

# SUSTAINABILITY '23

## SUSTAINABILITY REPORT AND NON-FINANCIAL INFORMATION STATEMENT

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

## TABLE OF CONTENTS

<b>0. Letter.....</b>	<b>4</b>
<b>1. About us .....</b>	<b>7</b>
1.1 Group presentation .....	8
1.2. Operating structure .....	10
1.3. Cooperativism.....	10
1.4. Values, principles, standards and rules of conduct .....	11
1.5. Geographic distribution of offices .....	12
1.6. The Group's main figures.....	13
1.7. Risk management and strategy .....	15
1.8. Principles and governance .....	18
1.9. Development of the governing bodies .....	23
1.10. Remuneration of the governing bodies.....	24
1.11. Corruption and bribery .....	24
1.12. Money laundering.....	26
1.13. Regulatory Compliance.....	27
<b>2. Responsible management.....</b>	<b>28</b>
2.1. Management approach .....	29
2.2. Commitments and achievements .....	30
2.3. Materiality analysis .....	32
2.4. Sustainability roadmap-Prioritisation of material issues .....	35
2.5. LABORAL Kutxa's CSR Scorecard .....	35
2.6. United Nations Principles for Responsible Banking and Sustainable Development Goals (SDGs) .....	36
<b>3. Management of stakeholders .....</b>	<b>37</b>
3.1. Our relationship with customers .....	38
3.1.1 Management Approach .....	38
3.1.2. Key customer figures .....	38
3.1.3. Dialogue with the customer .....	39
3.1.4. Responsible management with customers and excellence in quality of service .....	42
3.1.5. Protection of privacy and the security of data and operations .....	45
3.1.6. Responsible products and services .....	47
3.2. Our relationship with the workforce .....	55
3.2.1. Management approach .....	55
3.2.2. Key workforce figures .....	56
3.2.3. Dialogue with the workforce .....	61
3.2.4. Staff development .....	62
3.2.5. Diversity and equal opportunities .....	65
3.2.6. Work-life balance.....	67
3.2.7. Remuneration management.....	68
3.2.8. Occupational health & safety .....	70
3.2.9. Social benefits package.....	73
3.3. Our relationship with society.....	75
3.3.1. Management approach .....	75
3.3.2. Key figures: Distribution of profits to society .....	78
3.3.3. Dialogue with society.....	78
3.3.4. Initiatives endorsed by LABORAL Kutxa .....	79

3.4. Our relationship with the environment.....	82
3.4.1. Management approach .....	82
3.4.2. Key figures and initiatives developed .....	83
3.5. Our relationship with supplier companies.....	91
3.5.1. Management approach .....	91
3.5.2. Main figures .....	92
3.5.3. Dialogue with suppliers .....	92
3.5.4. Initiatives developed during the year for responsible supplier management .....	94
<b>4. Information on the Report.....</b>	<b>95</b>
<b>5. Annexes.....</b>	<b>98</b>
5.1. GRI table of contents .....	99
5.2. Reporting level of the Report .....	108
5.3. Disclosure of sustainability information. Taxonomy .....	109
5.4. AENOR verification .....	113

A large crowd of people, seen from above, forms a heart shape in the center of the image. The background is a vibrant pink with large, overlapping geometric shapes in lighter and darker shades of pink. Long, thin shadows of the people are cast across the background, suggesting a low sun position. The overall composition is symmetrical and visually striking.

# 0. LETTER

I would like to begin my first statement on the importance of sustainable development for the LABORAL Kutxa Group by referring to the internal reflection we have conducted on our purpose as an organisation that culminated in 2023. With this reflection, which we have called Zentzua, we have sought to connect our past, identifying what has brought us to the present, with the future we want to continue building for our cooperative.

Caja Laboral was created in 1959 with the aim of transforming society by making it fairer, more supportive and egalitarian. With the clear objective of dignifying people equally. We are, in short, a business project at the service of society, which aims to transform it to make it richer and more equitable. Society, the economy and the cooperative itself have evolved a great deal since then, but we believe that this objective remains just as valid today. As a result of this reflection, we have defined our purpose and legacy as follows:

*To build more prosperous, egalitarian and sustainable communities, expanding a cooperative culture of solidarity and co-responsibility.*

This definition will henceforth serve as a guide for defining values, developing culture and guiding strategic decisions. Further details on Zentzua, as well as on the levers we want to activate as a result of this project, are provided throughout this report.

Turning to the performance of LABORAL Kutxa in 2023, this has been a year of intense activity in terms of sustainability. The numerous, accelerated and demanding regulatory initiatives are forcing us as financial institutions to make a major effort to adapt and transform our structures and processes.

A major milestone in the past year has been the progress in the integration of sustainability risks. This is a path that will require greater efforts in the coming years, both because of the demands of the regulators and because of the difficulty of integrating new elements that until recently were not considered in the analyses. In 2023, as described in more detail in this report, the direct and transitional risks facing our trade finance portfolio have been analysed in particular.

There are three other developments in 2023 that I would like to mention. Firstly, the progressive design and deployment of a catalogue of ESG products, both for savings and for the financing and insurance of our customers. Also the approval of the LABORAL Kutxa Group's ESG Investment, Financing and Underwriting Policy. And finally, the incorporation of objectives linked to sustainability indicators in the variable remuneration of the entire workforce.

It is also important to note that a first report has been produced following the recommendations of the TNFD (Taskforce on Nature-related Financial Disclosures). With this document, integrated with the TCFD climate report, we will deepen our knowledge and dissemination of the effects of our activity on biodiversity, as well as the risks related to nature and the deterioration of ecosystems.

In terms of our direct impacts on the environment and society, I would highlight two developments. In 2023, we continued to increase the percentage of our energy consumption that is self-generated. In the near future, half of our energy consumption will come from participation in photovoltaic plants. Furthermore, we have launched the Integral Accessibility project, a long-term initiative that aims to ensure that all people, regardless of their situation, can interact with and have access to all our customer and social relations channels.

Despite the significant progress made in implementing the LABORAL Kutxa Group's sustainability strategy, there are some elements that will continue to require a sustained effort. The main

challenge is to improve the quality of the information available, both internally and externally. Without adequate data availability, it will not be possible to properly integrate sustainability risks alongside the other traditional risks of the financial system. To address this, we will continue to work on different projects in 2024 and the coming years.

Looking to the medium term, we face some significant challenges in the coming years. I would highlight the adaptation to the new Corporate Sustainability Reporting Directive which requires reporting on environmental, social and governance aspects with the same level of completeness as is currently the case for financial aspects. At the same time, we will have to move forward in the decarbonisation process, both in our direct activity and in our investment, financing and insurance activities, with the long-term objective of achieving neutrality.

In conclusion, I would like to reiterate once again our commitment and support for the international initiatives to which we adhere and which promote sustainable development and respect for human, labour, environmental and anti-corruption rights. These are the Principles for Responsible Banking of the United Nations and the Sustainable Development Goals (SDGs) of the 2030 Agenda.

Adolfo Plaza Izaguirre

Chairman of LABORAL Kutxa





# 1. ABOUT US

## 1.1. Group Presentation

Caja Laboral Popular Coop. de Crédito, with the trade name LABORAL Kutxa and headquarters at José M<sup>a</sup> Arizmendiarieta s/n. 20500 Arrasate – Mondragón (Gipuzkoa), 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 customer 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 (Voluntary Social Welfare Institutions). 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 concentrated in the Governing Board of Caja Laboral Popular Coop. de Crédito.

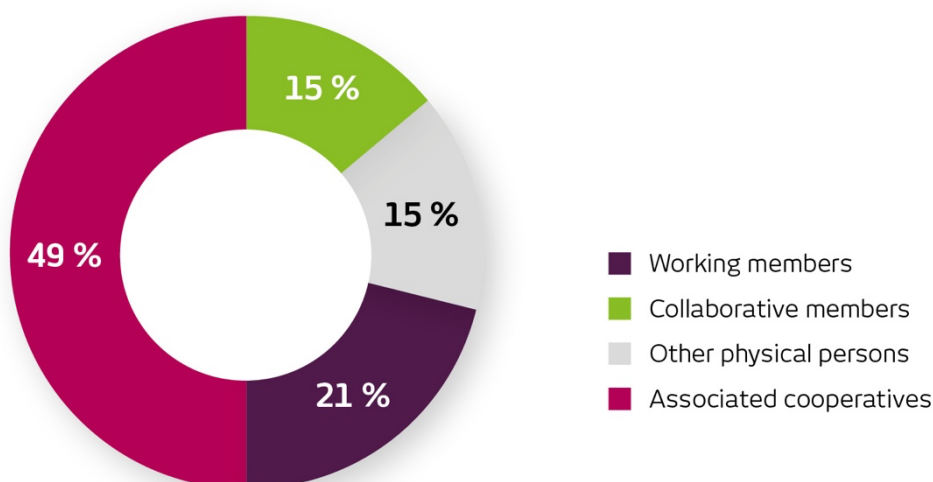
The Insurance Business includes the activity carried out by the Group through Seguros Lagun-Aro Vida, S.A. and Seguros Lagun-Aro, S.A. The Group is engaged in life insurance business, marketing life insurance and life savings policies. In addition, it is active in non-life insurance, mainly in car insurance,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



## SHARE CAPITAL AS AT 31/12/2023

818.8 M EUROS



The investee companies that make up the LABORAL Kutxa Group:

