with suppliers seeks to guarantee the best conditions in each transaction, as well as transparency in the processes. Communication channels: e-mail and corporate website.
Society	From the very start, commitment to the social environment has always been included as part of management. The initiatives the Bank promotes are a reflection of its principles, based on ethics and culture. Social action takes place in three main areas, which reach a wide range of members of society. Communication channels: corporate website, blog, social media (Twitter, Facebook, Instagram, YouTube, LinkedIn), media (press releases, presentations, interviews, etc.).

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## Materiality analysis

In 2019, the Caja de Ingenieros Group conducted a materiality analysis to identify the most relevant aspects for its stakeholders, along with those with greatest impact on the Group's business.

This definition process followed the principles for defining report content, as set out in the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) in its "GRI 101: Foundation" standard. The process was organised into the phases listed below:

### 1. Identification

To determine the areas of greatest general interest, relevant issues for the sector in which the Group operates have been identified through a sector-based benchmarking study.

This materiality analysis was performed for the 2017-2018 Corporate Responsibility Report. At that time, it was an update of the issues identified during the previous financial year and sources of information of reference to the Group were used.

As well as considering the Impulsa 2019 strategic plan and analysing the sector leaders, it is worth noting other sources used, such as the Sustainability Accounting Standards Board, the High-Level Expert Group on Sustainable Finance, the Sustainable Development Goals and the Global Compact principles.

### 2. Prioritisation

The material aspects have been selected based on a double analysis (internal and external) to discover the degree of importance of the points identified to the Caja de Ingenieros Group and to the stakeholders.

- Internal (relevance to Caja de Ingenieros). Management positions in the organisation were consulted and each one provided their vision as to the relevance of the issues selected.
- External (relevance to stakeholders). The following processes were completed to assess the external relevance given by investors and influences:
  - Criteria and aspects assessed in the Dow Jones Sustainability Index questionnaire
  - Analysis of relevant issues for the stakeholders identified in the press
  - Analysis of material topics of competitors
  - Interviews carried out on institutions from the sector nationwide

As a result of this process, the priority topics for the Caja de Ingenieros Group and its stakeholders were identified. Those of significant relevance were considered as material, as can be seen in the materiality matrix, which classifies these topics according to their internal and external relevance.

### 3. Review and validation

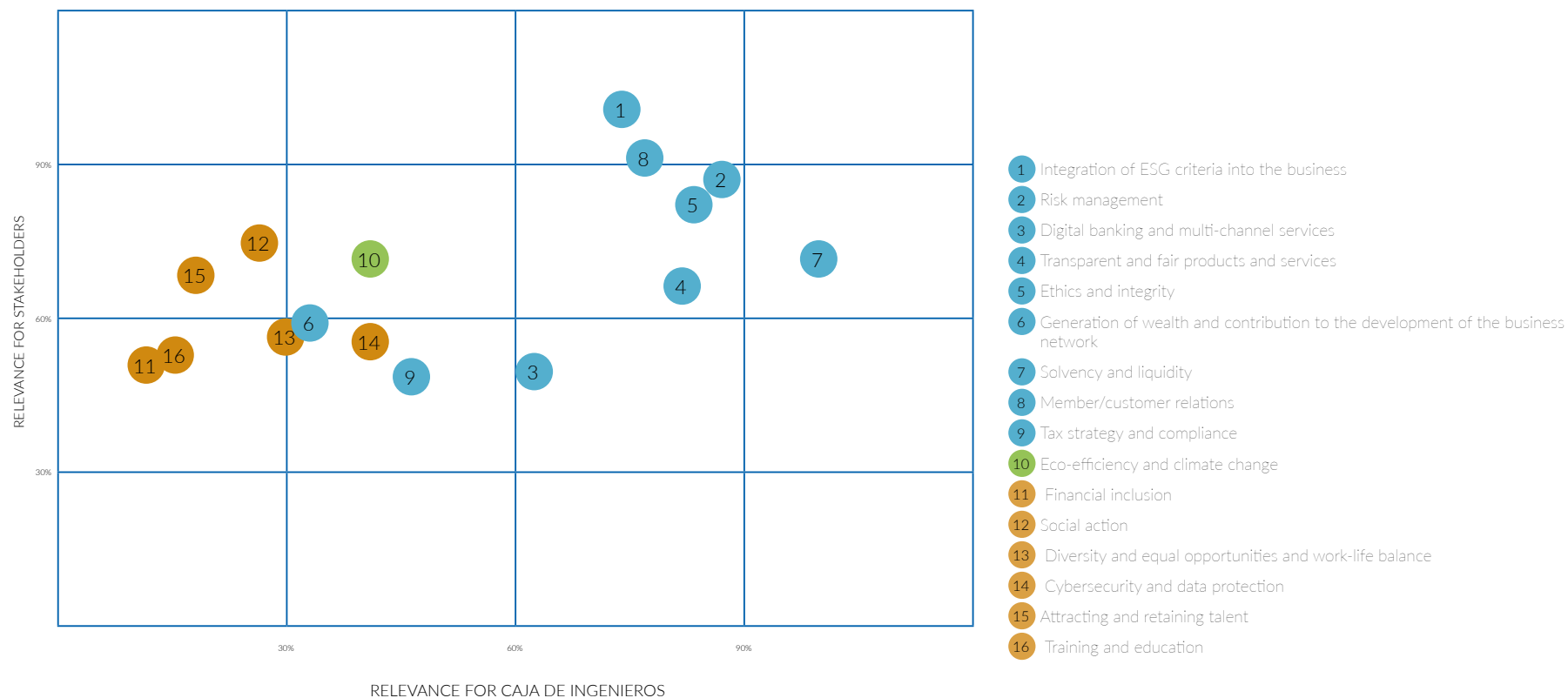
The results obtained from this process were analysed by the Caja de Ingenieros Group Management, which assessed and validated their consistency in relation to company sustainability.

Annex I, "Table of GRI contents, shows a list of the material topics, along with the associated GRI standards and the coverage of each one.



#### 4. Material topics

The materiality matrix and the most relevant material topics are shown below.



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## About this report

This report includes non-financial information of the Caja de Ingenieros Group for financial year 2020.

Through this document, the organisation responds to the non-financial information and diversity requirements set forth in Law 11/2018 of 28 December on non-financial information and diversity.

The principles of comparability, reliability, materiality and relevance have been applied, as set forth in the Law on non-financial information and diversity:

- Comparability criterion: "The informing organisation must select, compile and communicate the information consistently. The information communicated must be presented in a manner that enables stakeholders to analyse the changes in the performance of the organisation and that supports the analysis relating to other organisations".
- Reliability criterion: "The informing organisation must gather, record, compile, analyse and communicate the information and processes used to prepare the report, so that they may be reviewed and the quality and materiality of the information may be established".
- Materiality and relevance criterion: "The report must discuss matters that reflect the significant economic, environmental and social impacts of the informing organisation, and have a substantial impact on the evaluations and decisions of the stakeholders".

The report includes all aspects identified as material, in line with the requirements set forth in the Law on non-financial information and diversity.

The geographic scope of the data reported is restricted to Spain. The financial data include the entire Caja de Ingenieros Group, which is made up of Caja de Crédito de los Ingenieros, S. Coop. de Crédito; Caja Ingenieros Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, SAU; Caja Ingenieros Vida, Compañía de Seguros y Reaseguros, SAU; Cooperativa de Consumidores y Usuarios de los Ingenieros (Ingenium Shopping); Caja Ingenieros, Operador de Banca-Seguros Vinculado, SLU; Fundación Caja de Ingenieros; and Norbolsa\*.

## DEFINITION OF THE CONTENTS

The contents of this report involve the topics on which the Caja de Ingenieros Group has a capacity to generate value and that are material to its stakeholders, according to the materiality analysis included in the previous section.

## CRITERIA AND INDICATORS

In preparing this report, the principles below have been followed in addition to the requirements set forth in Law 11/2018 on non-financial information and diversity:

- Core option of the GRI standards as a framework of international reference
- Commitment to the ten principles of the United Nations Global Compact
- Sustainable Development Goals (SDG)

### GRI principles relating to the defining of content

Inclusion of the stakeholders

Sustainability context

Materiality

Thoroughness

### GRI principles relating to the defining of report quality

Precision

Balance

Clarity

Comparability

Reliability

Punctuality

\*The Caja de Ingenieros Group has a 10% holding in Norbolsa. The scope of this report does not include Norbolsa.

## ANNEX I. TABLE OF CONTENTS ACCORDING TO LAW 11/2018 ON NON-FINANCIAL INFORMATION AND DIVERSITY

Contents of Law 11/2018 on non-financial information and diversity		Related GRI standards and other non-GRI indicators	Chapter of reference or direct response	Remarks and observations
<b>BUSINESS MODEL</b>				
Description of the Group's business model	A brief description of the Group's business model, which will include its business environment, its organisation and structure, the markets in which it operates, its goals and strategies, and the main factors and trends that might affect its future evolution	GRI 102-1 Name of the organisation	Caja de Crédito de los Ingenieros, Sociedad Cooperativa de Crédito.	
		GRI 102-2 Activities, brands, products and services	8.2.2. Innovation, the driving force of the product portfolio	
		GRI 102-3 Location of headquarters	Via Laietana, 39, 08003 Barcelona.	
		GRI 102-4 Location of the operations	Spain	
		GRI 102-6 Markets served	Spain 8. The members	
		GRI 102-7 Scale of the organisation	3. 2020 in figures	
		GRI 102-14 Statement from senior decision-makers	1. Interview with the Chairman 2. Interview with the managing director	
		GRI 102-15 Key impacts, risks, and opportunities	4.1. Our environment Strategy	
	Main risks related to Group activities	GRI 102-11 Precautionary principle or approach	6. Risk management	
		GRI 102-15 Key impacts, risks, and opportunities	6. Risk management	
		GRI 102-29 Identifying and managing economic, environmental, and social impacts	4. About us 6. Risk management	
		GRI 102-30 Effectiveness of risk management processes	6. Risk management	
		GRI 102-31 Review of economic, environmental, and social topics	5. Governance, ethics and integrity	

