



# Sustainability Report

AND NON-FINANCIAL  
INFORMATION STATEMENT 2021

LABORAL Kutxa declares that this Report has been prepared in accordance with the GRI standards: the exhaustive option, and complies with the requirements of Law 11/2018, dated 28 December, on non-financial information and diversity, according to the external verification carried out by AENOR.

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The background features a dark purple gradient with a grid pattern and several white envelope icons scattered across it. On the left side, there are two overlapping geometric shapes: a dark red triangle pointing downwards and a light green trapezoid pointing upwards. The text '0. Letter' is centered in the middle of the page.

# 0. Letter

At the time of writing this introduction to the LABORAL Kutxa Group's Sustainability Report, it is two years since the start of the health, social and economic crisis caused by COVID-19. Although the situation gradually improved over the course of 2021, the challenges, issues and uncertainties associated with its impact and the various waves are still very considerable.

2021 has become the year of economic recovery. However, it has not been a year without difficulties, as we have been forced to live with the virus and suffer during part of the year from restrictions that have affected the economic outlook. However, progress in the vaccination process allowed activity to be normalised towards the end of the year.

Overall, it has been a difficult year. The first half of the year was notable for a significant positive demand shock. In addition, there were also logistical bottlenecks resulting in high shipping costs and, last but not least, there was an energy supply problem. This has led to inflation rates not seen for more than a decade.

Despite all these challenging situations, the LABORAL Kutxa Group was able to close the year in a noteworthy manner, meeting the business objectives it had set for itself. We have continued to grow in an efficient, profitable and risk-adjusted manner.

At the same time, in 2021 we laid the foundations for our sustainability strategy. As a credit cooperative, LABORAL Kutxa was created with the aim of contributing to the creation of a fairer and more equitable society, a society in which the economy and people are not alien elements. This commitment to the progress of the society to which we belong has meant that we have always had a special concern for the care and preservation of the environment. A clear example of this is that we celebrated 20 years of holding ISO 14001 environmental certification in 2021, a certification that we pioneered within the financial system.

As a preliminary step to designing a sustainability plan, during the first months of the year we launched an analysis of our position in the face of the challenges posed by this green transformation. We identified our strengths, future directions and priority work areas. As a result, we have created a roadmap for implementing the sustainability strategy that will guide our actions over the next few years. This roadmap applies across the entire Group and covers areas of work that affect such diverse aspects as the products we offer our customers, our investments, the granting of credit, training needs, the environmental improvement of our processes and the messages we communicate to society.

One element to which we have attached particular importance has been the design and implementation of sustainability governance within the Group. It is a strategic priority and as such the responsibility for its promotion, as well as for the analysis and control of sustainability and climate change risks, lies with the Governing Board.

A key and particularly complex aspect of achieving the objectives we have set ourselves is to be able to have the necessary information to correctly integrate sustainability risks into our risk models. For this reason, and in view of the need to comply with the demanding regulations in this area that are being received from the various regulators, we have worked intensively throughout the year to adapt our systems. We need to have the data to understand the impact of sustainability issues on our business. It is therefore essential to obtain data and classify them according to the criteria set out in the Taxonomy for Activities published by the European Union.

As can be seen, this is a very demanding and exciting activity to which we will have to devote significant resources over the next few years.

At LABORAL Kutxa, we share the European Union's vision that the right way out of the COVID crisis is to put forward an agenda in which social justice and equity play a leading role. The economic model that emerges from this crisis must be sustainable, i.e. compatible with a vision in which people are at the centre and at the same time in balance with the environment and natural resources.

Before concluding, I would like to reiterate our commitment to the Principles of the United Nations Global Compact in order to continue advancing with respect to Human, Employment and Environmental Rights and the Fight against Corruption. We also maintain our support for the Sustainable Development Goals (SDGs) of the 2030 Agenda.

A handwritten signature in dark ink, appearing to read 'Txomin García Hernández', with a long horizontal stroke extending to the right.

Txomin García Hernández

Chairman of LABORAL Kutxa



# 1. About us

## 1.1. Group Presentation

LABORAL Kutxa, is shown on its corporate website as ***a solid and responsible model of cooperative and participative banking***. *“LABORAL Kutxa represents a different way of banking, based on cooperation and commitment to our society. Our main objective is the satisfaction of each client and the generation of wealth and employment in our environment. We are a Cooperative Bank, guided by values and a philosophy that lead us to prioritise the common interest over the individual, to make decisions in a participative and responsible way and to reinvest our profits in society.”*

It is a credit cooperative in which the majority of the capital is held by the cooperatives of the MONDRAGÓN group and by working or retired members (collaborative partners).

The consolidated LABORAL Kutxa Group includes banking and insurance businesses. The Retail Banking business offers both investment and savings products. In investment, the main areas of activity are the marketing of mortgage products, consumer credit, working capital and corporate finance. As regards savings, the main products are deposits (on demand and term deposits), bank guarantees, means of payment services (credit and debit cards), investment funds, pension funds and EPSVs. This business is mainly carried out by Caja Laboral Popular Coop. de Crédito (hereinafter LABORAL Kutxa and with headquarters in Mondragón, Paseo JM Arizmendiarieta s/n 20500 Gipuzkoa), through its network of branches, or by certain companies that are 100% dependent on it, which are considered a direct extension of the business carried out by the Parent Company. Strategic, management and operational decision-making is focused on the Governing Board of Caja Laboral Popular Coop. de Crédito.

The Insurance Business includes the activity carried out by the Group through Seguros Lagun-Aro Vida, S.A. and Seguros Lagun-Aro, S.A. The Group is engaged in life insurance business, marketing life insurance, life savings policies and unit-linked policies. In addition, it is active in non-life insurance, mainly in car insurance, civil liability and in multi-risk sectors, mainly for homes. Strategic, management and operational decision-making is focused on the Boards of Directors of both companies.

**Seguros Lagun Aro Vida and Seguros Lagun Aro (hereinafter Seguros Lagun Aro)** are two public companies, 100% owned by LABORAL Kutxa. Thus, even when the employees do not own the company, they participate in the management and business results.

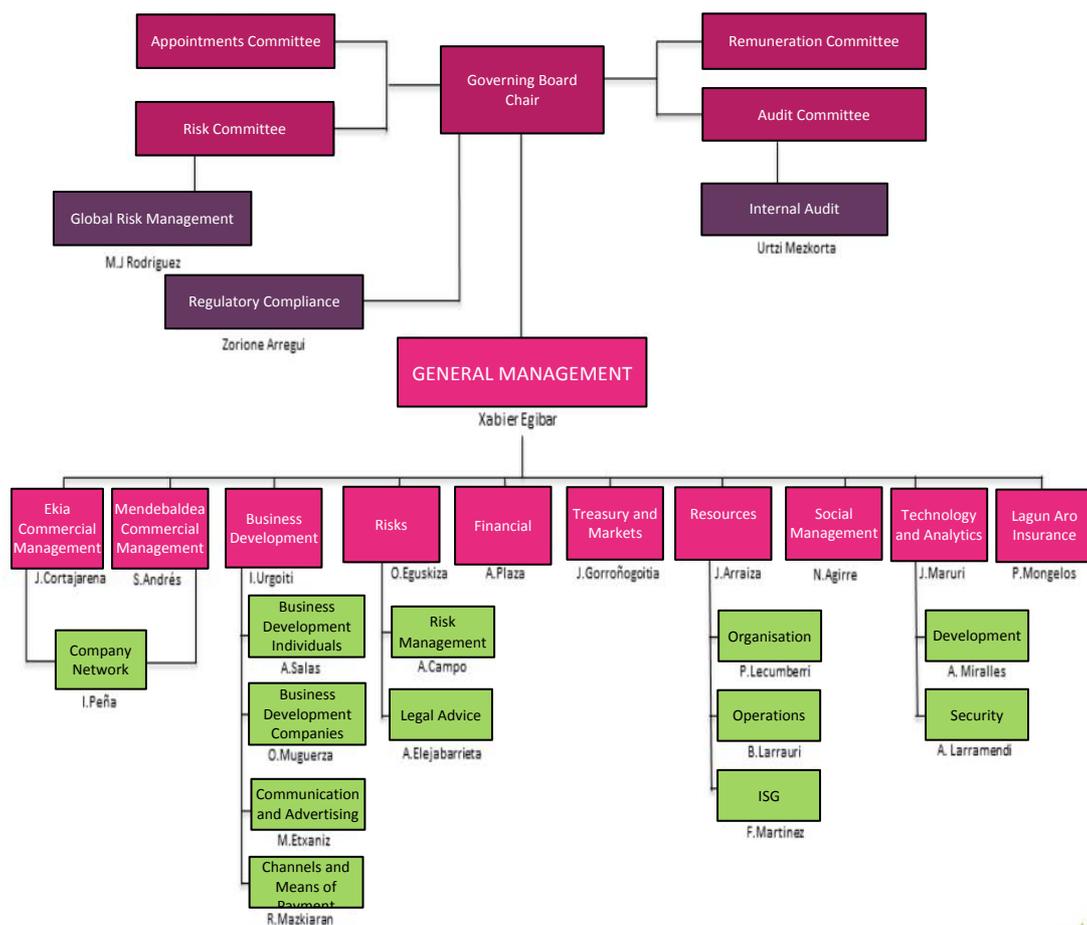
The investee companies that make up the LABORAL Kutxa Group:

Dependent Entities	Activity	% Owned	Headquarters
Seguros Lagun Aro Vida, S.A.	Insurance	100%	Calle Capuchinos de Basurto nº 6, 2º, 48013 Bilbao (Bizkaia)
Seguros Lagun Aro, S.A.	Insurance	100%	
Seg. Lagun Aro 2003, IEA	Insurance	100%	
Caja Laboral Gestión SGIIC, S.A.	Investment fund manager	100%	Paseo José María Arizmendiarieta 5, 1ª Arrasate-Mondragón 20500 Gipuzkoa
Caja Laboral Pensiones GFP, S.A.	Pension fund manager	100%	Paseo José María Arizmendiarieta SN Edificio 5 1ª Arrasate-Mondragón 20500 Gipuzkoa
ISGA Inmuebles, S.A.*	Real Estate Developer	100%	Paseo José María Arizmendiarieta 4 Arrasate-Mondragón 20500 Gipuzkoa
Caja Laboral Euskadiko Kutxa Cartera, S.L.U.	Holding company	100%	
Caja Laboral Bancaseguros (CLBS) O.B.S.V., S.L.U.	Banking Insurance Operator	100%	Calle Gran Vía Diego Lopez de Haro, 2 – PISO 1, Bilbao, 48001, Bizkaia
Associated Entities			
ATEGI GREEN POWER, S.L.	Photovoltaic installations	28.57%	Calle Goiru (ed b), 1 – Piso 3, Arrasate/Mondragón, 20500, Gipuzkoa

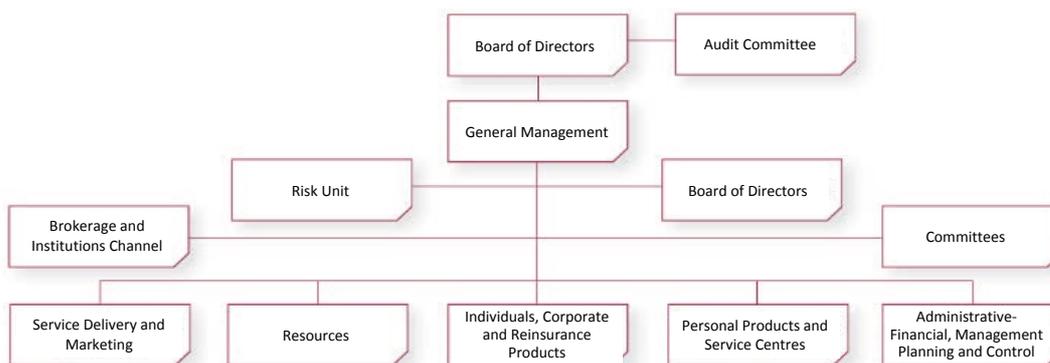
\*With regard to 2020, Sociedad para la Gestión de Activos Inmobiliarios de Caja Laboral, S.L. (SGA) has been merged by absorption into ISGA on 26/10.

## 1.2. Operating structure

The structure as at 31/12 is organised into functional Divisions, which in turn are divided into the various Departments, Sections, Areas and Network of offices.



Lagun Aro Insurance



1.3. Cooperativism

WHAT DIFFERENTIATES US FROM OTHER BANKS AND SAVINGS BANKS?

<b>WE ARE A COOPERATIVE CREDIT UNION</b>	The people who serve you at LABORAL Kutxa are members of the organisation, we are committed to the project and believe in it, so we are dedicated to giving each person the best service. Customer satisfaction is the best guarantee for our business plans.
<b>GIVING BACK TO SOCIETY. USEFUL BANKING, COMMITTED TO OUR SOCIETY</b>	Our dividend is what we give back to society: 25% of our distributable surpluses are used to finance projects of economic and social interest, training and job creation. The rest we reinvest in the entity to strengthen its solvency and its future development.
<b>WE ARE WORKERS, PARTNERS AND STAKEHOLDERS</b>	LABORAL Kutxa is not listed on the stock exchange, it is not subject to speculative pressure from the financial markets. All partners participate in the capital and in the decisions of the organisation, with responsibility, assuming the consequences of our management. The key decisions are validated at the General Meeting with the participation of all partners, guaranteeing an efficient and responsible management that allows us to obtain profits and reinvest them in our society.



## MISSION

**Credit union which aims to serve the financial needs of its members and customers.**

Primarily individuals and companies and that it considers the quality of management and service as a competitive differential that allows it to achieve a very prominent position in Efficiency and Profitability and to achieve customer and partner satisfaction.

The Entity is part of the MONDRAGÓN Corporation, primarily channelling its desire for social promotion through its singular support for the corporate institutions' activity. It also extends its social

## VISION

**The Entity is committed to leadership in Quality and Service by offering close and personalised advice.**

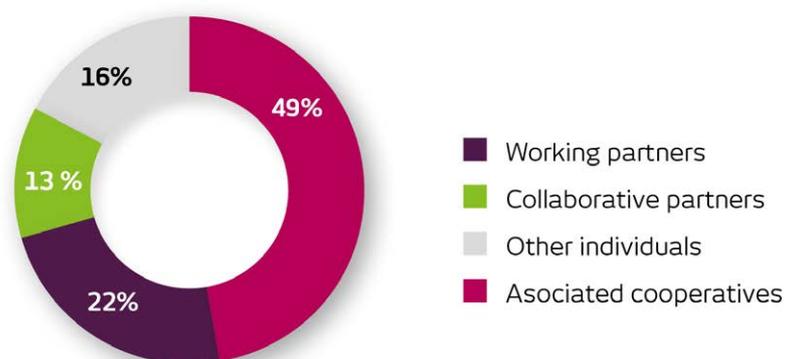
with specific products for the identified business segments without losing sight of costs, where it aims to maintain its current strong position, and innovation, which will be vigorously pursued.

## VALUES

**The values are ways of being and acting, expressed in the form of behaviour, of all the people who make up the Entity.**

towards our stakeholders, since the ethical behaviour of people is the basis for a sustainable balance in the company's decisions.



**SHARE CAPITAL AS AT 31/12/2021****786.4 M EUROS****1.4. Values, principles, standards and rules of conduct**

LABORAL Kutxa regulates individuals' activities on the basis of certain rules of conduct. In the area of the securities market, these rules or guidelines of conduct are essentially included in an "Internal Code of Conduct specific to the securities market", which applies to the people who make up the Governing Board, the Board of Directors and those involved in this area of activity. In 2018, the adaptation of the aforementioned Internal Code of Conduct to Regulation 596/2014 was approved, and the CNMV was informed accordingly.

In the area of ethics and integrity, the entity's rules, which also apply to CLBS, are set out in the "Code of Ethics and Professional Conduct" and the "Guide to Good Practice and Professional Secrecy". Both documents are published on the intranet and are updated and reviewed by the Regulatory Compliance Department and the Internal Audit Department. Modifications to the Code of Ethics and Professional Conduct require the approval of the Governing Board.

As a continuation of the Code of Ethics, in the field of prevention and response to possible criminal behaviour applicable to the entity, the internal regulations are included in the "Crime Prevention and Response Manual" and in the "Criminal Compliance Policy".

There is a "Complaints Channel" that allows people to report, guaranteeing the protection of the complainant, irregularities of potential importance linked to the Code of Ethics and the Criminal Compliance Policy and the "Ethics Committee" acts as a supervisory body for these regulations, which is chaired by the Social Management Department and also includes Regulatory Compliance, Legal Advice and Internal Audit. This body, in addition to monitoring, grants authorisations or exceptions and deals with the complaints received through the Complaints Channel, ensuring the appropriate action.

In 2021 there was one consultation and no complaints and in 2020 there were no consultations or complaints.

The Group's insurance companies, Seguros Lagun Aro and Seguros Lagun Aro Vida, although for legal reasons having a legal status as a joint-stock company and not as a cooperative company, share the cooperative values and the various management practices and policies.

Seguros Lagun Aro is part of the *European mutual and cooperative insurance association - EURESA*, and shares the values of mutuality and cooperation that this Association defends and is, therefore, committed to:

- putting its guiding principles into practice at all levels of its activities,
- designing products and services that meet the real needs of consumers,

- ensuring that policyholders and groups of interest are actively involved in the life of the company, either directly or through their representatives,
- combining the balance between financial aspects with ethical conduct, and
- ensuring that its activities are undertaken in the context of a people-centred economy geared towards sustainable and socially responsible development.

The contracts entered into by the **real estate asset management companies** with third parties in the course of their business, ensure that they comply with (and enforce their suppliers to comply with) the regulations related to occupational health and safety, respect for the environment and human rights, establishing specific obligations, their express acceptance by third parties, and serious penalties for non-compliance.

### 1.5. Geographic distribution of offices

LABORAL Kutxa incorporates the insurance activity within a strategy of Banking and Insurance, so that the Group companies (Seguros Lagun Aro SA in the Non-Life areas and Seguros Lagun Aro Vida) market their products for the most part through the offices and the website of LABORAL Kutxa. Seguros Lagun Aro complements these banking channels with a network of selected brokers.

LABORAL Kutxa and CLBS staff work in the Private Individual offices..

There is also a specialised network of companies (to which must be added the Cooperatives and Large Companies office and the Public Sector office).

Distribution of offices as at 1/1/22			
Provinces	Individuals	Companies	Mediation
Bizkaia	80	1	1
Gipuzkoa	62	1	1
Navarra	36	1	1
Araba	28	1	1
Zaragoza	16	1	1
Valladolid	12	1	1
Madrid	9	1	-
Asturias	8	-	1
Burgos	7	-	-
Salamanca	6	-	-
La Rioja	4	-	1
Cantabria	4	-	-
Leon	3	-	-
Palencia	2	-	-
Barcelona	1	-	1
Huesca	1	-	-
Zamora	1	-	-
Valencia	-	-	1
<b>Total no. of offices</b>	<b>280</b>	<b>7</b>	<b>9</b>

## 1.6. Key figures of the Group

Item	2020	2021
Total assets (MII)	27,904	28,563
Own Funds (MII)	1,835	1,916
Customer deposits (MII)	22,984	23,500
Credit to customers(MII)	14,459	15,158
Offices	301	280
ATMs	538	523
Interest Margin (MII)	254.6	239.7
Gross Margin (MII)	402.6	403.2
Administration Costs (MII)	210	223.7
Profit after tax (MII)	79.7	101.4

The distribution of wealth generated by the **Group** is shown in the following table:

Item (thousands of €).	2020	2021
<b>1. Directly generated financial value</b>	<b>420,094</b>	<b>411,814</b>
Gross Margin (before other operating charges)	417,729	408,729
Profits on Sale of Material and Awarded Assets	2,365	3,085
<b>2. Distributed financial value</b>	<b>258,559</b>	<b>294,450</b>
Payment to supplier companies (Operating costs)	108,842	118,992
- other general administrative costs.	63,646	72,033
- other operating charges	45,196	46,959
Staff costs	109,621	110,474
Income tax	10,934	14,975
Interest on capital	9,783	31,640
Investment / Donations to the community	19,379	18,369
Development and Education Fund (FEP)	7,751	7,348
Intercooperative Social Fund (FSI)	11,627	11,022
<b>3. Financial value retained (1-2)</b>	<b>161,535</b>	<b>117,363</b>

Item (thousands of €). Management of real estate assets	2020	2021
Revenue (Sales)	46,102	168,980
Operating costs	3,270	4,369
Staff costs	0	0
Financial costs for interest and dividends	78	413
Gross tax	1,607	2,072

Regarding **CLBS**, the key financial figures, included in the consolidated results, are:

Item (thousands of €). CLBS	2020	2021
Turnover (commissions)	42,449	44,392
Staff Costs	8,122	10,233
Total Costs	38,579	42,071
Pre-tax profit	3,865	2,321

The objective of the **real estate asset management companies** in 2021 has been the purchase or award of real estate assets from third party developers in payment of debt to LABORAL Kutxa and the divestment of all the assets owned, both finished product (homes, garages, premises, etc.) and through the completion of the works in progress for the sale of the final product and the sale of the land or its management for its transformation into housing, through the undertaking of self-development and building.

In 2021, via the ISGA company, work was carried out on 17 real estate projects involving the construction of 877 homes, of which 7 projects have been completed, bringing the total number of completed homes to 471.

None of the land, developments in progress or completed housing is adjacent to or located within protected natural areas or unprotected areas of high biodiversity.

The activity of these **real estate asset management companies** implies a minimum participation in the Spanish real estate sector. Its indirect effect is related to the contracting out to third parties of the activities necessary for its execution.

## Taxation

LABORAL Kutxa exercises its tax obligations in the territories in which it carries out its activity, specifically in the four foral territories and in common territory, thus contributing to the support of public services and the progress of Society.

The company's tax strategy is consistent with the long-standing principle of prudence applied in all areas of management.

As part of its Financial Information Internal Control System, Laboral Kutxa has a Tax and Legal Management Procedure. This internal document, approved by the Governing Board, defines the areas of the organisation responsible for the management of the different taxes, the different actions to be undertaken by each of them in this respect, as well as the controls defined to ensure the correct execution of the procedure. This procedure is periodically reviewed by Internal Audit.

The tax information is reported in the annual accounts in an explanatory note containing the reconciliation between the accounting result and the tax base for corporate income tax purposes. This information, together with the other financial information, is subject to an annual external audit.

<b>Taxes and duties (thousands of €) LABORAL Kutxa</b>	<b>2020</b>	<b>2021</b>
Taxes (Property Tax, Self-employed income tax, etc.)	1,296	1,602
V.A.T.	12,564	19,698
Tax on deposits	6,546	6,844
DTAs equity benefit	2,266	2,051
<b>Total LK</b>	<b>22,672</b>	<b>30,195</b>
<b>CLBS tax on profits</b>	<b>930</b>	<b>557</b>
<b>Taxes and duties (thousands of €) Lagun Aro</b>	<b>2020</b>	<b>2021</b>
Corporate income tax	1,782	2,932
Taxes (Property Tax, Self-employed income tax, etc.)	92	85
<b>Total Lagun Aro</b>	<b>1,874</b>	<b>3,017</b>

In 2021, LK's accrued corporate income tax amounted to 14,975 thousand euros.

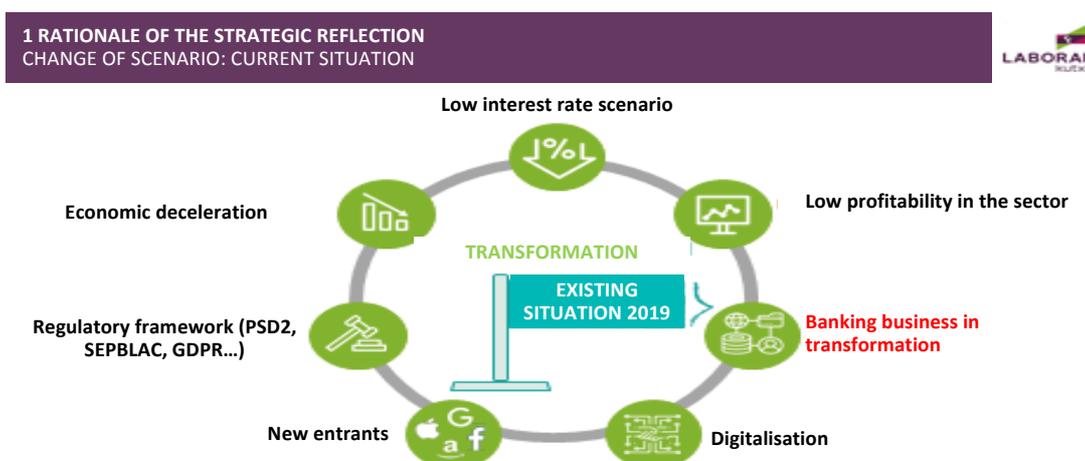
The Public Administration does not form part of the capital nor does it have any representation on the governing bodies of LABORAL Kutxa. The financial support received from the Administration is as follows:

<b>Item (thousands of euros)</b>	<b>2020</b>	<b>2021</b>
Subsidies (aid for employment, training and energy investments)	226	31
<b>Item (thousands of euros)</b>	<b>2020</b>	<b>2021</b>
Subsidies Lagun Aro (Euskera)	22	-

## 1.7. Risk management and strategy

During 2019, it carried out the strategic reflection that has led to the drafting of a Strategic Plan for the years 2020-2022. The strategic deliberations at LABORAL Kutxa follow an annual cycle, as part of a management process that systematises competitive surveillance in the various markets and the review of business models and strategic commitments, which are then developed in each Management Plan.

This was the first strategic reflection carried out from a cross-Group perspective, including the insurance companies. It was a process led by the Board of Directors, with the participation of different levels of the cooperative, from departmental managers to section heads and staff from the commercial network. It was carried out with the support of Deloitte and, once completed, was approved by the Governing Board.



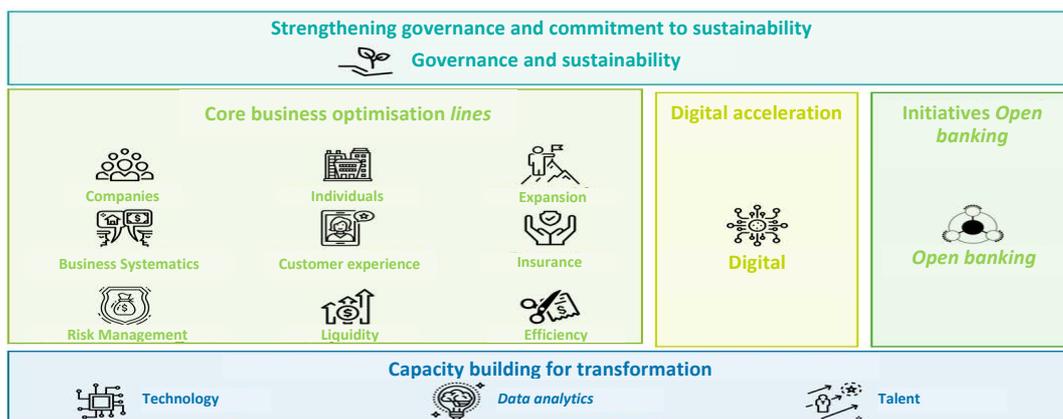
The following ambition was defined:

*Transformation of the entity in order to ensure its competitiveness and future sustainability in a complex market environment by means of a differentiating approach.*

The main lines of action that emerged from the strategic reflection were:

- **Profitability - income statement.** Sustaining current levels of profit generation will be the main objective. This will require an increase in business volumes.
- **Solvency.** Solvency management will be another of the fundamental management tools, being the main parameter that guarantees the future and independence of the entity.
- **Business strategy.** The commercial strategy will be geared towards increasing market shares by increasing the dynamics of commercial activity.
- **The insurance business.** Opportunities and competitive differentials should be exploited to drive growth.
- **Risk Policy.** Review of the current risk appetite framework and risk policies.
- **Treasury and capital markets.** The strategy for investing surplus liquidity will be deployed with a prudent approach.

The development of the Strategic Plan for the financial years 2020 - 2022 is based on five major blocks comprising 15 programmes.

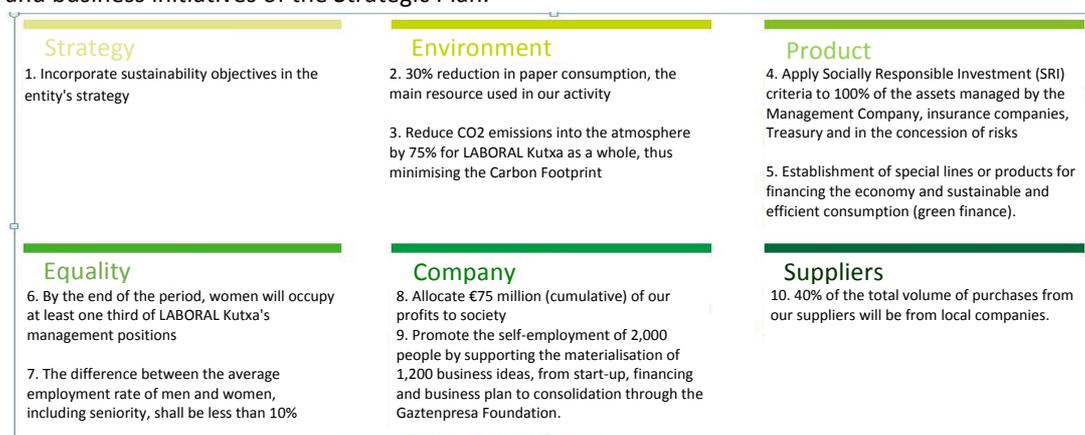


Risk management is considered to be a key element in this strategic plan. For this reason, the risk appetite framework desired by the entity has been reviewed and the fit of the objectives set out in all programmes has been subsequently adjusted. In addition, measures are proposed to extend the risk culture in the network and the first steps are taken to improve the internal models.

Sustainability and corporate governance were materialised for the first time in this Strategic Plan as a cross-cutting element covering all the programmes it comprises. In the area of sustainability, the company will continue to contribute to the economic and social progress of its surroundings and to reduce the impact of its activities on the environment. These projects are aligned with the *Sustainable Development Goals (SDG)* and the 2030 Agenda.

#### Sustainability Plan

For the first time, Laboral Kutxa will have sustainability objectives to accompany the commercial and business initiatives of the Strategic Plan.



Section 2.2 Commitments and achievements provides an overview of the status of these objectives at the end of 2021.

In 2021, the Strategic Plan was reviewed by the Board of Directors. This included carrying out an analysis of the prevailing situation, with special attention to growth forecasts as a result of the recovery after the crisis in 2020, as well as the main macroeconomic, financial and business figures of Laboral Kutxa.

The main conclusions ratified by the Governing Council were:

1. There has been a change in the economic cycle and management of the crisis has enabled Laboral Kutxa to face the new situation in a healthy and strong position in terms of customer-market relations.
2. This scenario allows the dual strategic agenda to be resumed and even accelerated in its entirety.
  - a. CORE Business.
  - b. Transformation: the increased investment capacity allows us to increase the speed of the transformation agenda, incorporating sustainability as a new and powerful area for action. The objective is to implement the sustainability strategy for the Group: implementation of the defined roadmap, compliance with regulatory requirements, integration of sustainability risks and development of sustainability initiatives in the different areas.
3. An agreement has been reached to set up a new Means of Payment strategic programme.

In addition, each year **Seguros Lagun Aro** draws up its Management Plan, which establishes objectives and action plans, in accordance with the balance of quantitative indicators in its management *scorecard* as well as the qualitative conclusions.

### 1.8. Principles and governance

#### Corporate governance

LABORAL Kutxa has not established any formal policy for hiring senior managers native to the geographical areas where it carries out its work, as the business is carried out at a national level and the criteria followed are those based on appropriate professional skills. All management staff (members of the Board of Directors) are natives of the areas where the Entity operates.

In terms of corporate Governance, the progress made in 2021 was as follows:

- As every year, a report was drawn up on the evaluation of the structure, size, composition and performance of the Governing Board in the last year.
- On the occasion of the renewal of the Governing Board, reports have been prepared on the profiles needed to fill the vacant positions on the Governing Board.
- The policy for the selection, appointment, reappointment and diversity of candidates for governing directors was updated. The balance of knowledge, skills, diversity and experience of the Governing Board has also been assessed.
- The annual assessment of the suitability of both the members of the Governing Board and the key office-holders has been carried out.

In July 2021, once the Bank of Spain's report on the *"Transversal Review of Governance in Credit Cooperatives"* was published, the Governing Board held a monographic session on the adaptation of governance to the supervisory expectations arising from the aforementioned report. As a result of this deliberation, in 2021 work was carried out on the recent independence criteria required by the Bank of Spain for new directors, the composition of the four committees of the Board of Directors was modified, and work was carried out on the statutory changes to be presented at the next General Meeting, relating to the number of members of the Board of Directors, the age limit, the number of directors and non-member directors, and the remuneration policy for members of the Board of Directors.