Dependent Entities	Activity	Shater percentage	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-Mondragon 20500 Gipuzkoa
Caja LABORAL Pensiones GFP, S.A.*	Pension fund manager	100%	Paseo José María Arizmendiarieta SN Edificio 5 1ª Arrasate-Mondragon 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 Via Diego Lopez de Haro, 2 - PISO 1, Bilbao, 48001 , Bizkaia
Lagun Klik, SLU*	Trade intermediaries	100%	Calle Capuchinos de Basurto nº 6, 3º, 48013 Bilbao (Bizkaia)
Partners Group LAMIAK S.C.A, SICAV – RAIF*	Financial asset manager	99%	Avenue John F. Kennedy 35 D, L-1855 Luxembourg
<b>Associated Entities</b>			
ATEGI GREEN POWER, S.L.*	Photovoltaic installations	28.57%	Calle Goiru (ed b), 1 – Piso 3, Arrasate/Mondragón, 20500, Gipuzkoa

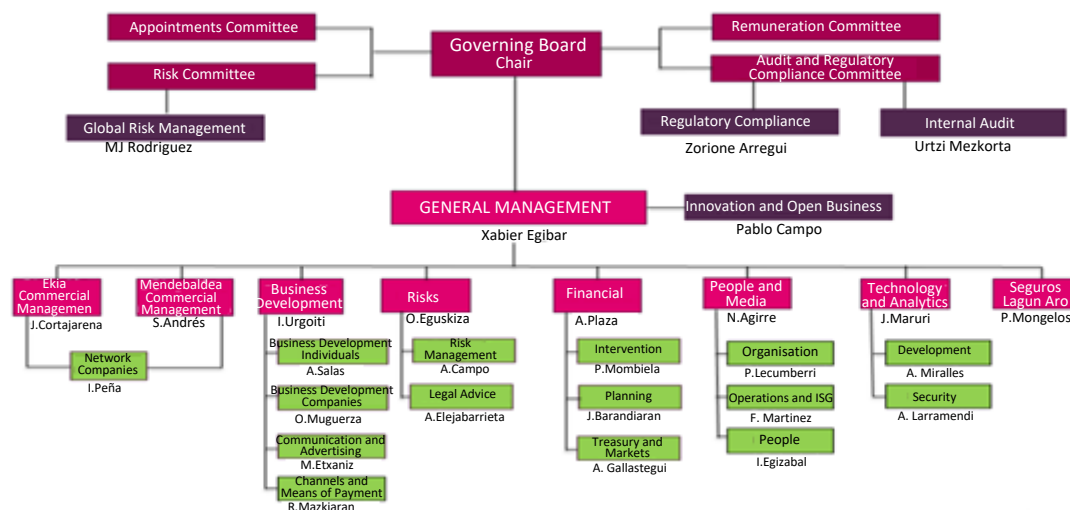
\*Companies with no employees

There are no differences between the financial statements and the non-financial statements.

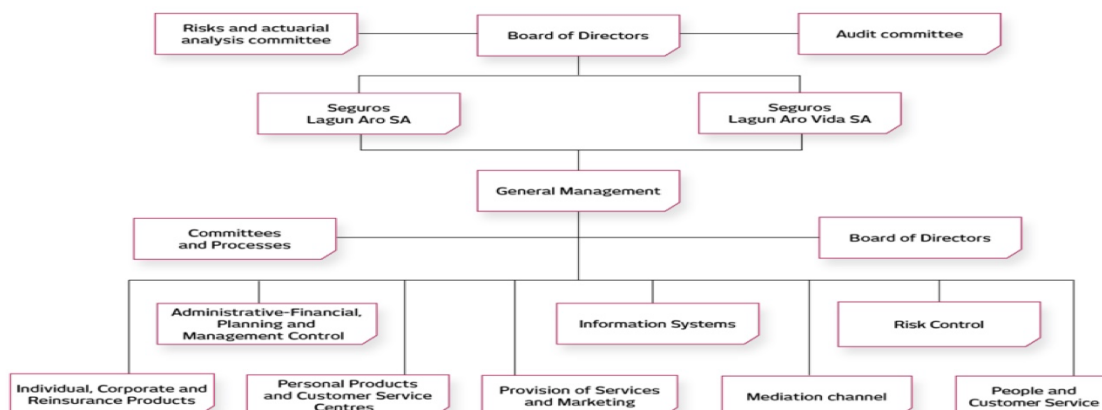
Throughout this report, the information is mainly presented differentiating between LABORAL Kutxa, CLBS and Seguros Lagun Aro (the 3 companies that form the group). In cases where they are not differentiated, the information will be consolidated.

## 1.2. Operating structure

The structure in force at 31/12/23 and to be modified at 1/1/24, is developed through functional Areas, which in turn are deployed by the various Departments, Sections, Zones and Network of branches.



### Seguros Lagun Aro



## 1.3. Cooperativism

WHAT DIFFERENTIATES US FROM OTHER BANKS AND SAVINGS BANKS?

WE ARE A COOPERATIVE CREDIT UNION	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.
GIVING BACK TO SOCIETY. USEFUL BANKING, COMMITTED TO OUR SOCIETY	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.
WE ARE WORKERS, PARTNERS AND STAKEHOLDERS	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.



## Purpose and Legacy

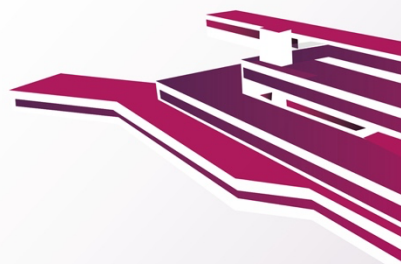
"We build more prosperous, egalitarian and sustainable communities, expanding a cooperative culture of solidarity and co-responsibility"

## Mission

LABORAL Kutxa and the people who form part of the credit cooperative are committed to offering our customers a close, professional and honest financial and insurance service that helps them to achieve their goals and well-being.

We will do this by developing a bank with values, one that is competitive, solvent and profitable in the long term, always with the aim of leaving an improved legacy for future generations.

We are committed to developing the "Mondragon Cooperative Experience", and are open to collaborating with those agents who seek a sustainable social model.



### 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 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. 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".

Likewise, the Entity has a Gifts and Hospitality Policy and a Protocol to combat sexual and gender-based harassment.

In 2023 a Corporate Policy was approved regarding the Laboral Kutxa Group's Internal Reporting System, together with a Procedure regulating its operation. Its purpose is to establish a homogeneous framework to regulate the Whistleblowing Channel as the channel through which the entities of the Laboral Kutxa Group can receive information on possible breaches of the internal or external regulations applicable to them. This Policy therefore complements the bases on which the crime prevention and response model of the different entities that make up the Laboral Kutxa Group is based.

The Ethics Committee is responsible for the Whistleblowing Channel, which is chaired by the People and Media Department and also comprises, among others, Regulatory Compliance, Legal Counsel and Internal Audit. This body, in addition to monitoring, grants authorisations or exceptions and deals with the complaints received through the Whistleblowing Channel, ensuring the appropriate action.

In 2022 and 2023 there were no consultations or complaints.

The Group's insurance companies, Seguros Lagun Aro and Seguros Lagun Aro Vida, despite the fact that due to regulatory requirements they have the legal form of a public limited company and not a cooperative, share the cooperative values, as well as the different management policies and practices.

Seguros Lagun Aro is part of the *European mutual and cooperative insurance association - EURES*, 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 should be added the office of Cooperatives and Large Enterprises, Developers and Public Sector).



Distribution of offices as at 31/12/2023			
Provinces	Individuals	Companies	Brokerage
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	12	2	-
Asturias	8	-	1
Burgos	6	-	-
Salamanca	6	-	-
La Rioja	4	-	1
Cantabria	4	-	-
Leon	3	-	-
Palencia	2	-	-
Barcelona	2	-	1
Huesca	1	-	-
Zamora	1	-	-
Valencia	-	-	1
<b>Total no. of branches</b>	<b>283*</b>	<b>8</b>	<b>9</b>

\* As at 31/12 office 439 Rivas-Vaciamadrid was open for accounting purposes but not physically.

## 1.6. The Group's main figures

Item	2022	2023
Total assets (M)	27,755	26,589
Own Funds (M)	2,007	2,126
Customer deposits (M)	23,183	22,563
Credit to customers (M)	15,200	14,989
Branches	280	283*
ATMs	529	544
Interest Margin (M)	280.8	558.9
Gross Margin (M)	496.5	585.1
Administration Costs (M)	240.8	249.9
Profit after tax (M)	139.1	208.4

\* As at 31/12 office 439 Rivas-Vaciamadrid was open for accounting purposes but not physically.

The distribution of wealth generated by LABORAL Kutxa is shown in the following table:

Item (thousands of €).	2022	2023
<b>1. Directly generated financial value</b>	<b>520,327</b>	<b>662,792</b>
Gross Margin (before other operating charges)	496,525	645,905
Profits on Sale of Material and Awarded Assets	23,802	16,887
<b>2. Distributed financial value</b>	<b>372,189</b>	<b>424,242</b>
Payment to supplier companies (Operating costs)	149,821	151,445
- other general administrative costs.	101,539	104,968
- other operating charges	48,281	46,477
Staff costs	139,291	144,977
Income tax	18,391	34,538
Interest on capital	36,064	57,539
Investment / Donations to the community	28,623	35,743
Development and Education Fund (FEP)	11,449	24,297
Intercooperative Social Fund (FSI)	17,174	21,446
<b>3. Financial value retained (1-2)</b>	<b>148,138</b>	<b>238,550</b>

As for **real estate-asset management companies**, LABORAL Kutxa is the owner (sole member) of ISGA, S.A. The company registered a profit, included in the Group's consolidated results, of €7,049 (thousands of €)

Item (thousands of €). Management of real estate assets	2022	2023
Revenue (Sales)	70,528	32,281
Operating costs	3,534	818
Staff costs	0	0
Financial costs for interest and dividends	154	3.5
Gross tax	1,863	238

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

Item (thousands of €). CLBS	2022	2023
Turnover (commissions)	43,084	35,260
Staff Costs	7,389	7,901
Total Costs	40,584	32,470
Pre-tax profit	2,499	2,790

The objective of the **real estate asset management companies** in 2023 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-managed developments and building.