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Contents of Law 11/2018 on non-financial information and diversity		Related GRI standards and other non-GRI indicators		Chapter of reference or direct response	Remarks and observations
INFORMATION ON ENVIRONMENTAL ISSUES					
Policies	Policies applied by the Group, including the procedures of due diligence applied for identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures adopted	GRI 103-2 The management approach and its components	9.1. Environmental commitment		
		GRI 103-3 Evaluation of the management approach	9.1. Environmental commitment		
Key risks	Key risks related to these matters linked to Group activities, including, when appropriate and proportionate, its commercial relations, products or services that might have negative effects on these areas, and how the Group manages these risks	GRI 102-15 Key impacts, risks, and opportunities	9.1. Environmental commitment		
		GRI 102-11 Precautionary principle or approach	9.1. Environmental commitment		
		GRI 201-2 Financial implications and other risks and opportunities of climate change	6.2.7. Climate change risks 9.3. Responsible banking and investment		
General	Current and foreseeable effects of company activities on the environment and, where appropriate, on health and safety	GRI 102-15 Key impacts, risks, and opportunities	6.2.7. Climate change risks		
		GRI 102-29 Identifying and managing economic, environmental, and social impacts	6. Risk management		
		GRI 102-31 Review of economic, environmental, and social topics	6. Risk management 7.4. Occupational health and safety		
	Environmental assessment or certification procedures	GRI 102-11 Precautionary principle or approach	6.7. Climate risk management 9.1. Environmental commitment		
		GRI 102-29 Identifying and managing economic, environmental, and social impacts	9.1. Environmental commitment		
		GRI 308-2  Negative environmental impacts in the supply chain and actions taken (a)	8.2. Responsibility in our products 9.3.3. 2020 SRI commitments		
	Resources used in environmental risk prevention	GRI 102-29 Identifying and managing economic, environmental, and social impacts	9.1. Environmental commitment		
	Application of the precautionary principle	GRI 102-11 Precautionary principle or approach	6.7. Climate risk management 9.1. Environmental commitment		
	Provisions and guarantees for environmental risks	GRI 307-1 Non-compliance with environmental laws and regulations (b)	9.1. Environmental commitment	In 2020, the Caja de Ingenieros Group received no fines for a breach of environmental law.	

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Contamination	<b>Measures to prevent, reduce or repair carbon emissions seriously affecting the environment, considering any specific form of atmospheric contamination of an activity, including noise and light contamination</b>	GRI 103-2 Management approach	9.1. Environmental commitment	
		No GRI: measures to prevent, reduce or repair acoustic contamination	Caja de Ingenieros implements no measures along these lines, as it is not a material aspect given the nature of its business activity (financial sector).	
		No GRI: measures to prevent, reduce or repair light contamination	Caja de Ingenieros implements no measures along these lines, as it is not a material aspect given the nature of its business activity (financial sector).	
Circular economy and prevention and management of waste	<b>Measures of prevention, recycling, reuse, other forms of waste recovery and disposal</b>	GRI 103-2 Management approach	9.1.4. Minimising waste	
		306-2- Waste by type and disposal method (b)	9.1.4. Minimising waste	
	<b>Actions to fight wasting food</b>	GRI: actions to fight wasting food	Caja de Ingenieros implements no measures along these lines, as it is not a material aspect given the nature of its business activity (financial sector).	
Sustainable use of resources	<b>Water consumption and water supply according to local limitations</b>	GRI 303-1 Interaction with water as a shared resource (a)	9.1.3. Efficient, sustainable use of resources	
		GRI 303-2 Impact management related to the withdrawal of water	The Caja de Ingenieros Group does not withdraw water. It extracts and disposes of the water used in its branches from the municipal mains supply.	
		GRI 303-3 Water extraction (a)	The Caja de Ingenieros Group extracts the water used in its branches from municipal mains supply.	
		GRI 303-5 Water consumption (a)	9.1.3. Use of resources	OFFICE m³
				Office 0001 358
				Office 0002 66
				Office 0003 105
				Office 0004 41
				Office 0007 30
				Office 0009 389
				Office 0010 31
				Office 0011 80
				Office 0013 18
				Office 0014 30
				Office 0016 39
				Office 0017 238
				Office 0021 16
				Office 0023 22
				Office 0024 1
				Office 0025 17
				Office 0027 26
				Ali Bei 34
	<b>Use of raw materials and the measures adopted to improve their efficient use</b>	GRI 103-2 The management approach and its components	9.1.3. Use of resources	
		GRI 301-1 Materials used by weight or volume	9.1.3. Use of resources	
		GRI 301-2 Recycled input materials used	9.1.3. Use of resources	
		GRI 301-3 Reclaimed products and their packaging materials	9.1.3. Use of resources	



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Sustainable use of resources	<b>Energy: direct and indirect consumption, measures taken to improve energy efficiency, use of renewable energies</b>	GRI 102-2 The management approach and its components	9.1.2. Committed to reducing the carbon footprint	
		GRI 302-1 Energy consumption within the organisation (a) and (b)	9.1.2. Committed to reducing the carbon footprint	
		GRI 302-4 Reduction of energy consumption (a), (b), (c)	9.1.2. Committed to reducing the carbon footprint	
		GRI 302-5 Reductions in energy requirements of products and services	9.1.2. Committed to reducing the carbon footprint	
Climate change	<b>Greenhouse gas emissions</b>	GRI 305-1 Direct (scope 1) GHG emissions	9.1.2. Committed to reducing the carbon footprint	
		GRI 305-2 Energy indirect (scope 2) GHG emissions	9.1.2. Committed to reducing the carbon footprint	
		GRI 305-3 Other indirect (scope 3) GHG emissions	9.1.2. Committed to reducing the carbon footprint	
		GRI 305-4 GHG emissions intensity	9.1.2. Committed to reducing the carbon footprint	
	<b>The measures adopted to adapt to the consequences of climate change</b>	GRI 103-2 Management approach	6.2.7. Climate change risks 9.1.2. Committed to reducing the carbon footprint	
		GRI 102-15 Key impacts, risks, and opportunities	6.2.7. Climate change risks 9.1.2. Committed to reducing the carbon footprint	
		GRI 201-2 Financial implications and other risks and opportunities due to climate change	6.2.7. Climate change risks 9.1.2. Committed to reducing the carbon footprint	
	<b>Reduction goals established voluntarily medium and long-term to reduce GHG emissions and the measures implemented for this purpose</b>	GRI 103-2 The management approach and its components	9.1.2. Committed to reducing the carbon footprint	
		GRI 305-5 Reduction of GHG emissions	9.1.2. Committed to reducing the carbon footprint	

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Protection of biodiversity	Measures taken to preserve or restore biodiversity	GRI 103-2 The management approach and its components	Not applicable.	This is not considered a material topic for the Caja de Ingenieros Group. Its activities do not take place inside protected areas.
		GRI 304-3 Habitats protected or restored	Not applicable.	
	Impact caused by the activities or operations in protected areas	GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable.	
		GRI 304-2 Significant impacts of activities, products, and services on biodiversity	Not applicable.	
		GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable.	
		INFORMATION ON SOCIAL AND PERSONNEL-RELATED ISSUES		
Policies	Policies applied by the Group, including the procedures of due diligence applied for identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures adopted	GRI 103-2 The management approach and its components	7. The people	
		GRI 103-3 Evaluation of the management approach	7. The people	
		GRI 102-35 Remuneration policies	7.5.2. Remuneration and performance assessment	
Key risks	Key risks related to these matters linked to Group activities, including, when appropriate and proportionate, its commercial relations, products or services that might have negative effects on these areas, and how the Group manages these risks	GRI 102-15 Key impacts, risks, and opportunities	7. The people	
		GRI 102-30 Effectiveness of risk management processes	7. The people	
Employment	Total number and distribution of employees by gender, age, country, and professional category	GRI 102-7 Scale of the organisation	7.5. Professional profile	
		GRI 102-8 Information on employees and other workers	7.5. A committed, prepared workforce	
		GRI 405-1 Diversity of governance bodies and employees	7.5.1. Professional profile	
	Total number and distribution of employment contract modalities	GRI 102-8 Information on employees and other workers	7.5.1. Professional profile	

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Employment	Annual average of permanent, temporary, and part-time contracts per gender, age, and professional category	No GRI: average of the total number of employees per contract (permanent/temporary and full/part-time) by gender and region	7.5.1. Professional profile		
			Annual average of permanent, temporary, and part-time contracts per professional category		
				2019	2020
			Indefinite (%)	80.41	84.75
			Employees with commercial, technical and administrative duties	193.08	190.92
			Managers and technicians	274.50	283.30
			Total	467.58	474.75
			Temporary (%)	16.67	13
			Employees with commercial, technical and administrative duties	15.75	12.75
			Managers and technicians	0.92	0.25
			Total	484.25	487.75
			Part-time (%)	2.92	2.25
			Employees with commercial, technical and administrative duties	2	2
			Managers and technicians	0.92	0.25
			Total	4.87	490
			Annual average of permanent, temporary, and part-time contracts per gender, age, and professional category		
				2019	2020
			Permanent contract		
			Proportion of the total	96.56%	97.33%
			Men		
			Under 30	27.92	24.25
			Between 30 and 50	194.92	195.50
			Over 50	45	51.33
			Women		
			Under 30	14	15
			Between 30 and 50	177.75	177.25
Over 50	8	11.42			
Total	467.58	474.75			
Temporary contract					
Proportion of the total	3.44%	2.67%			
Men					
Under 30	7.75	5.83			
Between 30 and 50	1.92	3.5			
Over 50	0.75	-			
Women					
Under 30	3.42	1.92			
Between 30 and 50	2.58	1.75			
Over 50	0.25	-			
Total	16.67	13			
Part-time contract					
Proportion of the total	0.6%	0.46%			
Men					
Under 30	1	1			
Between 30 and 50	0.17	0.25			
Over 50	0.75	-			
Women					
Under 30	-	-			
Between 30 and 50	1	1			
Over 50	-	-			
Total	1	1			