The Entity meets the requirements regarding *diversity* policies in compliance with the guidelines and regulations on the assessment of the suitability of the members of the governing body and the holders of key functions, considering aspects such as academic profile, professional profile, gender and age in the Policy for the Selection of Candidates for the Governing Board and in the assessment and suitability processes.

In the 2020 financial year, the General Assembly approved an amendment to the Articles of Association to increase the number of members of the Governing Board to 15. With this increase, the percentage of under-represented genders as at 31 December 2021 exceeds the minimum percentage established in the codes of good governance, standing at 46% (until 2020, with a Governing Board of 14 members, gender parity was maintained).

Furthermore, in terms of selection and appointments and renewal of Senior Management members, LABORAL Kutxa has a Succession Plan for key positions, which identifies the critical positions and the professional paths and profiles of origin for their replacement, establishing professional development plans for the people identified and succession plans for each of the positions. The identification of the key positions eligible for a succession plan, as well as of the people capable of becoming the future replacements for the current occupants of such positions, takes into account variables such as training, experience and knowledge, management track record, performance history, personal skills and abilities, commitment to the Entity, potential, etc.

At the **Lagun Aro** Board of Directors meeting in January 2019, in accordance with Article 18 of Royal Decree 1060/2015, 20 November, on the organisation, supervision and solvency of insurance and reinsurance companies ("RDOSEAR"), the minutes recorded that each and every one of the members of the Company's Board of Directors had fulfilled the requirements of suitability and good repute.

Governing Body	Between 30 and 50				Over 50			
	2020		2021		2020		2021	
	M	W	M	W	M	W	M	W
Governing Board*	1	4	3	5	5	2	5	2
Auditors	0	1	0	1	1	1	1	1
Operations Committee	0	3	0	3	2	0	2	0
Audit Committee	0	1	0	1	2	1	2	1
Appointments Committee	1	1	1	1	2	1	2	1
Social Council	6	7	8	6	4	2	3	3
Board of Directors	2	1	1	1	7	1	8	1
Risks Committee	0	3	0	3	2	1	2	1
Remuneration Committee	1	1	1	1	2	1	2	1
Board of Directors –Lagun Aro Insurance	2	1	2	1	2	0	2	0
Board of Directors – Seguros Lagun Aro	0	1	0	1	5	1	5	1

(\*) Following the 2020 AGM, the Governing Board grew from 12 to 15 members in 2021 but they did not become members of Committees until the end of last year.

All information regarding corporate governance is available on the LABORAL Kutxa corporate website. <https://corporativa.laboralkutxa.com/informes/>

The supervisory bodies of LABORAL Kutxa are:

Committee/Organisation	Duties	Year of est.
<b>Structure of the administrative body</b>		
Governing Board	Senior management, supervision of Management, representation of the Company. Analyses annually the aspects related to CSR and the impacts, risks and economic and social opportunities on a continuous basis. It is not of an executive nature.	1960
Resources Committee	Statutory body responsible for resolving appeals against certain decisions of the Governing Board. Elected at the General Meeting	1993
Audit Committee	Supervises internal audit services, knows the financial reporting process and internal control systems, supervises compliance with codes of conduct and corporate governance rules	2004
Appointments Committee	Identifies candidates for the Governing Board, evaluates the suitability of its members and the balance of knowledge, skills, diversity and experience of the group. Pursues an objective of representation of the underrepresented sex.	2012
Risks Committee	Advises the Governing Board on the management and supervision of all significant risks and on the monitoring of the application of the global propensity for risk appropriate to the Company's strategy.	2015
Remuneration Committee	Proposes to the GB the general remuneration policy, ensuring an independent annual evaluation of its application and informing it of the remuneration policy of the executives included in the "identified group".	2016
<b>Supervisory and advisory bodies</b>		
Social Council	Employment system, advice to the Governing Board and General Management	1960
Customer Service	Management of customer queries, complaints and claims.	1994
Health and Safety Com.	Consultative body on Occupational Risk Prevention.	1996
Hizkuntza Batzordea	Committee for linguistic standardisation.	2000
Environmental Com.	Environmental System Management.	2001
Money Laundering Prevention Committee	Control and communication body for the Prevention of Money Laundering.	2003
CSR Committee	Delegated body of the Board of Directors in matters of CSR and with the participation of members from the various Departments and Insurance. Approves the CSR Report. It is chaired by the Head of Quality, who gives an annual statement to the Gov. Board	2008
Global Risk Control and ALCO	Control of liquidity, interest rate, credit, market and operational risk. The ALCO is the Assets and Liabilities Committee.	2008
Equality Committee - Berdintasuna	Promotes and guarantees equality between women and men and monitors the current Equality Plan.	2009
Ethics Committee	Ensure the application of the principles and values that govern the business, primarily those included in its <i>Code of Ethics and Professional Conduct</i>	2015
Products Committee	In applying MiFID, it evaluates and approves the risks of each product offered to the clients.	2015
Integrated Security Committee	Ensures a comprehensive security strategy for the Entity, both physical and logistical.	2015
Projects Committee	Orders and prioritises the priority interdepartmental projects to ensure their success	2017
Data Protection Committee	Supervises and promotes policies and procedures regarding data protection.	2019
Data Committee	Sets the Entity's Data Strategy and performs the CDO functions and sets the strategic lines to be followed in data analytics.	2020
Innovation Committee	Determines the strategic lines in innovation and monitors their progress	2021

In order to avoid conflicts of interest between the Company and the members of the Governing Board, in addition to the rules on incapacities and incompatibilities established in the Articles of Association and the Internal Code of Conduct for the Securities Market, there is a specific provision in the Governing Board's Regulations concerning the voting system for adopting resolutions in which such conflicts may arise.

These procedures, which have been included in previous Reports, consider:

- Incapacities and incompatibilities of the members of the Governing Board.
- Code of Conduct for the Securities Market.
- Regulation of the Governing Board's Regulations to avoid conflicts of interest.

The **Ethics Committee's** mission is to promote the ethical behaviour of LABORAL Kutxa in all its activities. It is an autonomous body reporting to the Governing Board that is established as a channel for the *Complaints Management System* regarding breaches of the Code of Ethics and professional conduct, as well as in criminal matters and as a manager in disciplinary proceedings. Every year it submits an *Evaluation Report* to the Governing Board in the event of any problematic situation. The Committee is made up of 5 people, currently 3 men and 2 women.

Each year the **Appointments Committee** performs a continuous assessment of the individual suitability of the members of the Governing Board (their integrity, knowledge, experience and willingness to exercise good governance) and of the balance of knowledge, ability, diversity and experience of the Board as a whole. Also, the evaluation report on the structure, size, composition and performance of the Governing Board is presented in the same Committee on an annual basis.

With respect to the **Risk Committee**, the Company conducts an annual review, based on its strategy and the level of health of its financial situation, of risk tolerance levels in what is known as the *Risk Appetite Framework*, tolerance levels that refer to capital, liquidity and profitability, and the monitoring of which is carried out with a series of indicators that are reported to the banking regulator. From the end of 2021, this Committee will specifically include the monitoring of sustainability and climate change risks among its functions. In addition, the Governing Board annually approves the *Credit Risk Policy Manual*, which includes risk policies, procedures and criteria.

As regards risk management, a detailed description of the different basic risks can be found in the annual **Information of Prudential Relevance**, which details the trends and impact on the business of the most important risks: credit, market, operational, interest rate as well as the risk profile and management mechanisms applied.

**Seguros Lagun Aro** has a written policy of "Adequacy of key positions" approved by the Board of Directors, the aim of which is to guarantee that all the people who manage Seguros Lagun Aro meet the requirements of aptitude and honourability specified by the regulations (article 38 LOSSP). This policy applies to the Entity's management and governing bodies as well as to those responsible for the key functions of the governance system: risk management function, internal audit function, actuarial function and regulatory compliance function.

The Board of Directors adopts a code of good practices, which describes the ethical principles of Seguros LagunAro. These practices are also adopted by the audit and anti-money laundering and terrorist financing committees. These good conduct practices are developed in all areas of the Company.

The risk management system at Seguros Lagun Aro is a comprehensive system comprising the strategies, processes and information procedures necessary to identify, measure, monitor, manage and continuously report the risks to which the Entity is exposed, and thus minimise the possible negative impacts, making optimum use of the economic-financial resources available, adapting the whole system to the risk profile established by the Board of Directors.

In order to simplify the application of the risk management system, Seguros Lagun Aro has set up an independent risk function whose tasks include leading the internal assessment of the Entity's risks and solvency, a fundamental process of the Entity's risk system. There is also a "Risk Management Policy" in force, approved by the Board of Directors, which defines the scope and objectives of the risk management system, identifying those risks that are covered by it. The risk categorisation carried out by Seguros Lagun Aro is based on the best practices of the insurance sector in line with the requirements and recommendations established by the regulatory standards.

The "Risk Management Policy" specifies, among others, the main tasks and functions of the risk management division as well as those ultimately responsible for this system. It should be noted that at Seguros Lagun Aro the risk management system is integrated into the organisational structure of the company and in the Entity's decision-making process, taking due account of the people who manage it and exercise the main functions of the governance system. Under the principle of segregation of duties, responsibility for the risk management system lies with the risk management unit, technical product management, investment management and the reinsurance division, with the internal audit division being responsible for its independent review. Senior management, represented by the Board of Directors and the Management Committee, is ultimately responsible for the system.

The entity has different functions:

#### Risk management function

- ✓ Defining the methodologies and indicators to be used for the measurement and evaluation of risks and assisting in their implementation.
- ✓ Working with the technical divisions in the identification and categorisation of risks and preparing the Company's risk matrix.
- ✓ Carrying out periodic evaluations on the impact that future scenarios and stress situations would have on the level and solvency of the Company.
- ✓ Assisting the technical departments in applying the methodology and the underwriting risk measurement and evaluation models.
- ✓ Evaluating the structural mismatch between assets and liabilities
- ✓ Evaluating the adequacy and integrity of the information used to quantify risk
- ✓ Actively participating in the new product approval process
- ✓ Leading the process of internal evaluation of risks and solvency of the Company, being responsible for preparing the appropriate report.

#### Regulatory compliance function

- ✓ Determining and assessing the risk of regulatory non-compliance and keeping the regulatory risk map up to date

- ✓ Advising on new products, services and markets from a regulatory point of view
- ✓ Verifying the preparation, coordination and execution of the Compliance Plan
- ✓ Continuous staff training on regulatory compliance

**Internal Audit Function:** Check the adequacy and effectiveness of the internal control system and the various elements of the Governance System

#### Actuarial function

- ✓ Coordinating and reviewing the calculation of Technical Provisions
- ✓ Expressing an opinion on the underwriting strategy of each Company
- ✓ Expressing an opinion on reinsurance agreements and retention strategy
- ✓ Contributing to the effective implementation of the risk management system

For each of the above-mentioned functions, there are written policies approved by the management and governing body of the Company which define, among other things, the tasks and responsibilities with a suitable distribution and a clear separation of functions in accordance with the current Solvency II regulations on independence.

### 1.9. Development of the governing bodies

Reference has been made in previous Reports to the training of the bodies in matters of sustainability.

During 2021, the members of the governing body of Laboral Kutxa, the Governing Board and the Board of Directors, took part in the Advanced Programme for the Insurance Business. This is a comprehensive training programme on the insurance business, offering knowledge ranging from analysis and trends in the insurance sector, to product portfolios and financial aspects such as balance sheet, income statement, solvency, capital requirements and IFRS17. Everything related to the insurance business. The Programme has been organised into 6 sessions with a total duration of 36 hours.

### 1.10. Remuneration of the governing bodies

The people who form part of the Governing Board of LABORAL Kutxa and the Board of Directors of Lagun Aro do not receive remuneration for their governing functions and, therefore, there is no link between their remuneration and the performance of the Company. The following table shows the remuneration of the members of the Board of Directors, the Chairman of the Governing Board and the Directors who, as working partners, have formed part of the Governing Board in the years indicated (17 people in 2021 and 16 in 2020).

LK Item (thousands of euros)	2020	2021
Total pay for their work	1,822	1,976
Capitalised cooperative returns + Contribution interest	217	217
Total	2,039	2,193
Average pay per person	127.4	129

Lagun Aro Item (thousands of euros)	2020	2021
Total pay for their work	471	482
Capitalised cooperative returns + Contribution interest	5	6.1
Total	476	488.1
Average pay per person *	95.2	97.62

\* 5 men and 2 women in 2021 and 2020.

### 1.11. Corruption and bribery

Laboral Kutxa has a *Criminal Compliance Policy*, with several Regulations and Codes of Conduct including, among others:

- Code of Ethics and Professional Conduct,
- Guide of Good Practices and Professional Secrecy,
- Internal Rules of Conduct specific to the stock market.

Organisationally, it has also set up an *Ethics Committee*, an *Internal Audit* department and a *Regulatory Compliance* department to prevent irregularities and monitor compliance with rules and procedures.

#### Regulations and codes of conduct

LABORAL Kutxa regulates individuals' activities on the basis of certain rules of conduct. In the area of the securities market, these rules or guidelines of conduct are essentially included in an "Internal Code of Conduct specific to the securities market", which applies to the people who make up the Governing Board, the Board of Directors and those involved in this area of activity.

In the area of ethics and integrity, the Entity's rules are set out in the "Code of Ethics and Professional Conduct" and in the "Guide to Good Practices and Professional Secrecy". Both documents are published on the intranet and are updated and reviewed by the Regulatory Compliance Department and the Internal Audit Department, respectively.

As a continuation of the Code of Ethics, in the field of prevention and response to possible criminal behaviour applicable to the Entity, the internal regulations are included in the "Crime Prevention and Response Manual" and in the "Criminal Compliance Policy".

There is a "Complaints Channel" that allows people to report irregularities of potential importance linked to the Code of Ethics and the Criminal Compliance Policy. There is also an "Ethics Committee" as a body for criminal prevention, with the mission of promoting ethical behaviour in the Entity, resolving queries on the subject and dealing with complaints received in the Complaints Channel.

#### Business units analysed

Below are the business units of LABORAL Kutxa that have been analysed with respect to risks related to corruption:

	2020		2021	
	Actual	Target	Actual	Target
Total no. of offices analysed	96	92	91	96
% Offices analysed	32%	31%	32%	33%

It should be noted that the controls and remote audit analyses implemented have an effect on 100% of the branches of the Organisation.

With regard to measures taken in response to **incidents of corruption**, there have been no cases in 2021.

In 2021, the Crime Prevention and Response Manual and the Criminal Compliance Policy were updated.

In 2021, the professional services of PricewaterhouseCoopers Auditores S.L. were engaged to prepare the external expert report on the prevention of money laundering and the financing of terrorism in accordance with Law 10/2010 of 28 April for the period 2021-2023.

As a result of the conclusions of the Bank of Spain's inspection following the review of the institution's AML/CFT system, a Master Plan for improvements has been approved. The following improvement actions have been implemented over the past year:

#### Actions taken in 2021

A new Group-wide AML/CFT governance framework has been defined. In connection with this, a member of the Governing Board has been appointed as the entity's representative at Sepblac, an Internal Control Body has been set up at Group level and the AML/CFT duties of senior management, as well as those of the AML/CFT and Internal Audit Units, have been reviewed.

A Group-wide AML/CFT Training Policy has been approved, designing an Annual Training Plan for the 2022-2024 period.

The risk assessment methodology for the identification and quantification of AML/CFT risks has been revised.

The Money Laundering Prevention Unit has sent 27 reports of transactions suspected of money laundering to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences.

In **Seguros Lagun Aro**, the annual planning of *internal audits* to supervise the inherent risks of subscription and compliance with regulations and/or administrative procedures, as well as the document management, are carried out in 100% of the branches, both in the **CLBS** channel and in the Brokerage channel, based on the alerts and analysis of the risk groups established for the various audits.

With regard to Lagun Aro:

#### > VOLUNTARY ADHERENCE TO SECTORAL SELF-REGULATION GUIDES

Seguros Lagun Aro adheres to the following self-regulation guidelines promoted by UNESPA, whose recommendations we follow:

- Guide to good corporate governance practices
- Guide to good internal control practices
- Guide to good marketing practice
- Good practice guide on the processing of policyholder data in policies handled by insurance brokers
- Guide to good practice in complaint resolution

The Company has also adhered to the Code of Good Practices for Claims Management promoted by ADECOSE

### 1.12. Money laundering

The management policies of LABORAL Kutxa identify the greatest risks in the areas of corruption and bribery with *the fight against money laundering and the financing of terrorism*. In this regard, it undertakes to establish the necessary bodies and procedures in accordance with current regulations and international standards. For this reason,

- Within the organisational structure of the Entity, a *Group level Internal Control Body (ICB)* has been created with specific functions in the field of prevention.
- Precise rules and procedures have also been established, which are contained in a *"Money Laundering and Financing of Terrorism Prevention Manual"*, the latest version of which was approved on 29/07/2020.

This policy applies to the entire LABORAL Kutxa Group, including the subsidiaries.

The objectives of these rules and procedures, which must be complied with, are:

- To strictly comply with the regulations in force at all times, as well as the recommendations issued by national and international bodies and authorities.
- To introduce rules for action and appropriate control and communication systems to prevent funds of a criminal origin from being channelled through the LABORAL Kutxa Group and to impede access to certain persons.
- To establish customer admission policies.
- To ensure that working partners and other employees adhere to the "know your customer" procedures.

These policies and procedures are primarily preventive in nature. In addition, internal control procedures are subject to an annual review by an external expert so that a rationale for continuous improvement in reducing exposure to these money laundering and financing of terrorism risks can be applied.

### 1.13. Regulatory Compliance

The Regulatory Compliance Department includes, within its management scope, the detection of transactions suspected of market abuse. In 2021, the review and update of the alert system was completed with the support of an external consultant and as a result of this review, a total of 23 alerts have been developed, the first implementation of which started on 1 June 2021. Over the course of 2021, 1,900 alarms were recorded, a significantly higher number than in previous years due to both the new alert system and the fact that it was necessary to maintain the previous system for a period of time as a precaution while some errors in the new system were adjusted. Out of all the alerts analysed, two reports were made to the CNMV concerning possible suspicious transactions involving insider trading.



## 2. Responsible management

## 2.1. Management approach

The relationship with our main stakeholders is based on the following basic lines.

As the banking activity is basically aimed at the service of and relationship with **customers**, *the responsible management of customers is a priority*, especially with regard to the sale of complex savings products, and *excellence in service quality* as well as *contact with the clients* are aspects identified as being of the highest importance in our outward-looking matrix. In all of the above, our objective is for these to be areas in which LABORAL Kutxa maintains sustainable advantages over our competitors.

Specifically, the comparative data with competing entities show positive differentiations in general, but they are particularly significant in important aspects such as the *transparency and clarity* of information, the *trust* we generate among our customers and, in general, the *commitment* that our Entity takes on with society as a whole.

Section 3.1 "**Our relationship with customers**" details our achievements in these areas, including an effort at transparency in relation to the solution of problematic situations with a significant social impact, such as the *over-indebtedness* of customers for the purchase of housing or the demands for the invalidity of *floor clauses* applied to interest on mortgage loans.

In relation to **people**, LABORAL Kutxa is a Cooperative Credit Union in which working people are members and owners of the company with full rights and responsibilities, both in carrying out their professional duties and in the right to participate in management through the relevant bodies and in the profits from the business. This difference compared to other companies defines the approach to the relationships within the company, meaning that workers are involved in all three of the possible areas: ownership, results and also management methods, because our aim is to make our management democratic and responsible. Specifically, the key decisions are validated at the General Meeting with the participation of all partners, guaranteeing an efficient and responsible management that allows us to obtain profits and reinvest them in our society.

The *Cooperative Education* training programmes reinforce the cooperative identity of the members, and encourage the integration and socio-entrepreneurial involvement of new members.

In point 3.2 **Our relationship with the workforce** these and other initiatives are developed further.

Another significant distinguishing feature of LABORAL Kutxa is its commitment to **society** due to its legal status as a Credit Cooperative. As a result, by law, 10% of the distributable annual profit of credit cooperatives is directly allocated to society. In the case of our Company, this percentage is substantially higher, 25% to be precise.

LABORAL Kutxa was founded in the Basque Country as part of a Business Group with a strong commitment to serve society, whose mission includes the creation of associated and participatory cooperative work as an essential way to create wealth and well-being, both among its direct social partners and in the society in which it is immersed.

Due to its legal nature and its cooperative vocation, LABORAL Kutxa directs a significant part of its charitable contributions to the promotion of the cooperative world, but it also reserves specific provisions for local initiatives in the areas where its offices are located, and particularly for specific activities such as the promotion of *self-employment and entrepreneurship* (in this

case through a specific Foundation, Gaztenpresa) and support for the Basque language and the promotion of Basque culture.

These mechanisms are described in point 3.3 Our relationship with society.

In order to optimise its relationship with the environment, since 2001, LABORAL Kutxa has been using an *Environmental Management System*, in accordance with the ISO 14001 standard for all the activities it carries out in the three buildings at its Central Headquarters. Although it is not part of the certified system, LABORAL Kutxa transfers the majority of its environmental activities from central services to the other work centres. This certification was renewed in 2019.

The Environmental Management System is the responsibility of an Environmental Committee made up of members of the Legal Department, Internal Audit, Risks, Fixed Assets, Security and General Services and Management Planning and Control, with the latter acting as the Coordinator. In accordance with the precautionary principle of the *Rio Declaration*, it addresses the possible impacts of the activity with a view to preventing any environmental damage.

In 2019 LABORAL Kutxa was one of the founding signatories of the United Nations Principles for Responsible Banking. Although these Principles refer to the entire area of sustainability, given the emergency situation of the climate crisis, they emphasise the impact of our activity (credit and investment) on the environment.

Point 3.4 Our relationship with the environment, describes these mechanisms.

With respect to the management of suppliers, it is important to remember the value of adequate management of the *supply chain* in order to achieve the objectives of responsible activity. The financial activity that we carry out, as well as the local presence in a very specific geographical area, means that the management risks of these companies are not excessively important. Nevertheless, as will be seen later on, LABORAL Kutxa has several initiatives under way with regard to suppliers.

A special mention within the suppliers is that of Lagun Aro's brokers, which reaches the level of significant stakeholder within the insurance activity. At the Group level, it is considered a supplier with differentiated characteristics.

Point 3.5 Our relationship with supplier companies, describes these mechanisms.

## 2.2. Commitments and achievements

Below are the main CSR actions carried out during 2021, in accordance with the commitments made by LABORAL Kutxa in its previous CSR reports, as well as with the objectives for 2022. These actions are segmented according to the **Interest groups (in addition to the environment)** defined by the Entity: **People-Workforce (P)**, **Customers (C)**, **Society (S)** and **Supplier Companies (Sup)**.

Actions in the field of CSR	Status of the action/objective	Governance mechanisms in place and execution time	Materiality and stakeholders affected
<b>Basic projects and actions in 2021 and pending from previous years</b>			
Strengthen solvency and liquidity	<b>Ongoing</b>	Strategic priority	Medium-high P and C
Using digitalisation to reduce paper consumption and boost the multi-channel relationship	<b>Partially Completed.</b>	Digitalisation strategic focus	Medium-high S and M
Conduct an impact analysis of the direct and transitional risks of climate change.	<b>Started, ends in 2022</b>	CSR Committee	Medium-high S and M
Maintain positions of excellence in the management of customer relations	<b>Ongoing</b>	Integrated Quality Process	Medium-high C
Support for creating and consolidating companies through MONDRAGON	<b>Ongoing</b>	Funds through FSI and FEP 2019	Medium S and C
Green MiFID	<b>Postponed to 2022</b>	2019 Management Plan	Medium C and M
Implement a sustainable finance strategy. To this end, carry out a situation analysis, design a roadmap and start its implementation.	<b>Completed</b>	Management CSR Committee	High C, S, M
Obtain ISO 45001 certification for the occupational risk prevention system.	<b>Completed</b>	Health and Safety Committee	Medium P, S
Comply with the non-financial information disclosure requirements of Regulation 2088/2019.	<b>Completed</b>	Business development Manager	High C, M and S
Apply the new psychosocial RA methodology.	<b>Postponed to 2022</b>	Health and Safety Committee	Medium P
Develop the outsourcing project	<b>Completed</b>	Organisation	Medium Sup
Continuous improvement of cyber security	<b>Ongoing</b>	Security	High C
Implement sustainable mobility measures for the workforce.	<b>Completed</b>	Environment Committee	Medium M and P
<b>Status of the 2020-2022 strategic objectives</b>			
Incorporate sustainability objectives in the entity's strategy	<b>Completed</b>	Management C	Medium S, C, M and P
By the end of the period, women will occupy at least one third of LABORAL Kutxa's management positions	<b>Achieved in 2020</b>	Equality Committee	Medium P and S
The difference between the average employment rate of men and women, including seniority, shall be less than 10%	<b>12.2% in 2021</b>	Equality Committee	Medium P and S
Reduce CO2 emissions into the atmosphere by 75% for LABORAL Kutxa as a whole, thus minimising the Carbon Footprint	<b>In 2021 76.2%</b>	Environment Committee	Medium M
Apply Socially Responsible Investment (SRI) criteria to 100% of the assets managed by the Management Company, Treasury and in	<b>Underway</b>	Business development Treasury	Medium-high C, S and M

the granting of risks		Manager Risks	
30% reduction in paper consumption, the main resource used in our activity	<b>11.02% in 2021</b>	Environment Committee	Medium M
Promote the self-employment of 2,000 people by supporting the materialisation of 1,200 business ideas, from start-up, financing and business plan to consolidation.	<b>Annual target not reached 400 (278)</b>	Gaztenpresa Foundation	Medium-high S and C
Development of a green financing product	<b>Full offer in 2022</b>	Business development	Medium M and C
Allocate €75 million (cumulative) of our profits to society	<b>The 25 MII annual target not reached due to COVID</b>	Management C	Medium-high S
40% of the total volume of purchases from our suppliers will be from local companies.	<b>Achieved in 2021 (43%)</b>	CSR Committee	Medium Sup and S
<b>Actions in the field of CSR. Basic projects and actions for 2022</b>			
Implementation of the governance and sustainability framework:	Committee, working and monitoring group. Policy, master plan and management plan.	Sustainability Committee and Office	High S, P, C and M
Launch of the comprehensive energy refurbishment of the LK3 building at CS	Environmental improvement reducing consumption and emissions	Fixed assets	Medium M
Generation and integration of climate risk databases	Obtain client and investment data.	Risks	Medium C and M
Development of a sustainable product offer	Investment and financing.	Business development	Medium C and M
Designing a mobility plan	Analysis and implementation	Sustainability Office	Medium M and P
Analysis of sustainability training needs	General, Directorate/GB and specific areas.	Social Management	Medium P
New sustainable office model	Environmental and social sustainability	Fixed assets	Medium S, C and M

### 2.3. CSR Roadmap

As a result of the reflection and consultation with stakeholders (see materiality analysis), the CSR Roadmap has been defined, which includes the risks and opportunities identified as the most important, and is the reference that LABORAL Kutxa uses to prioritise its activities related to Sustainability.

	Prioritisation of areas for action	G. interest / scope
1	Protection of privacy and the security of data and operations	Customers
2	Resp. management: clear and transparent explanation of prods, avoidance of over-indebtedness, over-insurance or under-insurance,...	Customers
3	Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.	Economic
4	Development of digitalisation (electronic banking, mobile banking, digital claims, etc.), providing customers with personalised and remote management of their accounts and insurance.	Client/Environm
5	Supporting society and the economy in times of crisis.	Company
6	CSR and control measures: code of ethics, anti-corruption, anti-money laundering, arms financing control, gambling, pornography,...	Company
7	Excellence in quality of service: friendliness, speed of service and simplicity in operations, minimising errors,...	Customers
8	Contribution to the economic and financial development of the business fabric: financing agreements for companies, support for entrepreneurs...	Customers / Society
9	Protect the health of our staff, our customers and society as a whole.	Clientele/People
10	Promotion of equality between women and men.	Society/People
11	Sustainable management with our suppliers: local suppliers, not delaying payments and taking into account responsible purchasing criteria in addition to price.	Suppliers/Society
12	Fair balance between costs/interest/premiums charged and products/services/performance given in return.	Customers
13	Support MONDRAGON's co-operatives, research and education centres, and the rest of the social economy.	Company
14	Management of our workforce: work-life balance, salary levels and ranges, healthy company, etc...	People
15	Socially and environmentally responsible products and services.	Client/Soc/Environ
16	Environmental management: reduction of greenhouse gas emissions (carbon footprint), reduction of consumption and waste, selective collection,...	Environment
17	Control of the responsible activity of our suppliers: working conditions, occupational hazards, payments and obligations to Public Administrations...	Suppliers/Society
18	Flexibility in the recovery and refinancing of unpaid debts.	Customers

## 2.4. LABORAL Kutxa's CSR Scorecard

The LABORAL Kutxa scorecard provides a global vision of the key indicators in the organisation with respect to the three aspects: economic, social and environmental.

### Economic performance indicators (consolidated data):

Indicators	2020	2021
Profit after tax (€M)	79,685	101,432.6
Efficiency Index (%) (1)	57.79	61.06
Customer deposits (€M)	22,984	23,500
Customer credit (€M)	14,459	15,158
Solvency (%) (2)	21.2	21.81
Special Funds (€M)	931	887
% Doubtful Risks / Investment	3.15	3.00

(1) Efficiency Index: Administrative Expenses + Depreciation/Gross Margin.

(2) Total capital ratio (CET1) is used.

## Social performance indicators:

Aspect / Indicator	2020	2021
<b>People</b>		
Number of people active (LK + CLBS)	2,082	2,057
<b>Training</b>		
Training hours / total workforce	77.2	78.4
Training evaluation (1-10)	8.13	7.98
<b>Health and Safety</b>		
Absenteeism in %	4.23	3.45
<b>Professional development</b>		
Average employment index	2.37	2.36
Promotion: Increase in Structural Index	8.1	7.07

Aspect / Indicator	2020	2021
<b>Salary dispersion</b>		
Total pay for best paid person LK / median total pay	4.64	4.76
<b>Equality</b>		
% Women members	50.68%	51.86%
% Women managers / total managers	34.5%	36.8%

No targets are set with regard to employment dynamics and % of women members. Nor is it broken down by region due to the reduced geographical scope.

Aspect / Indicator	2020	2021
Contribution. Funds (FEP and FSI) (thousand €)	9,653	8,531
Taxes paid (thousand €)	25,476	33,769
Gaztenpresa companies created	256	278

## Environmental performance indicators:

Consumption of:	2020	2021
Advertising paper: Kg / Client	0.089	0.107
Internal paper (Kg / Client)	0.206	0.219
Water in m <sup>3</sup> (2)	8,200	6,363
Electricity (Kwh)	11,505,454	11,432,660
Toner: Kgs. consumed	2,269	2,557
Diesel in litres	621	695
Kg waste managed (1)	199,418	311,496

(1) The objective is to manage 100% of the waste. Its volume depends each year on different circumstances.

(2) The figure includes the last quarter of the previous year and the first 3 quarters of the year.

## 2.5 Materiality Analysis

The 2014 Report describes in greater detail the process followed by the Entity for the construction of the first materiality matrix that made it possible to identify the information needs of the main stakeholders and to prioritise their demands.

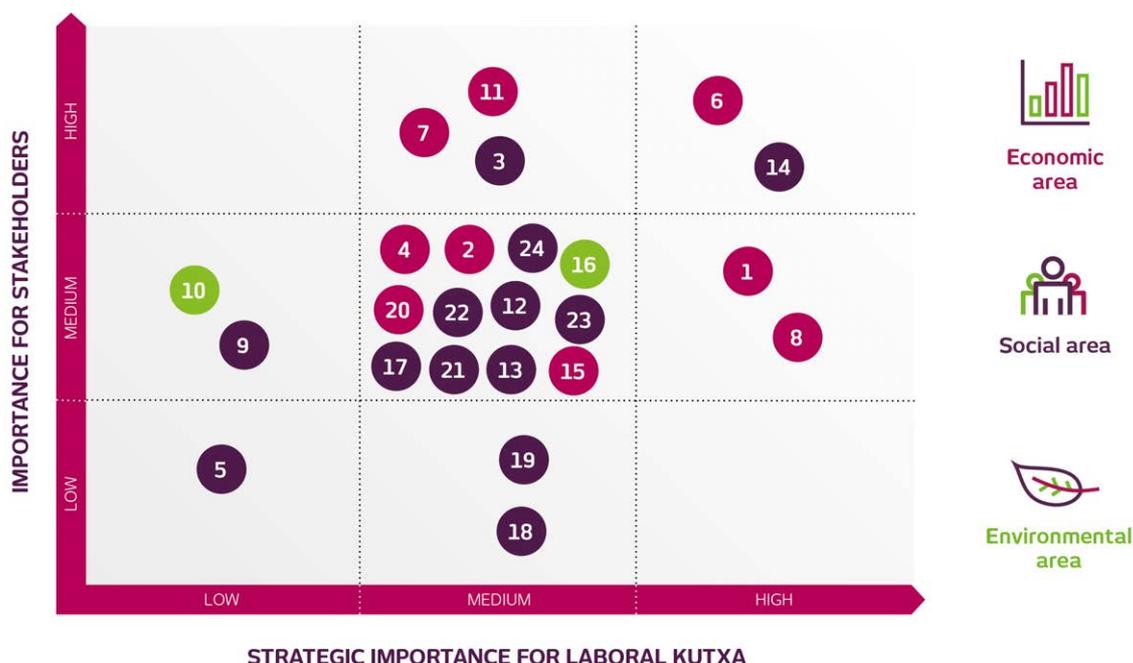
In subsequent years, the information collected has been expanded, improving the interpretation of the needs and expectations of the different stakeholders with which the Entity interacts. In 2017, 2019 and 2020, the methodology and the questionnaire have been revised, comparing the results with those obtained by other competitors and adjusting them to the demands of the stakeholders.