In 2023, via the company ISGA, work was carried out on 6 real estate projects involving the construction of 273 homes, of which 3 projects have been completed, bringing the total number of completed and delivered homes to 81.

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** represents a minimal participation in the Spanish real estate sector. Its indirect effect is related to the outsourcing 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>2022</b>	<b>2023</b>
Taxes (property tax, tax on professional and commercial activities, etc...)	1,786	1,646
VAT	10,414	3,071
Tax on deposits	7,045	6,746
DTAs equity benefit	1,812	1,582
<b>LK Total</b>	<b>21,057</b>	<b>13,045</b>
<b>CLBS tax on profits</b>	<b>600</b>	<b>663</b>
<b>Taxes and duties (thousands of €) Lagun Aro</b>	<b>2022</b>	<b>2023</b>
Corporate income tax	2,704	2,356
Taxes (property tax, tax on professional and commercial activities, etc...)	88	86
<b>Lagun Aro Total</b>	<b>2,794</b>	<b>2,443</b>

In 2022, LK's accrued corporate income tax amounted to 15,792 thousand euros and 25,948 thousand euros in 2023.

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

<b>Item (thousands of euros)</b>	<b>2022</b>	<b>2023</b>
Subsidies (aid for employment, training and energy investments)	38	275
<b>Item (thousands of euros)</b>	<b>2022</b>	<b>2023</b>
Lagun Aro subsidies	0	0

## 1.7. Strategy and risk management

In 2022, a strategic reflection was carried out, which led to the drafting of a Strategic Plan for the years 2023-2024. The strategic deliberations at LABORAL Kutxa follow 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.

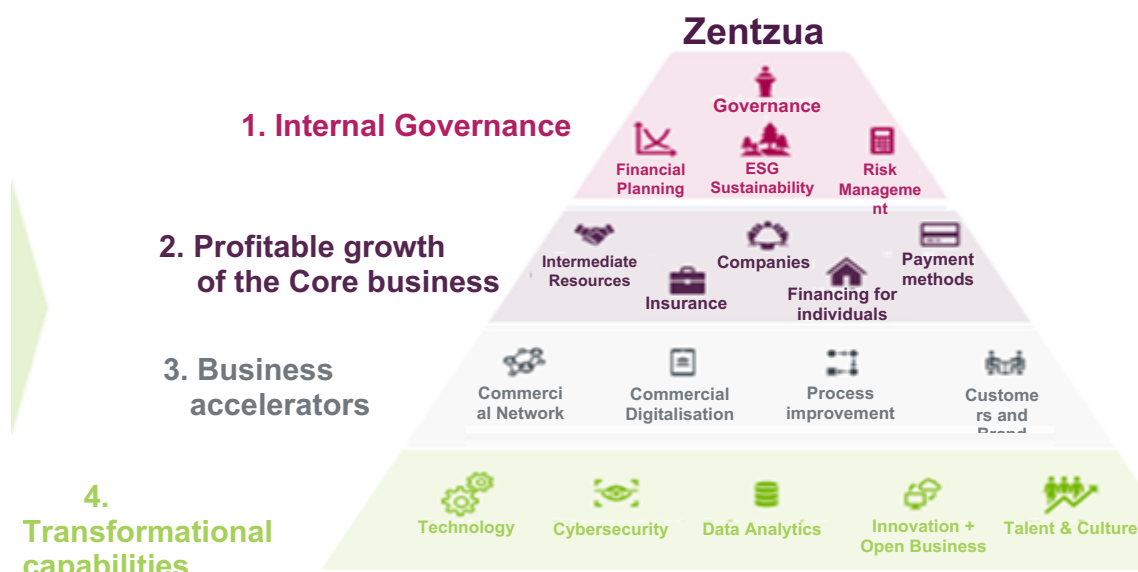
An analysis was made of the environmental situation, with particular attention paid to:

- Economic uncertainty, exacerbated by supply problems and the war in Ukraine.
- Increased inflation and the resulting increase in interest rates.

The basic outline from the previous strategic plan was maintained, defining the following goals:

- **To grow in value in the entity's main businesses:** Mortgages, Commercial, Insurance and Off-Balance.
- **Drive the entity's transformation:** digitalisation, technology, cyber-security, data analytics, supervisory demands, talent.

The programmes are layered in four large sections (Internal Governance, Profitable Growth of the Core Business, Business Accelerators and Transformational Capacity).



An analysis of the performance of the environment and the validity of the Strategic Plan was carried out in summer 2023. The main conclusion of this re-direction is that the basic structure and objectives of the Plan are maintained.

A novelty of this planning was the separation of Governance and Sustainability, which in the previous Plan formed a single programme. Cross-cutting. The main lines of action of the Sustainability programme are:

- Aligning the sustainability strategy with Zentzua.
- Adaptation of the product catalogue in all lines of business.
- Transversal integration of environmental and climate-change risks, training.
- Reducing the activity's direct impact: consumption and work centres, accessibility of facilities, carbon footprint.
- Positioning and Communication of the product.
- Sustainability scorecard: KPIs and monitoring, including the RAS.
- Promotion of efficient housing (A, B).

### Main challenges

Implement the Sustainability strategy, based on the conclusions of the deliberations on the Purpose of the entity (Zentzua), the corporate values, the commitments as a signatory of the Principles of Responsible Banking and the SDGs of the 2030 Agenda. Initiatives and projects will be monitored from a *greenwashing* perspective, including the second and third lines of defence. The entity will also adapt to the regulatory ESG expectations, adapting the catalogue of green products, applying sustainability principles to measures and people (including Accessibility) and reducing the direct impact of the activity.

Risk management is a vital part of a financial entity. In 2023, these key milestones are described in more detail throughout this report and in the Climate Report:

- A heat map analysis of the ESG risks faced by our funding portfolio has been carried out.
- The ESG Financing, Investment and Underwriting Policy for the LABORAL Kutxa Group has been approved. This Policy clarifies exclusions, sectors considered sensitive and the management of disputes.



- The development of a catalogue of sustainable products has continued.

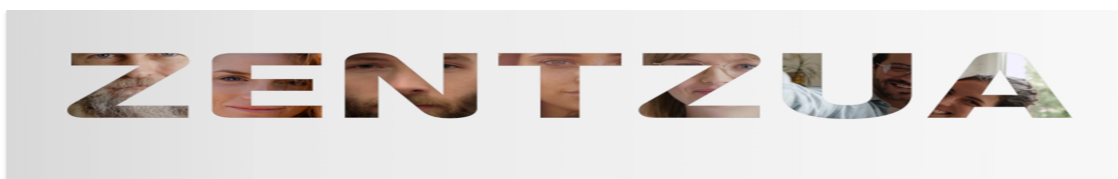
With regard to sustainability, the conclusions of the 2023 redirection were:

- The awareness of the increase in the needs and resources required by reporting.
- The complexity of integrating ESG risks alongside other risks.

## ZENTZUA

In 2022, there was an open reflection on the meaning or purpose of LK in the future. The aim was to:

1. **Update LK's historical hallmarks** so that they continue to guide the future of the organisation.
2. **Incorporate in this guide the new trends** that mark the concerns and future of people and society, in order to give them our response as an organisation, in a way that complements the original traits.
3. **Define the identity traits by which we wish to be identified as an organisation**, establishing the principles and behaviours desired in the entity, both those that affect the **individual** and that will guide the **internal relations** within the organisation, those that will cement our **relationship with our customers**, and those that will bind together LK's value proposition to **society**..
4. To make the entity evolve, incorporating **challenges of improvement that mark the evolutionary direction of the organisation**.



In 2023, the reflection was completed thanks to the participation of all the bodies of the Cooperative, as well as people selected to compare the different contents.

Subsequently, the deployment of this formulation of ZENTZUA began with the holding of specific sessions for the people who make up the Entity's management line and the first editions of experiential workshops, called "Topaketa Kooperatiboak", to which all the members of the cooperative shall be invited.

In addition to the above, initiatives have been defined that will be worked on throughout 2024 in terms of people, customers and society, including the integration of ZENTZUA in the strategy.

Section 2.2 Commitments and achievements provides an overview of the status of the objectives established in the previous Strategic Plan at the end of 2023.

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

## 1.8. Principles and governance

### Corporate governance

Due to the fact that LABORAL Kutxa's activity is national in scope and the criteria governing the recruitment of its main executives are based on the adequacy of professional skills, there are no conditions as to their geographical origin in the executive selection policy.

In terms of corporate Governance, the progress made in 2023 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 attraction, 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.
- At the end of 2023, the chairmanship of the Cooperative was renewed due to the retirement of the previous chairman.

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.

As of 31 December 2023, the presence of the under-represented gender on the Governing Board exceeded 42%.

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. The policy for selection, appointment and succession of senior management was updated in 2023.

In 2023, a new composition of the Board of Directors was agreed with effect from 1 January 2024, increasing the total number of members by one person.