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Employment	Number of dismissals by gender, age, and professional category	GRI 401-1 New employee hires and employee turnover (a) and (b)	<div>7.1.1. Selecting the best professionals</div> <table><tr><th colspan="4">Rotation</th></tr><tr><th></th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td>New hires</td><td>69</td><td>70</td><td>36</td></tr><tr><td>Terminations</td><td>55 33 voluntary</td><td>49 33 voluntary</td><td>36</td></tr><tr><td>Rotation ratio* (%)</td><td>13.28</td><td>12.22</td><td>7.35</td></tr><tr><td>Voluntary rotation ratio (%)</td><td>9.52</td><td>10.92</td><td>5.51</td></tr></table> <p>*Rotation has been calculated by dividing the total new hires and terminations by two, then multiplying by one hundred before dividing the result by the average workforce figure.</p> <p>The itemisation per gender and age is not reported, as it is not available at 2020-end. The data is expected to be available in the future, when a new is implemented to provide this number</p>	Rotation					2018	2019	2020	New hires	69	70	36	Terminations	55 33 voluntary	49 33 voluntary	36	Rotation ratio* (%)	13.28	12.22	7.35	Voluntary rotation ratio (%)	9.52	10.92	5.51																								
	Rotation																																																		
		2018	2019	2020																																															
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Voluntary rotation ratio (%)	9.52	10.92	5.51																																																
	No GRI: number of dismissals per professional category	<div>7.1.1. Selecting the best professionals</div> <table><tr><th colspan="3">Dismissals per gender and age group</th></tr><tr><th></th><th>2019</th><th>2020</th></tr><tr><td><b>Men</b></td><td></td><td></td></tr><tr><td>Under 30</td><td>-</td><td>1</td></tr><tr><td>Between 30 and 50</td><td>3</td><td>2</td></tr><tr><td>Over 50</td><td>-</td><td>-</td></tr><tr><td><b>Women</b></td><td></td><td></td></tr><tr><td>Under 30</td><td>-</td><td>-</td></tr><tr><td>Between 30 and 50</td><td>4</td><td>4</td></tr><tr><td>Over 50</td><td>-</td><td>-</td></tr><tr><td><b>Total</b></td><td><b>7</b></td><td><b>7</b></td></tr><tr><th colspan="3">Dismissals per professional category</th></tr><tr><th></th><th>2019</th><th>2020</th></tr><tr><td>Employees with commercial, technical and administrative duties</td><td>3</td><td>5</td></tr><tr><td>Managers and technicians</td><td>4</td><td>2</td></tr><tr><td><b>Total</b></td><td><b>7</b></td><td><b>7</b></td></tr></table>	Dismissals per gender and age group				2019	2020	<b>Men</b>			Under 30	-	1	Between 30 and 50	3	2	Over 50	-	-	<b>Women</b>			Under 30	-	-	Between 30 and 50	4	4	Over 50	-	-	<b>Total</b>	<b>7</b>	<b>7</b>	Dismissals per professional category				2019	2020	Employees with commercial, technical and administrative duties	3	5	Managers and technicians	4	2	<b>Total</b>	<b>7</b>	<b>7</b>	
Dismissals per gender and age group																																																			
	2019	2020																																																	
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	Average remunerations and their evolution per gender, age, and professional category or equal value	No GRI: average remunerations and their evolution per gender, age, and professional category or equal value	<div>7.5.2. Remuneration and performance assessment</div> <p>All the professionals in the Caja de Ingenieros Group are included in the corresponding collective bargaining agreement, which also controls their wage base.</p>																																																

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Employment	Wage gap	GRI 405-2 Ratio of basic salary and remuneration of women to men	<div>7.5.2. Remuneration and performance assessment</div> <table><tr><td colspan="4">Average remunerations and their evolution per gender, age, and professional category</td></tr><tr><td>Average remuneration (€)</td><td>2019</td><td>2020</td><td>2019-2020 variation (%)</td></tr><tr><td colspan="4">By gender</td></tr><tr><td>Women</td><td>42,153.71</td><td>42,168.39</td><td>0.03%</td></tr><tr><td>Men</td><td>53,105.46</td><td>53,262.96</td><td>0.30%</td></tr><tr><td colspan="4">By age group</td></tr><tr><td>Under 30</td><td>29,441.43</td><td>29,298.90</td><td>-0.48%</td></tr><tr><td>Between 30 and 50</td><td>46,600.85</td><td>46,437.38</td><td>-0.35%</td></tr><tr><td>Over 50</td><td>78,089.09</td><td>74,049.76</td><td>-5.17%</td></tr><tr><td colspan="4">By professional category</td></tr><tr><td>Remaining workforce</td><td>38,750.84</td><td>39,147.31</td><td>1.02%</td></tr><tr><td>Middle management</td><td>63,744.62</td><td>63,805.62</td><td>0.10%</td></tr><tr><td>Management posts</td><td>150,648.93</td><td>153,325.21</td><td>1.78%</td></tr></table>	Average remunerations and their evolution per gender, age, and professional category				Average remuneration (€)	2019	2020	2019-2020 variation (%)	By gender				Women	42,153.71	42,168.39	0.03%	Men	53,105.46	53,262.96	0.30%	By age group				Under 30	29,441.43	29,298.90	-0.48%	Between 30 and 50	46,600.85	46,437.38	-0.35%	Over 50	78,089.09	74,049.76	-5.17%	By professional category				Remaining workforce	38,750.84	39,147.31	1.02%	Middle management	63,744.62	63,805.62	0.10%	Management posts	150,648.93	153,325.21	1.78%			
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Remuneration of equal or average positions in society	GRI 202-1 Ratio of standard entry level wage by gender compared to local minimum wage (a)	<div>7.5.2. Remuneration and performance assessment</div> <table><tr><td colspan="4">Standard starting category wage ratio by gender compared to the local minimum wage</td></tr><tr><td></td><td>2018</td><td>2019</td><td>2020</td></tr><tr><td>Interprofes- sional min- imum wage in Spain (€)</td><td>8,830.8</td><td>12,600</td><td>13,300</td></tr><tr><td>Starting salary for men on a split shift* (€)</td><td>24,012.36</td><td>24,392.36</td><td>24,563.88</td></tr><tr><td>Starting salary for women on a split shift* (€)</td><td>24,012.36</td><td>24,392.36</td><td>24,563.88</td></tr></table> <div>*Does not include seniority, overtime, incentives, etc.</div> <table><tr><td colspan="3">Ratio of basic salary and remuneration of women to men</td></tr><tr><td>Wage gap</td><td>2019</td><td>2020</td></tr><tr><td>Gross wage/h for women (€)</td><td>23.33</td><td>23.34</td></tr><tr><td>Gross wage/h for men (€)</td><td>28.75</td><td>28.50</td></tr><tr><td>Ratio</td><td>18.87%</td><td>18.11%</td></tr></table> <div>The wage gap in 2020 was 18.11% compared with the 18.87% of 2019.</div> <table><tr><td colspan="4">Ratio between the starting wage and the minimum wage per gender</td></tr><tr><td></td><td>2018</td><td>2019</td><td>2020</td></tr><tr><td>Men</td><td>2.72</td><td>1.94</td><td>1.85</td></tr><tr><td>Women</td><td>2.72</td><td>1.94</td><td>1.85</td></tr><tr><td>Total</td><td>2.72</td><td>1.94</td><td>1.85</td></tr></table>	Standard starting category wage ratio by gender compared to the local minimum wage					2018	2019	2020	Interprofes- sional min- imum wage in Spain (€)	8,830.8	12,600	13,300	Starting salary for men on a split shift* (€)	24,012.36	24,392.36	24,563.88	Starting salary for women on a split shift* (€)	24,012.36	24,392.36	24,563.88	Ratio of basic salary and remuneration of women to men			Wage gap	2019	2020	Gross wage/h for women (€)	23.33	23.34	Gross wage/h for men (€)	28.75	28.50	Ratio	18.87%	18.11%	Ratio between the starting wage and the minimum wage per gender					2018	2019	2020	Men	2.72	1.94	1.85	Women	2.72	1.94	1.85	Total	2.72	1.94	1.85	
Standard starting category wage ratio by gender compared to the local minimum wage																																																										
	2018	2019	2020																																																							
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The average remuneration of directors and managers, including variable remuneration, allowances, compensation, the payment of long-term savings benefit systems, and other payment received, by gender	GRI 102-35 Remuneration policies (i)	<table><tr><td colspan="2">Average remuneration in 2020 (€)</td></tr><tr><td>Managers</td><td>153,325.21</td></tr><tr><td>Governing Board</td><td>17,904.76</td></tr></table> <div>Due to confidentiality issues, the remuneration per gender of management or of the Governing Board is not reported.</div>	Average remuneration in 2020 (€)		Managers	153,325.21	Governing Board	17,904.76																																																		
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Employment	The average remuneration of directors and managers, including variable remuneration, allowances, compensation, the payment of long-term savings benefit systems, and other payment received, by gender	GRI 102-36 Process for determining remuneration (a)	7.5.2. Remuneration and performance assessment	
		GRI 201-3 Defined benefit plan obligations and other retirement plans	7.5.2. Remuneration and performance assessment	<a href="https://www.caixae-ingenieros.com/documentos/1109332/661700318/IRP_GCI_20191231.pdf">https://www.caixae-ingenieros.com/documentos/1109332/661700318/IRP_GCI_20191231.pdf</a> (Section 9, information on remunerations)
	Implementation of work disconnection measures	No GRI: work disconnection policies	There is currently no work disconnection policy in itself in the Caja de Ingenieros Group, but there is a series of measures that are for this purpose (e.g. the lights-out after 10 hours policy). However, the partial agreement of January 2020 must be mentioned, which includes the right to digital disconnection after the set working hours.	
	Employees with disabilities	GRI 405-1 Diversity of governance bodies and employees (b, iii)	7.2.2. Inclusion of people with disabilities	
Work organisation	Work time organisation	GRI 102-8 Information on employees and other workers (c)	7.5.1. Professional profile	
		No GRI: work time organisation	7.3.1. Measures for the work/life balance	
	Number of hours of absenteeism	GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities (a)	7.4. Occupational health and safety	
			Absenteeism rate due to occupational accident per gender (%)	
			2018	
			Men 0.05%	
			Women 0.01%	
			Total 0.04%	
			2019	
			Men 0.39%	
			Women 0.05%	
			Total 0.25%	
			2020	
			Men 0.80%	
			Women 0.33%	
			Total 0.60%	
	Measures aimed to ensure a work-life balance and encouragement of their jointly responsible exercise by both parents	GRI 401-3 Parental leave	7.3.1. Measures for the work/life balance	
		No GRI: management approach on other work-life balance measures	7.3.1. Measures for the work/life balance	