The revised questionnaires have been used for the materiality analysis of this Report, having obtained information from:

- Customers (annual consultation): 74 companies, 423 self-employed and micro-companies, 106 personal banking and 1,302 KIDE/Top (associated), a total of **1,905**, both LABORAL Kutxa and Lagun Aro Insurance customers.
- 20 supplier companies (biannual consultation),
- 160 workers (members, casual workers and CLBS; annual consultation),
- 14 responses from managers of Mondragon Group cooperatives, therefore both owners and customers.
- One consultation carried out with members of the Board of Directors and the Governing Council. 12 responses.

### Materiality Matrix 2021

Mater.	Aspect
<b>HIGH</b>	14-Protection of privacy and the security of data and operations.
	6-Responsible management towards the customer: clear and transparent explanation of products, avoidance of over-indebtedness, over-insurance or under-insurance.
<b>MEDIUM-HIGH</b>	1-Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.
	8-Development of digitalisation (electronic banking, mobile banking, digital claims, etc.), providing customers with personalised and remote management of their accounts and insurance.
	3-Supporting society and the economy in times of crisis.
	11-CSR and control measures: code of ethics, anti-corruption, anti-money laundering, arms financing control, gambling, pornography,...
	7-Excellence in quality of service: friendliness, speed of service and simplicity in operations, minimising errors,...
<b>MEDIUM</b>	4-Contribution to the economic and financial development of the business fabric: financing agreements for companies, support for entrepreneurs...
	24-Protect the health of our staff, our customers and society as a whole.
	17-Promotion of equality between women and men.
	22-Sustainable management with our suppliers: local suppliers, not delaying payments and taking into account responsible purchasing criteria in addition to price.
	15-Fair balance between costs/interest/premiums charged and products/services/performance given in return.
	2-Support MONDRAGON's co-operatives, research and education centres, and the rest of the social economy.
	13-Management of our workforce: work-life balance, salary levels and ranges, healthy company, etc...
	12-Socially and environmentally responsible products and services.
	16-Environmental management: reduction of greenhouse gas emissions (carbon footprint), reduction of consumption and waste, selective collection,...
	21-Control of the responsible activity of our suppliers: working conditions, occupational hazards, payments and obligations to Public Administrations...
	23-Adherence to and support for initiatives such as the Sustainable Development Goals (SDGs) and the United Nations Principles for Responsible Banking.
<b>MEDIUM-LOW</b>	20-Flexibility in the recovery and refinancing of bad debts.
	18-Social Action: sponsorship, contributions to NGOs, social activities, development cooperation, etc.
	10-Support and promote the transition towards a green and sustainable economy.
	19-Promote the Basque language and culture, as well as encourage the use of the Basque language in internal relations and with customers.
<b>LOW</b>	9-Maintain face-to-face attention and service in branches, especially for groups at risk of financial exclusion.
	5-Collaborate with the financial and insurance education of customers and society.



The evolution over time of the materiality analyses reveals this:

- It highlights the alignment between the prioritisation of the stakeholders and that of LABORAL Kutxa. 63% of the assessed aspects are in the same quadrant of importance and there are no aspects in the high-low / low-high quadrants.
- The results are very consistent, with the prioritised aspects and those considered less material varying slightly over time.

## 2.6. United Nations Principles for Responsible Banking and Sustainable Development Goals (SDGs)

Each year LABORAL Kutxa has carried out, within its acquired commitment, a statement of the annual progress on the [Principles of the Global Compact](#). Since 2018, this statement has been supplemented by the progress made on the [Sustainable Development Goals \(SDGs\)](#) and in 2019 on the [United Nations Principles for Responsible Banking](#).

In the section Commitments and achievements in the second part of this Report, the main aspects on which LABORAL Kutxa has worked in 2021, the degree of progress they have made, as well as the strategic and specific objectives for 2022 are included. Therefore, the following table analyses which of these aspects are in line with the Principles of the Global Compact, the Sustainable Development Goals and the Principles of Responsible Banking:

Objectives and challenges addressed in the Report	Global Compact	SDG	Responsible BP
Carry out the merger of offices to increase efficiency while avoiding the financial exclusion of small communities.	Principle 1	Objectives 1, 3 and 8	Principles 1, 2, 3 and 4
Deployment of the IV Equality Plan - Berdintasuna.	Principles 1 and 6	Objective 5	Principles 1 and 4
Use of digitalisation to reduce paper consumption and to create a personalised distance relationship	Principle 9	Objectives 13 and 15	Principles 1, 2 and 3
Maintain positions of excellence in quality of service	Principle 1	Goal 8	Principles 3 and 6
Development of multi-channel customer relations, payment methods and direct marketing	Principle 9	Objectives 8, 9 and 12	Principle 3
Support for the creation of companies and consolidation of existing ones through MONDRAGÓN	Principles 1, 3 and 6	Objectives 5, 8, 9, 10 and 16	Principles 1 and 4
Financial education.	Principle 1	Obj. 4, 12 and 17	Principles 1, 3 and 4
Renewal of EIF guarantee agreements for microcredits and innovative companies	Principle 1	Obj. 1, 5, 8, 9 and 10	Principles 1 and 3

Development of the digital competences of the workforce	Beginning	Objective 4	Principle 4
Implement Green MiFID	Principles: All	Objectives 13 and 15	Principles 2 and 3
Conduct an impact analysis of the direct and transitional risks of climate change.	Principles 7, 8 and 9	Objectives 13 and 14	Principle 2
Implement sustainable mobility measures for the workforce.	Principles 7, 8 and 9	Objectives 3 and 11	Principle 2
Comprehensive energy refurbishment of the LK3 building	Principle 9	Objective 9	Principle 2
Sustainability strategy: governance, risk integration, product, training, data and training.	Principles: All	Objectives: All	Principles: All
Apply the new psychosocial RA methodology.	Principle 1	Objective 3	Principle 4
Develop the outsourcing project	Principle 2 and 10	Goal 8	Principle 2
Continuous improvement of cyber security	Principle 10	Objectives 9 and 16	Principle 2
Incorporate sustainability goals in the strategy	Principles: All	Objectives: All	Principles 1 and 5
Minimum of one third of women in managerial positions	Principles 1 and 6	Objectives 5 and 16	Principles 1 and 4
The difference between the average employment rate of men and women, including seniority, shall be less than 10%	Principles 1 and 6	Objectives 5 and 16	Principles 1 and 4
Reduce Co2 emissions to the atmosphere by 75%	Principles 7, 8 and 9	Objectives 13 and 15	Principles 2 and 5
Apply Socially Responsible Investment (SRI) criteria to 100% of the assets managed by the Management Company, Treasury and in the granting of risks	Principles: All	Objectives: All	Principles: All
30% reduction in paper consumption.	Principles 7, 8 and 9	Obj. 6, 13 and 15	Principles 2 and 5
Promote the self-employment of 2,000 people by supporting the materialisation of 1,200 business ideas	Principles 1	Objectives 1, 8, 9 and 16	Principles 2 and 3
Development of a green financing product	Principles 7, 8 and 9	Objectives 13 and 15	Principles 2 and 3
Allocate €75 million (cumulative) of our profits to society	Principle 1	Objectives: All	Principles 2 and 4
40% of the total volume of purchases from our suppliers will be from local companies.	Principle 7	Objectives 8 and 12	Principles 2 and 4

### Sustainable Development Goals (SDGs): Ongoing activities

The main actions that LABORAL Kutxa is developing and which are explained in this Report linked to the aspects considered as priorities of the Sustainable Development Goals (SDGs) and the United Nations 2030 Agenda are summarised below:

- **Obj. 5 Gender equality** : Deployment of the LK IV Equality Plan; Equality objectives of the Strategic Plan; Protocol against sexual harassment and gender-based harassment.
- **Obj. 8 Decent work and economic growth** : Gaztenpresa; Supplier management procedure; Outsourcing project; Zainduz Health Plan, Financial Education; Sustainable mobility; Psychosocial risk assessment.
- **Obj. 9 Industry, innovation and infrastructure** : Different improvements in digitalisation; PDSI-2; Support for Mondragon; Energy renovation of LK3 building; Analysis of climate change risks and opportunities; Cybersecurity.
- **Obj. 10 Reduction of inequalities**: Green MiFID; Profit sharing in society; Socially Responsible Investment.
- **Obj. 17 Alliances to achieve the Objectives**: Brand positioning; Renewal of the EIF InnovFin and EaSI Social agreements; UN Responsible Banking Principles.



### 3. Management of stakeholders

### 3.1. Our relationship with clients

#### 3.1.1. Management approach

The policy of the LABORAL Kutxa Group in its relationship with customers and responsibility for products has been included in previous reports and in the responsible management approach. The importance given to this area is reflected in the existence of a Department whose basic function is the application of this approach. The clientele is segmented between Private clients, Self-employed clients, Business clients and Company clients. There is a specific management process for each of these segments and a commercial offer tailored to their needs and expectations.

#### 3.1.2. Main customer figures

The following table shows the changes in LABORAL Kutxa's customer base. The database is updated annually, which means that inactive customers are removed from the database.

Geographic Area	Number of clients		%
	2020	2021	
Araba	136,915	131,583	11.68%
Aragon, Catalonia and La Rioja	71,941	72,954	6.48%
Asturias and Cantabria	33,061	34,033	3.02%
Bizkaia	347,745	350,038	31.08%
Castille and Leon	124,124	127,991	11.36%
Gipuzkoa	259,053	260,495	23.13%
Madrid	19,244	20,182	1.79%
Navarra	119,764	121,246	10.76%
Headquarters	7,646	7,899	0.70%
Other*	17,597	-	-
<b>Total Kutxa LABOR</b>	<b>1,137,090</b>	<b>1,126,421</b>	<b>100%</b>
Private Customers (%)	85.80%	85.73%	
Self-employed Customers (%)	8.33%	8.29%	
Business Customers (%)	3.36%	3.45%	
Business Customers (%)	0.97%	0.94%	
Other*	1.55%	1.60%	

\*Non-profit associations and homeowners' associations that were not segmented. In 2021 they are included in each region.

#### 3.1.3. Dialogue with the clientele

As in previous years, in 2021 an effort was made to maintain dialogue with customers in order to ascertain their expectations and demands regarding financial and insurance products in order to take further steps to improve them. In addition, these mechanisms are integrated into a *comprehensive quality process*, the permanent objective of which is that the quality of customer service and care, in the various relationship channels, be maintained as a differential advantage over competitors.

The number of customer surveys has been very high:

- Internal Study: 25,738 surveys (Finance Office 13,698, Channels 9,715, Insurance 2,540)
- Stiga Study: Customer satisfaction: 14,752 (LK -400), Not clients (mystery): 3,387 (LK-85)

The results compared to other banking and insurance competitors are favourable. Some of the most representative are included in the following tables.

CAV+Navarra 2021 brand image tracking (market %, current and potential clientèle, who mention us as an outstanding entity in each attribute)	2020	2021
Local entity, committed to society and to local development	35%	43%
Entity close to its customers	27%	32%
Entity with honest and responsible management, which can be trusted	18%	23%
Responsible for the social and environmental impact of its actions	12%	15%
Entity that promotes equality between men and women in society.	-	13%
Professional and personalised advice	18%	25%
Availability of its offices	22%	24%

Source: Tracking study of the brand image of LABORAL Kutxa. The area is the Basque Country and Navarre. Ikerfel

Benchmarking Quality of Service in the banking sector 2020 (score from 0 to 10)	2020	Sector differentiation 2020	2021	Sector differentiation 2021
Attention to potential customers - Sectoral Objective Quality Study (EQUOS-Stiga)	8.36	0.72	7.98	0.37
Overall satisfaction with the entity	7.90	0.48	7.62	0.32
Valuation of relationship intangibles: Transparency, Trust and Personalisation	7.26	0.5	7.02	0.35
Valuation of brand intangibles: Solidity and Solvency, Modernity and Social Commitment	7.84	0.39	7.66	0.30
Satisfaction with the office	8.36	0.44	8.25	0.41

Outstanding position in customer referrals: NPS of +10.4%, compared to 0.2 in the sector.

NPS. Difference between % of customers with Intention to Recommend 9 or 10 and Intention to Recommend <= 6

Lagun Aro. Benchmarking quality of service in the insurance sector ICEA December 2021 Satisfaction of insurance customers (score 1 to 10)	CAR		HOME	
	2020	2021	2020	2021
Overall satisfaction with the company	7.91	7.85	7.51	7.39
Insurance Market	7.81	7.87	7.37	7.41

Source: Barometer study of the customer experience in the insurance sector ICEA

Outstanding position in customer referrals. Auto NPS +24.3% vs. 16.8% for the sector and Home NPS +9.7% vs. 3.7% for the sector.

NPS. Difference between % of customers with Intention to Recommend 9 or 10 and Intention to Recommend <= 6

Based on these dialogue mechanisms and the expectations detected in the customers, improvement actions are carried out to increase their satisfaction with the service received.

LABORAL Kutxa **Customer Service** has responded since 1994 to the queries, complaints and claims that clients make. Service activity increased by 27.59% compared to the previous year, mainly due to the higher number of complaints and claims related to mortgage loan arrangement costs.

The results of this Service are:

Customer Service	2020	2021
<b>Total cases</b>	<b>9,470</b>	<b>12,083</b>
<b>Nature of the cases</b>		
Complaints	7,084	10,876
Claims	2,341	1,079
Consultations	1	21
Suggestions	1	8
Letters of congratulations / gratitude	2	1
Sundry petitions, others	41	98

Customer Service	2020	2021
<b>Number of cases opened</b>	<b>9,470</b>	<b>12,083</b>
Written: brochure / letter	7,087	8,900
Internet/Telephone	1,894	2,557
Public bodies: OMIC / Regional Governments	398	55
Others	91	571

Following preparation of the 2020 CSR Report, as has become customary in recent years, a communication campaign was launched in which the Report Summary was sent to the most closely linked customers. Along with this information, a questionnaire was attached, by means of which those who wanted could contribute their opinion on Sustainability. Four different mailings were made: to business customers, to self-employed customers and micro-companies, to individual Personal Banking customers and to individual KIDE/TOP customers. A total of **615,902** customers, 25.6% of whom read the mailing.

In total there were 1,896 responses. The main **results and conclusions** of this **dialogue** process are detailed below:

Questionnaire	No. of mailings	No. of replies	Assessment importance of the sustainability report	
	2021	2021	2020	2021
Company customers	7,466	65	7.9	7.1
Self-employed and micro-businesses	86,694	423	8.3	7.2
Private individuals from Personal Banking	17,771	106	8.5	7.9
KIDE/TOP individual clients	503,971	1,302	8.3	7.9
<b>Total/average</b>	<b>615,902</b>	<b>1,896</b>	<b>8.3</b>	<b>7.7</b>

### 3.1.4. Responsible management with customers and excellence in quality of service

Responsible management with the LABORAL Kutxa customers focuses on the sale of complex savings products. Excellence in the quality of service and contact with the customer are aspects identified as being of highest importance in our materiality matrix.

- ✓ In 2021, the accreditation process in the Real Estate Credit Contracts Act (LCCI) was continued for those who had not yet completed the process, mainly new entrants.
- ✓ In the same line of responsible management towards clients, in order to facilitate business financing, a particularly relevant line of action is the collaboration with the **European Investment Fund (EIF)** of the European Investment Bank (EIB). During 2021, three agreements have been in force whereby the EIF guarantees a part of the risk assumed by LABORAL Kutxa, so that the financing can be carried out under more favourable price conditions and guarantees for those companies included in the agreements:

- European Union Program for Employment and Social Innovation-EaSI, for job creation via microcredits up to €50,000, aimed at entrepreneurs. For an amount of € 130 million, it has been renewed until 2023.
  - InnovFin SME Guarantee Facility to facilitate innovation in SMEs and small and medium capitalisation companies. The latest renewal was signed in 2019 for two years for an amount of €150m and extended until the end of 2022.
  - Specific EaSI programme for the promotion of social economy companies. Renewed in December 2020 for another 2 and a half years, and an amount of € 50 million, with the amount of the operations being able to reach up to a million euros.
- ✓ Covering the areas of customer relations management (transparency, kindness, inquiry of the needs and active listening, clarity in the explanations, ...) and that related to customer service in aspects of quality, personal service, absence of errors, etc., the most important initiative is the “**Integrated Quality Management Process**”. A process that seeks excellence in compliance with the measurement parameters of the external (towards customers) and internal (from the Central Services to its internal customers, the Branches) service.
  - ✓ A key element in the quality of advice and relations is the speed of adaptation to the unstoppable digital transformation. An adequate user experience in a digital banking world requires a personalised, but omni-channel relationship between manager and client, an objective that LABORAL Kutxa seeks with the deployment of the *Onenak 4.0* project in its offices.

In relation to transparency and clarity of information

- ✓ LABORAL Kutxa has been a member of Autocontrol since 29 July 2008, an association with the objective of contributing to advertising being a particularly useful instrument in the economic process, ensuring respect for advertising ethics and the rights of consumers, with the exclusion of the defence of personal interests. In 2021 LABORAL Kutxa made the following enquiries to Autocontrol:

Preliminary advice	2020	2021
Positive	276	366
With modifications	152	148
Negative (the advertisement was not recommended for circulation)	0	1
<b>TOTAL</b>	<b>428</b>	<b>515</b>
Professional ethics consultations	43	41

- ✓ All the information on main products/services (Savings, cards, Mortgages, Loans, Plans, Funds, Insurance, Services, Online banking) , as well as social networks (Blog, Facebook, Twitter, YouTube, etc.) is available from the home page of our website [Laboralkutxa.com](http://Laboralkutxa.com), as well as on the *Lagun Aro* website.

Another area related to responsible management with customers is the problem of **over-indebtedness**. Its importance according to the materiality matrix is significant. Given its high impact on the people affected, but also in order to ensure transparency in an area that has generated a significant social and media impact, our actions in relation to customers with payment difficulties, especially on their mortgages, are described below.

Within the policy of personalised negotiation in cases where customers have difficulties in paying for their homes, the first step is to offer the customer who meets the requirements the *Code of Good Practices* which LABORAL Kutxa joined in 2012, providing a second chance mechanism, a reduction in the financial burden and other measures.

Code of good practice	2020	2021
Applications	29	44
Denied	25	26
Approved	4	18

The conditions set out in this Decree have been applied to the 18 approved operations, which also include tax benefits. 7 have been signed, with the remainder pending.

There are also 35 homes assigned, out of the 37 available, to the Social Housing Fund.

The operations to which this Code does not apply, because they do not meet any of the requirements laid down by law, have followed the procedures and protocols of LABORAL Kutxa. These, in addition to restructuring of the debts, also include dation in payment as an alternative for sharing the loss of value of the mortgaged property, as well as agreements for the former owner's right to remain, despite the judicial awarding of the property to LABORAL Kutxa.

Notwithstanding this high level of agreements, the Bank has been awarded 64 homes (34 of them non-habitual), in some cases applying dation in payment agreements and in others as a result of judicial enforcement. Even after the court ruling in the latter cases, it may be possible to apply for a stay of execution on the disposal of the former home. In 2021, 1 right to remain in the home of people who have ceased to be homeowners after foreclosure has been recognised.

### Claims

In January 2017, an extrajudicial procedure was regulated to resolve claims related to floor clauses in mortgage contracts for home purchases. Based on consumer protection, these clauses were declared abusive, and therefore void, not in themselves, but because of the lack of transparency in their inclusion in contracts. Thus, channels were established, regulated by RDL 1/2017, to make it easier for customers to reach out-of-court settlements in order to eliminate the effect of these clauses.

LABORAL Kutxa informed its customers of a voluntary claim system prior to instituting legal proceedings. Customers who have not wanted to use this additional system have been able to go to the SAC, although the number has been small.

The cumulative volumes of claims received are the following:

Extrajudicial claims for floor clauses. RDL 1/2017	As at Dec 2020	As at Dec 2021
- Rejected (RDL not applicable)	1,140	1,145
- Accepted	489	551
- Denied	3,487	3,492
- Being handled	44	132
<b>TOTAL incoming</b>	<b>5,160</b>	<b>5,320</b>

The almost only reason for the refusal of the claim to consumers is the fact that they had previously reached a settlement agreement between the bank and themselves, whereby the

bank eliminated the floor clause and the clients waived their right to claim for the previous payments. In recent years the number of claims has remained stable.

Meanwhile, during 2020, the large-scale legal actions against the Entity were received for the following main reasons:

- Those resulting from floor clauses in mortgage loans, which were 73 compared to 75 in 2020.
- And those derived from the costs incurred in the formalisation of mortgage loans amounted to 3,111 in 2021, a significant increase compared to 1,450 in 2020.

These clauses often include, in the vast majority of cases due to procedural strategy and without economic content, the request for the nullity of other clauses such as interest for late payment, the commission for claiming debtor positions and the guarantee clause.

Those due to the marketing of the AFS (debt issues) of Eroski and Fagor, which between 2014 and 2016 represented the largest number, have continued to fall, becoming an irrelevant amount compared to several years ago: 2 in 2021 and 8 in 2020.

Lastly, 185 claims have been received for the arrangement fee, with those received for IRPH (one) and Law 57/68 (one) now being residual.

### 3.1.5. Protection of privacy and the security of data and operations.

#### Personal data.

Over the last few years, LABORAL Kutxa has been reinforcing its commitment to data protection, endeavouring to make it a cross-cutting element that guarantees its presence in the Entity's decision-making process.

To this end, LABORAL Kutxa took on the challenge of adapting to the GDPR through the implementation of a **Data Protection Manual** comprising various internal policies and procedures with which compliance is obligatory within the Entity:

- **Government policy on the protection of personal data**, which involves, among other things, the appointment of a **Data Protection Officer** who undertakes the duties of autonomous and independent reporting, advising and monitoring of compliance with the regulations.  
Another result of this policy is the formation of the **Data Protection Committee**, whose mission is to oversee and promote data protection policies and procedures. This committee meets at least once every six months on an ordinary basis and extraordinarily whenever the situation so requires.  
Every six months the Data Protection Officer presents a report to the Committee and also prepares an annual report which is presented to the Entity's senior management.
- Development and maintenance of a **record of processing activities** carried out under the responsibility of the Entity, which includes, among other items, the purposes of each processing operation, its legitimacy and the categories of the data processed. Given the dynamic nature of this register and its need for constant renewal, its content has been updated during 2021 to reflect the latest developments in processing.

- Risk management based on the **objective analysis of risks** inherent to each processing operation and in carrying out, where applicable, impact assessments with a view to adopting the necessary measures to eliminate or mitigate them.
- **Privacy by design and by default**, which implies the necessary implementation of technical and organisational measures to ensure the protection of personal data before any processing is carried out on such data, as well as a commitment that only data that are strictly necessary for the purposes of the processing will be processed. As an example of the effective application of this principle in the Entity, during 2021 the Data Protection Officer dealt with 453 internal enquiries.
- **Incident management plan related to the security of personal data**, which establishes guidelines for determining the most appropriate response to each situation.
- **Supplier management procedure for the protection of personal data**, the aim of which is to ensure that the relationships with suppliers with access to personal data for which Laboral Kutxa is responsible are carried out in accordance with the GDPR. To this end, there is a register of suppliers with access to personal data that is constantly updated.
- **Security measures**, understood as those technical and organisational measures suitable for ensuring a level of security appropriate to the risk of each processing operation and for safeguarding the integrity and resilience of the data.
- Development of an **annual plan for control** and monitoring to ensure compliance.

Laboral Kutxa faces 2022 with its sights set on successfully adapting to the regulatory challenges that may arise in the short term in the European Union, in the knowledge that only through continuous improvement and the constant updating and revision of our policies and procedures will it be possible to achieve this objective.

### Cybersecurity

Digital and cultural transformation must include cyber security within the business vision. Its significance makes it necessary to change the way it is viewed, as it can no longer be understood as an isolated discipline. Thus, integrating cybersecurity as part of sustainability is a social, institutional and business opportunity.

One of the biggest risks facing businesses today is the risk of a cyber security breach. Throughout 2021, society has witnessed companies in different sectors paralysed by a cyber attack. LABORAL Kutxa, within the framework of the 2020-22 Security Master Plan (SMP), has carried out an exhaustive analysis of all these events in order to prioritise the initiatives that offer the greatest value to the entity in the face of this type of threat. For this reason, an anti-malware strategy has been designed to protect the entity against unknown malicious patterns through the use of machine learning techniques.

Data protection measures have also been implemented as a responsibility for customers, suppliers and employees. This includes phishing simulation activities and the implementation of an ethical hacking programme, which has been intensified by a number of security tests carried out in different environments.

Another aspect that has been reinforced is the incident response plan, for which a specialised team has been set up to analyse and respond to anomalies 24 hours a day, 365 days a year.

At the same time, the different cybersecurity risk scenarios, their regulatory, strategic and image implications and their possible effects on the digital and online business model have also been analysed. Thus, risk control methodologies have been improved, integrating the risk strategy with the business plan, so that it is possible to comply with the internally approved risk appetite, tolerance and limits.

A strategy has been designed to evaluate and select the most appropriate solutions to protect the systems that depend on LABORAL Kutxa's technological infrastructure, in order to be able to deploy new technologies that require secure and reliable ecosystems in order to operate.

One of the most important areas of work has been that of preparing for cloud services. Technology is undergoing a transformation at a dizzying pace and cloud services are increasingly being offered as a differentiating value in a hyper-connected world. The adoption of these technologies and services must at all times ensure that security levels remain at the highest levels required by our business. For this reason, we have invested in the definition of the corporate cloud services policy and have adopted the best practices and market standards aimed at building a robust model based on digital identity management and data protection.

Other aspects of cyber security governance have proceeded according to plan. Training programmes on personal cybersecurity, skills and preventive digital education have been developed. Content, best practices and news shared with stakeholders have also been created and published, where appropriate, on accessible digital channels, with the aim of ensuring the promotion of a global security culture and helping, among other things, to avoid digital fraud as much as possible.

In addition, cybersecurity policies and management protocols for technical and organisational measures approved by the Security Committee have been improved. Legal, statutory, regulatory and contractual requirements relating to information security or security requirements that apply to the organisation are assessed on a regular basis.

Clear expectations have been set for the allocation of resources and investments according to the entity's cybersecurity risk profile and multidisciplinary teams have been developed where security has taken on a major role, as is the case of third party management processes in which the security of suppliers and manufacturers with whom LABORAL Kutxa collaborates and works must be analysed and validated.

Lastly, the monitoring of all actions required to address significant deviations related to the governance and management of cybersecurity risks has been incorporated into the corporate supervisory functions.

LABORAL Kutxa has defined a roadmap that proposes a comprehensive vision, aligning the governance and management of cybersecurity with business risk management, providing a holistic approach that integrates the participation of all stakeholders.

### 3.1.6. Responsible products and services

Social or sustainability criteria in credit policy are present in the following products:

- Loans for social economy companies: In 2021 the agreement with EIF (the European Investment Fund, an agency of the EIB - European Investment Bank) was renewed with the EaSI programme - European Programme for Employment and Social Innovation. With the support of this European programme, the conditions required for both entrepreneurs and micro-enterprises are further enhanced by increasing their access to micro-credits.
- Secured Cards: Cards that have favourable conditions such as Accident Insurance with Lagun Aro Insurance. For the Gold card, Travel assistance with Caser.
- Personal loans: There are 0% APR loans for special situations and salary advances. There are also loans aimed at young people to finance studies (materials, tuition fees, etc.). For example, in 2021 agreements were made with: AEK, University of Navarra, Public University of Navarra, MONDRAGON Unibertsitatea, Erasmus programmes and MONDRAGON Lingua.
- Agreements and Arrangements: with Erkide (financial advantages for its associate cooperative members), with FCTC (Catalan Federation of Workers' Cooperatives), with CEPES for the financing of capital contributions and financial advantages for cooperative members.
- Agreements and arrangements with entities such as ICO, Elkargi, Luzaro, INNOVFIN and Sendotu.

#### Agreements and partnerships with Public Authorities

As has been explained throughout this Report, LABORAL Kutxa actively works with the various Public Authorities to open up lines of financing under preferential conditions for entrepreneurs, self-employed people and companies, or for the refurbishment of homes, or by providing finance to SMEs under better conditions through agreements or lines of credit with various Mutual Guarantee Societies (MGS). Some of them can be seen on our website:

- For companies: <https://www.laboralkutxa.com/es/empresas/financiacion/convenios>
- Business and professionals: <https://www.laboralkutxa.com/es/pro-negocios-y-profesionales/financiacion/convenios>
- Social economy companies: <https://www.laboralkutxa.com/es/empresas/financiacion/convenios/easi-economia-social>
- Subsidies: <https://www.laboralkutxa.com/es/pro-negocios-y-profesionales/apoyos-para-tu-negocio/convenios>

#### Affinity cards

LABORAL Kutxa assigns a portion of the income obtained from the use made by customers of **Affinity cards** for their purchases, to: Medicus Mundi, Caritas and the Confederation of Ikastolas. The amount of the yearly assignment is:

- For each card holder at the end of the year: 2.5 euro / year
- 1 euro / year per card beneficiary.
- For purchase invoices: 20% of the profits obtained.

Amount donated for AFINITY Cards	2020	2021
Total invoices (euros)	41,614,619	45,602,566
• Medicus Mundi	18,056	22,710
• Caritas	2,374	3,084
• Ikastolak	28,435	23,130
<b>Total donation (euros)</b>	<b>48,865</b>	<b>48,924</b>

### Donations for international cooperation projects

The LABORAL Kutxa Super LK Passbook has a points\* programme, for income and balances, that customers can exchange for gifts or donations for projects in developing countries. The projects and amounts assigned are the following:

Amount donated by customers (euros) per project	2020	2021
<b>Mundukide Fundazioa.</b> "Abre el grifo" (Turn on the tap). Cooperative cooperation for the development of people in Mozambique, empowering local farmers through technical training and advice on crop production and marketing.	3,410	2,633
<b>Mundubat.</b> "Support for the right to health of the Saharawi people."	2,112	2,022
<b>Alboan.</b> "Contra la discriminación y la exclusión en India" (Against discrimination and exclusion in India). Implementation of projects that promote the defence of rights and access to education for the Dalit people.	2,961	2,480
<b>Medicus Mundi</b> "Promoviendo los derechos sexuales y reproductivos" (Promoting sexual and reproductive rights). Support programmes, in Peru and the D.R. of Congo, that promote genuine equality between men and women, sex education and the commitment of public instit. to these rights.	2,583	2,762
<b>Total amount (with VAT included) donated</b>	<b>11,066</b>	<b>9,897</b>

### NGO insurance

LABORAL Kutxa has an Insurance aimed exclusively at NGOs that provides cover and special conditions to these organisations via two policies:

- Accident policy. It covers volunteers for accidents occurring during the exercise of the NGO's own activities, including the risk "in itinere" (necessary travel).
- Civil liability policy. It covers claims for damages to third parties or to property that does not belong to the organisation, resulting from the usual activities carried out by the volunteers. In 2020, the insurance covered 39 associations, with 711 insured parties.

### Support for the creation of a company companies. Mondragon Group

Apart from financing through credit investment, LABORAL Kutxa supports the development of Mondragon cooperatives through the contribution of funds from their profits, with the aim of creating new jobs and consolidating existing ones. These contributions are made to:

- *MONDRAGÓN Inversiones*, which is in charge of partially financing Cooperative development projects, both in Spain and abroad.
- *MONDRAGON S. COOP., Corporate Group Centre.*
- *MONDRAGON Foundation* in order to, among other destinations, finance the development of the 14 research centres promoted by the Cooperatives.

In 2020 and 2021, contributions were lower than in previous years due to the crisis caused by COVID, both at the behest of the banking regulator (Bank of Spain) and the lower profits recorded.

Mondragon Group Contributions Thousands of Euros	2020	2021
Contribution to MONDRAGON Investments	875	516
Contribution to MONDRAGON S. Coop.	4,367	6,681
Contribution to MONDRAGON Foundation	2,817	1,349
<b>Total contributions</b>	<b>8,059</b>	<b>8,546</b>
Investment in MONDRAGON Companies (1)	363,481	349,918

(1) The investment included is: Current, Structural and Firm.