At the **Lagun Aro** Board of Directors meeting in January 2019, in accordance with art. 18 of Royal Decree 1060/2015, of 20 November, on the regulation, supervision and solvency of insurance and reinsurance companies ("RDOSSEAR"), the compliance with the requirements of aptitude and honourability of each and every one of the members of the Company's Board of Directors was recorded in the minutes. Subsequently, in July 2022, on the occasion of the appointment of

an Independent Advisor to the Board of Directors, the corresponding process for the approval of the aptitude and honourability of said Advisor was carried out, informing the Insurance General Directorate of such. The Boards of Directors of the Insurance Companies remained unchanged in 2023.

Governing Body	Between 30 and 50 years of age				Over 50			
	2022		2023		2022		2023	
	M	W	M	W	M	W	M	W
Governing Board*	2	5	1	3	5	2	6	4
Auditors	0	1	0	1	1	1	1	1
Operations Committee	0	2	1	1	2	0	1	2
Audit Committee	0	1	0	1	3	0	3	0
Appointments Committee	1	0	0	0	1	1	2	1
Social Council	8	4	7	6	3	5	3	4
Board of Directors	1	1	1	2	6	1	6	1
Risks Committee	1	2	1	1	1	0	1	2
Remuneration Committee	0	3	1	1	0	0	0	1
Board of Directors – Seguros Lagun Aro	1	1	1	1	4	0	4	0
Board of Directors – Seguros Lagun Aro	0	2	0	2	4	1	4	1

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	Functions	Year est.
<b>Structure of the administrative body</b>		
Governing Board	Senior management, supervision of Management, representation of the Company. Periodically analyses sustainability aspects and continuously analyses economic and social impacts, risks and opportunities. It is not of an executive nature.	1960
Appeals 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 under-represented 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 Committee	Consultative body on Occupational Risk Prevention.	1996
Hizkuntza Batzordea	Committee for linguistic standardisation.	2000

Environmental Committee	Environmental System Management.	2001
Committee for the Prevention of Money Laundering	Control and communication body for the Prevention of Money Laundering.	2003
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 functions of the CDO 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
Operational Risk Committee	Contributes to minimising reputational risk, driving measures to improve the resilience of the Entity in the face of events with a reputational risk	2022
Sustainability Committee	Monitors operational actions and applies any measures necessary for adapting the entity to the sustainable-finance position established in the Strategy.	2022

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 include:

- 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 mission of the **Ethics Committee** is to promote ethical behaviour at 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. It submits an annual Crime Prevention Report to the Governing Council, which includes an *Evaluation Report* for the corresponding financial year. The Committee is composed of 5 persons, presently 3 men and 2 women.

Every 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, including ESG risk indicators, which 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. The Governing Board also annually approves the *Credit Risk Policy Manual*, which includes risk policies, procedures and criteria.

The specific aspects concerning the sustainability and climate-change risks, their integration and analysis, are among the roles of the Risk Committee. The sustainability risks, as well as being a recent area of activity, have some distinguishing characteristics that make them especially complex to evaluate. The Group's ambition is to progressively advance its knowledge of them and their suitable integration.

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

The **Sustainability Committee** was created in 2022. The Committee is responsible for guaranteeing the execution of the Strategy and the management plans established by the Governing Body. To do so, it monitors the operational activities and applies any measures necessary for adapting the Entity to the sustainable-finance position established in the Strategy. The composition of this Committee includes all the members of the Board of Directors, as well as the Sustainability Office. In addition, any members of the Entity implicated in the direct management of the various aspects related to sustainability that may arise at any time shall be invited to said Committee.

At **Seguros Lagun Aro**, in July 2022, the Board reviewed the "Adequacy of key positions" policy, drawing up an Aptitude and Honourability Policy, as well as a Suitability Manual on the suitability of those who form part of the Organisation's Governance system. It is a comprehensive review of the policy with significant changes and is updated annually.

Law 20/2015, of 14 July 2015, on the management, supervision and solvency of insurance and reinsurance entities (LOSSEAR by its Spanish initials), states in article 38 that insurance and reinsurance entities and dominant entities in groups of insurance entities shall guarantee that all persons who carry out the effective management, under whatever title, and those who carry out the roles that make up the governance system, meet the requirements for aptitude and honourability at all times.

In turn, article 42 of Directive 2009/138/EC of the European Parliament, of 25 November 2009, on life insurance and the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and article 273 of the Commission Delegated Regulation, of 10 October 2014, which supplements it, decree that insurance and reinsurance undertakings shall establish, implement and maintain documented policies and adequate procedures to ensure that all persons who effectively run the undertaking or have other key functions are at all times in compliance with the demands for aptitude and honourability.

Likewise, Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (IDD) and Royal Decree-Law 3/2020 on urgent measures which includes the new regulations on the subject of Insurance Distribution, which transposes the aforementioned Directive, require that persons operating in the role of Head of Distribution, are familiar with their duty and comply with it, exercising their roles in accordance with the principles of aptitude and honourability.

The aforementioned Policy applies to the effective Management (members of the Board of Directors, General Management), the holders of Key Functions (actuarial functions, internal audit functions, risk management functions and regulatory compliance functions, as well as Executives and Heads of Distribution).

Also, in March 2022, the Seguros Lagun Aro Code of Ethics was approved. This document establishes the general principles and guidelines that should govern the conduct of Seguros Lagun Aro, and all of its employees, developing the bases of ethical behaviour that Seguros Lagun Aro understands should be applied to its businesses and activities, wherever they may be carried out. The same document establishes Seguros Lagun Aro's commitment to act in accordance with a set of values that ensure responsible behaviour, and with complete respect for the current laws, in all relationships with their employees, customers, suppliers, etc. This regulation, together with other regulations and public information (the Articles of Association of the Board, the Regulatory Compliance Policy, the Criminal Prevention Model, among others) highlight Seguros Lagun Aro's interest in maintaining ethical, integral and honest behaviour through sound corporate governance, transparency and social responsibility. 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:** Checking 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**

During 2023, the members of the governing body of Laboral Kutxa, the Governing Council and the Board of Directors, took part in various training activities:

- Board of Directors:
  - Cybersecurity awareness days on what you need to know about cybersecurity and current financial sector regulations.
  - Trends and developments in the Prevention of Money Laundering and Terrorist Financing.
- Governing Board:
  - Cybersecurity awareness days on what you need to know about cybersecurity and current financial sector regulations.

- Specific training in Governance and Management of Financial Institutions for new Board members.

### 1.10. Remuneration of the governing bodies

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 members, have formed part of the Governing Board in the years indicated (14 people in 2022 and in 2023).

LK Item (thousands of euros)	2022	2023
Total pay for their work	1,831	2,062
Capitalised cooperative returns + Contribution interest	226	333
Total	2,057	2,395
Average pay per person	146.9	171.1
Governing Board Allowances (13 people)	67	93

Lagun Aro Item (thousands of euros)	2022	2023
Total pay for their work	571	617
Capitalised cooperative returns + Contribution interest	6.8	8.16
Total	577.8	625.16
Average pay per person *	115.56	104.19

\* 5 men and 2 women in 2021 and 2022.

### 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.
- Gifts and Hospitality Policy.
- 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 "Whistleblowing 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 Whistleblowing Channel.

### Business units analysed

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

	2022		2023	
	Actual	Target	Actual	Target
Total no. of branches analysed	74	65	49	47%
% Branches analysed	26%	23%	18%	16%

It should be noted that the remote audit analysis affects 100% of the Entity's branches.

With regard to measures taken in response to **incidents of corruption**, in 2023, one disciplinary termination of the corporate relationship was processed for breach of trust.

In 2023 LABORAL Kutxa approved a Corporate Policy regarding the Laboral Kutxa Group's Internal Information System and a Procedure that regulates its operation and whose purpose is to establish a homogeneous framework to regulate the Whistleblowing Channel as the channel through which the entities of the Laboral Kutxa Group can receive information on possible breaches of the internal or external regulations applicable to them. This Policy therefore complements the bases on which the crime prevention and response model of the different entities that make up the Laboral Kutxa Group is based.

In 2023, the Plan for the Implementation of the new KYC Form and Associated Diligence Measures began and will continue in 2024, and the information and documentation associated with active correspondent banking relationships has been updated. The implementation of the new alert system has also started and various adjustments have been made to the AML/CFT Handbook, such as:

- Updating the Corporate AML/CFT Policy
- The revision and updating of a number of existing procedures in the Handbook on: Admission Policy, Country Risk Classification Methodology", Systematic Communication (DMO) and declaration of S1 means of payment movements.
- The inclusion of two new alerts within the monitoring system.
- Regulation concerning the functions of the representative before Sepblac and the management of the Regulatory Compliance Department in order to adapt it to the EBA Guidelines (EBA/GL/2022/05 of 14 June 2022).
- The regulation of new procedures such as: a procedure for declaring information or responding to requests on the Centralised Banking Account Register (FTF or Fichero de Titularidades Financieras in Spanish) and a procedure for registering and managing the Internal Blacklist.

The Money Laundering Prevention Unit has sent 76 reports of transactions suspected of money laundering to the Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences.