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Health and safety	Occupational health and safety conditions	GRI 103-2 Management approach	7.4. Occupational health and safety																																																																																									
		GRI 403-1 Occupational health & safety management system	The Caja de Ingenieros risk management system has been implemented in line with the requirements of the Occupational Risk Prevention Law, and is applied to all employees and workplaces.																																																																																									
		GRI 403-2 Identification of hazards, assessment of risks, and investigation of accidents	7.4. Occupational health and safety																																																																																									
		GRI 403-3 Occupational health services	7.4. Occupational health and safety 7.4.1. Extraordinary health & safety measures due to COVID-19																																																																																									
		GRI 403-5 Training of workers in occupational health & safety (a)	7.4. Occupational health and safety																																																																																									
	Occupational accidents (frequency and severity) per gender	GRI 403-9 Injuries from occupational accidents (a) and (c)	7.4. Occupational health and safety																																																																																									
			In 2020, the Caja de Ingenieros Group recorded no death due to occupational accidents.  In 2020, the Caja de Ingenieros Group recorded 30 occupational accidents (27 from COVID-19 incidents –quarantine, symptoms, personnel at risk, etc. – and 3 minor accidents). <table><tr><th colspan="10">Accidents per gender</th></tr><tr><th></th><th colspan="3">2018</th><th colspan="3">2019</th><th colspan="3">2020</th></tr><tr><th></th><th>H</th><th>M</th><th>T</th><th>H</th><th>M</th><th>T</th><th>H</th><th>M</th><th>T</th></tr><tr><td>No. of accidents</td><td>5</td><td>6</td><td>11</td><td>10</td><td>8</td><td>18</td><td>13</td><td>17</td><td>30</td></tr><tr><td>Accidents with sick leave</td><td>3</td><td>4</td><td>7</td><td>8</td><td>4</td><td>12</td><td>13</td><td>16</td><td>29</td></tr><tr><td>Days lost</td><td>32</td><td>6</td><td>38</td><td>252</td><td>25</td><td>277</td><td>507</td><td>160</td><td>667</td></tr><tr><td>Frequency rate*</td><td>1.30</td><td>2.40</td><td>1.76</td><td>3.33</td><td>2.30</td><td>2.90</td><td>5.48</td><td>8.92</td><td>6.96</td></tr><tr><td>Severity rate**</td><td>0.07</td><td>0.02</td><td>0.05</td><td>0.53</td><td>0.07</td><td>0.33</td><td>1.07</td><td>0.45</td><td>0.80</td></tr><tr><td>Incidence rate***</td><td>10.95</td><td>20.10</td><td>14.80</td><td>28.07</td><td>19.51</td><td>24.49</td><td>59.18</td><td>75.83</td><td>61.22</td></tr></table> *The frequency rate is calculated by dividing the number of accidents with sick leave by the number of hours worked and then multiplying the result by 200,000. **The severity rate is calculated by dividing the number of days lost by the number of hours worked and then multiplying the result by 1,000. ***The incidence rate is calculated by dividing the number of accidents with sick leave by the number of professionals and then multiplying the result by 1,000.		Accidents per gender											2018			2019			2020				H	M	T	H	M	T	H	M	T	No. of accidents	5	6	11	10	8	18	13	17	30	Accidents with sick leave	3	4	7	8	4	12	13	16	29	Days lost	32	6	38	252	25	277	507	160	667	Frequency rate*	1.30	2.40	1.76	3.33	2.30	2.90	5.48	8.92	6.96	Severity rate**	0.07	0.02	0.05	0.53	0.07	0.33	1.07	0.45	0.80	Incidence rate***	10.95	20.10	14.80	28.07	19.51	24.49	59.18
	Accidents per gender																																																																																											
	2018			2019			2020																																																																																					
	H	M	T	H	M	T	H	M	T																																																																																			
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Incidence rate***	10.95	20.10	14.80	28.07	19.51	24.49	59.18	75.83	61.22																																																																																			
Professional illnesses (frequency and severity) per gender	GRI 403-10 Work-related ill health (a)	7.4. Occupational health and safety																																																																																										

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Social relations	Organisation of social dialogue, including procedures to inform and consult personnel and negotiate with them	GRI 102-43 Approach to stakeholder engagement (regarding trade unions and collective negotiations)	The Caja de Ingenieros Group has a Health and Safety Committee that ensures compliance with occupational risk prevention laws and internal regulations, and meets on a quarterly basis. This committee is made up of three company representatives and three employee representatives, who act as prevention officers.	
		GRI 402-1 Minimum notification times for operational changes	The collective bargaining agreements of reference do not include a minimum notification time for operational changes.	
		GRI 403-1 Workers representation in joint health and safety committees	All employees of the Caja de Ingenieros Group are represented by the Bank's Health & Safety Committee.	
	Percentage of employees covered by a collective bargaining agreement per country	GRI 102-41 Collective bargaining agreements	Relations with Caja de Ingenieros Group personnel is covered by the Statute of Workers' Rights and the different collective bargaining agreements of each of the companies forming the Group. Credit Cooperative Agreement, Insurance Brokerage Agreement, Insurance and Reinsurance Company Agreement, and Offices of Catalonia Agreement.	
	Balance of the collective bargaining agreements, especially regarding occupational health & safety	GRI 403-1 Workers representation in joint health and safety committees	All employees of the Caja de Ingenieros Group are represented by the Bank's Health & Safety Committee.	
		GRI 403-4 Health and safety topics covered in formal agreements with trade unions	The Caja de Ingenieros Group has a Health and Safety Committee that ensures compliance with occupational risk prevention laws and internal regulations, and meets on a quarterly basis. This committee is made up of three company representatives and three employee representatives, who act as prevention officers. Any employee can also report and make suggestions regarding occupational risk prevention and health via e-mail to the Health and Safety Committee.	
		GRI 403-8 Workers covered by an occupational health & safety management system	All employees of the Caja de Ingenieros Group are covered by the Bank's risk management system.	

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Training	Training policies implemented	GRI 103-2 Management approach	7.1.2. Training of talent																															
		GRI 404-2 Programs for upgrading employee skills and transition assistance programs	7.1.2. Training of talent																															
	Total quantity of hours of training per professional category	GRI 404-1 Average hours of training per year per employee (a. i.)	7.1.2. Training of talent <table border="1"><tr><td colspan="3">Total number of hours of training per employee, per gender</td></tr><tr><td></td><td>2019</td><td>2020</td></tr><tr><td>Men</td><td>18,422</td><td>14,807</td></tr><tr><td>Women</td><td>13,755</td><td>11,569</td></tr><tr><td>Total</td><td>32,177</td><td>26,376</td></tr><tr><td colspan="3">Average hours of training per employee, per gender (h/employee)</td></tr><tr><td></td><td>2019</td><td>2020</td></tr><tr><td>Men</td><td>64.87</td><td>53.07</td></tr><tr><td>Women</td><td>66.77</td><td>54.83</td></tr><tr><td>Total</td><td>66.11</td><td>53.85</td></tr></table> <p>The total quantity of hours of training per professional category is not reported, as it is not available at the end of financial year 2020. The data is expected to be available in the future, when a new training application is implemented to provide this number.</p>	Total number of hours of training per employee, per gender				2019	2020	Men	18,422	14,807	Women	13,755	11,569	Total	32,177	26,376	Average hours of training per employee, per gender (h/employee)				2019	2020	Men	64.87	53.07	Women	66.77	54.83	Total	66.11	53.85	
	Total number of hours of training per employee, per gender																																	
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	2019	2020																																
Men	64.87	53.07																																
Women	66.77	54.83																																
Total	66.11	53.85																																
		No GRI: Total hours of training	7.1.2. Training of talent	The itemisation into professional categories is not available at the end of financial year 2020 and the Group undertakes to provide it in the future.																														
Accessibility	Universal accessibility of people with disabilities	GRI 103-2 The management approach and its components	7.2.2. Inclusion of people with disabilities																															
Equality	Measures adopted to promote equal treatment and opportunities between men and women	GRI 103-2 Management approach	7.2.1. Diversity, equal opportunities, and the fight against discrimination																															
	Equality plans	GRI 103-2 The management approach and its components	7.2.1. Diversity, equal opportunities, and the fight against discrimination  The Equality Plan Committee is a two-party team, i.e. the company and the workers' representatives, of a total of eight members, four of whom are appointed by the Bank's Management and four by the legal representation of the employees.																															
	Measures adopted to promote employment	GRI 103-2 Management approach	7.2.1. Diversity, equal opportunities, and the fight against discrimination																															

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Equality		GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes (a)	7.1.2. Training of talent	
	Protocols in response to sexual and gender-based harassment	GRI 103-2 The management approach and its components	7.2.1. Diversity, equal opportunities, and the fight against discrimination	
	Integration and universal accessibility for people with disabilities	GRI 103-2 The management approach and its components	7.2.1. Diversity, equal opportunities, and the fight against discrimination	
	Policy against all types of discrimination and, where applicable, for diversity management	GRI 103-2 The management approach and its components	7.2.1. Diversity, equal opportunities, and the fight against discrimination	
		GRI 406-1 Incidents of discrimination and corrective actions taken	In 2020, no report was recorded in the Caja de Ingenieros Group in relation to cases of discrimination or harassment.	
INFORMATION ON RESPECT FOR HUMAN RIGHTS				
Policies	Policies applied by the Group, including the procedures of due diligence applied for identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures adopted	GRI 103-2 The management approach and its components	5. Governance, ethics and integrity	
		GRI 103-3 Evaluation of the management approach	5. Governance, ethics and integrity	
		GRI 410-1 Security personnel trained in human rights policies or procedures	The Caja de Ingenieros Group has outsourced the private security service and the provider is responsible for training this personnel.	
		GRI 412-2 Employee training on human rights policies or procedures	5.3.1. Code of Ethics and prevention of criminal risks	
Key risks	Key risks related to these matters linked to Group activities, including, when appropriate and proportionate, its commercial relations, products or services that might have negative effects on these areas, and how the Group manages these risks, explaining the procedures used to detect and assess them in line with national, European, or international frameworks of reference in each matter. Information must be included on the impacts detected, offering their itemisation particularly on the key short, medium and long-term risks	GRI 102-15 Key impacts, risks, and opportunities	5.3.1. Code of Ethics and prevention of criminal risks	
		GRI 102-30 Effectiveness of risk management processes	5.3.1. Code of Ethics and prevention of criminal risks	