## Socially responsible investment

Socially responsible investment (SRI) is one that applies Environmental, Social and corporate Governance criteria (ESG criteria) when selecting investment or financing projects. LABORAL Kutxa has been working in this field for a number of years, with exclusion criteria in place to prevent investment or funding of activities that are contrary to our principles. These exclusion criteria affect aspects such as gambling, pornography, tobacco, weapons and coal.

As explained throughout the Report, in 2021 a process of deliberation was launched for the implementation of a sustainable finance strategy for the LABORAL Kutxa Group. As a result of this deliberation, a roadmap has been defined which establishes the areas of action necessary to implement this strategy. It defines different areas such as governance, training, communication, risk management and data collection. Actions are also planned for products and investments, with targets set for 2022 to advance the integration of ESG elements in the investment products offered to customers and in our own investments. A green finance facility is to be launched at the same time.

In 2021 an important milestone with regard to socially responsible investment was the work done to comply with the Sustainability Disclosure Regulation 2088/2019. This standard obliges financial service providers to incorporate sustainability risks and factors.

In relation to credit investment in companies, since 2017 there has been a procedure for requiring additional non-financial information from companies identified as having social risks, thus extending the system which had previously been applied to potentially environmentally problematic companies.

As part of the Strategic Plan developed in 2019 for 2020-2022, an objective had already been established to apply SRI criteria to 100% of the assets managed by the Fund/Plan Manager, Treasury and in the concession of risks. In the same way, the aim was to advance and deepen the criteria applied, moving from the current exclusion criteria to other more advanced concepts.

In the summer of 2022, the MiFID II regulation will come into force, which is expected to bring about a profound change in the way the financial sector advises and invests. In addition to expectations of a return and a risk profile, financial institutions will be obliged to include the sustainability preferences of their customers in their investment advice and suitability of investment assessment. As a result of this consultation on sustainability preferences, it will be necessary to have a sustainable investment product that responds to these preferences.

In 2021, the responsible Investment Fund, *LABORAL Kutxa Konpromiso, FI*, was maintained, with an ethical and charitable approach, since its investments apply controls by measuring the application of environmental, social and good corporate governance criteria. It is charitable because LABORAL Kutxa channels a significant part of the management fee it charges its customers to three NGOs from among which the customer can choose.

Contributions	2020	2021
MEDICOS MUNDI	€30,870.11	56,22.78
MUNDUKIDE	€27,025.69	52,108.83
CARITAS	€19,222.10	34,373.25
<b>TOTAL</b>	<b>€77,117.91</b>	<b>143,404.86</b>

In relation to credit investment in companies, since 2017 there has been a procedure for requiring additional non-financial information from companies identified as having social risks, thus extending the system which had previously been applied to potentially environmentally problematic companies.

#### Environmentally responsible products and services

LABORAL Kutxa, in accordance with its strategy of contributing to improve the environment, has products and services to help slow down climate change. Details of these, as well as the projects underway to promote them, are provided throughout this report.

#### Electronic customer delivery service

The LABORAL Kutxa **Posta-mail** for sending statements and receipts to customers by e-mail continues to grow significantly, helping to reduce paper consumption. The annual objective is always to increase the number of users from the previous year and, to this end, the Network constantly explains this service. The section on **Our relationship with the environment** in this Report shows the trend in the number and % of users.

#### Credits for renewable energies

LABORAL Kutxa is a financial entity and its activity has no direct or significant relationship with climate change. Company financing or granting of credits in the field of renewable energies or similar has evolved as follows:

	2020	2021
<b>Loans provided (thousands of €)</b>	36,370	19,982

#### Accessibility to financial services

##### Small towns

During the rationalisation process of the commercial network that has been carried out in recent years in response to the new challenges of the financial sector, an effort is being made to not financially exclude places with relatively small populations. The aim is to not cease serving those rural or sparsely populated areas where we have been present for many years. Therefore, the closure of offices is avoided, despite their reduced profitability, by implementing measures such as only opening on certain days of the week.

In 2020, the Alfaro branch office was closed due to efficiency reasons, taking into account the continued presence of other financial institutions in the town.

### Architectural barriers

In order to have increasingly accessible offices, Laboral Kutxa maintains its commitment to equip its offices with spaces free from architectural barriers. In all the intervention projects undertaken in offices, the objective is to improve accessibility, whenever the characteristics of the premises so allow. This eliminates existing architectural barriers and complies with the Accessibility Standard. Given that these actions have been carried out for many years, there are currently very few work centres with any kind of accessibility problems.

During 2021, the new physical office model was implemented in 10 branches. This new model prioritises accessibility both inside the office, eliminating architectural barriers, and in all types of spaces, with a specific area in the cashier's transaction area for people with reduced mobility. Access to the office is by means of a system of automatic doors that allow access to all types of members of the public, since it is not necessary to handle them to open them, and the touchless pushbutton panel system means that no direct contact is required to lock or unlock the access door to the inside of the cashier's office. In addition, external ATMs have also been installed.

### Access via internet and mobile phone. Multi-channel banking

Laboral Kutxa considers it strategic to move forward in the digitalisation of its activity. It is both a competitive necessity and a way to increase accessibility and channels of communication and customer service.

The numerous developments and improvements implemented in 2021 include the following:

1. Modification of weak password criteria.
2. Online mortgage loan
3. Online shopping payments with BIZUM
4. Customer registration on the website

The situation experienced by COVID19 has undoubtedly made it necessary to expand the channels of non-face-to-face communication with our customers. The increase in responses from Remote Banking experienced in 2020 is maintained in 2021:

Operations	2020	2021
Calls answered	288,985	331,077
Calls made	24,113	42,043
WhatsApp	57,358	49,438*
Online Banking CHAT (launched 22/10/20)	9,592	44,136
Card fraud alerts	9,302	18,388

\*change of accounting criteria, in 2021 those received on Saturday afternoon and Sunday are not counted.

### Financial culture

LABORAL Kutxa has continued to use social networks to create financial culture and boost knowledge regarding cooperativism. For example, 182 articles of general interest have been included in the Entity's various blogs ([blog.LABORALKutxa.com](http://blog.LABORALKutxa.com), [bancaparaempresas.com](http://bancaparaempresas.com) and [consultingpro.laboralkutxa.com](http://consultingpro.laboralkutxa.com)), 72 of which focused on helping to improve the culture and knowledge of current financial affairs. In this way, with a simple and accessible format, contents of financial culture are alternated with others more related to social responsibility, such as: ethical finances, insurance obligations, tax news, how to set up a company, etc.

During 2021, a **Newsletter Pro** was sent on 5 occasions (March, April, May, July and October). This is an information bulletin in electronic format for Pro and micro-business clients in the Basque Autonomous Community and Navarre (more than 60,000). This action is part of the **Consulting Pro** free guidance service to assist clients in the management of their business, offering information of special interest (grants and subsidies, tax and legal news, sales techniques, etc.) for the self-employed and other professionals.

This Newsletter highlights some of the most relevant and recent content of the Consulting Pro [website](#), which offers content such as news, articles of interest, management tools, and information on events, grants and subsidies...

**900 queries from 340 customers** were answered by the Consulting Pro service in 2021, made either in person, by telephone (free hotline 900 100 240), or through the [Form](#) available on the website.

We launched the [LABORAL NEXT](#) tool: a virtual assistant to provide commercial customers (and non-customers) (including the self-employed) with all the information on the NEXT GENERATION Funds and the programmes for which they can be beneficiaries. It includes the creation of the technical office, which is responsible for resolving all kinds of questions, as well as analysing and, where appropriate, dealing with the management of subsidies.

The tool, [SIMULATION OF DIRECT SUBSIDIES – SIMAD](#), has been created and made available to all commercial customers (and non-customers) in which, in a simple way, they were able to find out whether they were entitled to the direct subsidies provided by the Government through each Autonomous Community.

During 2021, online sessions were held, together with LKS Next, AFI, Seguros and the LK Studies Department, aimed at the commercial world (self-employed, Businesses and Companies). See table with detailed information for each event.

WEBINARS conducted in 2021	date	Participants	Assessment	Met expectations	NPS
<a href="#">ICO-COVID novations</a>	26/02/2021	442	8.80	8.60	69%
<a href="#">Cyber risks</a>	07/05/2021	387	8.38	8.00	50%
<a href="#">EU Next Generation Funds + Laboral Next</a>	22/06/2021	549	8.47	8.24	52%
<a href="#">The Post Covid Economy</a>	09/07/2021	150	8.80	8.50	60%
<a href="#">Laboral Next</a>	24/11/2021	174	7.75	7.50	17%
Average rating of all 2021			8.47	8.18	50%

**NEWSLETTER 2021:**

[22-01-2021 CONSULTING-PRO](#)

[23-03-2021 CONSULTING-PRO](#)

[16-06-2021 CONSULTING-PRO](#)

[28-10-2021 CONSULTING-PRO](#)

[09-12-2021 CONSULTING-PRO](#)

A video is prepared on a monthly basis (in collaboration with AFI, International Financial Analysts) on the economic climate and the situation of the financial markets. This video is emailed to the Personal and Premium Banking customers and uploaded to CLNet. In addition, a quarterly infographic is sent to BP and Premium customers, with the positioning and composition of portfolios, which includes the main macroeconomic and market events for the last quarter, as well as our positioning and the composition of the Personal Banking portfolios.

### Support for internationalisation

Throughout 2021, as part of LABORAL Kutxa's strategy of providing a global service to its corporate customers and supporting them in their search for new markets, the international agreements signed in recent years have been continued with a view to providing a service to customers. The agreements were mainly signed with cooperative organisations that share the philosophy of LABORAL Kutxa:

- National Cooperative Bank (U.S.A.)
- Crédit Coopératif (France)
- Raiffeisen Bank International (Austria)
- Banorte (Mexico)

In relation to the activity of supporting companies in the agri-food sector, in which LABORAL Kutxa has been very active over the last 6 years, especially in the North American market, a collaboration agreement was signed in February 2020 between LABORAL Kutxa and GOURMET FOODS INTERNATIONAL (GFI), a North American importer with its headquarters in Atlanta and a turnover of \$500 million, to help our companies establish themselves in the American market. Coinciding with the ALIMENTARIA trade fair in Barcelona (4-6 April), LABORAL KUTXA, together with its commercial partner GFI, is hosting the visit of North American executives from the distribution sector, who will combine their presence at the fair with visits to plants in the sector in Aragón, Navarra and La Rioja.

## 3.2. Our relationship with the workforce

### 3.2.1. Management approach

In relation to the direct activity of LABORAL Kutxa with respect to its own workers, the legal status of co-operative is an ambitious development of the inspiring principles of the *Universal Declaration of Human Rights*, namely that all human beings are equal in dignity and in rights. Indeed, the co-operative method implies that the people who work in the company are partners with equal rights and obligations, regardless of their knowledge or status in the hierarchy. Requiring all people to share rights and obligations, as they all share in the risks and rewards of the business.

The concept of cooperation also extends to a commitment to our society. We are a *Cooperative Bank, guided by values and a philosophy that lead us to prioritise the common interest over the individual, to make decisions in a participative and responsible way and to reinvest our profits in society.*

In the area of people, the most significant risks linked to non-compliance with human rights are related to corruption and harassment at work.

- With respect to corruption, see Corporate Governance in Section 1.
- With regard to harassment in the workplace, it should be noted that this is a problem with a low quantitative incidence, but a potentially serious effect on the people who might be involved in a situation of this kind. In the procedures, there is a *Protocol for action in cases of harassment at work*, updated on 31/01/2015. The organisation incorporates an *Investigation Committee*, which has a *specific complaints channel*. This protocol includes situations of *sexual and gender harassment (known as mobbing)*. There have been no complaints or enquiries in 2021 and 2020 concerning the aforementioned complaints channel.

The financial activity we carry out, the geographical scope of our activities and the ownership structure make it impossible for threats of violation of the provisions of the fundamental conventions of the International Labour Organisation to occur.

Lagun Aro also has a procedure for managing conflict, harassment and violence at work. There were no complaints in 2021 or 2020. The Protocol against sexual harassment and harassment based on sex in the workplace was defined and approved within the framework of the 2nd Equality Plan.

### 3.2.2. Main magnitudes of the workforce

Indicators concerning the people in the Group, both overall and according to different categories (gender, age, etc.) are available in section 4. Other magnitudes.

### 3.2.3. Dialogue with the workforce

As a credit cooperative, there are many channels for dialogue with people:

- ✓ The Internal Customer Satisfaction Survey (ESCI) was carried out so that the business network could assess the quality of the services provided by Central Services, make suggestions for improvement and provide any comments it deemed appropriate. The questionnaire was sent to 481 people and there was a response rate of 68.2%. As a result of the quantitative and qualitative assessments obtained from the survey, numerous improvement measures have been implemented.
- ✓ Internal Suggestions System. From 2019 to the end of 2021, 991 employee contributions were received, of which 113 (11,4%) were implemented.
- ✓ Participation and decision-making capacity in the basic governing bodies: Ordinary and Extraordinary Meetings and Governing Board, and in the preparation of Strategic and Management Plans.
- ✓ Activity of the Social Council, with extensive negotiation and decision-making capacities.
- ✓ An appearance by the Chairperson and the Director-General before everyone in geographical groups, in order to share the assessment of the situation and the measures being taken. Here, everybody can intervene by making comments or requesting the clarifications they consider appropriate.
- ✓ Staff meeting system: "Giltza-Collaborators Meeting" between managers and their teams.

### Collective negotiation

The Cooperative Credit Union Collective Bargaining Agreement is the general framework of reference, although, in 1996 LABORAL Kutxa adopted a standard for Company Collective Bargaining, through which a specific Collective Bargaining model was established.

Collective bargaining is the process by which the employment and working conditions of all the people in LABORAL Kutxa (partners and employees) and the company guarantees that ensure its application are established. The result of this process is the set of rules and procedures that regulate the general conditions of work of 100% of the people at LABORAL Kutxa and bind the parties (the Board of Directors and the Social Council) and all persons.

As in the rest of the Entity's management areas, the negotiation process in 2021 was also affected, for the second year, by the health crisis, and various processes of negotiation and discussion with the social partners were undertaken, related to the measures adopted in the

entity to ensure the health and safety of all people and the adoption of extraordinary measures.

As part of the usual negotiation process, agreements were reached in 2021 on the following matters:

- Working hours for people providing services in the offices with continuous morning and afternoon working hours.
- A new Annex which develops one of the articles of the Geographic Mobility regulation of March 2014.
- Negotiations for a Flexible Working Model for LK began.
- Labour Regulations.

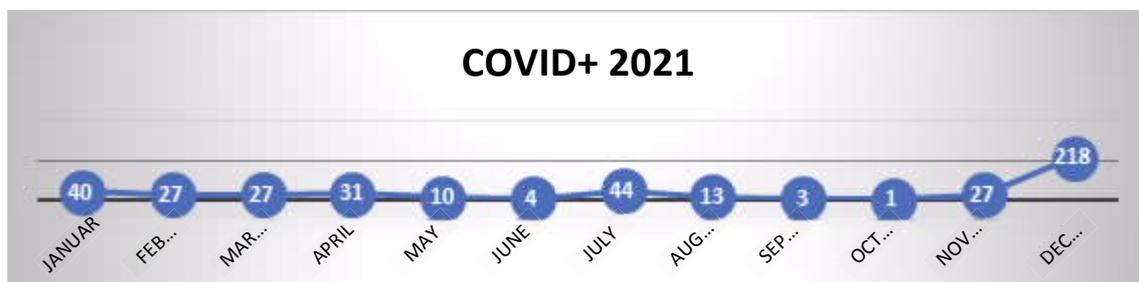
As happens every year, at the end of the annual negotiation process, both parties exchanged the list of matters to be negotiated in 2022.

**Seguros Lagun Aro** maintains a close relationship with the Legal Representation of Workers (R.L.T.) with whom the Company Statutory Agreement is negotiated. 2021 was the last year of the 2018-2021 agreement. Negotiations for a new agreement, covering 100% of the workforce, will begin in 2022.

With regard to the staff of Caja Laboral **Bancaseguros** S.L.U (CLBS, a company which is wholly owned and operated by LABORAL Kutxa), all of whom are employees, the working conditions are set out in its own collective agreement, which was renewed in 2021, and in general labour legislation. This agreement, which governs the professional and labour aspects that directly affect the group of workers, has a significant level of convergence with the labour regulations and procedures of LABORAL Kutxa.

### 3.2.4. Staff Development

In 2021 the **safety and health of all people** has remained a priority and the management of the health crisis has continued to be on our agenda, especially in the latter part of the year, where December alone saw half the number of positives recorded for the whole year. It is worth noting the very few close contacts at work resulting from the reported positives, a sign that the preventive measures put in place by the organisation have worked and have been respected by the people in the organisation. It should also be noted that in 2021 it was decided to create a team of internal tracers, which provided services to the people of the entity from Monday to Sunday, to manage diagnostic tests and the identification of close work contacts.



TOTAL: 445 positives. 65 (+) generated: 128 CC at work and 17 of these were (+)

Apart from Covid, we have been able to make progress in many of the planned areas of work. The most important ones are as follows:

### **Fixed Term Partner**

In order to improve the quality of temporary employment, the possibility of fixed-term company relationships has been opened up, which will help to preserve legal homogeneity among all the people in the organisation.

The implementation of this new role has led to the revision and improvement of the process of **Induction and Cooperative Education**.

### **Organisational Culture Development**

Once the Organisational Culture survey was **adapted** to capture the challenges that the Entity wished to address, including digital transformation, the culture questionnaire **was launched in the first quarter of 2021** with the aim of carrying out a cultural diagnosis of the Entity and ascertaining the current state of culture and analysing its progress with respect to the last measurements taken in 2017 and 2012.

The **measurement innovations** that were incorporated into the questionnaire in 2021 were as follows:

- The presence of **cultural attributes** that typify **digital organisations**.
- Additional questions have been included on **achievement culture and monitoring**.
- The **Leadership** lever has been reformulated and listening skills, support and trust have been reinforced.
- People's **readiness for cultural change** has been measured: awareness, digital skills and use.

In addition, **three groups of informers** (Board of Directors, Intermediate Line and Collective) have been identified in order to get a broader picture and to focus action plans more effectively.

All these adaptations have been made while ensuring the traceability of previous measurements of organisational culture.

During the **last quarter of 2021** the Culture results were presented to the Board of Directors, and a process of defining the necessary cultural traits and their impact on the Entity's leadership style was initiated at a Board of Director level.

On this basis, the design of the **Cultural Plan** was launched, which includes the communication of the results and the cultural vision to the workforce and the implementation of specific action plans.

### **Strategic Workforce Planning (SWP)**

In 2021 it started with the **implementation of the main priorities** identified, which included:

- Implementation of **GOM figure** (60% of GOP have become GOM).
- Implementation of **recycling programmes**: 2nd and 3rd edition of the LKBA programme, IA programme applied to investment in financial markets, development of knowledge and skills around Customer Experience (CX), etc.

- The **incorporation of new profiles** in areas such as technology, data, cyber security, modelling, IT auditing, etc., and the search for **new sources for recruitment**.
- The consideration of the requirements of the profiles defined in the PEP in the **internal promotion processes and in external selection tests**.

Although this project sets a course with a 2025 horizon, **the action** plans and the main priorities **are reviewed and adapted** each year between each Area Directorate, the People department and the Organisation department.

In addition the **BIDEAN's catalogue of competences** was revised, taking into account the Skills identified as important in the PEP, the dynamics defined in Onenak, the digital strategy and the new ways of working, so that its wording is coherent and contributes to developing those skills that are most critical for the future.

#### **Succession Plan 2021:**

We have worked in a methodical and orderly manner in order to be prepared for the eventual need to **change the managers and other critical positions**, and do so successfully.

#### **Talent map**

Over the course of 2021 the following has been done:

- Analysis of examples of **best practices** of the market related to the **performance and potential assessment**.
- Reflected on how to **identify and evaluate performance** and the **potential** taking into account the **existing tools/systems**.
- Identified those **key aspects** to be defined for the **creation of a Talent Map**.

In addition, in 2021, there has been a continuation of the main **training programmes**: insurance, commercial, PFB, digital, and sales skills, and the role of the **Digital Ambassadors**, in order for them to take responsibility for:

- promoting change through the transmission of knowledge and digital experience to the people of the Entity, and
- influencing how people perceive change.

In the area of **people selection**, the work carried out for the complete digitalisation of the selection process (PI test, cognitive test, gamification tests and personal interview, all online) and the evaluation of the candidates' digital competences through the online process itself, are worth mentioning.

### Continuous Education Programmes

Training activity at LABORAL Kutxa in 2021 consisted of 530 courses and 172,180 hours of training.

The lines of work of the 2021 Training management plan were directly related to the lines derived from the strategic reflection carried out at the end of 2019. From this reflection, 4 Training Programmes were defined related to:

- Off-Balance Sheet Products
- Mercantile-risk
- Insurance
- Digital: this affects the entire workforce as a whole.

The training methodology has been the same as the one used in 2020, i.e. online training itineraries completed with Teams sessions and practical exercises.

On the other hand, we have continued to certify all those who were not accredited in MiFID II and LCCI and we have designed and made available 30 hours of continuous training in MiFID II and 10 hours of continuous training in LCCI.

### Training in anti-corruption procedures.

All manuals and procedures relating to anti-corruption issues and the code of conduct are posted on the intranet and available to 100% of staff.

In 2016, the training course "Systems and policies for the prevention of criminal behaviour" was launched and it has been completed by 86% of the staff.

### Training for people entering retirement

There is a programme called "Activa tu jubilación" (Activate your retirement) whereby people who are going to leave the Entity as retirees, pre-retirees or those with free time are summoned to the central services to receive training to prepare them for their new situation. The course consists of three days in which they are trained in change management and relational health, community participation, legal aspects, physical activity and health, healthy eating, new technologies, etc.

In 2021, 4 courses were held, attended by 40 people.

### Performance management-Bidean

There is a system for managing people development, called BIDEAN. It consists of a system focused on people and their development, encouraging them to be adaptable, with initiative and capable of constant learning, as well as a culture of self-demand, co-responsibility and collaborative work. It was designed based on the following pillars:

- It is a system geared towards people and their development,
- It focuses on ongoing conversations between management and employees, encouraging continuous feedback,
- It pivots on strengths and is future-oriented,
- It embodies a continuous learning and self-learning dynamic,
- It is agile, simple and flexible, geared towards self-management and co-responsibility, which means that we are the main actors and responsible for our own development.

A system that makes it possible to identify organisational potential, creating a context of empowerment and development that contributes to the fulfilment of LABORAL Kutxa's strategy and to people's satisfaction and commitment.

## Basque

In line with the Basque Language Strategic Plan (2020-2022), approved by the Board of Directors in January 2020, work has continued on developing the work areas and the challenges and objectives set out therein.

- SERVICE LANGUAGE
  - 1. To guarantee and encourage the use of the Basque language in the service to customers
  - 2. To show that the Entity is committed to the Basque language
- WORK LANGUAGE
  - 3. To integrate Basque into the dynamics of the organisation
  - 4. To increase the workers' knowledge of the Basque language
  - 5. To increase the internal use of Basque

### 3.2.5. Diversity and equal opportunities

LABORAL Kutxa has been and continues to be a pioneering organisation and a point of reference in the design and implementation of active policies in favour of equality between women and men; an example of its commitment to cooperative values and the promotion of equal opportunities for all.

We have been committed to equality for more than two decades. In 1997 we were awarded the distinction of Collaborating Entity of Emakunde, the Basque Women's Institute, making us the first financial institution to receive this recognition.

During all these years, in addition to creating a stable structure to promote equality policies and activate various working groups to work on specific issues, we have managed to integrate equality into the Entity's strategy. We have managed to make it an issue that is on the agenda of the Management, and to have the necessary economic resources to be able to develop the policies and activities that have been defined in the Equality Plans that we have designed and implemented continuously over the last few years.

Thanks to the work we have done, we have made it possible for both the Governing Council and the Social Council to have a balanced gender representation. Another important indicator is the percentage of women in management positions in offices of the retail network; 55% in the Nafarroa network and 58% in the Gipuzkoa network are women, cementing the trend of recent years. It is worth noting that since 2021 we have had the first female manager of an office in the corporate network, a network that is much more male-dominated than the rest of the entity's sectors.

Similarly, the presence of women in positions of responsibility in Central Services is being strengthened and, by the end of 2021, 43% of the positions of responsibility were held by a woman, as were 31% of the department or area management positions.

However, we still have a long way to go and still have major challenges to face.

In this regard, the most significant initiatives that we undertook in 2021, within the framework of LABORAL Kutxa's 4th Plan for Equality between Men and Women, were as follows:

- Launching of new workshops for the empowerment of women and a new edition of the workshop for the sensitisation of men. This year, we also started the maintenance workshops, aimed at people who have previously attended one of the workshops, with the aim of continuing to work on empowerment.

- In addition, in order to respond to the difficulties that COVID-19 is generating in the area of co-responsible work-life balance, we have continued to work on the design of new work-life balance measures.
- As in previous years, we have taken advantage of two specific dates (International Women's Day and the Day against Violence towards Women) to organise two awareness-raising campaigns with both an internal and external focus. Particularly noteworthy is the initiative carried out on 8 March, which has had a special impact and which Euskalit has recognised as one of the best initiatives of 2021.
- In terms of communication and external dissemination, we have taken part in various initiatives that have enabled us to publicise the work we are doing in the field of equality. By way of example, we have taken part in a conference organised by EHU-UPV on Company and Gender, and we have continued to participate in the *BaiSarea* de Emakunde network.

In addition, we have continued to **sponsor various initiatives** that encourage the participation and empowerment of women, such as the *Emakume Master Cup*, *Lilatón*, *Lilatón*, *Clásica Femenina Navarra*, etc.

Overall, we can say that the level of compliance with the plan designed for 2021 has been substantial. Thirty actions were planned and 74% of them were fully implemented.

We are aware of the influence that the Entity's ways have on the region and we are convinced that we can be a driving force for social transformation. Therefore, in the coming years we will continue to promote initiatives in favour of equality and diversity.

The Entity meets the requirements regarding *diversity* policies in compliance with the guidelines and regulations on the assessment of the suitability of the members of the governing body and the holders of key functions, considering aspects such as academic profile, professional profile, gender and age in the Policy for the Selection of Candidates for the Governing Board and in the assessment and suitability processes.

In addition, as at 31 December 2021, we exceeded the minimum percentage required for the least represented gender, since the gender parity achieved in 2017 in the members of the Governing Board, the highest governing body of the cooperative, was maintained.

With regard to the employment of disabled staff, LABORAL Kutxa has 19 people under these conditions and CLBS has two, while in Seguros Lagun Aro there are none. Also, compliance with the LISMI is achieved through a monetary donation to GUREAK INKLUSIO FUNDAZIOA for the implementation of labour insertion activities and the creation of employment for people with disabilities.

With regard to anti-discrimination policies that do not refer to gender, the CSR policy expressly refers to discrimination on the basis of sexual orientation and those arising from maternity and the assumption of family obligations. In the same way, the Criminal Compliance Policy contemplates discrimination on grounds contrary to constitutional rights and freedoms.

### 3.2.6. Conciliation

#### Conciliation measures

The Internal System Regulation provides measures to reconcile personal and working life, as a way to alleviate, through permissions and/or specific leave, difficulties experienced by members of staff in meeting urgent family needs. They refer to aspects of working hours, remote working, paid and unpaid leave, as well as flexible working hours in Central Services and extending the possibilities of taking paid and unpaid leave.

As mentioned above, extraordinary measures were maintained in 2021 in response to the exceptional situation.

#### Flexible working hours

All those who regularly work in the Central Services, both at Headquarters and in the Territorial Directorates, can take advantage of the flexible schedule system in terms of arriving and leaving. In 2019, to simplify the work-life balance and to encourage parents to take joint responsibility, the flexibility of this staff was increased in terms of timetables. The company has now switched to a monthly calculation of hours, with a daily minimum of 5:15 hours of work and flexible entry and exit times. At the same time, members with children under 12 years of age and/or people dependent on them due to age or illness may, upon request and approval, extend the entry time until 9.30 a.m.

Lastly, there are currently no policies in place regarding work disconnection.

### 3.2.7. Remuneration Management

At LABORAL Kutxa, remuneration is received according to professional category. All positions are assigned a category and a remuneration (same job title, same salary, regardless of whether male or female), with salary increases being the same for all staff. There are also no differences according to age, except for the effect of the five years of seniority.

At **Lagun Aro**, even when the workers do not own the company, they still participate in the management and the business results. They do this:

- through a universal Individual Variable Remuneration, and
- a Collective Variable Remuneration applicable to people with an indefinite contract (close to 100% of the workforce) voluntarily joining a company formed precisely to enable the participation of workers in the results.

In terms of **remuneration levels**, wage differentials are substantially narrower than in the rest of the banking sector.

Starting salary LK and CLBS

	2020	2021
Minimum salary upon entry for partners in € / no. hours worked	15.30	15.30
Minimum salary upon entry for partners in € / Minimum inter-professional salary *	1.92%	1.89%

(\*) The minimum inter-professional salary corresponds to that approved by the Spanish Government for each year. There is no difference by sex in the range of relationships between the standard starting salary and the local minimum wage, therefore, this data is not broken down by sex.

Lagun Aro starting salary	2020	2021
Minimum salary upon entry in € / no. hours worked	11.43	11.43
Minimum salary upon entry in € / Minimum inter-professional salary	1.43	1.41

As regards **salary dispersion**, there is a very narrow range of salaries, consistent with the value of solidarity inherent in cooperatives, as shown below:

	2020	2021
Total pay for best paid person LK / median total pay	4.64	4.76
Increase in annual pay of the best paid person LK/Incr. median annual pay	-0.41	-0.17
Total pay for best paid person CLBS/median total pay	2.17	2.20
Increase in annual pay of the best paid person CLBS/Incr. median annual pay	0.86	0.18
Total pay for best paid person / median total pay <b>Lagun Aro</b>	2.1	1.7
Increase in annual pay of the best paid person Lagun Aro/Incr. median annual pay	-2.98	3.64

\*In LABORAL Kutxa, remuneration is received according to professional category (same job title, same salary, regardless of whether it is male or female), with salary increases being the same for all staff.

At the end of the financial year, the achievement attained, linked to the Individual Variable Remuneration (IVR), is reviewed, evaluating the financial year already concluded with regard to qualitative or quantitative objectives, as the case may be. This evaluation affects all members, with 539 of them having individual objectives in 2021 (548 in 2020) and the rest having objectives associated with their team.

The evolution of what variable remuneration (individual + collective) means for staff in relation to total remuneration is as follows:

	2020	2021
Variable Remuneration / Total Remuneration (in %)	7.19%	8.61%

### Remuneration to share capital

Members' contributions to the Share Capital have been remunerated in 2020 (paid in 2021) at the annual rate of 1.25% gross for compulsory and voluntary contributions.

Remuneration to Share Capital (thousands of euros)	2020	2021
Total payment of interest to Capital (to associated companies, to working partners, etc.)	29,170	9,784
Share received by working and collaborating members (1)	9,715	3,309

(1) Collaborating members are retired working members who maintain their share in LABORAL Kutxa.

### 3.2.8. Occupational Health & Safety

The main milestone for the management system in 2021 was passing the external certification audit for ISO 45001, which replaces the previous OHSAS certification.

Management programme: Proposed actions for 2021 and their situation.
1. Pass the ISO 45001 certification audit. Completed
2. Improve the implementation of the CAE in the office network. Completed
3. To make progress in improving the dynamics of stakeholder consultation and participation. Completed
4. Apply the new psychosocial RA methodology. Postponed to 2022 as not fully developed.
5. Maintain regular activity in medical examinations, risk assessments, coordination of business activities and healthy company (Zainduz). Completed.
Management programme: 2022 key targets and commitments
1. Apply the new psychosocial risk assessment methodology.
2. Launch through Zainduz, launching initiatives to tackle psychosocial risks in the workforce.
3. Consolidate the implementation of the CAE in the office network.
4. Restore pre-pandemic levels in the activity of medical examinations and risk assessments.

To achieve the objectives defined in the Occupational Health and Safety Policy (OHS), the activities are planned annually in the OHS Management Plan. Within the Management System, among others, there are procedures for hazard identification and risk assessment, accident investigation and health surveillance.

The Health and Safety Committee is a Joint Committee with equal representation, which is also attended by the Director of the Social Management Area and the Company Physician. The Chairman of this Committee is one of the workers' representatives (Prevention Delegate). This Committee meets at least once a quarter, and everything discussed in its meetings is recorded in minutes, which are made available to everyone on Giltzanet (intranet). All people are covered by this Committee.

The most relevant indicators regarding occupational health and safety management are presented in detail below.

Accident rate	2020	2021
Employee accident rate.	0	1.46
No. of accidents of LK, CLBS and LA personnel	25	28
No. of fatalities among employees.	0	0
No. of robberies	0	0

The accident rate is established based on the frequency of accidents, excluding those that have taken place "in itinere" (on the way to or from work) and those that have not resulted in medical leave, in order to calculate only the most serious accidents that take place in the workplace. In 2020, all accidents resulting in sick leave were in itinere. This index is determined based on the number of accidents per million hours worked. There are no recognised occupational illnesses.