At **Seguros Lagun Aro**, Internal Auditing is defined as an independent and objective assurance and consultancy activity, conceived to add value to and improve the organisation's operations. The objective of the Internal Audit Function is to help the organisation comply with its objectives by providing a systemic and disciplined perspective to assess and improve the efficiency of risk management, control and governance processes. Its activities are carried out according to an Annual Audit Plan based on a risk analysis approved by the Audit Committee. The annual plan combines continuous audits with monographic audits carried out during a specific period and it seeks to cover Seguros Lagun Aro's underwriting risks, the implementation of the governance system required by the regulations, the operation of the system for the prevention of money laundering and, in general, the main risks the Entity is subject to.

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 practices
- Guide to good practices on the processing of policyholder data in policies handled by insurance brokers
- Guide to good practices in complaint resolution

The Company also adheres to the Code of Good Practices for Claims Management promoted by ADECOSE (the Spanish Association of Insurance and Reinsurance Brokers).

### **1.12. Money laundering**

**LABORAL Kutxa's** management policies identify the greatest risks in the areas of fraud and the discovery of secrets 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. To this end,

- the Internal Control Body (ICB) has been created within the Entity's organisational structure at Group level, with specific functions in the area 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 04/01/2023.

The Corporate Policy for Money Laundering and Financing of Terrorism Prevention affects the entire **LABORAL Kutxa** Group, including its subsidiary companies.

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 members 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. LABORAL Kutxa has an alert system, which throughout 2023 recorded 3,597 alarms, not having made any communication with the CNMV due to possible suspect operations or market abuse.

A conceptual image showing a hand holding a globe. Overlaid on the globe are three sets of icons: a classical building with columns and leaves (representing society or community), three interlocking gears (representing industry or technology), and a wind turbine with leaves (representing environment or sustainability). The entire image has a purple color scheme.

## 2. RESPONSIBLE MANAGEMENT

## 2.1. Management approach

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

As banking is basically a service and **customer** relationship-oriented activity, *responsible customer management*, especially with regard to the sale of complex savings products, as well as *excellence in service quality* and *customer contact* are identified as highly important in our materiality 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.

In section **3.1 Our relationship with our customers**, we detail our achievements in these areas, including an effort in transparency in relation to the solution of problematic situations with a significant social impact, such as *over-indebtedness* of customers for the purchase of housing or complaints received.

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 the management and in the profits of 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 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 focuses a significant part of its solidarity contributions on promoting the cooperative world, but it also reserves specific sections for numerous 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, LABORAL Kutxa has been using an Environmental Management System in accordance with the ISO 14001 Standard since 2001 for all the activities carried out in the three buildings of the Head Office. 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 2022.

The Environmental Management System is the responsibility of an Environmental Committee made up of members of the Legal Department, Internal Audit, Risks, Fixed Assets, 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.

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 regard to **supplier** management, it bears recalling the importance of proper *supply chain* management in achieving the objectives of responsible action. 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 sustainability actions carried out during 2023, in accordance with the commitments made by LABORAL Kutxa in its previous CSR reports, as well as with the objectives for 2024. These actions are segmented according to the **Stakeholders (in addition to environment E)** defined by the Entity: **People-Workforce (P)**, **Customers (C)**, **Society (S)** and **Supplier Companies (Sup)**.



Actions in the field of sustainability	Status of the action/objective	Governance mechanisms in place and timeframe for implementation	Materiality and stakeholders affected	SDG on which it has an impact
<b>2023 core projects and actions and those pending from previous years</b>				
Strengthen solvency and liquidity	Ongoing	Strategic priority	Medium-high P and C	
Continuous improvement of cyber security	Ongoing	Security	High C	Goals 9 and 16
Using digitalisation to reduce paper consumption and boost the multi-channel relationship	Partially Completed.	Digitalisation strategic focus	Medium-high S and E	Goals 13 and 15
Maintain positions of excellence in the management of customer relations	Ongoing	Integrated Quality Process	Medium-high C	Goal 8
Support for creating and consolidating companies through MONDRAGON	Ongoing	Funds through FSI and FEP 2023	Medium S and C	Goals 5, 8, 9, 10 and 16
Comprehensive refurbishment of the LK3 Central Services Building	Underway, to end in 2024	Fixed assets	Medium E	Goal 9
Generation and integration of climate risk databases	Underway	Risks	Medium C and E	Goals 13 and 14
Apply the new psychosocial RA methodology.	Completed	Health and Safety Committee	Medium P	Goal 3
Development of a sustainable product offer	In development	Business development	Medium C and E	Goals 13 and 15
Sustainable office model	Pending	Fixed assets	Medium S, C and E	Goal 9
Sustainable investment policy	Completed	SDG	High S and E	Goals: All
Design of Article 9 investment fund	Postponed	Manager DNA	Medium C, E and S	Goals: All
Comprehensive accessibility project	Underway	SDG	Medium C and S	Goals 10 and 11
Remuneration target for all persons	Completed	People	Medium E and P	Goals: All
25% paper reduction	Not achieved	SDG	Medium P, C and E	Goals 6, 13 and 15
ESG project at suppliers	Completed	SDG Management of third parties	Medium Sup	Goals 8 and 17
Sustainability scorecard	Completed	Sustainability committee	Medium, all.	Goals: All
<b>Actions in the field of sustainability Core projects and actions for 2024</b>				
Conduct a new dual materiality study according to CSRD methodology.	Determine the main impacts	SDG	High, all	Goals 8 and 9
Migrate non-financial information to CSRD	Transparency in reporting	SDG	High, all	Goal 12
First TNFD report	Biodiversity risks	SDG	Medium, E and S	Goals 13 and 15
Incorporation of environmental risks in mortgage pricing.	Sustainable product	DNA	Medium, C and E	Goal 12
Boost in Gaztenpresa	Extension of scope	DNE	Medium C and S	Goals 1, 5, 8, 10 and 12
Launch of sustainable mobility app	Reduce mobility impact	SDG	Low P and E	Goals 3 and 11
LK3 and Lagun Aro connection to biomass plant	Renewable energy	ISG	Low M	Goal 7
Redevelopment of the industrial estate	Accessibility and sustainability	ISG	Low P and E	Goal 11

## 2.3. Materiality analysis

Since 2014, a materiality analysis has been carried out to determine the material aspects in order to comply with GRI requirements, as well as to identify the aspects related to sustainability impacts that should be prioritised. The materiality matrix has made it possible to identify the information needs of the main stakeholders and to prioritise their demands.

Over the years, the information gathered has been expanded, thus improving the interpretation of the needs and expectations of the different stakeholder groups with which the Entity is related. In 2022, the methodology and the questionnaire were further revised, looking at market trends, comparing the results with those obtained by other competitors and adjusting them to stakeholder demands.

In 2022, the changes to the materiality analysis were significant. The first factor taken into account was the update to the GRI standards in 2021 and the European Commission's new CSRD Directive, which propose an evolution of the traditional concept designed to identify and prioritise the main impacts on the three dimensions of sustainability (economic, social and environmental), to include them in the report and in the strategy. Therefore, the concept of double materiality has been introduced:

- Impact: negative or positive effect the company has or may come to have on the environmental, social and economic situation, as well as the contribution to sustainable development.
- Financial: negative or positive effect of the scenario on the economic value of the company.

In determining the material issues, several sources have been used in the process:

- ✓ One of our obligations as signatories of the **United Nations Principles for Responsible Banking** is to carry out an analysis of the main impacts, both positive and negative, of our activity. In order to do this, a tool designed by the UNEP-FI, which examines the Entity's balance and characteristics, was used. The goal of this impact analysis is solely to determine the environments it has an influence on. The business of individuals and companies has been analysed and it has been determined that the Entity has:
  - o a positive impact, in both the area of employment and that of inclusive and healthy economies.
  - o a negative impact on the climate, mainly due to the low energy rating of the mortgage lending portfolio.
- ✓ A report has been produced in accordance with the Task Force on Climate-Related Financial Disclosures (**TCFD**). The goal is to improve the understanding of the impact of climate risks on the various companies and to reduce the risk of financial shock on the economy due to climate change. The report, which is accessible on the website, analyses the risks associated with climate change and the decarbonisation of the economy, as well as the identification and quantification of impacts.
- ✓ Along the same lines, in 2023 work was carried out on **analysing the impact of ESG risks** in the mortgage and trade finance portfolio. Through the use of a heat map, an analysis of activity sectors was carried out and, taking into account LABORAL Kutxa's exposure to those sectors, they were assigned a certain level of risk. The analysis is mainly of environmental risks (physical and transition risks) but it also includes social and governance risks.

These sources have allowed the different aspects to be determined, along with the main material issues.

Material issues	Main associated impacts
Management of our workforce: work-life balance, salary levels and ranges, healthy company, etc.	Reinforcement of cooperative values
Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.	Customer satisfaction.
Protection of privacy and the security of data and operations	Risk of loss of information and fraud.
Control measures: code of ethics, anti-corruption, anti-money laundering, arms financing control, gambling, and pornography.	Governance and social risks.
Responsible supplier management: prioritise local purchases and monitor their activity (working conditions, occupational risks, environmental management, etc.).	Healthy and inclusive economy. Local suppliers.
Responsible management towards the customer: clear and transparent explanations, balanced commissions, avoid over-indebtedness and flexibility in the management of unpaid debt.	Healthy and inclusive economy Risk of bad banking practices
Support for the social economy and cooperatives, research centres and MONDRAGON education.	Generation of sustainable wealth and knowledge
Development of digitalisation (electronic banking, mobile banking, digital claims, etc.), providing personalised and remote management.	Reduction of environmental impact Improvement in quality of service Financial risk exclusion
Contribution to economic development: support for businesses, companies and entrepreneurs.	Creation of employment.
Reduction of direct environmental impacts: consumption and waste, the emission of greenhouse gases, and carbon footprint offsetting.	High CO2 emissions from the investment portfolio and financing
Integrate the social, environmental and climate-change risks into our financial risk models.	Risk reduction Low energy rating of mortgaged dwellings
Development of socially and environmentally responsible products and services to drive the transition towards a green and sustainable economy.	Improve the efficiency of housing Transition into a sustainable economy.
Contribution to the financial and insurance education of customers and society.	Healthy and inclusive economy Financial risk exclusion
Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.	Long-term economic sustainability
Social initiatives: sponsorship, contributions to NGOs, social activities, development cooperation, etc.	Contribution to progress and social justice
Support culture, as well as the promotion of the use of Euskera (the Basque language)	Contribution to progress and social justice
Promotion of equality between women and men.	Gender-balanced distribution
Favour accessibility to financial services for groups at risk of exclusion.	Financial exclusion of social sectors by origin, age, gender, etc.