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Human rights	Application of procedures of due diligence in human rights	GRI 103-2 Management approach		5.3.1. Code of Ethics and prevention of criminal risks			
		GRI 102-16 Values, principles, standards and rules of conduct		4.2.2. Mission, vision and values 5.3.1. Code of Ethics and prevention of criminal risks			
		GRI 414-2 Negative social impacts in the supply chain and actions taken		In 2020, the Caja de Ingenieros Group detected no negative impact in its supply chain, nor did it stop working with any supplier for this reason.			
		GRI 414-3 Significant investment agreements and contracts with clauses on human rights and subject to human rights assessment		9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group			
	Prevention of risks of violating human rights and, where applicable, measures to mitigate, manage and repair any abuses committed	GRI 103-2 Management approach		5.3.1. Code of Ethics and prevention of criminal risks			
		GRI 412-1 Operations that have been subject to human rights reviews or impact assessments		9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group			
		GRI 410-1 Security personnel trained in human rights policies or procedures		The Caja de Ingenieros Group has outsourced the private security service and the provider is responsible for training this personnel.			
	Reports of cases of violated human rights	GRI 102-17 Mechanisms for advice and concerns about ethics (reports received and solution)		In 2020, the Caja de Ingenieros Group recorded no report relating to ethics concerns.			
		GRI 103-2 Management approach		5.3.1. Code of Ethics and prevention of criminal risks			
		GRI 406-1 Incidents of discrimination and corrective actions taken		In 2020, the Caja de Ingenieros Group recorded no report or enquiry regarding cases of discrimination or harassment.			
		GRI 419-1 Non-compliance with laws and regulations in the social and economic area		In 2020, the Caja de Ingenieros Group recorded no breach of social and economic laws or regulations.			
	Promotion of and compliance with the provisions of the fundamental agreements of the ILO relating to respect for the freedom of association and the right to collective bargaining, the elimination of discrimination in employment and in the workplace, the elimination of forced or compulsory labour, and the effective abolition of child labour	GRI 103-2 The management approach and its components		The Caja de Ingenieros Group performs its activity in the financial sector, which requires highly qualified and specialist personnel. Therefore child labour or forced or compulsory labour is not considered material. Despite this, its investment decisions include ESG criteria and certain less sustainable and inclusive industries (weapons, explosives, tobacco) are excluded from its operations.			
INFORMATION REGARDING THE FIGHT AGAINST CORRUPTION AND BRIBERY							
Policies	Policies applied by the Group, including the procedures of due diligence applied for identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures adopted	GRI103-2 The management approach and its components		5.3.1. Code of Ethics and prevention of criminal risks			
		GRI 103-3 Evaluation of the management approach		5.3.1. Code of Ethics and prevention of criminal risks			
		GRI 205-2 Communication and training about anti-corruption policies and procedures		5.3.1. Code of Ethics and prevention of criminal risks 6.2.6. Reputational risk			

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Key risks	<b>Key risks related to these matters linked to Group activities, including, when appropriate and proportionate, its commercial relations, products or services that might have negative effects on these areas, and how the Group manages these risks, explaining the procedures used to detect and assess them in line with national, European, or international frameworks of reference in each matter. Information must be included on the impacts detected, offering their itemisation particularly on the key short, medium and long-term risks</b>	GRI 102-15 Key impacts, risks, and opportunities	5.3.1. Code of Ethics and prevention of criminal risks 6.2.6. Reputational risk	
		GRI 102-30 Effectiveness of risk management processes	5.3.1. Code of Ethics and prevention of criminal risks	
		GRI 205-1 Operations assessed for risks related to corruption (b)	5.3.1. Code of Ethics and prevention of criminal risks 6.2.6. Reputational risk	
Corruption and bribery	<b>Measures adopted to prevent corruption and bribery</b>	GRI 102-16 Values, principles, standards and rules of conduct	5.3.1. Code of Ethics and prevention of criminal risks	
		GRI 102-17 Mechanisms for advice and concerns about ethics	5.3.1. Code of Ethics and prevention of criminal risks	
		GRI 103-2 Management approach	5.3.1. Code of Ethics and prevention of criminal risks	
	<b>Measures to fight money laundering</b>	GRI 205-2 Communication and training about anti-corruption policies and procedures	5.3.1. Code of Ethics and prevention of criminal risks	
	<b>Contributions to non-profit foundations and organisations</b>	GRI 103-2 Management approach	9.2. Social commitment	
		GRI 201-1 Direct economic value generated and distributed	9.2.2. Economic value generated and distributed	
		GRI 203-2 Significant indirect economic impacts	9.2. Social commitment	
		GRI 415-1 Contribution to political parties and/or representatives	The contributions by the Caja de Ingenieros Group to political parties and representatives stood at 0 euros in 2020.	

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INFORMATION ON SOCIETY				
Policies	Policies applied by the Group, including the procedures of due diligence applied for identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, as well as the measures adopted	GRI 103-2 The management approach and its components	9.2. Social commitment	
		GRI 103-3 Evaluation of the management approach	9.2. Social commitment	
Key risks	Key risks related to these matters linked to Group activities, including, when appropriate and proportionate, its commercial relations, products or services that might have negative effects on these areas, and how the Group manages these risks	GRI 102-15 Key impacts, risks, and opportunities	6.2. Risk management 9.2. Social commitment 9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group	
		GRI 102-30 Effectiveness of risk management processes	6.2. Risk management 9.2. Social commitment 9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group	
Company commitments towards sustainable development	Impact of the company business on local employment and development	GRI 201-1 Direct economic value generated and distributed	7.5.1. Professional profile 9.2. Social commitment	
		GRI 203-1 Infrastructure investments and services supported (b)	9.2. Social commitment	
		GRI 203-2 Significant indirect economic impacts	9.2. Social commitment	
		GRI 204-1 Proportion of spending on local suppliers (a) and (b)	9.2.4. Suppliers: extended social and environmental commitment	
		GRI 413-1 Operations with local community engagement, impact assessments and development programmes (a, iv)	9.2. Social commitment	
		GRI 413-2 Operations with significant actual and potential negative impacts on local communities	8.2.1. Responsible products and services 9.3.3. 2020 SRI commitments	
	Impact of the company business on local populations and the region	GRI 203-1 Infrastructure investments and services supported	9.2. Social commitment	
		GRI 203-2 Significant indirect economic impacts	9.2. Social commitment	
		GRI 413-1 Operations with local community engagement, impact assessments and development programmes	9.2. Social commitment	
		GRI 413-2 Operations with significant actual and potential negative impacts on local communities	8.2.1. Responsible products and services 9.3.3. 2020 SRI commitments	

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	Relations with the players in local communities and the forms of dialogue with them	GRI 102-43 Approach to stakeholder engagement (regarding the community)	9.2. Social commitment			
	Association or sponsorship actions	GRI 102-13 Membership of associations	9.2. Social commitment Annex III			
Subcontracting and suppliers	Inclusion of social, gender equality, and environmental issues in the purchasing policy	GRI 103-3 Management approach	9.2.4. Suppliers: extended social and environmental commitment			
		GRI 308-1 New suppliers that have passed assessment and selection screening using environmental criteria	9.2.4. Suppliers: extended social and environmental commitment			
	Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9 Supply chain	9.2.4. Suppliers: extended social and environmental commitment			
		GRI 103-3 Management approach	9.2.4. Suppliers: extended social and environmental commitment			
		GRI 308-1 New suppliers that have passed assessment and selection screening using environmental criteria	9.2.4. Suppliers: extended social and environmental commitment			
		GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	9.2.4. Suppliers: extended social and environmental commitment			
		GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	9.2.4. Suppliers: extended social and environmental commitment			
		GRI 414-1 New suppliers that have passed selection screening using social criteria	9.2.4. Suppliers: extended social and environmental commitment			
	Claim systems, complaints received, and their solving	GRI 103-2 The management approach and its components	8.2.3. Satisfaction-oriented			
		GRI 103-3 Evaluation of the management approach	8.2.3. Satisfaction-oriented			
				2018	2019	2020
			Complaints and claims	24,012.36	24,392.36	24,563.88
Accepted for processing by the Member and Customer Service Department			164	136	465	
Rejected by the Member and Customer Service Department*			3	11	12	
Total			167	147	477	
Complaints and claims solved during the financial year						
In favour of members and customers			17	10	12	
In favour of the Group			134	68	220	
Other concepts**	8		34	131		
Total	159	112	363			
Awaiting a solution during the financial year	5	24	102			
Solved during the financial year but from previous years	12	5	24			
		*These complaints and claims were rejected by the Member Service Department either because they did not meet the requirements of their Regulations when presented or because they were previously solved in favour of the member after being accepted by the Bank. **The complaints or claims were solved in favour of the member after being accepted by the Bank.				

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Contents of Law 11/2018 on non-financial information and diversity		Related GRI standards and other non-GRI indicators	Chapter of reference or direct response	Remarks and observations
Consumers	Measures for consumer health & safety	GRI 103-2 The management approach and its components	8.4. Prioritising security	
		GRI 416-1 Assessment of the health and safety impacts of product and service categories	8.4.1. Transparency and protection in the area of financial investment: MiFID II	
		GRI 417-1 Requirements for product and service information and labelling	8.4.1. Transparency and protection in the area of financial investment: MiFID II	
	Claim systems, complaints received, and their solving	GRI 102-17 Mechanisms for advice and concerns about ethics (reports received and solution)	8.2.3. Satisfaction-oriented	
		GRI 103-2 The management approach and its components	8.2.3. Satisfaction-oriented	
		GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2020, the Caja de Ingenieros Group recorded no non-compliance concerning the health and safety of its products and services.	
		GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2020, the Caja de Ingenieros Group recorded no complaint concerning breaches of customer privacy and /or losses of customer data.	
Tax information	Profits obtained per country	GRI 201-1 Direct economic value generated and distributed	9.2. Social commitment Consolidated net profit: 11,360 thousand euros	
	Tax on profits paid	No GRI: tax on profits paid	Corporate income tax and other taxes and encumbrances: 12,809 thousand euros	
	Public subsidies received	GRI 201-4 Financial assistance received from government (a, i, ii), (b)	In 2020, the Group received a subsidy from the Government Foundation for Training in Employment (FUND AE) to meet the required conditions in training courses for employees. Public subsidies received 35,185.16 euros	