The OHS System views the risk of robbery as one of the specific risks arising from the activity of LABORAL Kutxa, for which a series of instructions have been issued, provided to all staff and which are published on the Intranet, establishing both preventive measures and measures to be taken in the event of such situations. Similarly, in 2018, a protocol was developed and approved for situations of external violence that includes action in the event of aggression, threats or insults to our staff. These situations were then managed as occupational accidents.

Emergency drills are conducted every year in the Headquarters buildings. Also, all the work centres have emergency plans, which are available on the intranet so that each person can refer to the one that is applicable to them. No objectives are set, but rather forecasts are made regarding the absenteeism variables, if they are made regarding the overall rate. As part of the recruitment process, there is an occupational health and safety training module that explains the organisation of the system, the main risks and preventive behaviours.

In 2016, a two-hour mandatory training for all staff on Occupational Health and Safety was introduced. This basic training module has since been incorporated into the training itinerary for new recruits.

Similarly, training on ergonomics, general and specific risks and evacuation plans is provided during risk assessments and regular medical examinations. In addition, a one-hour training course on emergencies was launched in 2020, which is also mandatory for all staff.

Lagun Aro has its own Management System, with procedures similar to those of LABORAL Kutxa for hazard identification and risk assessment, accident investigation and health surveillance covering the entire workforce, with a joint Health and Safety Committee with staff representation.

### COVID-19

From the point of view of occupational safety and health, 2021 has been marked by the pandemic situation. This situation has forced the organisation to give even greater priority to the health of our staff and customers. Preventive planning has been conditioned by the different waves of the pandemic, which have made it necessary to maintain and adapt preventive measures.

The Coronavirus Committee, made up of people from different areas of the Fund, including health staff (doctor and nurse) and other people from the Health and Safety Committee (Prevention Officer and Chairman of the Committee, who is a prevention delegate), has continued to meet. The Committee managed the situation from a health, commercial and business continuity standpoint. To this end, it has made the necessary decisions and has had the resources to carry out its mission.

Internal communications have been made regularly to inform the organisation of the situation, the measures being taken and the operating instructions.

### Health Plan-Zainduz

Since 2018 there is a health plan for the staff of the LABORAL Kutxa Group. Zainduz (Cuidando) is a programme aimed at promoting health, safety and well-being at work through the implementation of programmes focused on promoting healthy and sustainable habits in people, their families and the environment in which they live. It covers aspects such as improvements in diet, physical activity and health at work, so as to improve the physical and emotional well-being of the people who belong to the Group.

During this time, ZAINDUZ has become a model for the creation of a culture of wellbeing and is gradually establishing healthy attitudes in all areas of the organisation. The main actions carried out in 2021 included:

- 6-day personal development workshop.
- Self-care tips course
- 11 proposals to live longer and better.
- Healthy summer recipe competition.
- Implementation of a sustainable mobility initiative (Laboral byBike) that provides a financial incentive for commuting to work by bicycle.
- Food safety and nutrition labelling game.
- Self-care E-book: motivation for change.
- Videoconference "Healthy habits at work".
- Training routine.
- Video summary of the initiatives launched in the 3 years of life of Zainduz.

[https://youtu.be/84\\_mPfgw\\_iY](https://youtu.be/84_mPfgw_iY)



### 3.2.9. Social Benefits Package

LABORAL Kutxa has developed the following initiatives focused on improving the social benefits received by its people:

Social benefits
<p><b>Annual get-together</b> (for everyone), Elkarte Eguna, and participation in cultural and sporting activities through the Lankide Club (which is financed by the Entity itself) as a vehicle for personal interaction outside the working day. It has not been possible to hold these events in 2020 and 2021.</p>
<p><b>Advantages in financial products</b> (members):            Assets: Subsidised loan for primary residence, primary supplementary loan, loan for other domestic use, salary advance.            Liabilities: salary account.            Banking services: fee waivers, card fees waivers, discounts.            Accident insurance, car insurance, home insurance, life/death for any cause fund.</p>
<p><b>Other benefits</b> (partners):            Financing of private and Basque language studies            Funding for extraordinary personal requirements            Subsidised company dining room (everyone).            Vehicle damage cover.            Extraordinary expenses due to the death of members.            Subsidies applicable in cases of temporary incapacity.            Financial advantages for those retired from LABORAL Kutxa who maintain their status as a collaborating partner and their widows / widowers who are also collaborating partners. These advantages include: salary account, exemption from some fees and loans with preferential conditions.</p>

Specifically, the Entity's working partners have the following social benefits:

#### Lankide Club

LABORAL Kutxa believes that joint cultural, sporting and tourist activities, etc. are an ideal vehicle for encouraging contact between colleagues outside working hours. Accordingly, it has agreed to set up Lankide clubs at Headquarters and in each of the regions, with the primary aim of promoting interpersonal relations through the enjoyment and implementation of leisure activities.

In 2021, given the health circumstances, it has not been possible to hold the annual social gathering (Elkarte Eguna) or most of the usual activities, being limited to season tickets for theatre and music, mountain and cycling federation subsidies, football tournaments, football and basketball season tickets or outings. The total budget for 2021 was €10,200.

#### Capitalised cooperative returns (individual pension plan)

Each year, LABORAL Kutxa distributes 12.5% of its available profits among its members, as a cooperative return or share in the profits, which is capitalised and added to the share in the capital of each of the members.

This share of the capital stock is not available until the working partner ceases to work at the Entity, and is practically an individual pension plan after growing throughout the person's working life at the Entity. This share receives an annual remuneration (1.25% in 2020 and 4% in 2021) in the form of interest on capital. The individual annual allocation of the cooperative return is based on their total gross salary.

Cooperative return allocated to working partners (thousands of euros)	2020	2021
Annual overall amount	9,689	9,185
Average amount per partner	5.01	Nd (1)

(1) Data not available until the General Meeting.

### Meeting the financing requirements of a supplementary health care system

LABORAL Kutxa covers, for the benefit of its members and working partners, co-payment of the fees required for the annual financing of a comprehensive health care system, complementary to that of the public social security system, which the MONDRAGON Corporation provides for its participating members. In 2021, this co-payment was 1.40% on the advance of gross consumption.

## 3.3. Our relationship with society

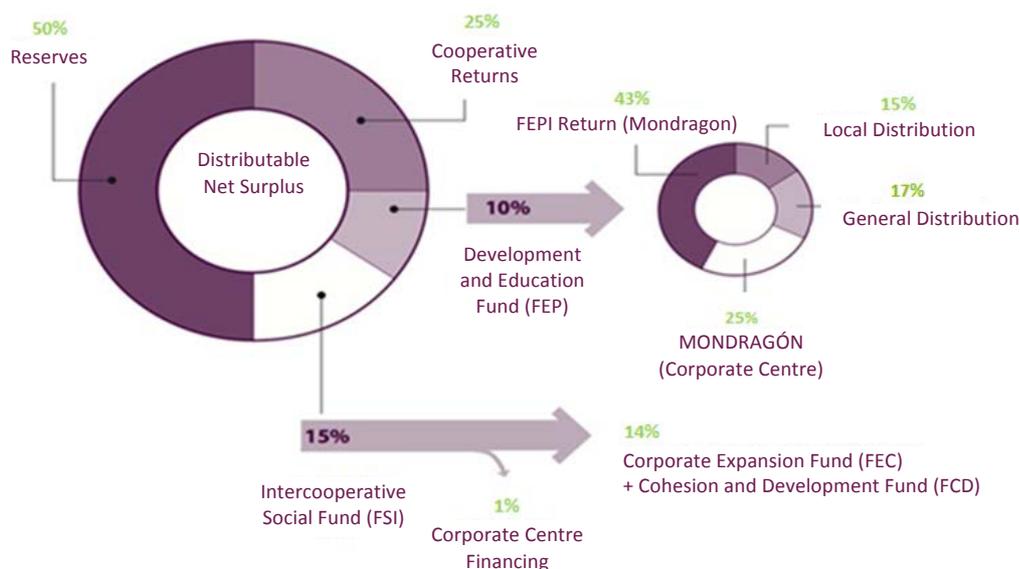
### 3.3.1. Management approach

LABORAL Kutxa was founded in the Basque Country as part of a business group with a strong commitment to serving society, whose mission includes the creation of associated and participative work of a cooperative nature, as an essential way of creating wealth and well-being, both among its direct members and in the Society in which it is immersed.

The criteria and mechanisms for the allocation of social assistance are unique:

- Due to its legal nature and its cooperative vocation, LABORAL Kutxa directs a significant part of its humanitarian aid contributions to the promotion of the cooperative world.
- In the distribution of subsidies under one of the headings of the Education and Promotion Fund, the distribution of which corresponds to the institutional bodies of the cooperative, the section known as "General Distribution", one of the organisations that takes part is the Social Council, which is the representative body of the entity's working members.

#### How are LABORAL Kutxa's profits distributed?



- In addition, it also reserves a specific section of the social works for local assistance (Local Distribution), by means of allocations through the branches of LABORAL Kutxa, which steer the aid towards their own areas (neighbourhood associations, nearby educational centres, parochial social action groups, immigrant social assistance centres, etc.).

The purpose of the Education and Promotion Fund (FEP) is:

- Training and education of the workforce in cooperative principles and values.
- The dissemination of cooperativism, as well as the promotion of inter-cooperative relations.
- The cultural, professional and assistential promotion of the community in general, as well as improving the quality of life and the community development and environmental protection activities.

The Inter-Cooperative Social Fund - FSI aims to:

- Promote business projects and the expansion of cooperatives through Mondragon Investments and the FEC (Corporate Expansion Fund).
- Among other uses, support for MONDRAGON co-operatives in difficulty, R&D&I projects and training through the Mondragon Foundation and the FCD (Cohesion and Development Fund).

During 2021, LABORAL Kutxa has continued to strengthen its commitment to the environment, biodiversity and sustainable development, thanks to the signing of various agreements with the main agents in the agri-food sector, and the support given to initiatives linked to the rural environment.

In 2020 this usual profit sharing could not be carried out. European and Spanish banking regulators have limited profit sharing in the financial sector in order to strengthen their balance sheets in the face of the expected economic consequences of the health crisis.

### Gaztenpresa Foundation

The Gaztenpresa Foundation is a private, non-profit organisation. It is part of LABORAL Kutxa's social work and its purpose is to support initiatives and develop actions that facilitate job creation and job preservation. This is done through programmes and services that add value to the business and professional development of its users, as well as to its allies and society as a whole. The Foundation's target group includes:

- Entrepreneurs, mainly young people.
- Collectives with difficulties in their social and labour insertion.
- Young micro-enterprises with development projects.
- Training institutions that want to encourage the entrepreneurial spirit among their students.

The business creation activity of the **Gaztenpresa Foundation**, financed by LABORAL Kutxa and Corporación Mondragón, as well as by the Basque Government (Dept. of Employment and Social Policies) through Lanbide and the European Social Fund, was again substantial in 2020. The projects supported and which went beyond the feasibility phase generated 278 companies, creating 547 jobs. Its scope of activity is the Basque Country and Navarre.

The general objective is to promote the creation, development and maintenance of small businesses and micro-SMEs, identifying employment opportunities through self-employment for people who are unemployed or at risk of becoming unemployed.

The process involves identifying and developing the person who wishes to become an entrepreneur and assessing their suitability to the reality of the market, in order to determine and suggest the self-employment opportunities best suited to their situation. It offers all-round support, responding to the general demand for guidance, training and technical assistance, both for start-up and for the consolidation and survival of the companies created.

The intention is that people who decide to start their own business can develop their personal initiative and get to know the business framework they are hoping to enter, and for this they will have qualified people to guide them on the path to follow, thereby developing their own professional plans.

<b>Gaztenpresa Projects</b>	<b>2020</b>	<b>2021</b>
Viable and open the business	259	278
Not viable/ Viable but do not open the business	209	174
Consolidation	-	129
Derivatives	104	127
Consultations	242	358
<b>Total</b>	<b>813</b>	<b>1,066</b>

Among the viable ones that open the business, the regional distribution is as follows.

<b>Gaztenpresa projects in 2021</b>	<b>Araba</b>	<b>Bizkaia</b>	<b>Gipuzkoa</b>	<b>Navarra</b>	<b>Total</b>
Viable and open the business	37	140	67	34	<b>278</b>

These are small businesses, with services and retail being the most common sectors of activity:

- the average investment in 2021 was €71,200,
- The average finance provided by the Bank was €35.618,
- 49% employ 1 person at start-up, but the average is 2 jobs per start-up.
- the average age of the entrepreneur was 39 years old and,
- by gender, the percentage of women entrepreneurs was 44%.

Once the company is up and running, the entrepreneur faces many practical difficulties and a sense of isolation that often prevents him or her from dealing with them properly. Gaztenpresa develops business consolidation actions to provide support to these entrepreneurs, also attending to queries about new investments, closure decisions, market changes or applications for new aid.

<b>Business consolidation</b>	<b>2020</b>	<b>2021</b>
<b>Workshops</b>	40	51
Companies in consolidation	370	129
Queries handled in PRO service	978	341
Mentoring programme	19	33

In addition, the **mentoring** programme offers personalised support for one year, through which an expert with entrepreneurial experience who collaborates with Gaztenpresa as a volunteer helps an entrepreneur who is starting their first business venture to strengthen their skills and competence, enabling both their personal and professional development and the consolidation of their business. The Gaztenpresa mentoring programme is a structured process designed based on the experience of other members of the *Youth Business International* Network and with the support of *Youth Business International*.

### Indirect contributions to society

The most significant indirect economic effect is the generation and distribution of wealth and employment, preferably in a cooperative manner, which is achieved through the contribution of resources from LABORAL Kutxa to the MONDRAGÓN group. We also have an influence on society through hundreds of sponsorship and promotional activities to which we allocate economic resources.

The situation caused by the pandemic has deeply affected these contributions in 2021. On the one hand, due to instructions from the Bank of Spain, financial institutions have had limited profit sharing. At the same time, these circumstances have made it less possible to organise events or sponsor most of the activities that we had been supporting, such as cultural and sporting activities, conferences, awards and solidarity actions.

Even so, numerous activities have been supported in 2021. Some of them are: Hombre Navarra Project, EITB Maratoia, Euskharan, Ume Alaia, Nafarroa Food Bank, Atzegi, Ikertze, Gureak, Zaporeak, Aspargi, Autism Araba, Eusko Ikaskuntza Gazte Saria, Sendabide, Aspanoa, Inclusport, Txatxilipurdi, Euskal Herriko Bertsolari Elkarte, Bizipoza, Kultura Bizia, Unesco Etxea, Lur Maitea, Adapted Athletics Club, Herri Kirolak, AED Sariak

### Relations with Government Agencies and political parties

LABORAL Kutxa defines Public Administration Management in the Public Sector Management Manual as a differentiated, integrated, coordinated and dynamic management by the Public Sector Office within the Network of Companies. This document defines the responsibility and functions of each Division of LABORAL Kutxa in the management of this segment in everything that affects the segmentation, management systems, information systems, commercial strategies and risk management.

In the same way, the LABORAL Kutxa Risk Manual "Credit Risk Policy, Methods and Criteria", considers in Chapter 5 the "Risk Policy to be applied to the Public Sector", establishing a differentiated policy within the scope of Companies due to their accounting and legal particularities. LABORAL Kutxa does not provide finance to any political association or national or international entity, except for the loans and guarantees to political parties listed in the following table:

	2020	2021
Eusko Alkartasuna	96	90
EAJ - PNV	550	569
<b>Loans (thousands of euros)</b>	<b>646</b>	<b>659</b>

### 3.3.2. Main figures: Profit sharing in society

As explained in the management approach, the main contribution of the LABORAL Kutxa Group to society is through the distribution of 25% of its distributable annual profit. In 2021 it was just over **8.5 million euros**. As explained above, in 2020 and 2021 it was not possible to make the usual contribution of profits to the Intercooperative Social Fund due to instructions from the Bank of Spain. The distribution among headings was as follows:

Item (thousands of euros)	Years of application	
	2020	2021
Charitable contribution to the launch and consolidation of cooperative companies (through MONDRAGON)	0	0
<b>Inter-cooperative Social Fund - FSI (15% of Distributable profit)</b>	<b>0</b>	<b>0</b>
Cooperative Promotion through MONDRAGÓN (68% FEP)	8,118	6,113
Other cooperative initiatives and social values	121	273
Entrepreneurship and Business and vocational training ( <i>Fundación Gaztenpresa</i> )	197	105
Cultural activities in general and others	446	750
Promotion of the Basque-language and Basque Culture	318	536
Welfare institutions and developing countries	398	729
Agri-food sector	55	33
<b>Education and Promotion Fund - FEP (10% of Distrib. profit).</b>	<b>9,653</b>	<b>8,531</b>
<b>Sum FSI+FEP</b>	<b>9,653</b>	<b>8,531</b>

### 3.3.3. Dialogue with society

These are the most relevant mechanisms for dialogue with society.

Group of Interest: Society
<b>Dialogue mechanisms implemented in 2021:</b>
<ul style="list-style-type: none"> <li>▪ Membership of Izaite, Association of Basque companies for sustainability, which focuses on social and environmental issues.</li> <li>▪ Social network with entrepreneurs to share concerns and propose collaborative actions through the Gaztenpresa Foundation. And adhesion, as a founding member, to YBI- YBS Youth Business International in Spain, an international network of Good Practices and support to young entrepreneurs.</li> <li>▪ Participation and dynamisation of virtual communities with a presence in blogs and social networks on the Internet to reinforce contact and the pooling of ideas and initiatives: <ul style="list-style-type: none"> <li>❖ Instagram: 9,001 followers</li> <li>❖ Facebook: 20,873 fans</li> <li>❖ Twitter: 8,024 followers</li> <li>❖ Blog: 878,485 readers</li> <li>❖ WhatsApp: More than 1,000 users attended to per month.</li> </ul> </li> <li>▪ Specific analysis of the opinions and expectations of the users of OnLine Banking through the use of internet tools to monitor opinions, forums, social networks and expert reviews.</li> <li>▪ Acknowledgments, in collaboration with various institutions, such as: Eusko Ikaskuntza-Laboral Kutxa 2021 Award for Humanities, Culture, Arts and Social Sciences, which went to the historian and archaeologist Agustín Azkarate and the audiovisual creator Ane Zulaika, as well as the Etxepare Translation Award, which went to the Japanese Nami Kaneko. Meanwhile, in 2021, the Navarra International Award for Solidarity was reinstated and awarded to El Caracol, an association dedicated to caring for people living on the streets of Mexico City.</li> <li>▪ Survey of Customers from companies, personal banking, Kide, TOP and Pro-microcompanies on their assessment of CSR activities at LABORAL Kutxa, while sending out the Executive Report on the 2020 Report.</li> <li>▪ Public Presences. Representatives of LABORAL Kutxa attended forums (universities, interviews, talks) to which they were invited to explain their way of doing things and their commitment to society. These forums also enable dialogue with stakeholders.</li> </ul>

In 2021 LABORAL Kutxa continued its line of dissemination of Social Responsibility among different groups of interest. In this respect, LABORAL Kutxa:

- Has made the Report available to the public on the websites of GRI, Izaite and the Entity.
- It has distributed the CSR Report to its staff via the intranet (Giltzanet).
- It has sent an email to more than 615,000 clients with the Summary with the general lines of the annual Report, also making the full version available. This contact was used to ask for their opinion on Sustainability at LABORAL Kutxa.

### 3.3.4. Initiatives endorsed by LABORAL Kutxa

The following table shows the current initiatives carried out by LABORAL Kutxa:

Name	Purpose	When
Agreement with FIARE, renewed with Banca Popolare Etica	Commitment to collaborate with ethical banking. In 2017 it was renewed once Fiare became a Spanish branch of Banca Popolare Etica	2005
Adherence to the United Nations Global Compact.	Commitment and progress in the 10 Principles of the Compact.	2006
Affiliation to Izaite, Association of Basque Companies for Sustainability.	To share experiences in business sustainability and promote training and dissemination in the field of sustainable development.	2006
Joined Autocontrol.	Association for the Self-Regulation of Commercial Communication.	2007
Agreements with Women's Business Associations.	Full coaching for women with a view to promoting a business. Additional agreements with the Associations of Women Entrepreneurs and Executives of Bizkaia: AED; Gipuzkoa: ASPEGI; Álava: AMPEA, Navarra: AMEDNA	2007
EFMA European forums: SME Council, Operational Excellence Council, Spanish Retail Banking Decision Makers Club	Exchange of good commercial and management practices between leading European banks and savings banks through EFMA - European Financial Management Association.	2010
Agreements with Town councils to promote the use of the Basque language in their reciprocal relationships	Initially with Andoain, Astigarraga, Hernani, Lasarte-Oria and Urnieta. Expanded in 2016 to include 38 towns grouped in UEMA.	2011
Agreements to support the social economy	Annual agreements with associations linked to the social economy: Euskadi (KONFEKOOP, ASLE), Navarra (ANEL), Asturias (ASATA), Salamanca (OWEN), Cantabria (ACEL), Leon (ULECOOP) and, at national level, annual agreements with Cepas.	2012
Agreements with the European Investment Fund (EIF).	Agreements to support the creation and consolidation of micro-enterprises and their jobs: EaSI MICRO, EaSI SOCIAL, EaSI INNOVFIN	2013
Agreements with business associations	Training sessions and workshops for entrepreneurs and SME managers in Bizkaia, with SEA - Empresarios Alaveses and the Chambers of Commerce of Alava and Gipuzkoa.	2013
Local founding partner of YBS - Youth Business Spain	Participation in Youth Business International, International Network to Help Young Entrepreneurs.	2014
Agreement with the Basque Government to safeguard linguistic rights	Allowing customers to carry out all their operations in either of the two official languages.	2015
Code of Good Practice for Financial Education initiatives	Educational programmes on financial matters. Developed in conjunction with the CNMV and the Bank of Spain, and separated from the business activity	2016
Berriz Enpresa Programme with the GIPUZKOA CHAMBER OF COMMERCE	Collaboration with entrepreneurs who approach the Chamber with the aim of providing financial guidance for their business initiatives through Gaztenpresa.	2017
Agreement with BCC (Basque Culinary Centre)	Exclusive promotions related to gastronomy and training organised by BCC and supervised by LK, targeting different management segments.	2017
United Nations Principles for Responsible Banking	Framework for the sustainable banking system of the future. Commitment to the 6 Principles.	2019

#### Lagun Aro Insurance:

The activities carried out by the insurance company can be found on pages 63 and 64 of Lagun Aro's CSR report.

<https://www.seguroslagunaro.com/corporativa/uploads/html/memoria-rse-2020/es/index.html>

## Financial education

The activities planned for 2021 in the area of Financial Education have seen very little progress this year. The pandemic affected both the initiatives that were defined, designed and planned to be carried out, as well as projects that were in an initial phase and should have had a considerable maturation and development during the year.

As a result, innovative activities that were beginning to be in considerable demand, such as workshops for university students and school visits, which are carried out in person, were put on hold throughout the year.

Other activities, such as Finantzeta Murgilduz Erronka (Finance Immersion Challenge), an educational programme aimed at secondary and baccalaureate students, which was planned to be promoted in different networks of educational centres, have not had the expected impact in terms of implementation in schools.

As it could not be otherwise, an important effort has also been made to maintain those Financial Education activities that do not require the face-to-face format that we have been using up to now.

The following initiatives have been undertaken in this area of financial education:

- Educational programme: "Finantzeta Murgilduz Erronka" (financial immersion challenge). The educational resource was used by 13 schools in 2021.
- Secondary school visits to LK: although more were organised, it was only possible to hold a single workshop with 8 students.
- Finantzargi (University). Basic finance training for university students from Mondragon Unibertsitatea. 3 groups and 70 pupils took part.
- Children's drawing competition together with UNACC on the theme of "Your finances can also be sustainable".
- 72 blog posts focused on helping to improve the culture and knowledge of financial news.
- Regular publication by LABORAL Kutxa's Research Department of various reports: Basque/Navarre economy report, economic outlook report and the business and household confidence index.

## Awards received

The following awards have been received over the past three years:

- Premio Master Marketing (PesMes) for the 360 degree communication campaigns.
- The enerTIC Awards from the Secretary of State for Digitalisation and Artificial Intelligence, for the Digitalisation of Energy Efficiency project developed by LABORAL Kutxa, in the Smart Buildings category.
- Computing 2020 Award in the category "Modernisation of infrastructure and applications".

With regard to Lagun Aro, in 2020, the "EthSI®" (Ethical and SolidaritybasedInsurance) certificate was renewed with a two-year validity period.

ETHICAL AND SOCIALLY  
RESPONSIBLE MANAGEMENT



The Ethical Finance Observatory has certified Seguros Lagun Aro with the EthSI (Ethical and Solidarity Based Insurance) seal in recognition of its ethical and socially responsible management.

This seal values the adoption of a set of criteria with the aim of providing transparency in the insurance sector and promoting the development of ethical insurance.

The Observatory, through an independent Evaluation Committee, assesses aspects grouped into the following areas: community and regional responsibility, economic responsibility, ethical investments and use of ethical banking, fairness and transparency, environmental responsibility, employment responsibility, corporate structure, governance and democratic functioning.

## 3.4. Our relationship with the environment

### 3.4.1. Management approach

Since 2001, LABORAL Kutxa has been implementing an **Environmental Management System - EMS** in accordance with ISO 14001, for all its activities in the three Headquarters buildings. Although it is not part of the certified system, LABORAL Kutxa transfers the majority of its environmental activities from central services to the other work centres. In 2019 the certification was renewed for three years.

The Environmental Management System is the responsibility of an Environmental Committee made up of members of the Legal Department, Internal Audit, Risks, Fixed Assets, Security and General Services and Management Planning and Control, with the latter acting as the Coordinator. In accordance with the precautionary principle of the Rio Declaration, it addresses the possible impacts of the activity with a view to preventing environmental damage. The direct effects (emissions, consumption and waste) of the financial and insurance activities on the environment are not particularly significant, although those derived from lending and investment activities are considerable.

**Seguros Lagun Aro** shares the environmental management policy of LABORAL Kutxa, the aim of which is the continuous improvement of environmental behaviour, the prevention of pollution and the protection of the environment. As with LABORAL Kutxa's network of offices, it is not integrated into its Environmental Management System.

Due to the very nature of its activity, the direct environmental impact caused by the insurance company is minimal and its management is focused on paper consumption.

From an environmental point of view, a new element is the opening of 10 offices over the course of 2021 in which the new physical office model has been implemented. This model, which incorporates new air-conditioning installations and LED lighting with presence detection, improves the impact of the activity by reducing energy consumption.

Another important milestone was the launch of the LABORAL Bybike sustainable mobility programme, which encourages commuting to work by bicycle.

With regard to the environment, however, the most important progress made in 2021 has to do not with the direct impact of the activity (consumption, waste or emissions) but with the transformation of the financial system towards a more environmentally sustainable one. As has been mentioned throughout this Report, the European Union seeks to use the financial system as a lever and driving force for the transformation of the current economic model into a more sustainable one. Throughout the year, intensive work has been carried out to apply these regulations and to adapt the organisation to this new paradigm of sustainability. Some of the activities with an environmental impact through financing or investment are:

- Application of the Sustainability Disclosure Regulation 2088/2019.
- Deliberation on a sustainable finance strategy.
- Adaptation of the group's governance towards this strategy.
- Adaptation of data systems to include sustainability information, using the EU Taxonomy of Activities.
- Registration of the energy rating of mortgaged dwellings.
- Development of a loan for renovation of properties.

The EMS is audited annually by AENOR, with the 2021 audit being the first time that the audit has been carried out jointly with ISO 45001 Occupational Health and Safety. In the certification renewal audit report, dated 23/11/2021, the strengths of the EMS were listed as:

- Transparency in the audit process by the audited staff.
- The involvement and collaboration of the audited team.
- The flexibility of the system to adapt to the new COVID19 pandemic environment
- A refurbishment of the LK3 building is planned to start at Easter 2022, which will make use of the biomass installation.

No non-conformities are mentioned.

As stated in the ISO standard followed by the EMS, the success of an environmental management system depends on the commitment of all the functions and levels of the organisation, under the leadership of senior management. Thus:

- LABORAL Kutxa has an Environment Policy, approved by senior management, accessible for all its staff and customers, through its publication on the corporate website.
- Every year it carries out planning to determine the risks and opportunities related to its environmental issues.
- On the basis of this, it establishes objectives that are monitored and communicated, both internally and externally.
- It also plans the appropriate actions to achieve these environmental objectives, determining what is to be done, with what resources, who will be responsible, and with what indicators its achievement and compliance with deadlines will be evaluated.

### 3.4.2. Main figures and initiatives developed

In terms of resources dedicated to the prevention of environmental risks:

Direct expenses charged to the EMS	2020	2021
Maintenance of the EMS (1)	4,106	2,015
Waste management (2)	3,705	3,705
Environmental promotion	2,519	0
Measurements (discharge)	1,145	0
<b>Total in €</b>	<b>11,475</b>	<b>5,720</b>

(1) IZAITE, Hora Planeta and legal requirements. In 2021 the AENOR audit, being a joint audit with ISO 45001, has not been charged to the environmental programme.

(2) Removal of Paper, oil and Safety Advisor.

These expenses are those directly managed by the Environmental Committee and do not include costs managed by specific departments or any investments made. **Lagun Aro Insurance** does not have specific headings for this purpose.

With regard to the principle of precaution, as explained above, LABORAL Kutxa has an environmental management system in which environmental risks and opportunities are taken into account and analysed. Within this analysis, no products or technologies have been detected that are being implemented and are suspected of posing a risk to public health or to the environment.

Nor is it considered necessary to make provisions or guarantees for direct environmental risks.

## Environmental risk assessment

As part of its Environmental Management System, LABORAL Kutxa has a “Review Control and Risk Management” procedure that sets out the steps to be followed in order to evaluate and control the environmental risks in all operations involving commercial credit investment and company risks, assigning each activity a High, Medium or Low level of risk, excluding the areas of treasury, securities portfolio and monetary assets. When the assigned risk level is High, this factor is taken into account as another evaluation factor for deciding whether or not to authorise the transaction.

Segment	Operation No.		Thousands of €		High		Medium		Low	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Companies	751	622	938,704	1,381,153	28	30	103	88	490	434
Individuals	5	2	14,333	8,100	-	-	-	-	5	2
Self-employed	2	2	130	1,450	-	-	-	-	2	2
Businesses	20	23	23,673	25,061	-	-	2	-	17	22
Developers	61	46	314,962	238,554	-	-	-	-	50	42
Institutional	163	110	415,341	404,477	8	7	35	4	81	54
Public	51	41	2,539,052	2,165,119	-	-	-	-	44	39
Fin. Loan	10	11	8,313	5,982	-	-	-	-	1	1
<b>Total</b>	<b>1,063</b>	<b>857</b>	<b>4,254,507</b>	<b>4,229,895</b>	<b>36</b>	<b>37</b>	<b>140</b>	<b>115</b>	<b>690</b>	<b>596</b>

If the company in question has several production centres, the risk assessment is carried out for each of them, with the risk assigned to the company being equivalent to the highest of the risks obtained. In the last two years, no operation has been rejected on the grounds of environmental risk.

Elsewhere, in section 4.2 Socially Responsible Investment, reference is made to other environmental controls carried out from an environmental point of view in both credit investment and investment management.

## Transparency in exposure to fossil fuels

A Communication from the European Commission in March 2018 includes an Action Plan, entitled *Financing sustainable development*, the objectives of which include

- redirecting capital flows towards sustainable investments, and
- managing financial risks arising, in particular, from climate change.

In the same line of emphasis on the importance of managing the risks of climate change, the *Task Force on Climate-related Financial Disclosure - TCFD* of the *Financial Stability Board - FSB* published, in June 2017, some recommendations on climate-related reporting which, in relation to banking, stresses the importance of measuring and managing the concentration of risk exposure to carbon-related assets, including those relating to the industry producing and supplying energy from fossil fuels, excluding renewable energy sources. It therefore includes companies involved in the production and supply of conventional electricity, oil, gas and coal mining.

Exposure to fossil fuels as at 31/12 thousands €	2020	2021
<b>Exposure to Credit Risk</b>		
Circulating risk	35,621.4	61,103
Structural risk balances and guarantees	6,799.7	8,280
<b>Shares in wholesale risk</b>	0	0
<b>Total exposure</b>	<b>42,421.1</b>	<b>69,383</b>

It was confirmed that LABORAL Kutxa's exposure to the incidence of climate risk in these industries is limited.

In 2021, the first TCFD report was drawn up, explaining LABORAL Kutxa's situation with respect to climate risks. It presents the progress made in this area, as well as the important challenges ahead.