This was followed by a consultation with stakeholders. For this purpose, the material topics identified were used and information was obtained from the following:

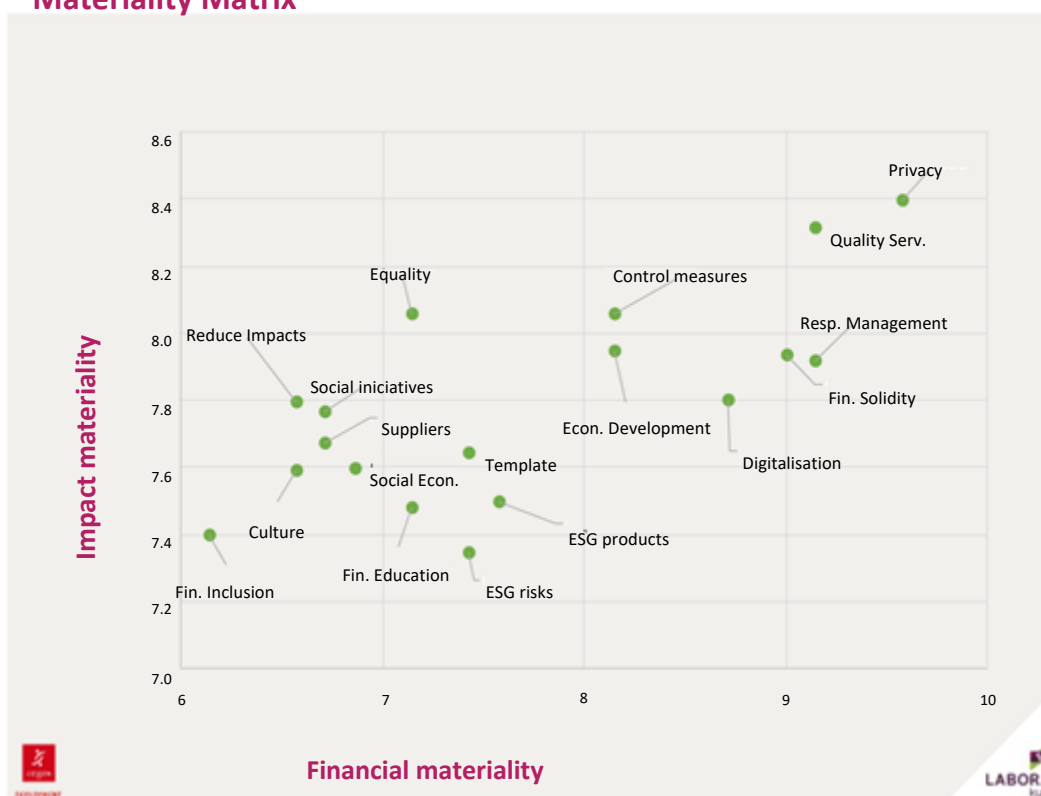
- Customers (annual consultation). Together with a summary of the 2022 Report, a questionnaire was sent to customers (more than 540,000 people) to ask them for their assessment of the issues. The answers were: 288 commercial, 68 personal banking and 405 KIDE/Top (linked), a total of **802** customers. It covers both LABORAL Kutxa and Seguros Lagun Aro customers.
- Staff (members, temporary staff and CLBS; annual consultation) have also been consulted via a questionnaire on the intranet. 41 responses.

These evaluations were included in the impact materiality analysis.

- In 2022, the members of the Board of Directors were consulted to determine the financial materiality of material issues. 7 responses.

As a result of these consultations it was found that:

## Materiality Matrix



8

### Conclusions:

- This was the second analysis using a dual materiality approach. Compared to the previous year, there are no significant differences when looking at prioritisation by impacts. In general, the prioritisations are similar across the different stakeholder groups, with no major variations between the best and worst rated aspects. There are nuances depending on the different interests or needs of each group.
- It is worth mentioning the alignment of the priorities of the various stakeholders.
- It is also noteworthy that there are no major differences between the financial and impact materialities, with no aspects appearing that are highly relevant from one perspective but not significant from the other.
- The sustainability roadmap clearly sets out the strategic aspects:
  - *Protection of privacy and the security of data and operations*
  - *Responsible management towards the customer: clear and transparent explanations, balanced commissions, avoid over-indebtedness and flexibility in the management of unpaid debt.*
  - *Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.*
  - *Strengthen LK's financial strength, risk management and liquidity.*

In 2024, the dual materiality analysis will be further developed and deepened to meet the requirements of the new CSRD.

## 2.4. Sustainability roadmap-Prioritisation of material issues

As a result of the reflection, analysis and double materiality analysis carried out, a Sustainability Roadmap has been drawn up which includes the risks and opportunities identified as the most important, and is the reference that LABORAL Kutxa uses to prioritise its material issues relating to Sustainability.

Strategic areas of action
Protection of privacy and the security of data and operations.
Responsible management towards the customer: clear and transparent explanations, balanced fees, avoidance of over-indebtedness and flexibility in the management of unpaid debts.
Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.
Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.
Other important areas of action
Development of digitalisation (electronic banking, mobile banking, digital claims, etc.), providing personalised and remote management.
Control measures: code of ethics, anti-corruption, anti-money laundering, control of financing for armaments, gambling or pornography
Contribution to economic development: support for businesses, companies and entrepreneurs.
Promotion of equality between women and men.
Management of our workforce: work-life balance, salary levels and ranges, healthy company, etc.
Development of socially and environmentally responsible products and services to drive the transition towards a green and sustainable economy.
Integrate the social, environmental and climate-change risks into our financial risk models.
Contribution to the financial and insurance education of customers and society.

## 2.5. LABORAL Kutxa's sustainability 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	2022	2023
Profit after tax (€M)	139.06	208.44
Efficiency Ratio (%) (Administrative Expenses + Depreciation and Amortisation/Gross Margin).	59.03	45.98%
Customer deposits (€M)	23,183	22,563
Customer credit (€M)	15,200	14,989
Special Funds (€M)	846	859
Solvency. The total capital ratio (CET1) is used.	22.24%	23.85%
ROE	7.67%	10.78%
Loan to deposits-Liquidity	64.72%	66.28%
% Doubtful Risks / Investment	2.7%	2.7%

### Social performance indicators:

Aspect / Indicator	2022	2023
Number of persons in active employment (LK+CLBS+SLA)	2,037	2,292
<b>Training</b>		
Training hours / total workforce	87.77	80.49
Training evaluation (1-10)	8.15	8.15
<b>Health and Safety</b>		
Absenteeism in %	4.45	3.66

<b>Professional development</b>		
Average employment index	2.36	2.38
Promotion: Increase in Structural Index	10.28	31.21
<b>Aspect / Indicator</b>	<b>2022</b>	<b>2023</b>
<b>Salary dispersion</b>		
Total pay for best paid person LK / median total pay	4.52	4.32
<b>Equality</b>		
% Women members	52.05%	52.23%
% Women managers / total managers	29.19%	26.19%

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.

<b>Aspect / Indicator</b>	<b>2022</b>	<b>2023</b>
Contribution. Funds (FEP and FSI) (thousand €)	25,860	32,659
Taxes paid (thousand €)	24,451	16,151
Gaztenpresa companies created	314	320

#### Environmental performance indicators:

<b>Consumption of:</b>	<b>2022</b>	<b>2023</b>
Advertising paper: Kg / Client	0,089	0.057
Internal paper (Kg / Client)	0.191	0.183
Water in m <sup>3</sup>	7,124	5,850
Electricity (Kwh)	10,570,653	10,291,441
Toner: Kgs. consumed	2,089	1,820
Diesel in litres	720	399
Kg waste managed (1)	174,928	184,366

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

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

Since becoming a founding signatory of the [United Nations Principles of Responsible Banking](#), LABORAL Kutxa has been drawing up an annual progress report as part of its commitment. This report can be found in the Appendix to this Report.

### Sustainable Development Goals (SDGs)

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:

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



The background image shows a person riding a bicycle and another person on a scooter, both seen from behind. The scene is overlaid with a semi-transparent pink filter and a large, stylized pink geometric shape that resembles a folded piece of paper or a modern architectural element. The text '3. MANAGEMENT OF STAKEHOLDERS' is centered in white, bold, sans-serif font.