## ANNEX II. TABLE OF GRI CONTENTS

GRI STANDARD CONTENT		Chapter or direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
<b>GRI 101 Foundation standards 2016</b>						
<b>GRI 102 General disclosures 2016</b>						
<b>Organisational profile</b>						
102-1	Name of the organisation	Caja de Crédito de los Ingenieros, Sociedad Cooperativa de Crédito				
102-2	Activities, products and services	8.2.1. Responsible products				
102-3	Location of headquarters	Via Laietana, 39. 08003 Barcelona				
102-4	Location of operations	Spain				
102-5	Ownership and legal form	4.2.1. Presentation				
102-6	Market served	Spain				
102-7	Scale of the organisation	3. 2020 in figures				
102-8	Information on employees and other workers	7. The people			Principle 6	SDG 8
102-9	Supply chain	9.2.4. Suppliers: extended social and environmental commitment				
102-10	Significant changes to the organisation and its supply chain	8.1.1. Figures supporting the model of the Caja de Ingenieros Group				
102-11	Precautionary principle or approach	6. Risk management				
102-12	External initiatives	9.2.3. Social action 9.1.1. Towards a sustainable horizon Annex IV				
102-13	Membership of associations	Annex IV				
<b>Strategy</b>						
102-14	Statement from senior decision-makers	1. Interview with the Chairman 2. Interview with the Managing Director				
102-15	Key impacts, risks and opportunities	6. Risk management				
<b>Ethics and integrity</b>						
102-16	Values, principles, standards and norms of behaviour	5.3.1. Code of Ethics and prevention of criminal risks			Principle 10	SDG 16
102-17	Mechanisms for advice and concerns about ethics	5.3.1. Code of Ethics and prevention of criminal risks				

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GRI STANDARD CONTENT		Chapter or direct response	Omissions	External verifi- cation	Correlation with the Global Compact	Correlation with the SDGs
<b>Governance</b>						
102-18	Governance structure	5. Governance, ethics and integrity				
102-20	Executive-level responsibility for economic, environmental and social topics	5.1. Corporate organisational chart				
102-21	Consulting stakeholders on economic, environmental and social topics	6.2.7. Climate change risk				SDG 16
<b>Stakeholder engagement</b>						
102-40	List of stakeholder groups	10.1.1. Stakeholder relations				
102-41	Collective bargaining agreements	Relations with Caja de Ingenieros Group personnel is covered by the Statute of Workers' Rights and the different collective bargaining agreements of each of the companies forming the Group. Credit Cooperative Agreement, Insurance Brokerage Agreement, Insurance and Reinsurance Company Agreement, and Offices of Catalonia Agreement.			Principle 3	SDG 8
102-42	Identifying and selecting stakeholders	10.1.1. Stakeholder relations				
102-43	Approach to stakeholder engagement	10.1.1. Stakeholder relations				
102-44	Key topics and concerns raised	10.1.2. Materiality analysis				
<b>Reporting practice</b>						
102-45	Entities included in the consolidated financial statements	10.1.3. About this report				
102-46	Defining report content and topic boundaries	10.1.3. About this report				
102-47	List of material topics	10.1.2. Materiality analysis				
102-48	Restatements of information	During financial year 2020, no restatement of information from previous reports was necessary.				
102-49	Changes in reporting	None.				
102-50	Reporting period	Year 2020.				
102-51	Date of most recent report	2019.				
102-52	Reporting cycle	Annual.				

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GRI STANDARD CONTENT		Chapter or direct response	Omissions	External verifi- cation	Correlation with the Global Compact	Correlation with the SDGs
102-53	Contact point for questions regarding the report	For any queries related to the contents of this report, you can contact the CSR and Communication director, Víctor Cardona, at <a href="mailto:victor.cardona@caixa-enginyers.com">victor.cardona@caixa-enginyers.com</a> .				
102-54	Claim of reporting in accordance with the GRI standards	This report has been drafted in accordance with the core option of the GRI standards.				
102-55	Table of GRI contents	Annex II.				
102-56	External verification	This annual report has been verified by AENOR in line with the requirements of Law 11/2018 on non-financial information and diversity.				
<b>MATERIAL TOPICS</b>						
<b>Economic performance</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	10.1.2. Materiality analysis <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				
103-2	The management approach and its components	6. Risk management 9.2. Social commitment				
103-3	Evaluation of the management approach	6. Risk management 9.2. Social commitment				
<b>GRI 201 Economic performance 2016</b>						
201-1	Direct economic value generated and distributed	9.2.2. Economic value generated and distributed				SDG 2 SDG 5 SDG 7 SDG 8 SDG 9
201-2	Financial implications and other risks and opportunities due to climate change	6.2.7. Climate change risk 9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group			Principle 7	SDG 13

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GRI STANDARD CONTENT		Chapter or direct response	Omissions	External verifi- cation	Correlation with the Global Compact	Correlation with the SDGs
<b>Solvency and liquidity</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	6.3. Solvency <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				
103-2	The management approach and its components	6.3. Solvency				
103-3	Evaluation of the management approach	6.3. Solvency				
<b>Risk management</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	6. Risk management <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				
103-2	The management approach and its components	6. Risk management				
<b>Ethics and integrity</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	5. <b>Governance, ethics and integrity</b> <b>Boundary:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact and through its business relationships (suppliers).			Principle 10	
103-2	The management approach and its components	5.3. Good governance			Principle 10	
103-3	Evaluation of the management approach	5.3. Good governance			Principle 10	
<b>GRI 205 Anti-corruption 2016</b>						
205-2	Communication and training about anti-corruption policies and procedures	5.3.1. Code of Ethics and prevention of criminal risks			Principle 10	
205-3	Confirmed incidents of corruption and actions taken	In 2020, the Bank recorded or investigated no case of internal corruption. Communications made to SEPBLAC refer to suspected cases of money laundering among its members and customers.				

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GRI STANDARD CONTENT		Chapter or direct response	Omissions	External verifi- cation	Correlation with the Global Compact	Correlation with the SDGs
<b>GRI 206 Anti-competitive behaviour 2016</b>						
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In 2020, no legal action for anti-competitive behaviour, anti-trust or monopoly practices were recorded.				
<b>GRI 414 Supplier social assessment 2016</b>						
414-1	New suppliers that have passed selection screening using social criteria	9.2.4. Suppliers: extended social and environmental commitment			Principles 1, 2 and 6	
<b>GRI 308 Supplier environmental assessment 2016</b>						
308-1	New suppliers have passed assessment and selection screening using environmental criteria	All new suppliers in 2020 (78) meet the minimum requirements of Caja de Ingenieros, which include environmental requirements.			Principles 7, 8 and 9	
<b>GRI 412 Human rights assessment 2016</b>						
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group			Principles 1 and 2	
<b>Integration of ESG criteria into the business</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group <b>Boundary:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				
103-2	The management approach and its components	9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group				
103-3	Evaluation of the management approach	9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group				
No GRI	Investment in programmes with ESG criteria	9.3. Responsible banking and investment: in the ADN of the Caja de Ingenieros Group				SDG 12
<b>Member (customer) relations</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	8. The members <b>Boundary:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				



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GRI STANDARD CONTENT		Chapter or direct response	Omissions	External verifi- cation	Correlation with the Global Compact	Correlation with the SDGs
103-2	The management approach and its components	<p>8. The members</p> <p>The Caja de Ingenieros Group has policies relating to the European Markets in Financial Instruments Directive (MIFID), approved by the Governing Board, which establishes all the criteria and processes for service quality and the protection of the rights of all members. These policies are:</p> <ul style="list-style-type: none"> <li>• Policy of better execution. Through this policy, a high quality service must be provided to members when executing their orders, either directly or through any intermediary.</li> <li>• Asset safeguarding policy. This establishes the obligation to adopt appropriate measures to protect the financial instruments and the funds entrusted to it by its members to avoid undue use.</li> <li>• Conflict of interest management policy. This policy seeks to prevent and manage any conflicts of interest that may arise when providing any investment or ancillary service or activity between the Bank and its members, or between different members.</li> <li>• Incentive policy. This establishes the principles and procedures to avoid general conflicts regarding incentives that may be received from others.</li> </ul>				
103-3	Evaluation of the management approach	8. The members				SDG 12
No GRI	Number of complaints and claims received	8.2.3. Satisfaction-oriented				
Transparent and fair products and services						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundary	<p>8.2. Responsibility in our products</p> <p><b>Boundary:</b> inside and outside the organisation.</p> <p><b>Involvement:</b> the organisation contributes directly to the impact.</p>				
103-2	The management approach and its components	8.2. Responsibility in our products				
103-3	Evaluation of the management approach	8.2. Responsibility in our products				
No GRI	SDG number to which the organisation contributes through its activity	4.2.4. Sustainability strategy, Sustainable Horizon, and SDG				
Digital banking and multi-channel services						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundary	<p>8. The members</p> <p><b>Boundary:</b> inside and outside the organisation.</p> <p><b>Involvement:</b> the organisation contributes directly to the impact.</p>				

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103-2	The management approach and its components	8.3.1. Digital advice				
103-3	Evaluation of the management approach	8.3.1. Digital advice				
No GRI	Percentage of transactions made through digital channels	8.3.1. Digital advice				SDG 9
<b>Financial inclusion</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	9.2. Social commitment <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact and through its business relationships.				
103-2	The management approach and its components	9.2. Social commitment				
103-3	Evaluation of the management approach	9.2. Social commitment				
No GRI	Initiatives fostering financial education	9.2.3. Social action				SDG 1 SDG 10
<b>Eco-efficiency and climate change</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	9.1. Environmental commitment <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				
103-2	The management approach and its components	9.1.1. Towards a sustainable horizon				
103-3	Evaluation of the management approach	9.1.1. Towards a sustainable horizon				
<b>GRI 301 Materials 2016</b>						
301-1	Materials used by weight or volume	9.1.3. Efficient, sustainable use of resources			Principles 7, 8 and 9	
<b>GRI 302 Energy 2016</b>						
302-1	Energy consumption within the organisation	9.1.2. Committed to reducing the carbon footprint			Principles 7, 8 and 9	SDG 7 SDG 8 SDG 12 SDG 13
<b>GRI 303 Water 2018</b>						
303-5	Water consumption	9.1.3. Efficient, sustainable use of resources			Principles 7, 8 and 9	SDG 6 SDG 12

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<b>GRI 305 Emissions 2016</b>						
305 -1	Direct (scope 1) GHG emissions	9.1.2. Committed to reducing the carbon footprint			Principles 7, 8 and 9	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15
305-2	Energy indirect (scope 2) GHG emissions	9.1.2. Committed to reducing the carbon footprint			Principles 7, 8 and 9	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15
305-3	Other indirect (scope 3) GHG emissions	9.1.2. Committed to reducing the carbon footprint			Principles 7, 8 and 9	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15
305-5	Reduction of GHG emissions	9.1.2. Committed to reducing the carbon footprint			Principles 7, 8 and 9	SDG 13 SDG 14 SDG 15
<b>GRI 306 Effluents and waste 2016</b>						
306-2	Waste by type and disposal method	9.1.4. Minimising waste			Principles 7, 8 and 9	SDG 3 SDG 6 SDG 12
<b>Social action</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	9.2. Social commitment <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact and through its business relationships (Foundation).				
103-2	The management approach and its components	9.2. Social commitment				
103-3	Evaluation of the management approach	9.2. Social commitment				
<b>GRI 413 Local communities 2016</b>						
413-1	Operations with local community engagement, impact assessments, and development programmes	9.2. Social commitment			Principle 1	
<b>Generation of wealth and contribution to the development of the business network</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	9.2. Social commitment <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact and through its business relationships (Foundation).				