### Pollution

During recent years, LABORAL Kutxa has made a significant investment effort that has resulted in the complete renovation of two of the three buildings of Mondragon's Central Services, the renovation of the third building being planned for 2022. These actions have led to the introduction of the latest technologies in lighting, heating, air conditioning and insulation, which has resulted in the LK1 building obtaining the highest environmental rating (A). The introduction of renewable technologies such as geothermal and biomass for the air-conditioning of the buildings is of particular importance. In addition, when renovating the branch offices of the business network, these technologies are applied with the aim of reducing the impact of the activity and minimising emissions. Lastly, a continuous effort is being made to digitalise the business. This is true both for the relationship with our customers and for the internal activity.

Noise is not considered to be a significant issue in the annual assessment of environmental matters within the environmental programme. With respect to light pollution, it is not taken into account due to the small impact of financial business on this matter. Moreover, there are mechanisms to turn off the lighting of the luminous signs of the offices after a certain time at night.

### Circular economy and waste prevention and management

With respect to **environmental safety**, the Central Services buildings and facilities have emergency plans that consider possible effects on the environment in the event of an incident, as well as how to act to minimise this impact. There are also emergency plans for all the workplaces, although, in the network of offices, the potential environmental effects of emergencies are much lower.

For **waste** management, waste is managed correctly within the framework of the environmental certification. In addition, the most important waste, paper for destruction and toner, are managed centrally for all work centres. The most significant waste related to our activity are indicated below:

Indicator	Unit	LABORAL K.		Seguros LA	
		2020	2021	2020	2021
Cardboard and paper waste	Kg	55,980	108,340	1,509	1,503
Recycled toner cartridges	Kg	3,065	2,881	1.	
Used vegetable oil	Litres	540	720		

(1) This waste does not exist for Lagun Aro.

Given the activity carried out, food waste is not relevant. In 2020, however, an online booking system for access to the Central Services canteen has been implemented, which allows the number of meals prepared daily to be adjusted.

### Sustainable use of resources

Although water consumption is not significant in a financial institution, within our environmental system the consumption by central services is managed, not that of the branches or Lagun Aro. As part of the refurbishment of the Headquarters buildings, the pipelines have been renewed with the aim of reducing leaks and water losses. The water consumption of Lagun Aro and the business network is limited to the toilet facilities, so it is not considered significant or manageable, unlike the Headquarters, where it is also used in the kitchen and for irrigation. The water used comes from the mains network and drains into the municipal sewage network. The wastewater is analysed externally each year to verify that it is within the authorised limits.

Water consumption (m3) at Headquarters	2020	2021
Water consumption	8,200 (1)	6,363 (1)

(1) The figure includes the last quarter of the previous year and the first 3 quarters of the year.

Each year, the environmental programme identifies, records and evaluates environmental factors in order to determine their associated environmental impacts and establish their level of significance from a life-cycle perspective. To this end, the scale and degree of danger are determined, obtaining a significance level. Below are the main indicators of the Environmental Management Programme of LABORAL Kutxa (Central Services and offices) and Lagun Aro based on the results of this evaluation.

Paper consumption kg	LABORAL Kutxa+Lagun Aro	
	2020	2021
Promotional paper	101,650	120,807
Office paper (letters, notepads, folders, sheets of paper, envelopes,...)	234,798	246,574
Total paper consumption*	336,448	367,381

\*100% of the paper consumed was environmentally friendly, chlorine-free paper. The printer paper is EU Ecolabel, FSC and Rainforest Alliance certified. Due to the variety of paper types used, the % of recycled paper is not recorded.

In order to reduce the amount of paper used in customer communications, a significant effort has been made in recent years towards the use of new technologies and e-mail communications (Postamail), along with the digitisation of the operations in the offices. This is leading to a progressive decrease in the volume of paper and toner consumed over the historical volume, but not with respect to 2020 due to the exceptional situation experienced by COVID 19.

Toner consumption in units	LABORAL Kutxa+Lagun Aro	
	2020	2021
Total toner cartridge consumption	3,038	3,236
Cartridge consumption per person	1.35	1.45
Weight of toner used kg	2,269	2,557
Weight of toner used kg/person	1.01	1.15

The direct, non-financial impacts of LABORAL Kutxa's activity are limited\*. One of the most important is electricity consumption. Mondragón's Central Services are within the scope of ISO 14001 environmental certification and are actively managed:

Year/Unit	LABORAL K.		Seguros LA	
	2020	2021	2020	2021
Electricity consumption in Kwh / year Central Services	3,031,271	3,136,949	255,882	288,765
Electricity consumption in Kwh / year TOTAL LK	11,450,964	11,432,660		

\*Gas oil and propane consumed at CS and controlled in the Environmental System are not considered materials.

Significant efforts have been made in recent years to improve energy efficiency. The following is worth mentioning:

- The introduction of a geothermal system to air-condition the Central Services buildings.
- The construction of a biomass plant to meet the heating needs of the biomass. Both systems have made it possible to eliminate climate control using fossil fuels.
- Refurbishment of the insulation (low emission glass), equipment (LED) and machinery to increase the efficiency of air conditioning and lighting.

### Climate change

LABORAL Kutxa's concern about the climate crisis is reflected in its adherence to initiatives such as the Global Compact, the SDGs, its commitment to the Paris agreements and, more recently, to the United Nations Principles for Responsible Banking. All of them commit us to carry out an analysis of the risks and opportunities of climate change, force us to introduce sustainability into the Entity's strategy and encourage us to make efforts to reduce the impact of our activity.

An aspect of particular relevance is the calculation of our business's **carbon footprint**.

Breakdown of emissions by source. Carbon Footprint	LABORAL K.		Seguros LA	
	2020	2021	2020	2021
Scope 1: Direct emissions	145	213	0	0
Scope 2: Indirect emissions	0	0	0	0
Scope 3: Other indirect emissions	677	940	30	59
Total emissions Tonnes of CO2	822	1,154	30	59

The Klima 2050 calculator of the Basque Government has been used to determine this.

The following were taken into account:

- For scope 1, consumption of diesel, propane and emissions of refrigeration gases.
- For scope 2, the total electricity consumption (CS, the office network and regional management buildings) was taken into account. It is considered 0 as all energy is from renewable sources.
- For scope 3, we have taken into account emissions due to travel during work time, kilometres travelled by taxi, the emission resulting from paper consumption, business travel (air, train and hotel), electricity consumption of customers when using our website, paper waste management and water supply.

As can be seen, Co2 emissions have increased. The main reason is the partial recovery of mobility in 2021 and thus emissions per trip.

As previously stated, **LABORAL Kutxa** has made a continuous effort in recent years to combat and adapt to the consequences of climate change: investments, digitalisation and actions to

improve energy efficiency. For the coming years, in addition to maintaining this effort, the following lines of action are proposed:

- During the strategic deliberation that took place in 2019, sustainability was introduced as an across-the-board strategic variable. Multi-year objectives were set to reduce Co2 emissions and paper consumption, as well as the creation of green products and the further implementation of Socially Responsible Investment.
- As a result of the adoption of the United Nations Principles for Responsible Banking, an analysis of the impact of LABORAL Kutxa's business was initiated in 2021. The aim is to analyse the main environmental and social impacts of the activity.
- During the year, work was done to improve the quality of the available sustainability data. Better and deeper availability of these will allow for a better understanding of the impact of the activity, the climate risks we face and will help in the design of policies and products. Thus, in 2021, the energy rating was obtained for all mortgaged properties.
- As explained earlier in the Report, the sustainable finance strategy that was defined in 2021 implies a profound change for the Group that affects the different areas transversally.

#### Protection of biodiversity

LABORAL Kutxa's financial activity does not affect biodiversity or impact on protected areas.

### 3.5. Our relationship with supplier companies

#### 3.5.1. Management approach

The financial activity that we carry out, as well as the local presence in a very specific geographical area, means that the management risks of subcontractors and suppliers are not excessively important. As a result, supplier companies are currently not yet screened for sustainability criteria.

Nevertheless, LABORAL Kutxa, aware of the importance of supply chain management in the area of sustainability, developed the following areas of action regarding suppliers during 2021:

1. As in other areas of activity, the relationship with supplier companies in 2020 was marked by the health crisis. This has been particularly relevant in the relationship with the companies that come to or carry out their activities in our facilities. From the outset, protocols and safety measures were established to protect the health of our people and suppliers. We have tried to minimise the presence of suppliers in our facilities and in those cases where this is unavoidable (cleaning, maintenance, subcontractors, etc.) the same safety measures have been applied to them as to our staff.

2. With regard to **prevention of occupational hazards**, progress has been made in the coordination of business activities with the contractors who come to work in the offices of the commercial network.
3. Since 1 January 2020, it has been mandatory for all contractors to follow the supplier procedure for the purchase of goods and services. As part of this **supplier company management project**, the following documentation was approved that fully demonstrates LABORAL Kutxa's desire to work with its supplier companies in an ethical and sustainable manner:
  - 1) Responsible purchasing policy of LABORAL Kutxa.
  - 2) Supplier code of ethics.
  - 3) Code of conduct for responsible purchasing.

Aware of the importance of managing the risks generated by the outsourcing of services and with the aim of guaranteeing regulatory compliance with these functions, Laboral Kutxa has worked in recent years on various activities focused in this direction. In 2017, Laboral Kutxa defined a Contracting and Purchasing Manual with the aim of establishing a policy for the acquisition of goods, services and subcontracting that includes a protocol for the approval of suppliers and implementing a centralised and specific Purchasing Committee for the approval and supervision of the purchases made by the Entity. Later, a model for managing supplier contracting was defined and a web application was developed to support this model. This tool was put into operation at the beginning of 2020 and makes it possible to assess the risk of outsourcing and the identification of security requirements, including a series of required checks.

During 2022, an effort was made to comply with the EBA **Outsourcing Guidelines**, analysing the current situation of Laboral Kutxa and Seguros Lagun Aro in this area, identifying GAPS with respect to the EBA/EIOPA Outsourcing Guidelines and defining an action plan that allows the entity to adapt to the requirements demanded by the regulation and to good market practices.

In line with the Guide, in November 2021, the **Policy on Delegation of Services** (also called externalisation policy) was approved by the Governing Council, establishing the criteria to be followed in relation to the services or functions delegated to third parties, both at the time of prior analysis and approval of the outsourcing, as well as in its subsequent formalisation, development and monitoring.

As a result of the work carried out to comply with the Guide, several projects have been launched:

- An organisational unit was created as a section called Third Party Management, which centralises and is responsible for the management of suppliers.
- The renewal of the IT tool for the management of supplier companies has been implemented.
- At the same time, those essential services or functions that have been outsourced have been identified, establishing the necessary controls for their proper management. Reputational risk is identified as one of the aspects to be assessed as part of the risk analysis.

Given the characteristics of our supplier companies, it is not considered necessary to carry out audits on them on aspects unrelated to the characteristics of the product or service they provide, except those relating to the security of information and data. For this reason, supplier

companies are currently not evaluated for environmental or social aspects, however, the impacts of their activity are considered to be low. In compliance with the precautionary principle, there are other factors that influence the selection of supplier companies, in addition to the origin, such as technical requirements, the characteristics of the product or service they provide and the price. At the same time, LABORAL Kutxa ensures compliance with social and employment legislation through a clause that it has in place:

- Compliance with employment, Social Security and occupational health and safety regulations.
- The certified Management, Environmental and Occupational Health and Safety Systems also have procedures established for managing purchases and subcontracting, taking into account the requirements outlined for these systems.

In our area of activity, we only identify significant risks linked to non-compliance with human rights in relation to corruption risks and with our indirect actions to ensure compliance by companies that supply us. The activities related to these two aspects are described in the respective sections.

### 3.5.2. Main figures

	2020	2021
Purchase volume (thousands of euros)	127,409	133,508
% of goods and services purchased from local companies (2)	94.9%	94.2
% of local suppliers of total	92.6%	90.9%
% of domestic purchases, not imported (1)	99.2%	98.34%

(1) In 2021 LABORAL Kutxa had 28 supplier companies (2.13% of the total and representing 1.66% of the goods and services acquired), from outside Spain. Of these, 15 are from non-EU countries (UK, USA and Israel). 48.7% of the amount comes from what is known as the Traditional Network (CAV and Navarre).

(2) Local are defined as those whose address is in a province where we have a presence through our network of offices.

### 3.5.3. Dialogue with suppliers

Regarding the **dialogue** with supplier companies concerning CSR, a questionnaire was sent to 165 supplier companies for the purposes of the 2020 Report. Companies were specifically chosen because their workers perform work within our premises. This included subcontractors and outsourcing companies. A response was received from 20 supplier companies, who rated the importance of this Report as 8.5.

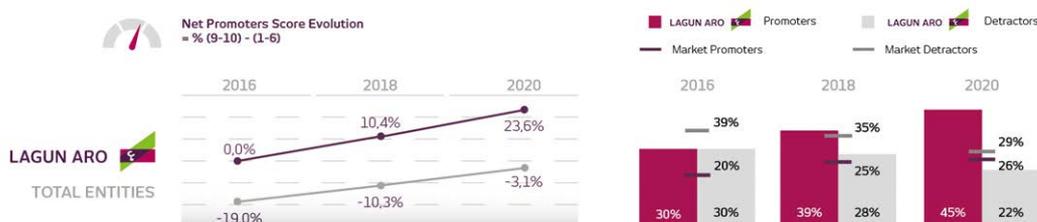
Also, as part of the supplier management project, an e-mail channel has been set up for our supplier companies to communicate with us to resolve any doubts they may have or to pass on any complaints or concerns.

In the area of suppliers, special attention should be paid to the **mediation channel** of **Lagun Aro**. From the perspective of insurance companies, the brokerage channel is an important stakeholder for the business.

A constant dialogue is maintained with the mediators and their level of satisfaction is analysed with biannual measurements. Working meetings will also be held to design new processes and improve existing ones.



In the Net Promoter Score (NPS) LAGUN ARO shows a very positive trend, to a greater extent than that observed for the Total and it is above this as the 1st entity with the best NPS (1st in 2018 and 3rd in 2016).



### RECOGNITION AND TRAINING FOR OUR BROKERS

In 2021, the year in which events and meetings were virtualised, Lagun Aro created a television channel as a communication channel. Thus, the annual convention became a virtual meeting where the company's data and objectives for the coming years were presented. In the second part of the year, after a year and a half without carrying out face-to-face actions, Lagun Aro brought together the members of the SPECIAL CLUB on several different days. During the conference, working groups were held to learn about the current needs of this market, which is in constant movement after the health crisis, and as a starting point for future projects. The meetings had a recreational part which once again highlighted the values that Lagun Aro has with mediation, closeness and team work.

In the 2021 financial year, for the entire mediation channel, Lagun Aro enabled the following support measures; video expertise in the processing of claims, extension of the payment period, flexibility in payment by instalments, continuous marketing support and special discounts for the most disadvantaged groups.

#### 3.5.4. Initiatives developed during the year for responsible supplier management

The main line of action taken with regard to suppliers refers to the **prevention of occupational hazards**. In 2021, a new access control system was implemented so that no subcontractor can access our central services without having the necessary up-to-date documentation. In the same way, there was a noticeable improvement in the control of the subcontractors that have access to our branch offices.

The procurement procedure requires supplier companies to adhere to the Supplier Code of Ethics, committing themselves to environmental, human rights and equality, anti-money laundering and anti-corruption and data protection principles and obligations.

Three types of supplier companies are distinguished according to their geographical origin:

- Close companies: those that are based in the Basque Autonomous Community.
- Local Companies: those that are not close but whose headquarters are in a province where LABORAL Kutxa has a physical presence (branch office).
- Others.



## 4. Other figures

## 4.1. Customers

Based on the key business areas (Credit and Insurance), each portfolio is detailed below. The profile of credit customers is as follows:

Loans by sector (M of euros)	2020	2021
<b>Public sector</b>	<b>894.1</b>	<b>1,278.2</b>
<b>Other Resident Sectors</b>	<b>13,852.4</b>	<b>14,189.1</b>
National Economies	10,596.6	10,774.5
- Mortgages	9,941.3	10,349.6
- Consumer financing	404.7	398
- Others	250.6	26.9
Companies	2,691.0	2,821.5
Other Loans	564.8	593.1
<b>Non-Resident Credit</b>	<b>26.2</b>	<b>27.9</b>
<b>Total Credit to Gross Customers</b>	<b>14,772.2</b>	<b>15,495</b>
Value adjustments due to asset impairment	-328.9	-349.6
<b>Total Credit to Net Customers</b>	<b>14,443.8</b>	<b>15,145.5</b>

The geographical distribution of LK customers is as follows:

Geographic area	Lending		Deposits	
	2020	2021	2020	2021
Bizkaia	23.51%	20.52%	32.46%	30.99%
Gipuzkoa	17.81%	14.18%	27.25%	26.80%
Araba	7.77%	7.69%	11.08%	12.35%
Nafarroa	7.35%	8.65%	9.49%	9.54%
Burgos	1.90%	1.89%	1.66%	1.70%
Madrid	5.12%	4.24%	1.04%	1.09%
Valladolid	4.09%	3.36%	2.17%	2.20%
Zaragoza	4.77%	4.97%	1.80%	1.75%
Other	27.69%	34.50%	13.05%	13.58%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The CLBS Customer profile as at 31/12/2021 is as follows:

Category	Insured men		Insured women	
	No. Policies	Average Age	No. Policies	Average Age
Life Risk	41,854	47	38,521	47
Early Partial Redemption	27,312	45	21,702	46
Early Partial Redemption	12,475	40	11,864	39
Home owner	66,429	54	52,103	55
Landlord/Landlady	7,274	56	6,054	57
Tenant	3,137	49	3,567	48

### Customer Service

Customer Service - Amounts claimed (thousands of euros)	2020	2021
Amounts for cases resolved in favour of the Company	2,155	1,502
Amounts for cases resolved in favour of the customer	225	196
Indemnities paid by the Company	225	196
Amounts returned to customers by the Company, no payment due	0	0
Amounts compensated or refunded by third parties	0	0
<b>Total</b>	<b>2,380</b>	<b>1,698</b>

Reason for opening cases (SAC)	2020	2021
Centralised customer services	2%	2%
Commissions and expenses	87%	90%
Economic terms	2%	1%
Missing or inaccurate information	0%	0%
Covering needs	0%	0%
Offices by objective elements	4%	2%
Aspects of customer relations	2%	2%
Campaigns in general	0%	0%
ATMs	1%	2%
Amount of the claims	2020	2021
≤ €100	0.27%	0.24%
> €100 ≤ €250	1.19%	0.86%
> €250 ≤ €1,000	39.54%	23.58%
> €1,000	59%	75.32%

The claims presented through the various available channels have been:

	2020	2021
No. of claims submitted to the Claims Service of the Bank of Spain in relation to product safety (1)	7	4
No. of claims in which BoS has pronounced in favour of LABORAL Kutxa	5	2

Claims related to the fraudulent use of means of payment and phishing.

	2020	2021
No. of claims submitted to the Claims Service of the Bank of Spain, DGS, CNMV and UNACC regarding information on products and services (1)	27	27
No. of claims in which BoS and CNMV have pronounced in favour of LK	16	11

(1) Claims related to incorrect information or bad advice, mainly information about all types of fees and costs (account maintenance, overdraft, etc.).

	2020	2021
No. of claims submitted to the Claims Service of the Bank of Spain and the CNMV in relation to the advertising of products and services and privacy.	0	1
No. of claims in which BoS and CNMV have pronounced in favour of LABORAL Kutxa	0	1
Cost of fines for non-compliance with regulations on the provision and use of services.	0	0

	2020	2021
Penalties imposed on the Group (euros) for non-compliance with laws and regulations	0	0

Lagun Aro	2020	2021
Open cases (claims and complaints)	696	694
No. of claims submitted to the Insurance and Pension Funds D.G. Claims Service	24	16
% of closed cases estimated or partially estimated	47.8%	46%
Average response time (days)	11.09	12.02
Amount of payments in favour of the customer €	82,564	81,212
% final reports received from supervisor (total or partial) in favour of the claimant	19.3%	7.7%
CLBS	2020	2021
Open cases (claims and complaints)(1)	10	4
% of closed cases estimated or partially estimated(1)	9.1%	25%
Average response time (days)	2.36	2.75
Amount of payments in favour of the customer €	0	0

(1) Most of the rejections occur because they are addressed to other Entities.

## Main figures for responsible products and services

	2020		2021	
	No.	Thousand €	No.	Thousand €
Micro-credits	1,759	26,335	1,177	18,811
Personal Loan	178	397	168	343
Mortgage Loan	-	-	78	5,681
Insured Cards	268,184	-	261,425	-
Erkide Loan	1	14	29	269
FCTC Loan	0	0	6	84
CEPES / ASLE Loan	5	60	1	14

The volume of these agreements in 2020 and 2021 was as follows:

Public Organisation (thousands of euros)	No. of operations formalised		Amount formalised		Balance available as at 31/12	
	2020	2021	2020	2021	2020	2021
ICO	4,595	954	450,750	100,197	382,422	424,389
Basque Government+Elkargi	2,825	181	193,864	20,916	200,121	200,891
Government of Navarra+Sodena	393	50	29,169	5,976	29,642	32,107
EIF. Del cual:	126	66	11,244	8,112	69,371	46,143
• EaSI Social	-	63	-	7,387	-	20,129
• Innovfin	-	3	-	725	-	26,014
EaSI Micros II	1,757	1,175	26,617	18,767	41,718	45,145
Araba-Bizk-Gipuzk Council Offices	0	0	0	0	599	341
Luzaro	31	27	4,073	4,701	12,738	14,965
Other Agreements	0	0	0	0	13,659	0
<b>Loans+Leasing</b>	<b>9,727</b>	<b>2,453</b>	<b>715,417</b>	<b>158,669</b>	<b>752,417</b>	<b>763,981</b>
With mutual guarantee societies (Elkargi, Iberaval, Sonagar, Oinarri, etc.)	3,602	586	266,763	74,960	386,169	407,698
Without mutual guarantee societies (ICO, European Investment Fund, etc.)	6,725	2,054	527,361	121,169	529,796	550,500
<b>Guaranteed Loans+Leas.</b>	<b>10,327</b>	<b>2,640</b>	<b>794,124</b>	<b>196,130</b>	<b>916,684</b>	<b>958,198</b>

Customers using new channels	2020	2021
No. of CLNet contracts	713,377	741,369
Customers active on CLNet	484,068	510,561
% active customers based on contracts	67.9%	68.9%
Mobile Banking (users who have accessed via mobile)	396,274	434,736
Alerts (active contracts)	385,426	392,521
Bizum	240,702	297,819

## 4.2. People

Partner workforce of LK by sex and professional category*	2020				2021			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	19	1.0%	6	0.35%	18	1.06%	7	0.35%
Managers	226	14%	123	7.26%	205	12.11%	123	7.26%
Technicians	312	18.11%	375	22.12%	318	18.78%	384	22.12%
Clerical staff	117	7.20%	234	13.81%	107	6.32%	225	13.81%
Others	183	9.85%	144	8.50%	166	9.81%	140	8.50%
<b>Total</b>	<b>857</b>	<b>50%</b>	<b>882</b>	<b>52%</b>	<b>814</b>	<b>48%</b>	<b>879</b>	<b>52%</b>
Active partners	1,739				1,693			

\*The categories included in the different Professional Groups are the following:

- Directors: Dir. General, Area Dir., Regional Dir. and Dept. Directors.
- Managers: Section Managers, Area Managers and Branch Managers.
- Technicians: CS Techs., Office Managers and Technicians (Sales Managers).
- Clerical staff: 1st Officers, 2nd Officers, Administrative Assistants and Operators.
- Others: D.D.O.P.V.

LK workforce by age	2020						2021					
	Partner			Remainder			Partner			Remainder		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Up to 30	5	3	8	56	78	134	8	14	22	79	82	161
Between 31 and 40	99	211	310	23	28	51	87	189	276	10	13	23
Between 41 and 50	415	430	845	7	3	10	397	436	833	11	2	13
Between 51 and 60	314	232	546	3	1	4	305	233	538	3	0	3
Over 60	24	6	30	0	0	0	17	7	24	0	0	0
<b>Group staff</b>	<b>857</b>	<b>882</b>	<b>1,739</b>	<b>89</b>	<b>110</b>	<b>199</b>	<b>814</b>	<b>879</b>	<b>1,693</b>	<b>103</b>	<b>97</b>	<b>200</b>

CLBS workforce by sex, prof. category and business area	2020				2021			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Managers	8	4.68%	2	1.17%	8	5.52%	2	1.38%
Technicians	0	0.00%	1	0.58%	0	0.00%	1	0.69%
Sales managers	25	14.62%	99	57.89%	32	22.07%	102	70.34%
Group staff	33	19.30%	102	59.65%	40	27.59%	105	72.41%
Central Serv.	1	0.58%	1	1%	1	0.69%	1	0.69%
Commercial Network	32	18.71%	101	59%	39	26.90%	104	71.72%
Group staff	33	19.30%	102	59.65%	40	27.59%	105	72.41%
Group staff	135				145			

CLBS workforce by age	2020			2021		
	Men	Women	Total	Men	Women	Total
Up to 30	0	1	1	7	4	11
Between 31 and 40	2	12	14	1	7	8
Between 41 and 50	13	49	62	12	49	61
Between 51 and 60	18	40	58	19	43	62
Over 60	0	0	0	1	2	3
Group staff	33	102	135	40	105	145

Lagun Aro staff by sex and prof. category	2020				2021			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	4	8%	2	4%	4	7%	2	2%
Managers	14	26%	12	23%	15	27%	14	12%
Technicians	32	60%	51	96%	33	59%	51	45%
Clerical staff	5	9%	46	87%	4	7%	47	41%
<b>Group staff</b>	<b>55</b>	<b>33%</b>	<b>111</b>	<b>67%</b>	<b>56</b>	<b>33%</b>	<b>114</b>	<b>67%</b>

Staff of Lagun Aro by age	2020		2021	
	M	W	M	W
Up to 30	2	2	1	3
Between 31 and 40	4	11	7	7
Between 41 and 50	18	52	14	50
Between 51 and 60	29	46	31	53
Over 60	2	0	1	3
<b>Sum</b>	<b>55</b>	<b>111</b>	<b>54</b>	<b>116</b>
<b>Group staff</b>	<b>166</b>		<b>170</b>	

Contractual relationship LK (situation as at 31/12)	2020			2021		
	Total	Men	Women	Total	Men	Women
<i>Active partners</i>	1,739	857	882	1,693	814	879
Surpluses	20	2	18	15	4	11
Secondment	15	5	10	16	5	11
Early retirees	88	56	32	123	76	47
<b>Company contracts</b>	<b>1,862</b>	<b>920</b>	<b>942</b>	<b>1,847</b>	<b>899</b>	<b>948</b>
Temps. Full-time	186	81	105	155	78	77
Temps. Part-time	6	1	5	8	2	6
<b>Temporary Contracts</b>	<b>192</b>	<b>82</b>	<b>110</b>	<b>163</b>	<b>80</b>	<b>83</b>
<b>Indefinite Contracts</b>	<b>7</b>	<b>7</b>	<b>0</b>	<b>37</b>	<b>23</b>	<b>14</b>
Total workforce as at 31/12	2,061	1,009	1,052	2,047	1,002	1,045

Contractual relationship CLBS (situation as at 31/12)	2020			2021		
	Total	Men	Women	Total	Men	Women
Temporary Contracts	3	0	3	12	7	5
Indefinite Contracts	132	33	99	133	33	100
Total workforce as at 31/12	135	33	102	145	40	105

Contractual relationship LA (situation as at 31/12)	2020			2021		
	Total	Men	Women	Total	Men	Women
Temporary Contracts	4	2	2	3	1	2
Indefinite Contracts	162	53	109	167	55	112
Total workforce as at 31/12	166	55	111	170	56	114

LK contracts by age as at 12/31	2020						2021					
	Total	Up to 30	31-40	41-50	51-60	> 60	Total	Up to 30	31-40	41-50	51-60	> 60
<i>Active partners</i>	1,739	8	310	845	546	30	1,693	22	276	833	538	24
Surpluses	20	0	12	7	0	1	15	0	9	3	2	1
Secondment	15	0	4	6	5	0	16	0	4	7	5	0
Early retirees	88	0	0	0	52	36	123	0	0	0	97	26
<b>Company contracts</b>	<b>1,862</b>	<b>8</b>	<b>326</b>	<b>858</b>	<b>603</b>	<b>67</b>	<b>1,847</b>	<b>22</b>	<b>289</b>	<b>843</b>	<b>642</b>	<b>51</b>
Temps. Full-time	186	128	51	6	1	0	155	139	13	3	0	0
Temps. Part-time	6	6	0	0	0	0	8	8	0	0	0	0
<b>Temporary Contracts</b>	<b>192</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>163</b>	<b>147</b>	<b>13</b>	<b>3</b>	<b>0</b>	<b>0</b>
Indefinite Contracts	7	0	0	4	3	0	37	14	10	10	3	0
<b>Total workforce</b>	<b>2,061</b>	<b>64</b>	<b>326</b>	<b>862</b>	<b>606</b>	<b>67</b>	<b>2,047</b>	<b>183</b>	<b>312</b>	<b>856</b>	<b>645</b>	<b>51</b>

Workforce by location (LK and CLBS)	2020				2021			
	Partners	Employee	Women	Men	Partners	Employee	Women	Men
Central Services	415	50	233	232	439	32	238	233
Individuals	26	0	12	14	26	0	12	14
Insurance	61	0	39	22	65	1	43	23
Company	88	3	26	65	84	4	26	62
Reg. Network 1	491	108	368	231	469	111	349	231
Reg. Network 2	658	38	314	382	610	52	308	354
Total 31/12	1,739	199	992	946	1,693	200	976	917

The entire **Lagun Aro** workforce works in Central Services.

Terminations and annual rotation of Working Partners in LABORAL Kutxa	2020	Up to 30		Between 31 and 40		Between 41 and 50		Between 51 and 60		Over 60	
		W	M	W	M	W	M	W	M	W	M
Terminations in the year:	50	0	0	22	4	10	3	2	0	4	5
Voluntary and Public Office Leave	3	-	-	2	-	1	-	-	-	-	-
Leave Caring for children/family	33	-	-	20	3	8	2	-	-	-	-
Retirement	9	-	-	-	-	-	-	-	-	4	5
Death or Disability	1	-	-	-	-	-	-	1	-	-	-
Voluntary Resignation	3	-	-	-	1	1	1	-	-	-	-
On secondment	-	-	-	-	-	-	-	-	-	-	-
Early retirees	1	-	-	-	-	-	-	1	-	-	-
Total departure rate (*)	6.64%	0.00%	0.00%	10.09%	0.00%	2.34%	0.00%	1.06%	0.00%	50.00%	0.00%
Directors departure rate	18.52%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Managers departure rate	5.18%	0.00%	0.00%	17.65%	0.00%	2.53%	0.00%	0.00%	0.00%	0.00%	100.00%
Technicians departure rate	7.56%	0.00%	0.00%	11.38%	4.88%	1.86%	0.00%	1.49%	0.00%	100.00%	16.67%
Clerical staff departure rate	6.06%	0.00%	0.00%	6.41%	0.00%	2.72%	2.16%	1.04%	0.00%	20.00%	13.33%
Departure rate	6.64%	0.00%	0.00%	3.25%	66.67%	6.21%	2.19%	2.99%	0.00%	50.00%	21.74%

Terminations and annual rotation of Working Partners in LABORAL Kutxa	2021	Up to 30		Between 31 and 40		Between 41 and 50		Between 51 and 60		Over 60	
		W	M	W	M	W	M	W	M	W	M
Terminations in the year:	66	0	0	24	5	5	7	4	7	0	14
Voluntary and Public Office Leave	4	-	-	2	-	1	-	-	1	-	-
Leave Caring for children/family	36	1	-	22	9	3	1	-	-	-	-
Retirement	12	-	-	-	-	-	-	-	-	-	12
Death or Disability	2	-	-	-	-	1	-	-	1	-	-
Voluntary Resignation	3	-	-	-	-	-	3	-	-	-	-
On secondment	0	-	-	-	-	-	-	-	-	-	-
Early retirees	9	-	-	-	-	-	-	4	5	-	-
Total departure rate (*)	3.80%	33.33%	0.00%	11.37%	9.09%	0.93%	1.20%	1.72%	2.23%	0.00%	50.00%
Directors departure rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Managers departure rate	1.15%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.25%	2.41%	0.00%	0.00%
Technicians departure rate	6.11%	50.00%	0.00%	15.38%	10.14%	1.74%	1.27%	2.86%	5.13%	0.00%	60.00%
Exit rate for Clerical staff and others	2.95%	0.00%	0.00%	6.15%	13.33%	0.56%	2.46%	0.00%	0.70%	0.00%	50.00%
Departure rate	2.55%	12.50%	0.00%	5.38%	5.87%	0.57%	0.93%	2.28%	2.06%	0.00%	27.50%

(\*) The departure rate is calculated based on the number of people leaving during the year and the total number of active members at the end of the previous year. Neither departures or turnover of members by area are considered, instead they are dealt with in an aggregate manner.

In 2020 and 2021 there were no voluntary departures.