### 3. MANAGEMENT OF STAKEHOLDERS

### 3.1. Our relationship with customers

#### 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 customer base is segmented into private customers, self-employed and business customers and company customers. 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 customers		%
	2022	2023	
Araba	134,500	134,198	11.66%
Aragon, Catalonia and La Rioja	74,658	75,233	6.53%
Asturias and Cantabria	34,843	35,621	3.09%
Bizkaia	360,205	358,459	31.14%
Castile and Leon	129,611	129,277	11.23%
Gipuzkoa	271,145	270,648	23.51%
Madrid	22,091	23,472	2.04%
Navarra	124,233	124,331	10.80%
<b>Total LABORAL Kutxa</b>	<b>1,151,286</b>	<b>1,151,239</b>	<b>100%</b>
Private Customers (%)	85.52%	84.74%	
Self-employed Customers (%)	8.40%	7.62%	
Business Customers (%)	3.50%	3.43%	
Company Customers (%)	0.95%	1.05%	
Other/Non-segmented	1.62%	3.16%	

\*In 2022, those from the headquarters were distributed to the respective provinces.

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)	2022	2023
<b>Public sector</b>	<b>1,195</b>	<b>976</b>
<b>Other Resident Sectors</b>	<b>14,164.2</b>	<b>14,197.2</b>
National Economies	10,609.1	10,633.2
- Mortgages	10,175.2	10,152.4
- Consumer financing	414.2	438.6
- Others	19.7	42.2
Companies	2,869.4	2,967.2
Other Loans	685.8	596.9
<b>Non-Resident Credit</b>	<b>139.8</b>	<b>135.1</b>
<b>Gross Total Credit to Customers</b>	<b>15,499</b>	<b>15,308.4</b>
Impairment losses on assets	-317.5	-335.3
<b>Net Total Credit to Customers</b>	<b>15,181.4</b>	<b>14,973.1</b>

The geographical distribution of LK customers is as follows:

Geographic area	Lending		Deposits	
	2022	2023	2022	2023
Bizkaia	20.53%	22.7%	32.71%	17.98%
Gipuzkoa	13.57%	15.86%	27.08%	28.34%
Araba	6.51%	7.09%	11.26%	12.53%
Nafarroa	8.35%	9.53%	9.71%	9.76%
Burgos	1.72%	2.07%	1.35%	1.76%
Madrid	5.91%	7.23%	1.02%	1.41%
Valladolid	2.63%	3.2%	1.89%	2.24%
Zaragoza	5.04%	5.22%	1.80%	1.83%
Other	35.74%	27.10%	13.18%	24.15%
TOTAL	100.00%	100.00%	100%	100.00%

The CLBS Customer profile as at 31/12/2023 is as follows:

Category	Insured men		Insured women	
	No. Policies	Average Age	No. Policies	Average Age
Life Risk	38,398	48	35,819	48
Partial Repayment PGP (personal guaranteed loan)	30,249	45	25,242	47
Partial Repayment PGH (personal guaranteed loan)	19,432	41	19,645	41
Home owner	71,552	55	57,955	55
Landlord/Landlady	7,888	57	6,559	58
Tenant	3,272	50	8,497	49

### 3.1.3. Dialogue with customers

As in previous years, in 2023 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. Furthermore, these mechanisms are integrated within the goal of *integral quality*, whose permanent objective is that the quality of customer care and service, in the various relationship channels, is maintained as a differential advantage over competitors.

The number of customer surveys has been very high:

- Stiga study: Customer satisfaction: a total of 14,125 customers from various financial institutions were consulted, of which 400 are from LABORAL Kutxa.

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

STIGA Benchmarking Quality of Service in the banking sector 2023 (score from 0 to 10)	2022	Difference with sector 2022	2023	Difference with sector 2023
Attention to potential customers - Sectoral Objective Quality Study (EQUOS-Stiga)	8.20	+0.5	8.12	+ 0.38
Overall satisfaction with the entity	7.58	+ 0.41	7.66	+ 0.42
Valuation of relationship intangibles: Transparency, Trust and Personalisation	7	+ 0.55	7.06	+ 0.56
Valuation of brand intangibles: Solidity and Solvency, Modernity and Social Commitment	7.58	+ 0.36	7.72	+ 0.43
Satisfaction with the branch	8.12	+ 0.42	8.40	+ 0.55

Outstanding position in customer referrals. NPS of + 12.4%, compared to -2.7% for the sector.  
NPS. Difference between % of customers with Intention to Recommend 9 or 10 and Intention to Recommend <= 6

The internal satisfaction study that we carried out with LK customers also shows high levels of satisfaction for all channels of relationship with the entity. The valuations of customers with a relationship to the bank reflect a positive performance in 2023.

- Branch: 83.6, change + 1.3
- Online banking: 84.5, change + 0.5
- APP: 84.7, change + 0.2
- Telebanka: 81.8, change + 0.7

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's **Customer Care Service** responds to customers' queries, complaints and claims. This year there has been a significant increase in claims (146%) compared to the previous year, mainly due to claims for mortgage loan arrangement fees. To cope with this, the institution has made a great effort to increase its staff resources in order to be able to deal with this volume of claims.

The results of this Service are:

Customer Service	2022	2023
<b>Total cases</b>	<b>9,753</b>	<b>24,167</b>
<b>Nature of the cases</b>		
Complaints	4,016	3,328
Claims	5,625	20,772
Consultations	0	11
Suggestions	0	1
Letters of congratulations / gratitude	0	4
Sundry petitions, others	112	101

Customer Service	2022	2023*
<b>Number of cases opened</b>	<b>9,753</b>	<b>24,050</b>
Written: brochure / letter	6,661	18,839
Internet/Telephone	2,859	4,403
Public bodies: OMIC (Municipal Consumer Information Office) / Regional Governments	50	620
Other	0	88

\*Only complaints and claims are taken into account.

Following preparation of the 2022 Sustainability 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 540,760 customers, 25.8% of whom read the mailing. In total there were 802 responses.

Customer Service - Amounts claimed (thousands of euros)	2022	2023
Amounts for cases resolved in favour of the Company	2,248	747
Amounts for cases resolved in favour of the customer	171	5,374
Indemnities paid by the Entity	171	5,374
Amounts returned to customers by the Entity, no payment due	0	0
Amounts compensated or refunded by third parties	0	0
<b>Total</b>	<b>2,419</b>	<b>6,121</b>

Reason for opening cases (SAC)	2022	2023
Centralised customer services	2%	1%
Commissions and expenses	85%	89%
Economic terms	2%	1%
Missing or inaccurate information	0%	1%
Fraud ICT	2%	0%
Branches by objective elements	3%	0%
Aspects of customer relations	3%	2%
Campaigns in general	1%	0%
ATMs	2%	2%
Miscellaneous	-	4%
Amount of the claims	2022	2023
≤ €100	0.97%	0.37%
> €100 ≤ €250	1.55%	1.21%
> €250 ≤ €1,000	45.69%	82.87%
> €1,000	51.79%	15.56%

The claims presented through the various available channels were:

	2022	2023
No. of claims submitted to the Claims Service of the Bank of Spain in relation to product safety (1)	4	11
No. of claims in which BoS has pronounced in favour of LABORAL Kutxa	0	8

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

	2022	2023
No. of claims submitted to the Claims Service of the Bank of Spain, DGS, CNMV and UNACC regarding information on products and services (1)	14	21
No. of claims in which BoS and CNMV have pronounced in favour of LK	4	9

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

	2022	2023
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	0
No. of claims in which BoS and CNMV have pronounced in favour of LABORAL Kutxa	0	0
Cost of fines for non-compliance with regulations on the provision and use of services.	0	0

	2022	2023
Penalties imposed on the Group (euros) for non-compliance with laws and regulations	0	0

Lagun Aro	2022	2023
Open cases (claims and complaints)	731	952
No. of claims submitted to the Insurance and Pension Funds D.G. Claims Service	12	17
% of closed cases estimated or partially estimated	40.3%	43.9%
Average response time (days)	10.31	13.34
Amount of payments in favour of the customer (€)	62,499	121,995
% final reports received from supervisor (total or partial) in favour of the claimant	7.1%	33.3%
CLBS	2022	2023
Open cases (claims and complaints)(1)	2	1
% of closed cases upheld or partially upheld (1)	0%	100%
Average response time (days)	1	13
Amount of payments in favour of the customer (€)	0	€28.03

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

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

Excellence in the quality of service and contact with the customer are aspects identified as being of highest importance in our materiality matrix.

- ✓ In 2023, the process of accreditation under the Real Estate Credit Contracts Act (LCCI) and MiFID was continued for those who had not yet done so, mainly new recruits.
- ✓ 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 2023, an agreement was 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:
  - EaSI Microcredits II Agreement: special commercial financing line. The renewal of the agreement allows us to continue to finance loans in order to create and consolidate employment for entrepreneurs, micro-SMEs and freelancers.
- ✓ 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 omnichannel, relationship between the manager and customer.

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 2023 LABORAL Kutxa made the following enquiries to Autocontrol:

Preliminary advice	2022	2023
Positive	343	390
With modifications	169	178
Negative (the advertisement was not recommended for circulation)	0	0
<b>TOTAL</b>	<b>512</b>	<b>568</b>
Professional ethics consultations	53	50

- ✓ 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 Laborkutxa.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, the 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	2022	2023
Applications	62	75
Denied	40	14
Approved	22	61

The conditions set out in this Decree have been applied to the 61 approved operations, which also include tax benefits. There are 29 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 46 homes (19 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 2023, no right to remain in the home of persons who have ceased to be homeowners after foreclosure was recognised.

### Claims

In January 2017, an out-of-court 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 did not want to use this additional system were able to go to the SAC.