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103-2	The management approach and its components	9.2. Social commitment				
103-3	Evaluation of the management approach	9.2. Social commitment				
<b>GRI 204 Procurement practices 2016</b>						
204-1	Proportion of spending on local suppliers	9.2.4. Suppliers: extended social and environmental commitment				SDG 12
<b>GRI 203 Indirect economic impacts 2016</b>						
203-1	Infrastructure investments and services supported	3. 2020 in figures 9.2. Social commitment				SDG 2 SDG 5 SDG 7 SDG 9 SDG 11
<b>Tax strategy and compliance</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	8. The members <b>Boundary:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				
103-2	The management approach and its components	8. The members				
103-3	Evaluation of the management approach	8. The members				
<b>GRI 417 Marketing and labelling 2016</b>						
417-3	Incidents of non-compliance concerning marketing communications	In 2020, no non-compliance concerning marketing communications was recorded.				
<b>GRI 419 Socioeconomic compliance 2016</b>						
419-1	Non-compliance with laws and regulations in the social and economic area	In 2020, no non-compliance with laws or regulations in the social and economic area were recorded.				SDG 16
<b>Cybersecurity and data protection</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	8.4. Prioritising security <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.				
103-2	The management approach and its components	8.4. Prioritising security				
103-3	Evaluation of the management approach	8.4. Prioritising security				

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GRI 418 Customer privacy 2016																						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated claim was received in 2020 regarding violations of privacy or loss of member data.				SDG 16																
Diversity and equal opportunities and work-life balance																						
GRI 103 Management approach 2016																						
103-1	Explanation of the material topic and its boundary	7.2. Equal and diverse <b>Coverage:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.			Principles 1, 2 and 6																	
103-2	The management approach and its components	7.2. Equal and diverse			Principles 1, 2 and 6																	
103-3	Evaluation of the management approach	7.2. Equal and diverse			Principles 1, 2 and 6																	
GRI 202 Market presence 2016																						
202-1	Ratio of standard entry level wage by gender compared to local minimum wage	Ratio between the starting wage and the minimum wage per gender <table><tr><td></td><td>2018</td><td>2019</td><td>2020</td></tr><tr><td>Total</td><td>2.72</td><td>1.94</td><td>1.85</td></tr><tr><td>Men</td><td>2.72</td><td>1.94</td><td>1.85</td></tr><tr><td>Women</td><td>2.72</td><td>1.94</td><td>1.85</td></tr></table>		2018	2019	2020	Total	2.72	1.94	1.85	Men	2.72	1.94	1.85	Women	2.72	1.94	1.85				SDG 1 SDG 5 SDG 8
	2018	2019	2020																			
Total	2.72	1.94	1.85																			
Men	2.72	1.94	1.85																			
Women	2.72	1.94	1.85																			
GRI 405 Diversity and equal opportunity 2016																						
405-1	Diversity of governance bodies and employees	7.2. Equal and diverse			Principle 6	SDG 5 SDG 8																
405-2	Ratio of basic salary and remuneration of women to men	Ratio of basic salary and remuneration of women to men <table><tr><td>Wage gap</td><td>2019</td><td>2020</td></tr><tr><td>Gross wage/h for women (€)</td><td>23.32641585</td><td>23.33814072</td></tr><tr><td>Gross wage/h for men (€)</td><td>28.25724297</td><td>28.0160125</td></tr><tr><td>Ratio</td><td>17.45%</td><td>16.70%</td></tr></table>	Wage gap	2019	2020	Gross wage/h for women (€)	23.32641585	23.33814072	Gross wage/h for men (€)	28.25724297	28.0160125	Ratio	17.45%	16.70%			Principle 6	SDG 5 SDG 8 SDG 10				
Wage gap	2019	2020																				
Gross wage/h for women (€)	23.32641585	23.33814072																				
Gross wage/h for men (€)	28.25724297	28.0160125																				
Ratio	17.45%	16.70%																				
GRI 406 Non-discrimination 2016																						
406-1	Incidents of discrimination and corrective actions taken	In 2020, no incident or enquiry regarding cases of discrimination or harassment were recorded.			Principles 1, 2 and 6	SDG 5 SDG 8 SDG 16																



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<b>Attracting and retaining talent</b>						
<b>GRI 103 Management approach 2016</b>						
103-1	Explanation of the material topic and its boundary	7.1. Selecting, retaining and training the best talent <b>Boundary:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.			Principle 6	
103-2	The management approach and its components	7.1. Selecting, retaining and training the best talent			Principle 6	
103-3	Evaluation of the management approach	7.1. Selecting, retaining and training the best talent			Principle 6	
<b>GRI 401 Employment 2016</b>						
401-1	New employee hires and employee turnover	7.1. Selecting, retaining and training the best talent			Principle 6	SDG 5 SDG 8
401-3	Parental leave	7.3.1. Measures for the work/life balance			Principle 6	SDG 5 SDG 8
<b>GRI 403 Occupational health and safety 2018</b>						
403-1	Worker representation in formal worker-company health and safety committees	The Caja de Ingenieros Group's risk management system has been implemented in line with the requirements of the Occupational Risk Prevention Law and is applied to all employees and workplaces (100% coverage).			Principle 6	SDG 3 SDG 8
403-3	Occupational health services	The Prevention Department is made up of technicians specialising in occupational risk prevention, who are completely independent to the Bank and provide support on preventive measures. In collaboration with the Personnel Area, they also take part in campaigns and initiatives to promote healthy life habits among employees.				
403-4	Worker participation, consultation and communication on occupational health and safety	The Caja de Ingenieros Group has a Health and Safety Committee that ensures compliance with occupational risk prevention laws and internal regulations, and meets on a quarterly basis. This committee is made up of three company representatives and three employee representatives, who act as prevention officers. Any employee can also report and make suggestions regarding occupational risk prevention and health via e-mail to the Health and Safety Committee.				

INTERVIEW  
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MANAGEMENT

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THE MEMBERS

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ANNEX

GRI STANDARD CONTENT		Chapter or direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
403-9	Work-related injuries	<b>Absenteeism rate due to occupational accident per gender (%)</b>				
		2018				
		Men	0.05%			
		Women	0.01%			
		Total	0.04%			
		2019				
		Men	0.39%			
		Women	0.05%			
		Total	0.25%			
		2020				
		Men	0.80%			
		Women	0.33%			
		Total	0.60%			
403-10	Work-related ill health	No work-related ill health was recorded in 2020.			Principle 6	SDG 3 SDG 8
Training and education						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundary	7.1. Selecting, retaining and training the best talent <b>Boundary:</b> inside and outside the organisation. <b>Involvement:</b> the organisation contributes directly to the impact.			Principle 6	
103-2	The management approach and its components	7.1. Selecting, retaining and training the best talent			Principle 6	
103-3	Evaluation of the management approach	7.1. Selecting, retaining and training the best talent			Principle 6	
GRI 404 Training and education 2016						
404-1	Average hours of training per year per employee	7.1. Selecting, retaining and training the best talent			Principle 6	SDG 4 SDG 5 SDG 8
404-2	Programmes for upgrading employee skills and transition assistance programmes	7.1. Selecting, retaining and training the best talent			Principle 6	SDG 8
404-3	Percentage of employees receiving regular performance and career development reviews	7.1. Selecting, retaining and training the best talent			Principle 6	SDG 5 SDG 8

## ANNEX III. ORGANISATIONS WITH WHICH THE CAJA DE INGENIEROS GROUPO COLLABORATES

### Professional bodies, associations and foundations

- Consejo General de Ingenieros Industriales de España
- Consejo General de Colegios Oficiales de Graduados e Ingenieros Técnicos Industriales de España
- Consejo General de Colegios de Ingenieros Agrónomos
- Colegio de Ingenieros Industriales de Madrid
- Colegio de Ingenieros Industriales de Valencia
- Colegio de Ingenieros Industriales de Andalucía
- Colegio Oficial de Graduados e Ingenieros Técnicos Industriales de Madrid
- Colegio Oficial de Graduados e Ingenieros Técnicos Industriales de Sevilla
- Colegio Oficial de Ingenieros Técnicos de Telecomunicación de España
- Colegio Oficial de Ingenieros de Telecomunicación de España
- Colegio de Ingenieros Agrónomos de Levante
- Asociación de Ingenieros de Telecomunicación de Andalucía
- Colegio de Ingenieros Industriales de Álava
- Fundación Escuela Ingenieros de Bilbao
- Fundación José Artigas
- Colegio Oficial de Aparejadores y Arquitectos Técnicos de Sevilla
- Colegio Oficial de Ingenieros Agrónomos de Aragón, Navarra y País Vasco
- Centro de Investigación Biomédica en Red
- Itscool
- Institut d'Enginyers de Catalunya
- Gremi de Constructors
- Fundació Trams
- Fundació Rinaldi de l'Escola Universitària Salesiana de Sarrià
- Escola de Palma de la Universitat de les Illes Balears
- Col·legi Oficial de Pèrits i Enginyers Tècnics Industrials de les Illes Balears
- Col·legi Oficial d'Enginyers Agrònoms de Catalunya
- Col·legi d'Enginyers Tècnics de Manresa
- Col·legi d'Enginyers Tècnics de Lleida
- Col·legi de Doctors i Llicenciats de Catalunya
- Col·legi d'Enginyers Tècnics Industrials de Girona
- Col·legi d'Enginyers Tècnics Industrials de Barcelona
- Col·legi d'Economistes de Catalunya
- Col·legi de Metges de Girona
- Col·legi de Disseny Gràfic
- Col·legi de Censors Jurats de Comptes de Catalunya
- Col·legi d'Aparelladors de Tarragona