Terminations and annual rotation in CLBS	2020		2021	
	Men	Women	Men	Women
Terminations in the year:	0	3	4	15
Leave Caring for children/family	-	-	-	-
Retirement	-	-	-	-
Disability	-	1	-	-
Agreed end of contract	-	-	-	-
Voluntary Resignation	-	1	4	13
End of contract	-	1	-	2
Dismissals	-	-	-	-
Terminations of Women in the year	-	-	-	-
Terminations of Men in the year	-	-	-	-
Total departure rate	0.00%	1.75%	14.07%	
Women's departure rate	-	2.16%	14.71%	
Men's departure rate	0.00%	-	12.12%	

\* By age and sex the rate is different, in women 41.7% is in the 31-40 age bracket and 18.4% in the 41-50 age bracket and among men 50% is in the under 30 age bracket and 7.7% in the 31-40 age bracket, as well as in the 41-50 age bracket. Up to the age of 30, the turnover rate is 100%.

Terminations and annual rotation of Working Partners in Lagun Aro	2020	2021
Terminations in the year:	2	3
Voluntary Resignation	0	0
Others	1	3
Terminations of Women in the year	1	0
Terminations of Men in the year	1	3
<b>Total departure rate *</b>	<b>1.20%</b>	<b>1.76%</b>
Women's departure rate	0.90%	0.00%
Men's departure rate	1.82%	5.36%

\*Total departures are for people over 30 years of age.

In LABORAL Kutxa there have been no dismissals in the last two years.

### Dismissals at Seguros Lagun Aro:

2020			2021		
Sex	Age	Category	Sex	Age	Category
M	57	Administrative staff	M	57	Administrative staff
-	-	-	M	59	Specialist

Training in LABORAL Kutxa and CLBS	2020	2021
Number of courses	500	530
Hours of training	160,740	172,180
Hours of training/person	77.2	78.37
Partner	71.73	74.21
Temporary	131.08	104.58
Average training in hours by category (individually)		
Directors	67.91	83.07
Office Managers and Directors	71.67	85.03
Technicians	78.16	73.2
Clerical staff	79.06	83.89

Hours of training	2020		2021	
	Women	Men	Women	Men
Directors	75.5	55.87	92	81.15
Managers/DO	66.47	60.9	85.2	84.91
Gc-Tecn	71.34	64.57	75.06	70.74
GOP	74.19	62.27	79.3	90.46

Training in Seguros Lagun Aro	2020	2021
Hours of training	4,329.48	2,341.24
Women	2,463.31	1,289.08
Men	1,866.17	1,052.16
Hours of training/person	26.56	14.54
Directors	312.39	324.75
Office Managers and Directors	857.93	651.83
Technicians	1,873.82	1,153.16
Clerical staff	1,285.34	211.5

The proportion between participants on courses by sex (women / men) in 2021 was 1.14 compared to 1.42 in 2020.

The percentage of different people trained was 99% in 2021 and 98.79% in 2020.

Regarding the **promotion index**, understood as an improvement in the structural wage index, in 2021 it was 7.07%. Including other non-structural concepts such as seniority, this rises to 39.68% (8.1% and 23.60% in 2020).

LK average employment index	2020	2021
Women	2.22	2.23
Men	2.50	2.51
Difference M/W	12.71%	12.20%

\*The average employment index was 2.37, which was equivalent as at 31/12/2021 to €2,979.87 gross per month.

LK average employment index	2020		2021	
	M	W	M	W
Direct.	4.74	4.09	4.81	4.03
Manager	2.85	2.74	2.85	2.72
Specialist	2.36	2.21	2.35	2.19
Admin.	2.11	1.96	2.12	1.99

LK pay by age	2020		2021	
	Man	Woman	Man	Woman
Up to 30	33,187	37,214	29,727	29,400
Between 31 and 40	40,946	35,027	38,820	34,141
Between 41 and 50	46,674	41,040	45,944	41,230
Between 51 and 60	51,188	44,757	52,699	44,794
Over 60	49,097	44,532	55,103	43,455

Average employment index CLBS	2020	2021
Women	2.08	2
Men	2.78	2.4
Difference M/W	34.15%	20.40%

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Average employment index CLBS	2020		2021	
	M	W	M	W
Direct.	*	*	*	*
Manager	3.46	3.39	3.27	3.35
Specialist	.*	2.07	-	2.01
Mngr.	2.57	2.05	2.19	1.97

\*There are no people in this range.

Remuneration at CLBS by age	2020		2021	
	Man	Woman	Man	Woman
Up to 30	*	1.00	1.12	1.14
Between 31 and 40	2.00	1.86	1.89	1.8
Between 41 and 50	2.42	2.08	2.27	2.04
Between 51 and 60	3.14	2.16	-2.98	2.07
Over 60	*	*	2.63	1.89

\*There are no people in this range.

Lagun Aro average salary	2020	2021
Women	48,836	50,032
Men	65,759	64,164
Difference M/W	34.65%	28.25%

Salary by sex and professional cat. (€ thou.)	2020		2021	
	Men	Women	Men	Women
Directors	101.7	83.27	103.91	85.2
Managers	76.45	70.31	73.12	66.37
Technicians	61.63	52.18	59.94	53.77
Clerical staff	40.66	38.03	35.58	39.61

Remuneration at LABORAL ARO by age	2020		2021	
	Man	Woman	Man	Woman
Up to 30	25,092	6,401	29,104	29,442
Between 31 and 40	47,790	38,643	36,973	32,563
Between 41 and 50	64,807	50,190	64,916	50,349
Between 51 and 60	70,388	51,588	71,911	53,490
Over 60	86,136	0	84,309	84,121

Total number of people with an active Individual Development Plan	2020		2021	
	Man	Woman	Man	Woman
Directors	0	1	1	1
Managers	5	8	164	90
Technicians	3	4	166	239
Clerical staff	12	13	59	89
<b>Total</b>	<b>20</b>	<b>26</b>	<b>390</b>	<b>419</b>

The data relating to absenteeism in the Group are presented below.

Hours and absenteeism rate	2020	Men	Women	2021	Men	Women
Accident and illness	126,428	54,776	71,652	98,901	38,580	60,321
Maternity	15,340	-	-	13,440	-	-
Paternity	8,824	-	-	9,581	-	-
Others (Caring for sick children)	2,970	-	-	2,910	-	-
<b>Total Hours Absenteeism LK</b>	<b>153,561</b>	-	-	<b>124,832</b>	-	-
Absenteeism RateLK	4.23	2.851	4.61	3.45		
Absenteeism Rate Lagun Aro	3.03	0.57	2.46	3.14	0.99	2.15
Total hours absenteeism Lagun Aro	7,656	-	-	7,280	2,232	5,046
Absenteeism rateCLBS	7.00	2.88	9.24	6.29	7.49	8.57
Total hours absenteeism CLBS	17,866	-	-	17,744	-	-

The following is information regarding accidents in the Group.

LK and CLBS work accidents	2020	2021
Accidents	25	28
Accident frequency (1)	2.12	4.38
Accident severity (2)	0.05	0.07
No. hours worked LK	2,825,897	2,741,830
No. hours worked CLBS	257,261	267,797
Accidents Lagun Aro (3)	2	0
Accident frequency	0	0
Accident severity	0	0
No. hours worked Lagun Aro	266,400	271,526

(1) Accumulated no. of accidents with sick leave \*1,000,000 / h. worked

(2) Hours lost due to accident \*100/h. theoretical to be worked

(3) In itinere, no sick leave, no fatalities

Out of the accidents in 2021, 21 are women and of those in 2020, 12. Most of the accidents take place travelling to or from work. There is no data on frequency and severity disaggregated by gender. There are no occupational illnesses in our activity for the Group. No subcontractor accidents have been recorded.

### 4.3. Environment

Postamail Users	2020	2021
Number of users.	596,409	623,260
% Users from total customer base	52.45%	55.33%

Paper consumption kg	LABORAL K./ Lagun Aro	
	2020	2021
Promotional paper/customer	0.089	0.107
Office paper/customer	0.206	0.219
Total consumption/customer	0.296	0.326
Total paper consumption/person	149.27	164.97

#### Energy consumptions:

Energy (Gj) (all LABORAL Kutxa and staff)	2020	2021	Seguros LA 2020	Seguros LA 2021
Electricity	41,224	41,158	827	1,040
Diesel	22.4	25	0	0
Propane	0.21	0.28	0	0
<b>Energy consumption A</b>	<b>41,246</b>	<b>41,183</b>	<b>827</b>	<b>1,040</b>
Energy consumption/pers.	19.75	20.02	4.98	6.11
<b>External energy consumption B (displacement petrol)</b>	<b>12,334</b>	<b>17,705</b>	<b>602</b>	<b>1,197</b>
Energy intensity*	25.671	28.63	8.61	13.16

\* Total energy consumption (including internal A and external B) divided by total number of employees

The **intensity** of the greenhouse gas emissions, measured as the total CO<sub>2</sub> emissions among the LK workforce would be 0.56 in this case, compared to 0.39 in 2020. Lagun Aro's was 0.35 in 2021 compared to 0.18 in 2020.

# 5. Information on the Report



## Report Profile

The 2021 report is the seventeenth Sustainability Report presented by LABORAL Kutxa and refers to a full year. Since 2005, the Caja Laboral published annual CSR reports.

LABORAL Kutxa wishes to continue publishing its CSR Report on an annual basis, in accordance with the guidelines laid down by the GRI. The LABORAL Kutxa CSR Report for 2021 was prepared following the "comprehensive" option of the GRI Standards and the Financial Sector Supplement, both from the GRI. When choosing the comprehensive option, all the indicators related to the material aspects identified should be answered.

This report also complies with the provisions of Law 11/2018 of 28 December on non-financial information and diversity, also taking into account the Communication from the European Commission 2017/C 215/01 on Guidelines for the presentation of non-financial reports.

It concerns the consolidated Group and includes both banking and insurance activities. Information regarding the two insurance companies will be given jointly. For the rest of the companies, due to their organisation and activity, the information is included with that of LABORAL Kutxa, unless there is a specific aspect that requires separate reporting.

In addition, LABORAL Kutxa maintained significant information in terms of sustainability relating to:

- **Real estate asset management companies**, which are companies through which LABORAL Kutxa manages the real estate business. They are instrumental companies, so their data and impacts are integrated into those of LABORAL Kutxa.
- **Caja Laboral BancaSeguros (CLBS)** is an independent broker, 100% owned by LABORAL Kutxa, the underlying purpose of which is to integrate the insurance activity into the business and commercial strategy of LABORAL Kutxa. Its workers are hired employees.

The service that LABORAL Kutxa provides to **CLBS** is the cession of the distribution network for the mediation of insurance products. As it is integrated in LABORAL Kutxa, many of the indicators of its activity are integrated. Those aspects for which there are independent indicators are listed throughout the Report.

LABORAL Kutxa is a member of MONDRAGON. MONDRAGON is made up of 95 autonomous and independent co-operatives that use their own reporting systems.

### Scope of GRI indicators and aspects

In accordance with the established cover, there are no limitations in LABORAL Kutxa's 2021 CSR Report to the scope established by GRI, except for:

- For indicators that could not be covered due to the lack of a measurement system, in which case they have been identified in the Report and in the GRI Indicator Table, and an effort will be made to measure them in future Reports.
- For the indicators that do not apply due to their scarce or even null relevance or materiality in the activity of a financial entity and the economic, political and social context of the Entity and the limitations of which are specified in each of the indicators.

All indicators for which it has not been possible to provide detailed information for the above-mentioned reasons will be indicated in the Report.

Starting with the 2014 Report, a materiality analysis was included in order to determine the most relevant issues in the field of Social Responsibility. This analysis has been carried out with the advice of Cegos Deployment, a company with which LABORAL Kutxa cooperates regularly to guarantee the correct understanding of the Global Reporting Initiative - GRI guidelines. The results of this analysis are described in the [Materiality Analysis section of part 2](#).

### Policy regarding the verification of the Report

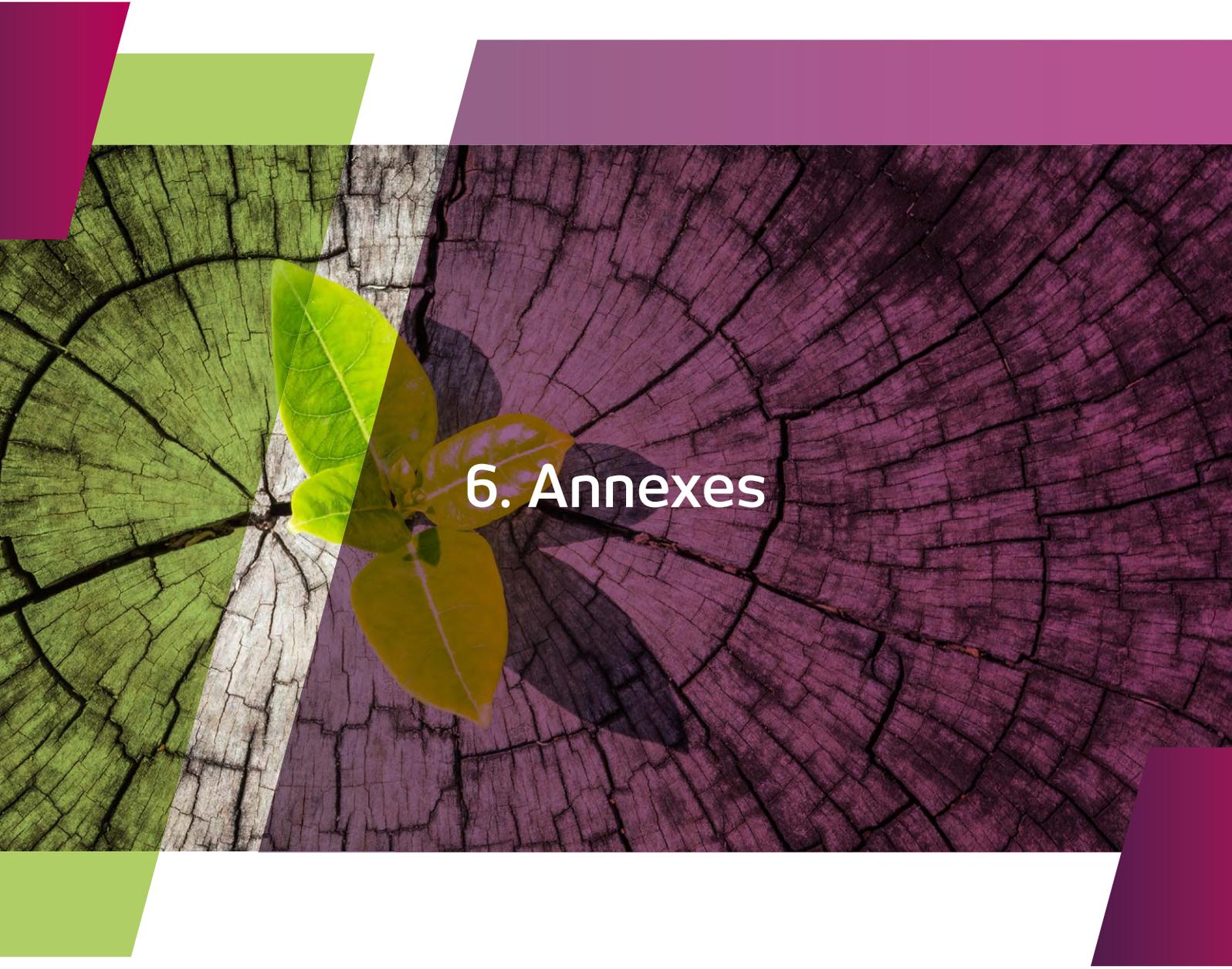
AENOR has been carrying out the verification of CSR Reports prepared by the former Caja Laboral since 2005. Given the knowledge that the verifying organisation has acquired over all these years of relations, LABORAL Kutxa, through the Financial Area, plans to continue with this verification system in the future.

### Contact

Access the LABORAL Kutxa website [www.LABORALkutxa.com](http://www.LABORALkutxa.com) on the corporate website, in its Reports and relevant facts section, the following are available:

- Financial Report
- Individual and Consolidated Annual Statements
- Corporate Governance Report
- Transparency Information
- Sustainability Reports/Non-Financial Information Statement

In the Contact section, you can send any type of suggestion, complaint, claim, opinion, etc. To access additional information or topics related to this Report, please send an e-mail to the following address: [RSE@LABORALkutxa.com](mailto:RSE@LABORALkutxa.com)



# 6. Annexes

6.1. Table of equivalencies

Non-financial information to be reported:	Chapters/section of the Annual Report Page	Correspondence/GRI Indicators
Brief description of the group's business model (including its business environment, organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future development).	About us_Presentation of the Group About us_Business model	GRI 102-1 GRI 102-2 GRI 102-3 GRI 102-4 GRI 102-6 GRI 102-7 GRI 102-14 GRI 102-15
A description of the policies applied by the group that will include: the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control procedures, including the measures in which they have been adopted.	About us_Principles and government	GRI 103-2 GRI 103-3
The results of these policies, which should include relevant non-financial key performance indicators that allow progress to be monitored and evaluated and that allow comparisons to be made between companies and sectors, in accordance with the national, European or international reference frameworks used for each area.	Responsible Management_Scorecard Customer Management_Main Figures Our relationship with staff_Main figures Our relationship with society_Main figures Responsible environmental management_Main figures Responsible management of suppliers_Main figures	GRI 103-2 GRI 103-3
The main risks related to issues linked to group activities (business relationships, products or services) that may have an adverse effect on these areas, and how the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with the national, European or international reference frameworks for each area. Information should be included on the impacts that have been identified, broken down, and especially on the main risks in the short, medium and long term.	About us_Risk Management and Strategy Responsible Management_Materiality Analysis Responsible Management_Commitment to Sustainability Responsible Management_Scorecard	GRI 102-15 GRI 102-30
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety, the evaluation procedures or environmental certification; the resources dedicated to the prevention of environmental risks; the application of the precautionary principle, the amount of provisions and guarantees for environmental risks.	About us_Risk Management and Strategy About us_Principles and Government Responsible environmental management_Management approach	GRI 102-29 GRI 102-31 GRI 201-2 GRI 103-2 (GRI of the environmental dimension) GRI 102-11 GRI 102-29 GRI 102-11
<b>Pollution:</b>		
Measures to prevent, reduce or remedy carbon emissions that seriously affect the environment, taking into account any activity-specific form of pollution of the atmosphere, including noise and light pollution.	Responsible environmental management_Pollution Responsible environmental management_Use of resources	GRI 103-2 (GRI 302 and 305)
<b>Circular economy and waste prevention and management:</b>		
Measures for prevention, recycling, reuse, other forms of waste recovery and disposal; actions to combat food waste.	Responsible environmental management_Circular economy and waste prevention and management	GRI 103-2 (GRI 306) GRI 301-2 GRI 306-1
<b>Sustainable use of resources:</b>		
Water consumption and supply in accordance with local limitations		GRI 303-1
Consumption of raw materials and the measures adopted to improve the efficiency of their use.	Responsible environmental management_Use of resources	GRI 103-2 (GRI 301) GRI 301-1 GRI 301-2
Energy: Consumption, direct and indirect; Measures adopted to improve energy efficiency, use of renewable energy.		GRI 103-2 (GRI 302) GRI 302-1 GRI 302-3
<b>Climate change:</b>		
Important elements of the greenhouse gas emissions generated as part of business activity (including goods and services produced)	Responsible environmental management_Climate change	GRI 103-2 (GRI 305) GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures adopted to adjust to the consequences of climate change.		GRI 103-2 (GRI 305) GRI 201-2
Reduction targets set voluntarily for the medium and long term to reduce GHG emissions and the means implemented to this end.		GRI 103-2 (GRI 305)
<b>Protection of biodiversity:</b>		
Measures adopted to preserve or restore biodiversity	The impacts caused by the direct activities of the LABORAL Kutxa consolidated Group on biodiversity are not material due to the financial and insurance activities performed by the Group.	GRI 304-2 GRI 306-5
Impacts caused by protected area activities or operations		
<b>Employment:</b>		
Total number and distribution of employees by gender, age, country and professional category	Our relationship with staff_Main workforce figures Other figures_workforce.	GRI 103-2 (GRI 401) GRI 102-8 GRI 405-1
Total number and distribution of contract modalities and annual average of indefinite contracts, temporary contracts, and part-time contracts by: gender, age and professional category	Our relationship with Members_Main workforce figures Other figures_workforce.	GRI 102-8 GRI 405-1
Number of dismissals by: gender, age and professional category.	Our relationship with staff_Main workforce figures. Other figures_Members	GRI 401-1
Average remuneration and its evolution disaggregated by: sex, age and professional classification.	Our relationship with Sla template_Main magnitudes of Partners Other figures_workforce.	GRI 405-2
Salary gap and compensation for equal or average jobs in society	Our relationship with staff_Main workforce figures. Other figures_workforce.	GRI 103-2 (GRI 405) GRI 405-2
Average remuneration of directors and executives (including variable remuneration, allowances, compensation, payment to long-term savings forecasting systems and any other payment broken down by gender)	About us_Principles and Government	GRI 102-35 GRI 102-36 GRI 103-2 (GRI 405)
Implementation of work disconnection policies	Our relationship with staff_Main workforce figures.	GRI 103-2 (GRI 401)
Employees with disabilities	Our relationship with staff_Main workforce figures	GRI 405-1
<b>Work organisation:</b>		
Organisation of working time	Our relationship with staff_Personal development	GRI 103-2 (GRI 401)
Number of hours of absenteeism	Our relationship with staff_Main workforce figures	GRI 403-2

	Other figures_ workforce	
Measures to facilitate the enjoyment of work-life balance and to encourage parents to practice joint responsibility	Our relationship with staff _Work-life balance	GRI 103-2 (GRI 401)
<b>Health and safety:</b>		
Occupational health and safety conditions	Our relationship with staff _Occupational Health and Safety	GRI 102-41
Work accidents, particularly their frequency and severity, as well as occupational illnesses. Divided by gender.	Our relationship with staff _Main workforce figures Other figures_ workforce	GRI 403-2 GRI 403-3
<b>Social relations:</b>		
Organisation of social dialogue (including procedures for informing, consulting and negotiating with staff)	Our relationship with staff _Dialogue with workers	GRI 103-2 (GRI 402)
Percentage of employees covered by collective agreement by country	Our relationship with staff _Main workforce figures	GRI 102-41
Balance of collective agreements (particularly in the field of occupational health and safety)	Our relationship with staff _Occupational Health and Safety	GRI 403-1 GRI 403-4
<b>Training:</b>		
The policies implemented in the field of training	Our relationship with staff _Development Our relationship with staff _Main workforce figures Other figures_ workforce	GRI 103-2 (GRI 404) GRI 404-2
<b>Accessibility:</b>		
Universal accessibility for people	Our relationship with staff _Diversity and equal opportunities	GRI 103-2 (GRI 405)
<b>Equality:</b>		
Measures adopted to promote equal treatment and opportunities between women and men; equality plans (Chapter III of Organic Law 3/2007, of 22 March, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility of people with disabilities; a policy against all types of discrimination and, where appropriate, diversity management.	Our relationship with staff _Diversity and equal opportunities	GRI 103-2 (GRI 405 and 406)
Application of due diligence procedures in the field of Human Rights		
Prevention of risks of human rights violations and, where appropriate, measures to mitigate, manage and remedy possible misconduct	Our relationship with staff _Workforce management approach	GRI 102-16 GRI 102-17 GRI 103-2 (GRI 412) GRI 410-1 GRI 412-1 GRI 412-3
Complaints related to the violation of human rights		GRI 406-1
Promotion of and compliance with the provisions of the International Labour Organisation's fundamental treaties relating to respect for freedom of association and the right to collective negotiation.		GRI 103-2 (406, 407, 408 and 409)
Measures adopted to prevent corruption and bribery		
Measures to counter money laundering	1. About us_Principles and Government	GRI 102-16 GRI 102-17 GRI 103-2 (GRI 205) GRI 205-1 GRI 205-2 GRI 205-3
Contributions to non-profit organisations and foundations		GRI 413-1
<b>The company's commitment to sustainable development</b>		
The impact of the company's activity on local development and employment	Our relationship with society_Management Approach	
The impact of the company's activity on territorial and local populations	Our relationship with society_Management Approach	
The relations maintained with the actors of the local communities and the methods of dialogue established therewith	Our relationship with society_Dialogue with society	
Association or sponsorship actions	Our relationship with society_Dialogue with society	
<b>Subcontracting and suppliers:</b>		
Inclusion of the purchasing policy regarding social, gender equality and environmental issues	Responsible management of suppliers_Management approach	GRI 103-2 (GRI 204, 308 and 414)
Consideration in the relations with suppliers and subcontractors of their obligations	Responsible management of suppliers_Management approach	GRI 102-9 Supply Chain GRI 103-2 (GRI 204, 308 and 414) GRI 204-1 GRI 308-1 GRI 414-1
Supervisory and audit systems and resolution thereof	Responsible management of suppliers_Management approach	GRI 103-2 (GRI 204)
<b>Consumers:</b>		
Measures for the health and safety of consumers	Customer management_Responsible customer management	GRI 103-2 (GRI 416, 417 and 418) GRI 416-1 GRI 417-1 G4-FS15
Claims systems and complaints received and resolution thereof	Customer Management_Main customer figures Customer management_Dialogue with customers Other figures_Customers	GRI 102-17 GRI 103-2 (GRI 416, 417 and 418) GRI 416-2 GRI 417-2 GRI 418-1
<b>Tax information:</b>		
Profits obtained country by country		
Taxes obtained on benefits paid		GRI 103-2 (GRI 201)
Public grants received	1. About us_Main Group Figures	GRI 201-4 GRI 207-1-4
Any other relevant information:		GRI 207-1-4

6.2. GRI content Index

GENERAL CONTENTS 2016		
102-1	Name of the organisation.	Caja LABORAL Popular Coop. de Crédito
102-2	Activities, brands, products and services.	8-9 Presentation of the Group 45 Responsible products and services Refer to Website <a href="http://www.LABORALKutxa.com">www.LABORALKutxa.com</a>
102-3	Location of the organisation's main offices.	José M <sup>º</sup> Arizmendiarieta s / n. 20500 Arrasate - Mondragón (Gipuzkoa)
102-4	State the number of countries in which the organisation operates.	LABORAL Kutxa operates exclusively in the Spanish State
102-5	Ownership and legal form.	Caja Laboral Popular Coop. de Crédito 11 Share capital
102-6	Specify which markets are served (with a geographical breakdown, by sector and type of customers and recipients).	12 Geographic distribution 37 Management approach and Main customer figures 82 Other customer figures
102-7	Determine the size of the organisation, indicating: Number of people employed; Number of operations; Net sales or net income; Capitalisation, broken down in terms of debt and equity; Quantity of products or services offered.	13 Main Figures of the Group 84 Other figures-People
102-8	Determine: Number of people employed by contract type and gender. Number of permanent employees by contract type and region Staff size by employed persons, contracted workers and gender. Indicate whether a substantial part of the organisation's work is carried out by legally recognised self-employed persons or by persons who are neither employees nor contract workers, such as persons employed and sub-employed hired by contractors.	84-86 Other figures-People
102-9	Describe the organisation's supply chain.	77-80 Our relationship with supplier companies
102-10	Report any significant changes during the period under review in the size, structure, shareholding or supply chain of the organisation.	5-6 Letter 9-10 Operating structure 15-17 Risk management and strategy 9 Investee Companies 77-80 Our relationship with supplier companies
102-11	Describe how the organisation addresses, if applicable, the precautionary principle.	15-17 Risk management and strategy 17-22 Principles and Governance 27-28 Management Approach Risks are generally managed by the Governing Board's Risk Committee and the Risk Appetite Framework, and are reported annually in the Information with Prudential Relevance. Environmental risks are managed within a system certified with ISO 14001: 2015. Risks for customers of new products come under the scope of the Products Committee
102-12	Prepare a list of letters, principles or other external initiatives of an economic, environmental and social nature that the organisation endorses or has adopted.	69-70 Initiatives endorsed by LABORAL Kutxa
102-13	Prepare a list of national and international associations and organisations to which the company belongs.	
STRATEGY		
102-14	Statement from the organisation's chief decision-maker.	5-6 Letter
102-15	Main impacts, risks and opportunities.	15-17 Risk management and strategy 32-34 Materiality analysis 29-30 Commitments and Achievements 31-32 CSR Scorecard
ETHICS AND INTEGRITY		
102-16	Describe the values, principles, standards and regulations of the organisation.	11-12 Values, principles, standards and codes of conduct
102-17	Describe the internal and external advisory mechanisms for ethical and lawful conduct, and for consulting on matters related to the integrity of the organisation. Describe the internal and external mechanisms for reporting unethical or illegal conduct and matters related to the integrity of the organisation.	23-24 Corruption and bribery 38-39 Customer Service
GOVERNANCE		
102-18	Describe the organisation's governance structure, including the committees of the highest governing body. Identify the committees responsible for making decisions on economic, environmental and social issues	9-10 Operating Structure 17-20 Corporate Governance 37-39 Dialogue with customers 32-34 Materiality analysis Refer to <a href="#">Corporate Governance Report</a>
102-19	Describe the process by which the highest governing body delegates its authority to senior management and certain employees on economic, environmental and social matters.	
102-20	Process for submitting accounts to the Board.	
102-21	Processes for consulting with stakeholders.	
102-22	Describe the composition of the highest governing body and its committees.	
102-23	Executive or non-executive nature of the highest governing body.	
102-24	Describe the appointment and selection processes for the highest governing body and its committees, as well as the criteria on which the appointment of the members of the former is based.	Refer to <a href="#">Corporate Governance Report</a>
102-25	Describe the processes the highest governing body follows to prevent and manage potential conflicts of interest. Indicate whether the stakeholders are informed in this regard.	17-20 Corporate Governance Refer to <a href="#">Corporate Governance Report</a>
Role of the highest governing body in the selection of objectives, values and strategy		
102-26	Describe the roles of the highest governing body and senior management in the development, approval, and updating of the organisation's purpose, values or mission statements, strategies, policies, and objectives with respect to economic, environmental, and social impacts.	17-20 Corporate Governance 11-12 Values, principles, standards and codes of conduct Refer to <a href="#">Corporate Governance Report</a>
Collective knowledge of the highest governing body		
102-27	Specify the measures adopted to develop and improve the collective knowledge of the highest governing body in relation to economic, environmental and social matters.	22 Development of the governing bodies
102-28	Describe the processes for evaluating the performance of the highest governing body in relation to the governance of economic, environmental and social affairs. State whether the evaluation is independent and how often it is carried out. Specify whether it is a self-evaluation. Describe the measures adopted as a result of the performance assessment of the highest governing body in relation to the management of economic, environmental and social affairs; among other aspects, specify at least whether there have been changes in members or in organisational practices.	17-20 Corporate Governance Refer to <a href="#">Corporate Governance Report</a>
102-29	Describe the role of the highest body in identifying and managing economic, environmental and social impacts, risks and opportunities. Also outline the role of the highest governing body in implementing the due diligence processes. Indicate whether the stakeholders are approached for input in the work of the highest governing body in the identification and management of economic, environmental and social impacts, risks and opportunities.	
102-30	Describe the role of the highest governing body in analysing the effectiveness of the organisation's risk management processes with respect to economic, environmental and social issues.	
102-31	Indicate the frequency with which the highest governing body analyses economic, environmental and social impacts, risks and opportunities.	

ROLE OF THE HIGHEST GOVERNING BODY IN THE PREPARATION OF THE SUSTAINABILITY REPORT		
102-32	Identify the most important committee or position that reviews and approves the Sustainability Report and ensures that all significant aspects are addressed.	17-20 Corporate Governance
ROLE OF THE SENIOR BODY IN THE EVALUATION OF ECONOMIC, ENVIRONMENTAL AND SOCIAL PERFORMANCE		
102-33	Describe the process for bringing important concerns to the attention of the highest governing body.	17-20 Corporate Governance
102-34	State the nature and number of significant concerns that were transmitted to the highest body, including a description of the mechanisms that were used to address and assess them.	53 Dialogue with staff In the annual report to the Governing Board regarding CSR activities, the relevant activities were identified. There have been no reports of critical concerns.
REMUNERATION AND INCENTIVES		
102-35	Describe the remuneration policies for the highest governing body and senior management. List the performance criteria that affect the remuneration policy with the economic, environmental and social objectives of the highest governing body and senior management.	22 Remuneration of the Governing Bodies See <a href="#">Consolidated Annual Accounts p.211</a>
102-36	Describe the processes used to calculate remuneration. Specify whether consultants are used to determine remuneration and whether they are independent with respect to the management. Indicate any other type of relationship that such compensation consultants may have with the organisation.	59-60 Remuneration management 22 Remuneration of the Governing Bodies See <a href="#">prudential relevance report</a>
102-37	Explain how stakeholders' views on remuneration are sought and taken into account, including, where appropriate, the results of votes on policies and proposals	17-20 Corporate Governance 59-60 Remuneration management
102-38	Calculate the correlation between the total annual remuneration of the highest paid person in the organisation and the average total annual remuneration of the entire workforce (not including the highest paid individual).	59-60 Remuneration management
102-39	Calculate the correlation between the percentual increase of the total annual remuneration of the highest paid person and the percentual increase of the average total annual remuneration of the entire workforce (not including the highest paid individual).	
PARTICIPATION OF STAKEHOLDERS		
102-40	Create a list of stakeholders related to the organisation.	29-30 Commitments and achievements The stakeholders are examined annually in the materiality study. 32-34 Materiality analysis 37-39 Dialogue with Customers 52 Dialogue with People 52-53 Joint Negotiation 68 Dialogue with Society
102-41	Percentage of employed persons covered by collective agreements.	
102-42	Indicate the grounds for the choice of stakeholders with which the organisation works.	
102-43	Describe the organisation's approach to stakeholder engagement, including the frequency of collaboration with different types of stakeholders, or whether a group was specifically involved in the reporting process.	
102-44	Identify key issues and problems that have arisen from stakeholder engagement and describe the organisation's assessment, including through its Report. Specify which stakeholders were involved in each of the key issues and problems.	
MATERIAL ASPECTS AND COVERAGE		
102-45	Prepare a list of the entities appearing in the organisation's consolidated financial statements and other equivalent documents. Indicate whether any of the entities listed in the organisation's consolidated financial statements and other equivalent documents are not included in the Report.	9 Investee Companies
102-46	Describe the process followed to determine the content of the Report and the scope of each Aspect. Explain how the Reporting Principles have been applied to determine the Content of the Report.	93 Report Profile 32-34 Materiality analysis
102-47	Prepare a list of material Aspects that were identified while defining the contents of the Report.	32-34 Materiality analysis
102-48	Describe the consequences of the reformulations of the information provided in previous Reports and their causes.	The changes that have taken place are described throughout the Report
102-49	Mention any significant change in the scope and coverage of each aspect with respect to previous Reports.	93 Report Profile
102-50	Period covered by the Report.	2021
102-51	Date of the last Report (if applicable).	Report for 2020 published in May 2020
102-52	Reporting cycle (annual, biennial).	93 Report Profile
102-53	Provide a point of contact to resolve any doubts that may arise regarding the contents of the Report.	On the Web page: <a href="http://www.LABORALKutxa.com">www.LABORALKutxa.com</a> or mail: <a href="mailto:rse@LABORALKutxa.com">rse@LABORALKutxa.com</a>
GRI INDEX		
102-54	Indicate which option you have chosen "in accordance" with the Guide.	1 Cover
102-55	Provide the GRI index of the chosen option. Give reference to the External Verification report if this has been performed.	98-102 GRI Indicators Last page. AENOR Verification and reporting level
VERIFICATION		
102-56	Describe the organisation's policy and current practices with regard to external verification of the Report. If not mentioned in the verification report attached to the Sustainability Report, please indicate the scope and basis of the external verification. Describe the relationship between the organisation and the companies providing the verification. Indicate whether the highest governing body or senior management have been involved in the request for external verification of the organisation's sustainability Report.	93 Report Profile The Director of the Financial Area approved the request for verification of the Report.
MANAGEMENT APPROACH 2016		
103-1	Specify the coverage of the organisation for each significant aspect.	32-34 Materiality analysis 15-17 Risk management and strategy
103-2	Management approach and its components.	13-14 Main figures 27-28/37/51/64-67/71-72 Management approach
103-3	Evaluation of the management approach.	32-34 Materiality analysis 15-17 Risk management and strategy
CATEGORY: ECONOMIC		
Aspect: economic performance 2016		
201-1	Direct economic value generated and distributed.	13 Main figures
201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	45-51 Responsible Products and Services. 73 Transparency in fossil fuel exposure 76-77 Climate change
201-3	Defined benefit plan obligations and other retirement plans.	59-60 Remuneration management 63 Coop. Returns Capitalised
201-4	Financial assistance received from the government.	14 Grants
Aspect: market presence 2016		
202-1	Correlation between the initial salary broken down by gender and the local minimum wage.	59-60 Remuneration management
202-2	Proportion of senior managers from the local community.	17-20 Corporate Governance
Aspect: indirect economic impacts 2016		
203-1	Investments in infrastructure and supported services.	71 Our relationship with the Environment 65-66 Gaztenpresa 14 Taxes and duties
203-2	Significant indirect financial impacts and their scope.	67- Indirect Contributions to Society
Aspect: Procurement practices 2016		
204-1	Percentage of the expenditure in places with significant operations that corresponds to local suppliers. Aspect: Anti-corruption 2016	79 Main figures-suppliers
205-1	Number and percentage of centres where Risks related to corruption have been assessed and risks identified.	23-24 Corruption and bribery

205-2	Anti-corruption communication and training policies and procedures	56 Training in Anti-Corruption Procedures 22 Development of the governing bodies 23-24 Corruption and bribery
205-3	Confirmed cases and measures taken.	23-24 Corruption and bribery 25 Regulatory compliance
Aspect: unfair competition 2016		
206-1	Legal actions related to unfair competition and monopolistic and anti-competitive practices.	There were no claims or legal actions in the years covered by the Report
Aspect: taxation 2019		
207-1	Fiscal approach.	14 Taxation
207-2	Fiscal governance, control and risk management.	14 Taxation
207-3	Stakeholder engagement and management of tax concerns.	14 Taxation
207-4	Country-by-country reporting.	14 Taxes and duties
<b>CATEGORY: ENVIRONMENTAL</b>		
Aspect: materials 2016		
301-1	Materials used by weight or volume.	74-76 Sustainable use of resources
301-2	Percentage of the materials used that are recycled materials.	74-76 Sustainable use of resources
301-3	Percentage of products sold and their packaging materials that are recovered at the end of their useful life, by product category.	The physical component of financial products is not significant.
Aspect: energy 2016		
302-1	Internal energy consumption.	91 Energy consumption 76-77 Climate change
302-2	External energy consumption.	91 Energy consumption 76-77 Climate change
302-3	Energy intensity	91 Energy consumption 74-76 Sustainable use of resources
302-4	Reduction in energy consumption.	91 Energy consumption 74-76 Sustainable use of resources
302-5	Reductions in the energy requirements of products and services.	47 Environmentally Responsible Products and Services.
Aspect: water and effluents 2018		
303-1	Interaction with water as a shared resource.	75-76 Sustainable use of resources
303-2	Management of impacts related to water discharges.	
303-3	Water extraction.	
303-4	Water discharges.	
303-5	Water consumption.	
Aspect: biodiversity 2016		
304-1	Own, leased or managed business units that are adjacent to, contain or are located in protected (or unprotected) areas of high biodiversity value.	LABORAL Kutxa's financial activity does not affect biodiversity or impact on protected areas.
304-2	Description of the most significant impacts on the biodiversity in protected areas or in unprotected high biodiversity areas, derived from the activities, products and services.	LABORAL Kutxa's financial activity does not affect biodiversity or impact on protected areas.
304-3	Protected or restored habitats.	
304-4	Number of species included in the IUCN Red List and in national conservation lists whose habitats are in areas affected by the business, according to the level of danger of extinction of the species.	
Aspect: emissions 2016		
305-1 305-2	Total direct and indirect greenhouse gas emissions by weight	76-77 Climate change
305-3	Other indirect greenhouse gas emissions, by weight.	76-77 Climate change
305-4	Intensity of greenhouse gas emissions.	91 Other figures-Environment
305-5	Reduction in greenhouse gas emissions.	71 Our Relationship with the Environment 76-77 Climate change
305-6	Emissions of ozone-depleting substances.	No ozone-depleting substances are produced, imported or exported.
305-7	NO, SO and other significant atmospheric emissions.	Emissions of this type are the result of air conditioning systems and are not considered to be significant.
Aspect: wastes 2020		
306-1	Generation of waste and significant impacts related to waste.	LABORAL Kutxa has ISO 14001 environmental certification, audited annually, which guarantees proper waste management. 32 Environmental performance indicators 74 Circular ec and waste management
306-2	Management of significant impacts related to waste.	
306-3	Generated waste.	
306-4	Waste not destined for disposal.	
306-5	Waste destined for disposal.	
Aspect: environmental compliance 2016		
307-1	Cost of significant fines and number of non-monetary sanctions for non-compliance with environmental regulations.	The cost of fines and penalties in the years covered by the Report was 0.
Aspect: environmental assessment of suppliers 2016		
308-1	Percentage of new supplier companies that were examined based on environmental criteria,	77 Our relationship with supplier companies
308-2	Significant actual and potential negative environmental impacts in the supply chain and measures taken,	
<b>CATEGORY: SOCIAL</b>		
Aspect: employment 2016		
401-1	New employee recruitment and staff turnover.	84 Other figures - People
401-2	Benefits for full-time employees that are not given to part-time or temporary employees.	63-64 Social Benefits Package
401-3	Parental leave.	84 Other figures-People
Aspect: management-employee relations 2016		
402-1	Minimum notice period for operational changes and possible inclusion of these in collective agreements.	There is no collective agreement in the cooperative. Although neither the Internal Regulations nor the internal employment regulations expressly establish a minimum period of notice for informing working partners of job or workplace changes, major organisational or operational changes must be submitted to the Social Council.
Aspect: occupational health and safety 2018		
403-1	Occupational health and safety management system	60 Occupational Health and Safety
403-2	Hazard identification, risk assessment and incident investigation	60 Occupational Health and Safety
403-3	Occupational health services	Given the financial nature of the business, there are no occupational illnesses or high risks of illness.
403-4	Worker participation, consultation and communication on occupational health and safety at work	60 Occupational Health and Safety
403-5	Occupational health and safety training for workers.	60 Occupational Health and Safety
403-6	Promotion of workers' health.	62 Health plan-Zaindüz
403-7	Prevention and mitigation of impacts on the health and safety of workers directly linked through business relationships.	Given the activity, no negative impacts of trade relations are detected
403-8	Occupational health and safety management system coverage	60 Occupational Health and Safety
403-9	Work-related injuries.	61 Accident rate 91 Accidents at work

403-10	Occupational diseases and illnesses. Aspect: training and education 2016	60 Occupational Health and Safety
404-1	Average hours of training per year per employee, broken down by sex and by professional category	84 Other figures-People
404-2	Skills management and continuing education programmes that promote employability and help manage the end of their professional careers.	56 Continuing education programmes 56 Training for people entering retirement
404-3	Percentage of people who receive regular performance and career development reviews, broken down by sex and by professional category Aspect: diversity and equal opportunities 2016	56 Performance Management-Bidean
405-1	Composition of the governing bodies and breakdown of the workforce by professional category and sex, age, membership of minority groups and other diversity indicators.	84 Other figures-People 17 Corporate Governance
405-2	Ratio of basic salary of men to women, broken down by professional category and key business locations.	59-60 Remuneration management 84 Other figures-People Equal pay for equal work, regardless of whether male or female
Aspect: non-discrimination 2016		
406-1	Number of cases of discrimination and corrective measures taken.	No incidents of discrimination occurred during the period covered by the Report
Aspect: freedom of association and collective bargaining 2016		
407-1	Identification of significant centres or supplier companies where freedom of association and the right to enter into collective agreements may be violated or under threat, and measures taken to defend these rights.	Both LABORAL Kutxa and practically all its supplier companies are based in Spain. This means that, by law, human rights must be respected, including the freedom of association and collective bargaining.
Aspect: child labour 2016		
408-1	Identification of centres and supplier companies that entail a potential risk of incidences of child exploitation, and the measures adopted to contribute to the abolition of such exploitation.	Both LABORAL Kutxa and practically all its supplier companies operate solely in Spain. This means that, by law, human rights must be respected, including the non-exploitation of children.
Aspect: Forced or compulsory labour 2016		
409-1	Centres and Supplier Companies with a significant risk of being the source of incidences of forced labour, and the measures adopted to contribute to the elimination of all forms of forced labour.	Both LABORAL Kutxa and practically all its supplier companies operate solely in Spain. This means that, by law, human rights must be respected, including forced labour
Aspect: security practices 2016		
410-1	Percentage of security staff who have received training on the organisation's human rights policies or procedures as they apply to the business.	LABORAL Kutxa hires its security staff through authorised external companies, who guarantee that 100% of the people employed for the job are properly trained.
Aspect: indigenous peoples' rights 2016		
411-1	Number of cases of violation of the rights of indigenous people and the measures taken.	This indicator is not applicable, as the geographical area of LABORAL Kutxa is Spain
Aspect: Human rights assessment 2016		
412-1	Operations subject to human rights impact assessments or reviews	There have been no reviews of activities in aspects related to human rights, since the risk of their violation is very low or non-existent.
412-2	Employee training on human rights policies or procedures.	Training is provided on corruption and money laundering, as well as communications on sexual harassment.
412-3	Significant investment agreements and contracts with clauses on human rights or subject to human rights assessment.	Due to the activity carried out and the geographical environment, no risks in this regard have been detected. Supplier companies must accept the code of ethics that includes a clause on human rights.
Aspect: local communities 2016		
413-1	Percentage of centres where programmes for development, impact assessment and local community participation have been implemented.	67-68 Profit sharing 32-34 Materiality analysis
413-2	Business centres with significant actual or potential negative effects on local communities	No activities with a negative or potential impact on local communities have been identified.
Aspect: social assessment of suppliers 2016		
414-1	Percentage of new supplier companies that were examined based on social criteria.	There were no human rights assessments of the various suppliers and subcontractors because, a priori, no supplier companies were identified that, due to the volume of purchases in question, the type of business they were engaged in or their location, might pose a significant human rights risk.
414-2	Significant actual and potential negative social impacts in the supply chain and the measures taken.	
Aspect: public policy 2016		
415-1	Value of political contributions, by country and recipient.	67 Relations with Government Agencies and Political Parties
Aspect: customer health and safety 2016		
416-1	Percentage of significant product and service categories for which health and safety impacts have been assessed to promote improvements.	37 Our relationship with clients 45 Responsible products and services
416-2	Number of incidents arising from non-compliance with regulations or voluntary codes concerning health and safety impacts of products and services during their life cycle, broken down by type of outcome.	82 Sanctions 82-83 Customer Service
Aspect: marketing and labelling 2016		
417-1	Type of information required by the organisation's procedures relating to the information and labelling of its products and services, and percentage of significant product and service categories that are subject to such requirements.	All the products and services of LABORAL Kutxa are subject to the regulations of the Bank of Spain and the Spanish National Securities Market Commission (CNMV) with regard to information about them and their form of marketing, which guarantees transparency in these procedures. Furthermore, the MIFID regulations are applied to protect the customer (classification, test, information, etc.). 33-35 Our relationship with customers
417-2	Number of failures to comply with regulations and voluntary codes concerning product and service information and labelling, broken down by type of result.	82 Sanctions 82-83 Customer Service
417-3	Number of cases of non-compliance with regulations or voluntary codes in relation to marketing communications, such as advertising, promotion and sponsorship, broken down by type of result.	82 Sanctions 82-83 Customer Service
Aspect: customer privacy 2016		
418-1	Number of substantiated complaints about violation of privacy and leaking of customer data.	82 Sanctions 82-83 Customer Service
Aspect: socio-economic compliance 2016		
419-1	Cost of significant fines due to non-compliance with regulations and legislation concerning the supply and use of products and services.	82 Sanctions 82-83 Customer Service 25 Regulatory compliance
<b>PRODUCT PORTFOLIO</b>		
FS1	Description of the policies with specific environmental and social content applied to the business areas	29-30 Commitments and achievements 65-66 Gaztenpresa Foundation 47 Socially Responsible Investment 71 Our relationship with the environment
FS2	Description of the procedures for evaluating and selecting the social and environmental risks in each of the policies described above and applied to the business areas.	57 Diversity and Equal Opportunities 47 Socially Responsible Investment 71 Our relationship with the environment

FS3	Description of the procedures for ensuring and controlling compliance with the social and environmental requirements by the customers included in the contracts or transactions	There is no system for monitoring and controlling our customers after the event, due to the location of our activities and the projects we finance
FS4	Description of the process(es) to improve the skills of employees for implementing environmental and social policies and procedures as they apply to business areas	71 Our relationship with the environment
FS5	Description of the interactions with customers and other stakeholders in terms of risk management and environmental and social opportunities	37 Dialogue with customers 52 Dialogue with staff 68 Dialogue with Society
FS6	Percentage of the portfolio for each of the business areas broken down by region, size and business sector	12 Geographic distribution of offices 37 Main customer figures 82 Other figures - Customers
FS7	Monetary value of products and services designed to provide a specific social benefit in each of the business areas and broken down by social objectives	48 Socially Responsible Products and Services
FS8	Monetary value of products and services designed to provide a specific environmental benefit in each of the business areas and broken down by environmental objectives	48 Loans for Renewable Energies
FS9	Audit coverage and frequency for assessing the degree of implementation of policies and procedures for social and environmental risk management.	93 Report Profile 71 Our relationship with the environment
FS10	Percentage and number of companies within the Organisation's portfolio with which the Organisation has interacted on social and environmental matters.	37 Dialogue with customers 77 Our relationship with supplier companies
FS11	Percentage of assets subject to positive and / or negative environmental and social screening	73 Environmental risk assessment 47 Socially Responsible Investment
FS12	Voting policies applied to social or environmental issues where the reporting organisation holds the right to voting actions or voting recommendations	Not applicable due to the type and legal form of the Organisation
FS13	Access to financial services in depopulated/disadvantaged areas by type of access.	48 Accessibility to Financial Services
FS14	Initiatives to improve access to people with disabilities	49 Architectural barriers and access via Internet and mobile phone.
FS15	Policies regarding the fair design and marketing of financial products and services	LABORAL Kutxa follows strict regulations when designing and marketing products. It also has a Code of Conduct. 37 Our relationship with clients 39-42 Responsible management with customers
FS16	Initiatives to expand financial culture, broken down by types of beneficiaries	49-50 Financial Culture 70 Financial education 65-66 Gaztenpresa Foundation 67- Indirect Contributions to Society

### 6.3. Reporting level of the Report

LABORAL Kutxa declares that this Report has been prepared in accordance with the GRI standards: Comprehensive option. This was indicated by the results of AENOR's external verification.

#### 6.4. Disclosure of sustainability information.

In compliance with the quantitative information requirements of Art. 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for credit institutions, LABORAL Kutxa discloses the manner and extent to which the company's activities are associated with environmentally sustainable economic activities. Article 8 requires disclosure of information on the proportion of turnover, investments in fixed assets and operating expenses ("key performance indicators") of activities related to assets or processes linked to environmentally sustainable economic activities.

For the presentation of the Green Asset Ratio (GAR), the templates defined in Annex VI of the EC Delegated Regulation published on 6 July 2021 have been used as a basis. In addition, only the information required for the period from 1 January 2022 to 31 December 2023 is disclosed.

The quantitative indicators were calculated using information available in the Regulatory Data Mart, where all the Entity's operations are reported. The selection of eligible corporate finance operations was based on the activity of the counterparties according to their CNAE (National Business Activity Code), the main limitation being the pending integration in the systems of the information on the specific destination of each operation.

- Template 1 - Assets for calculating the GAR: It contains information on the Entity's exposures broken down by type of counterparty and by type of instrument on a gross carrying amount basis. Eligible economic activities are shown by taxonomy and broken down by type of objective (Adaptation or Mitigation to climate change).
- Template 2 - Information by Sector 2: It contains information on the exposures of the banking book to the sectors covered by the taxonomy (NACE sectors with 4 levels of detail), using the relevant NACE codes according to the main activity of the counterparty.
- Template 3 - GAR results: It contains information on the proportion of total assets covered that finance taxonomy-relevant sectors, i.e. taxonomy-eligible sectors, broken down by type of counterparty and type of instrument, as well as by type of environmental objective.

The results obtained from the GAR calculation reflect the composition of the Entity's balance sheet: a surplus liquidity position, the majority weight of trade finance in SMEs and, especially, the high volume of mortgage financing.

LABORAL Kutxa carried out the first report on the implementation of the TCFD recommendations on climate change in 2021. The Financial Stability Board (FSB) commissioned the TCFD (Task Force On Climate-related Financial Disclosures) to develop a reporting framework to help the market assess the performance of companies with respect to climate change and to contribute to stakeholder decision-making. This TCFD report, available in the annex to the 2020 Sustainability Report and accessible on the corporate website, describes the actions carried out and the action plans following the recommendations of the framework in 4 aspects: governance, strategy, risk management and metrics and objectives.

A second report will be prepared in 2022, which will describe the activity developed throughout 2021, as well as the progress projects in the definition and implementation of the strategy, policy and product design processes and the relationship with clients and counterparties.

Declaration date	31/12/2021				
Name Status	GAR001				
Description Status	Assets for the calculation of the GAR (Spanish, obligatory).				
Number Sub-report	GAR001				
Description Sub-report	Assets for GAR calculation				
Reporting entity	4 - CAJA LABORAL (CONSOLIDATED)				
Presentation code	3035				
Million EUR	Disclosure reference date T				
	Total gross carrying amount		Climate Change Mitigation (CCM) Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Climate Change Adaptation (CCA) Of which towards taxonomy relevant sectors (Taxonomy-eligible)	TOTAL (CCM + CCA) Of which towards taxonomy relevant sectors (Taxonomy-eligible)
<b>GAR - Covered assets in both numerator and denominator</b>	1A	12,491	1B	10,608	1G
Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	2A	12,445	2B	10,563	2G
<b>Financial corporations</b>	3A	1,208	3B	0	3G
Credit institutions	4A	1,152	4B	0	4G
Loans and advances	5A	784	5B	0	5G
Debt securities, including UoP	6A	364	6B	0	6G
Equity instruments	7A	3	7B	0	7G
Other financial corporations	8A	56	8B	0	8G
Of which: Investment firms	9A	2	9B	0	9G
Loans and advances	10A	110	10B	0	10G
Debt securities, including UoP	11A	0	11B	0	11G
Equity instruments	12A	212	12B	0	12G
Of which: Management Companies	13A	0	13B	0	13G
Loans and advances	14A	0	14B	0	14G
Debt securities, including UoP	15A	0	15B	0	15G
Equity instruments	16A	0	16B	0	16G
Of which: Insurance undertakings	17A	54	17B	0	17G
Loans and advances	18A	0	18B	0	18G
Debt securities, including UoP	19A	0	19B	0	19G
Equity instruments	20A	54	20B	0	20G
<b>Non-Financial Corporations</b>	21A	688	21B	14	21G
NFCs subject to NFRD disclosure obligations	22A	688	22B	14	22G
Loans and advances	23A	666	23B	14	23G
Debt securities, including UoP	24A	10	24B	0	24G
Equity instruments	25A	12	25B	0	25G
<b>Households</b>	26A	10,549	26B	10,549	26G
of which loans collateralised by residential immovable property	27A	10,191	27B	10,191	27G
of which building renovation loans	28A	301	28B	301	28G
of which motor vehicle loans	29A	57	29B	57	29G
<b>Local governments financing</b>	30A	0	30B	0	30G
Collateral obtained by taking possession: residential and commercial immovable properties	31A	46	31B	46	31G
Other local government financing	32A	0	32B	0	32G
<b>Other assets excluded from the numerator for GAR calculation (covered in the denominator)</b>	33A	5,893	33B	0	33G
<b>Non-financial corporations</b>	34A	1,934			
SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	35A	1,925			
Loans and advances	36A	1,893			
of which loans collateralised by commercial immovable property	37A	382			
of which building renovation loans	38A	0			
Debt securities	39A	10			
Equity instruments	40A	22			
Non-EU country counterparties not subject to NFRD disclosure obligations	41A	9			
Loans and advances	42A	3			
Debt securities	43A	0			
Equity instruments	44A	6			
<b>Derivatives</b>	45A	20			
<b>On demand interbank loans</b>	46A	14			
<b>Cash and cash-related assets</b>	47A	71			
<b>Other assets (e.g. Goodwill, commodities etc.)</b>	48A	3,854			
<b>Total GAR assets</b>	49A	18,384	49B	10,608	49G
<b>Other assets not covered for GAR calculation</b>	50A	10,376			
<b>Sovereigns</b>	51A	7,480			
<b>Central banks exposure</b>	52A	2,893			
<b>Trading book</b>	53A	3			
<b>Total Assets</b>	54A	28,761	54B	10,608	54G
					054L
					10,608

<b>Declaration date</b>	31/12/2021
<b>Name Status</b>	
<b>Description Status</b>	Information by sector (GAR) (Spanish, oblig.).
<b>Name Sub-Report</b>	GAR002
<b>Description Sub-report</b>	Information by sector (GAR)
<b>Reporting entity</b>	4 - CAJA LABORAL (CONSOLIDATED)
<b>Presentation code</b>	3035

	Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)	Climate Change Adaptation (CCA)	TOTAL (CCM + CCA)	
			Non-Financial corporates (Subject to NFRD)	Non-Financial corporates (Subject to NFRD)	Non-Financial corporates (Subject to NFRD)	
			Gross carrying amount	Gross carrying amount	Gross carrying amount	
			Million EUR	Million EUR	Million EUR	
1A	1013 - Meat and poultry products processing	1B	0	1H	1N	0
1A	1396 - Manufacture of other textiles for technical and industrial uses	1B	0	1H	1N	0
1A	2511 - Manufacture of metal structures and their components	1B	1	1H	1N	1
1A	2550 - Forging, pressing and stamping of metals; powder metallurgy	1B	1	1H	1N	1
1A	2593 - Manufacture of wire products, chains and springs	1B	0	1H	1N	0
1A	2599 - Manufacture of other fabricated metal products n.e.c.	1B	0	1H	1N	0
1A	2841 - Manufacture of metalworking machine tools	1B	1	1H	1N	1
1A	4110 - Property development	1B	2	1H	1N	2
1A	4621 - Wholesale trade in cereals, raw tobacco, seeds and animal feeds	1B	0	1H	1N	0
1A	4649 - Wholesale trade of other household articles	1B	0	1H	1N	0
1A	4671 - Wholesale trade of solid, liquid and gaseous fuels and similar products	1B	0	1H	1N	0
1A	6420 - Activities of holding companies	1B	1	1H	1N	1
1A	6820 - Renting of real estate on own account	1B	0	1H	1N	0
1A	8812 - Social service activities without accommodation for persons with disabilities	1B	7	1H	1N	7
1A	9999 - CNAEs not included in Taxonomia	1B	1	1H	1N	0
1A	TOTAL	1B	14	1H	1N	14

<b>Declaration date</b>	31/12/2021				
<b>Name Status</b>	GAR003				
<b>Description Status</b>	Key performance indicator of the GAR in terms of stock (Spanish, oblig.).				
<b>Number Sub-report</b>	GAR003				
<b>Description Sub-report</b>	Key performance indicator of GAR in terms of stock				
<b>Reporting entity</b>	4 - CAJA LABORAL (CONSOLIDATED)				
% (compared to flow of total eligible assets)	Disclosure reference date T				
		Climate Change Mitigation (CCM)		Climate Change Adaptation (CCA)	TOTAL (CCM + CCA)
		Proportion of total assets covered that finance taxonomy-relevant sectors (Taxonomy-eligible)		Proportion of total assets covered that finance taxonomy-relevant sectors (Taxonomy-eligible)	Proportion of total assets covered that finance taxonomy-relevant sectors (Taxonomy-eligible)
<b>GAR - Covered assets in both numerator and denominator</b>	1A	84.93	1F	0.00	1K 84.93
Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	2A	84.87	2F	0.00	2K 84.87
<b>Financial corporations</b>	3A	0.00	3F	0.00	3K 0.00
Credit institutions	4A	0.00	4F	0.00	4K 0.00
Loans and advances	5A	0.00	5F	0.00	5K 0.00
Debt securities, including UoP	6A	0.00	6F	0.00	6K 0.00
Equity instruments	7A	0.00	7F	0.00	7K 0.00
Other financial corporations	8A	0.00	8F	0.00	8K 0.00
of which investment firms	9A	0.00	9F	0.00	9K 0.00
Loans and advances	10A	0.00	10F	0.00	10K 0.00
Debt securities, including UoP	11A	0.00	11F	0.00	11K 0.00
Equity instruments	12A	0.00	12F	0.00	12K 0.00
of which management companies	13A	0.00	13F	0.00	13K 0.00
Loans and advances	14A	0.00	14F	0.00	14K 0.00
Debt securities, including UoP	15A	0.00	15F	0.00	15K 0.00
Equity instruments	16A	0.00	16F	0.00	16K 0.00
of which insurance undertakings	17A	0.00	17F	0.00	17K 0.00
Loans and advances	18A	0.00	18F	0.00	18K 0.00
Debt securities, including UoP	19A	0.00	19F	0.00	19K 0.00
Equity instruments	20A	0.00	20F	0.00	20K 0.00
<b>Non-financial corporations</b>	21A	2.03	21F	0.00	21K 2.03
NFCs subject to NFRD disclosure obligations	22A	2.03	22F	0.00	22K 2.03
Loans and advances	23A	2.10	23F	0.00	23K 2.10
Debt securities, including UoP	24A	0.00	24F	0.00	24K 0.00
Equity instruments	25A	0.00	25F	0.00	25K 0.00
<b>Households</b>	26A	100.00	26F	0.00	26K 100.00
of which loans collateralised by residential immovable property	27A	100.00	27F	0.00	27K 100.00
of which building renovation loans	28A	100.00	28F	0.00	28K 100.00
of which motor vehicle loans	29A	100.00	29F	0.00	29K 100.00
<b>Local governments financing</b>	30A	0.00	30F	0.00	30K 0.00
Collateral obtained by taking possession: residential and commercial immovable properties	31A	100.00	31F	0.00	31K 100.00
Other local government financing	32A	0.00	32F	0.00	32K 0.00
<b>Total GAR assets</b>	33A	57.70	33F	0.00	33K 57.70





La organización para la que se emite este certificado, ha encargado a AENOR llevar a cabo una verificación bajo un nivel de aseguramiento limitado del Informe de Sostenibilidad realizado de conformidad con los Sustainability Reporting Standards (GRI Standards) en la opción declarada en este certificado.

Como resultado de la verificación efectuada AENOR emite el presente certificado, del cual forma parte el Informe de Sostenibilidad verificado. El certificado únicamente es válido para el propósito encargado y refleja sólo la situación en el momento en que se emite.

El objetivo de la verificación es facilitar a las partes interesadas un juicio profesional e independiente acerca de la información y datos contenidos en el Informe de Sostenibilidad de la organización, elaborado de conformidad con los estándares GRI.

**Responsabilidad de la organización.** La organización tuvo la voluntad de reportar su desempeño en materia de responsabilidad social, de conformidad con los estándares GRI. La elaboración y aprobación del Informe de Sostenibilidad así como el contenido del mismo, es responsabilidad de la organización. Esta responsabilidad incluye asimismo el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que el Informe de Sostenibilidad esté libre de incorrección material, debida a fraude o error, así como los sistemas de gestión de los que se obtiene la información necesaria para la preparación del mismo. La organización, ha informado a AENOR que no se han producido, desde la fecha de cierre del ejercicio reportado en el informe de sostenibilidad hasta la fecha de la verificación, ningún acontecimiento que pudiera suponer la necesidad de realizar correcciones al informe.

**Programa de verificación conforme a ISO/IEC 17029:2019.** AENOR, ha realizado la presente verificación como prestador independiente de servicios de verificación. La verificación se ha desarrollado bajo los principios de “enfoque basado en evidencias, presentación justa, imparcialidad, competencia técnica, confidencialidad, y responsabilidad” exigidos en la norma internacional ISO/IEC 17029:2019 “Evaluación de la conformidad – Principios generales y requisitos para los organismos de validación y verificación”.

Adicionalmente, los criterios e información que se han tenido en cuenta como referencia para realizar el Programa de verificación han sido los criterios establecidos por la iniciativa mundial de presentación de informes de sostenibilidad en los estándares GRI.

AENOR se exime expresamente de cualquier responsabilidad por decisiones, de inversión o de otro tipo, basadas en el presente certificado.

Durante el proceso de verificación realizado, bajo un nivel de aseguramiento limitado, AENOR realizó entrevistas con el personal encargado de recopilar y preparar el Informe de Sostenibilidad y revisó evidencias relativas a:

- Actividades, productos y servicios prestados por la organización.
- Consistencia y trazabilidad de la información aportada, incluyendo el proceso seguido de recopilación de la misma, muestreando información sobre la reportada.
- Cumplimentación y contenido del Informe de Sostenibilidad con el fin de asegurar la integridad, exactitud y veracidad en su contenido referido al periodo objeto del informe.

Las conclusiones por tanto se fundamentan en los resultados de ese proceso de carácter muestral, y no eximen a la Organización de su responsabilidad sobre el cumplimiento de la legislación que le sea de aplicación.

El personal involucrado en el proceso de verificación, la revisión de conclusiones y la decisión en la emisión del presente certificado, dispone de los conocimientos, habilidades, experiencia, formación, infraestructuras de apoyo y la capacidad necesarios para llevar a cabo eficazmente dichas actividades.