- Col·legi d'Aparelladors i Arquitectes Tècnics de Barcelona
- Col·legi d'Enginyers Tècnics Industrials de Vilanova
- Col·legi d'Enginyers Tècnics de Tarragona
- Col·legi d'Aparelladors, Arquitectes Tècnics i Enginyers d'Edificació de Lleida
- Col·legi d'Enginyers Industrials de Catalunya
- Real Academia de la Ingeniería
- Instituto de la Ingeniería
- Cámara de Comercio de Sevilla
- Club Esportiu Europa
- Clúster de l'Energia Eficient de Catalunya
- Confederació d'Associacions Empresariales de Balears
- Associació d'Autònoms de Catalunya
- Cecot
- Associació d'Enginyers Industrials de Catalunya-Girona
- Associació de Joves Empresaris de Girona
- Associació Catalana d'Enginyers de Telecomunicació
- Alumni de la Universitat Autònoma de Barcelona
- Associació Empresarial Química de Tarragona
- Associació Sant Cugat Empresarial

### Universities

- Universidad Politécnica de Madrid
- Universitat Politècnica de Catalunya
- Universitat Politècnica de València
- Universidad de Deusto
- Universidad de Málaga
- Universidad de Zaragoza
- Universitat de Manresa
- Universitat Oberta de Catalunya
- Universitat Autònoma de Barcelona
- Patronat de l'Escola Politècnica Superior de la Universitat de Girona
- Escola de Dret de la Universitat de les Illes Balears
- Tecnocampus de Mataró

### Education and excellence

- Premios Fundación Emprendimiento
- Observatorio de la Ingeniería de España
- Premios Rectorado de la Universidad Politécnica de Madrid
- Préstamo UPC Alumni
- Escola Superior d'Administració i Direcció d'Empreses
- Institut Químic de Sarrià
- Consell Social de la Universitat Politècnica de València

- Becas de Movilidad de la Escola Tècnica Superior d'Enginyeria Industrial de Barcelona (Universitat Politècnica de Catalunya)
- Universidad de Zaragoza
- Real Academia de Ingeniería
- Consejo General de Colegios Oficiales de Graduados e Ingenieros Técnicos Industriales de España
- Premio Ideas Innovadoras Isabel P. Traba
- Observatorio de Divulgación Financiera del IEF
- La Salle-URL
- Colegio Oficial de Ingeniería Informática de la Comunitat Valenciana
- Universitat de Vic
- Universitat Oberta de Catalunya
- Institute for Bioengineering of Catalonia
- Enginyers Industrials de Catalunya
- Universitat Pompeu Fabra
- Premios Bonaplata de la Associació del Museu de la Ciència i de la Tècnica i d'Arqueologia Industrial de Catalunya
- Coordinadora Catalana de Fundacions
- Colegio Oficial de Ingenieros Agrónomos de Levante
- Hermandad de Los Estudiantes de la Universidad de Sevilla
- Colegio de Ingenieros de Caminos, Canales y Puertos de Valencia
- Publications and guidelines
- Lego League de la Universidad Politécnica de Madrid
- Foundation training courses
- Universidad de Vitoria
- Asociación Estatal de Representantes de Alumnos de Ingenierías de Ámbito Industrial
- Escuela de Ingenieros Industriales de Sevilla
- Fundación ProDTI de la Escuela Politécnica de Sevilla
- Sociedad Española de Materiales
- Escuela de Edificación de la Universidad Politécnica de Madrid
- Colegio de Ingenieros Industriales de Alicante
- Campus de Alcoy de la Universidad Politécnica de Valencia
- Premio Diseño Industrial de la Universidad Politécnica de Madrid

## ANNEX IV. RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In June 2017, the Task Force on Climate-related Financial Disclosures (TCFD), created by the Financial Stability Board (FSB), published its recommendations on the disclosure of climate-related financial risks. The document classifies the analysis of climate-related risks into four blocks: governance, corporate strategy, risk management, and the establishing of metrics and goals.

Each block emphasises the risks and the opportunities posed by the climate emergency. The climate-related risks, in turn, are classified into two major categories: risks related to the transition to a lower-carbon economy (including regulations, legal action, technological changes and changes in market trends) and risks related to the physical impacts of climate change (divided, in turn, into specific events and long-term effects). Climate change also provides opportunities for organisations, for example through the efficient use of resources and cost reductions, the adopting of low-emission energy sources, the development of new products and services, access to new markets, and the incorporation of greater resilience to the supply chain.

The following table shows the section of this non-financial information and diversity report, in which each of the areas of disclosure of the TCFD recommendations has been covered.

Block	Disclosure requirement	Incorporation into the non-financial information document
Governance: the governance of the organisation on climate-related risks and opportunities..	Describe the role of the Governing Board when assessing and managing climate-related risks: the process and frequency of the information, the considering of climate-related topics when reviewing the Bank's strategy, and the monitoring of processes implemented regarding the goals set.	Section 6.2.7.2. includes information on approval of the risk management policies and reporting of the capital and liquidity self-assessment report to the Governing Board.
	Describe the management provided by the management team regarding climate-related risks and opportunities: the allocating of responsibilities and committees, the organisational structure, and monitoring by the management team of climate-related topics.	Section 6.2.7.2. indicates the information conveyed, the policies incorporating climate aspects, and the committees in which the information is discussed.
Strategy: the current and potential impact of climate-related risks and opportunities on the branches of the business, the strategy, and the financial planning of the organisation.	Describe the climate-related risks and opportunities identified by the organisation in the short, medium and long-term: the relevant timeframes considering the life of the assets, the material impacts (including the process to define risk materiality) and the significant coal-related credit exposures.	Section 6.2.7.5. se explains the scarce materiality of the climate risk in the Caja de Ingenieros portfolio and the relevant timeframes. Section 6.2.7.4. indicates exposure to coal and mining industries in lending operations.
	Describe the impact of the climate-related risks and opportunities on the branches of the business, the strategy and the financial planning of the organisation: the Bank's products and services, the mitigation of activities, and the consideration of climate effects on financial planning.	Section 4.2.5. explains the goals and strategies with regards to the climate. Section 6.2.7.4. includes details of the climate risk per branch of business: <ul style="list-style-type: none"> <li>- Energy sector (the most relevant sector in portfolios) technologies are included in financial investments, separating between fixed and variable income.</li> <li>- In credit investment, they are broken down into products of the total number of most relevant sectors for the climate.</li> </ul>
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario: the description of where the climate-related risks and opportunities might have an impact, the capacity to adapt of these potential risks and opportunities, and the analysis of scenarios and their timeframe.	Section 4.2.5. explains the commitment of Caja de Ingenieros to the Paris Agreement. Section 6.2.7.3. indicates the relevant sectors for the climate risk (as established by PACTA). Section 6.2.7.4. analyses their impact and measures alignment with the Paris Agreement as a tool to mitigate the transition risk.

Block	Disclosure requirement	Incorporation into the non-financial information document
Risk management: the process in the organisation to identify, assess and manage climate-related risks and opportunities	Describe the organisation's processes for identifying and assessing climate-related risks: assessment of the climate-related risk in the context of traditional risks, such as credit risk, market risk, liquidity risk, and operational risk, the size and scope of the climate risk, and the classification framework used.	Section 6.2.7.4. links the climate risk to the other traditional risks. For fixed income, the relationship between climate risk and credit risk is shown for the PACTA impact categories according to the credit rating and, for variable income, the climate risk is linked to the impact on the market risk, concluding that the impact would be low for the energy sector (to which there is greatest exposure).
	Describe the organisation's processes for managing climate-related risks: the decisions to mitigate or accept the climate risk, risk control, and decisions regarding materiality.	Section 6.2.7.4. analyses the management and the environment performance in credit and financial investments. Section 6.2.7.5. includes the materiality analysis with the factors considered.
	Describe how the processes to identify, assess and manage climate-related risks are integrated into the organisation's overall risk management.	Section 6.2.7.2. includes the way in which the climate risk is managed in the organisation. Section 6.2.7.4. explains the analysis performed to contract a tool to increase the information available during investment decision making.
Metrics and targets: the metrics and targets used to assess and manage climate-related risks and opportunities.	Describe the metrics used by the organisation to assess climate-related risks and opportunities in accordance with its strategy process and risk management: the risk associated to water, energy, the use of land, and waste management. Details itemised by industry, credit rating, geography, and percentage of coal-related assets.	Section 6.2.7.4. includes the segmentation of the climate risk per product and details of the mining industries (including coal) for the credit investment. Itemisation per credit rating is included for financial investments. Section 6.4.7.3. includes a table with the metrics used in PACTA scenarios for each sector. Section 9.1.1. provides information on contamination, circular economy, waste prevention and management, sustainable use of resources, and climate change.
	Disclose scope 1, scope 2 and, where applicable, scope 3 of greenhouse gas (GHG) emissions and their related risks.	Section 9.1.2. includes the carbon footprint of Caja de Ingenieros. Section 6.2.7.4. includes the planned developments for 2021 to include a tool to measure scope 3 in financial investments.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance in comparison with targets: explain whether the target is absolute or based on the intensity of emissions, including the timeframe for the target and the key performance indicators (KPI) used to measure progress in the targets.	Section 6.2.7.4. explains that the key goal of the Bank is to comply with UNEP FI practice, in line with the terms established by the organisation.
Climate scenarios: the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario and the use of scenarios to assess the climate risk and its potential financial impacts.	Scenario analysis consists of a process to identify and assess potential effects of a series of possible future states in uncertain conditions. The scenarios are hypothetical constructions and are not designed to offer precise results or forecasts. This tool is used as a method to analyse what the future might be like if certain trends are maintained or certain conditions are met. For example, in the case of climate change, the scenarios enable organisations to explore and understand various combinations of related physical and transition risks that might affect their businesses, their strategies, and their financial performance over time. Scenario analysis may be qualitative, based on descriptive narratives, or quantitative, based on data and numerical models, or a combination of both.	Section 6.2.7.4. shows the alignment with the Paris Agreement according to the scenarios of the IEA included in the PACTA tool, and includes an explanatory note of the scenarios.
	A critical aspect of this method is the selection of a set of scenarios that cover a reasonable variety of future favourable and unfavourable results. Organisations from the financial sector should consider the possibility of using the scenario analysis to assess the potential impact of climate-related situations on individual assets or investments, investments or assets in a specific sector or region, or for subscription activities.	





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