The cumulative volumes of claims received are the following:

Out-of-court claims for floor clauses. RDL 1/2017	As at Dec 2022	As at Dec 2023
- Rejected (RDL not applicable)	1,149	1,186
- Accepted	809	950
- Denied	3,509	3,518
- In process	136	67
<b>TOTAL incoming</b>	<b>5,603</b>	<b>5,721</b>

Until 2022, practically the only reason for the refusal of consumer claims was the fact that they had previously reached a settlement agreement between the bank and themselves, whereby the bank eliminated the floor clause and the customer waived their right to claim for the previous payments. As can be seen, the submission of claims since 2018 is stable, although there is a slight increase year upon year.

In 2022, taking into account the consolidated jurisprudence on the issue of the validity of settlement agreements and the waiver to bring actions contained therein, the institution changed its criteria both in and out of court in the SAC, and decided to deal with all consumer claims even if they had a signed settlement agreement, also rejecting commercial loans.

Furthermore, during 2023, 80 lawsuits have been filed in the courts *concerning the floor clauses* in mortgage loans. There is a decrease from 103 in 2022, with 73 in 2021 and 71 in 2020.

With regard to claims arising from *costs incurred in connection with the formalisation of mortgage loans*. Following the criterion adopted by the Board of Directors, whereby out-of-court claims for PGH (mortgage-backed loan) costs are dealt with, there has been a significant increase throughout the year, with a more pronounced increase in the last quarter.

YEAR	2017	2018	2019	2020	2021	2022	2023
<b>No. Claims</b>	10,580	4,080	3,209	6,108	8,707	3,647	13,932

The number of legal claims has decreased, although they are still being maintained due to the fact that numerous out-of-court claims were rejected prior to the change in the Board of Directors' criteria. In 2023 there were 2,220, 2,971 in 2022 and 3,117 in 2021, where there was a significant increase compared to 2020.

It should be pointed out that within the claims for expenses, in the vast majority of cases, for procedural reasons and without economic content, the request for the nullity of other clauses such as interest for late payment, the commission for claiming debit positions, the guarantee clause, etc., is included on numerous occasions.

In those due to the marketing of the *AFS* (debt issues) of Eroski and Fagor, their practical completion is confirmed, becoming a non-material amount compared to several years ago: 0 in 2023 and 2 in 2022.

Lastly, with regard to legal claims for the *arrangement fee*, 325 claims were received in 2023, compared to 507 in 2022, and no claims were received for IRPH or Law 57/68.

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

#### Personal data.

Laboral Kutxa continues to work on the consolidation of a series of policies and procedures that ensure the transversality of data protection within the entity. In the same section of the 2021 Report, the in-force policies and procedures of obligatory compliance are summarised.

The entry into force of the GDPR in 2018 posed an unprecedented challenge for financial institutions not only because of the volume and special nature of the personal data processed, but also because of the wide variety of processing necessary for the optimal provision and marketing of banking services to customers.

Accordingly, LABORAL Kutxa has consolidated a whole host of internal regulations aimed at guaranteeing the application of data protection from the design stage and by default, which implies thinking in terms of data protection from the very moment a product or service is designed.

These rules and procedures must necessarily be constantly changing in order to adapt to new regulatory developments and to be faithful to the criteria set by the competent authorities through their guides, resolutions and decisions.

To this end, among the most relevant actions carried out by LABORAL KUTXA in the area of data protection during 2023, the following stand out:

- Performance of different periodic internal controls to verify and accredit, in accordance with the principle of proactive responsibility, the entity's compliance with data protection regulations; among others, that relating to demonstrating that an adequate response is given to the exercise of data subjects' rights.
- Updating of the information collected in the Register of Processing Activities accompanied by the corresponding review of the risk analysis.
- Active participation of the data protection officer in the centralised process of engaging suppliers to ensure that those who process personal data on behalf of LABORAL Kutxa offer sufficient guarantees to apply appropriate technical and organisational measures, so that the processing is in accordance with legal requirements and duly guarantees the protection of people's rights.
- Training of LABORAL Kutxa staff through training pills with the aim of raising awareness of the importance and cross-cutting nature of data protection.
- Reinforcement of the technical staff dedicated to data protection in the entity.

It is certain that 2024 will bring new regulatory challenges that LABORAL Kutxa faces with guarantees based on its firm commitment to data protection.

#### Cybersecurity

In today's digital economy, LABORAL Kutxa faces challenges in simultaneously meeting its environmental, social and governance objectives and ensuring robust cybersecurity and privacy measures. Concerns related to these areas have been at the forefront of our organisation's management plans during this 2023 financial year.

Considering the increasing trend in the frequency of cyber threats, it is imperative to strengthen the connection between sustainability and cyber security as an integrated approach that helps

safeguard the health of the organisation, the future of the business and the interests of our customers and business partners.

LABORAL Kutxa is aware of this increase in technological and cybersecurity risks and made decisive progress throughout the 2023 financial year in adopting measures to mitigate the effects of disruptive attacks and to develop the Comprehensive Security Master Plan to be developed during the three-year period 2023-2025. This Plan promotes the monitoring and reporting of identified initiatives, detects deviations in time and scope, anticipates risks by providing a critical vision in planning and seeks the performance of the maturity level of the security domains. All of these are related to the Strategy and Operating Model, Cyber Risk Culture and Behaviour, Third Party Risk Management or Patch and Vulnerability Management of the Governance, Protection, Surveillance and Resilience domains, respectively.

Following this same strategic line, LABORAL Kutxa is aware that good governance and the correct adaptation to a changing environment in terms of cybersecurity ensure business continuity and the trust of our stakeholders, reducing the risk of financial loss or reputational damage resulting from cyber-attacks to a minimum. With this objective in mind, LABORAL Kutxa has increased its investment in relevant security solutions and has sought to include new security projects. Furthermore, in the development of its third party management model, so as to ensure that the governance systems related to outsourcing are consistent with the individual risk profile, the nature and business model of the institution and the scale and complexity of its activities, as well as the implementation of processes for estimating the degree of implementation and coverage of the technical and organisational measures applied from both a logical and physical point of view.

On another front, in 2023, progress has been made in implementing an operational risk assessment model from a cybersecurity perspective that is based on industry best practices. Progress was made in the deployment of risk control methodologies, starting with the integration of the risk strategy with the business plan, so as to comply with the established risk appetite, tolerance and limits. The strategy of evaluating and selecting the most suitable solutions for protecting information systems has also been intensified, aligning them with LABORAL Kutxa's technological infrastructure by incorporating new technologies.

Additionally, training and awareness-raising activities have been developed to raise awareness of the behaviours that govern our risk culture, focusing on the design and development of training actions based on the weaknesses identified in the cognition of internal or external individuals through various channels such as our digital training ecosystem. Another significant aspect that has been reinforced is that of the response plan for incidents and the life cycle of the vulnerabilities the company is exposed to, as well as the promotion of initiatives for intelligence on cyber threats. This has allowed for the optimisation of the initiatives on monitoring, resolution and decision making, as well as the preventative preparation of actions in the various areas involved, in order to guarantee the protection of the organisation's assets.

Similarly, during 2023, the parameters for controlling access to information assets were strengthened by establishing additional controls for reviewing access to the most critical systems and services.

Another noteworthy line of work has been the enrichment of the corporate cloud services policy, complementing the authentication requirements and access controls for administrative profiles and adopting the best practices and market references, aimed at building a robust model that allows for the monitoring and continuous improvement of the cloud solutions used.

Furthermore, the set of Security Policies and Procedures has been updated, setting out the channels for protecting the corporate information system, ensuring compliance with regulatory commitments and providing each user with guiding principles and guidelines for action, promoting their periodic monitoring and follow-up, so as to ensure the suitability of the defined parameters.

On another front, in view of the increased regulatory pressure in the framework of technology risk management in the financial ecosystem, the internal security compliance programme has been reinforced, in line with the best standards and best practices established by the supervisory authorities. The aim is to harmonise the different regulations, guidelines and standards applicable to the organisation and to transfer risk management obligations and equalise the obligations of all those involved, reducing the complexity of the management of the procedures.

In this same sense, LABORAL Kutxa has implemented an Information Security Management System which, at different levels of granularity, contains a series of rules, guidelines and procedures for the use and management of all information technology assets and resources.

Finally, in relation to emerging technologies, LABORAL Kutxa is incorporating new concerns about the use of artificial intelligence (AI) and data ethics into its strategic plans, enhancing the principle of protecting the information being processed and increasing cyber awareness and cybersecurity literacy.

In short, LABORAL Kutxa has defined, as it does every year, a cybersecurity roadmap, proposing a comprehensive vision that aligns the governance and management of cybersecurity with business risk management and provides a multi-stakeholder approach.

### 3.1.6. Responsible products and services

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

- Sustainable lending for consumer purposes: whereby a lower interest rate is applied if the customer uses the financing for an investment with a positive environmental or social impact (installation of renewable energies, electric cars, health, etc.).
- DispON ESG: is LABORAL Kutxa's pre-approved loan in which, as with consumer loans, a lower interest rate is applied if the financing is used for an environmental or social purpose.
- Financing of solar panels for self-consumption in companies for companies that want to install solar panels for self-consumption.
- Sustainable Rehabilitation Pack Communities and Individuals: loans used for energy and accessibility improvements, lifts, etc., both for individuals and communities of owners. In addition to financing, it also offers a simulator of available subsidies and tax deductions; refurbishment projects and construction management; subsidy management; and home and community insurance.
- Loans for social economy enterprises (EaSI Microcredits II Agreement): for cooperatives, joint ventures, integration companies and other social-economy entities.
- 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 2022 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 or Elkargi.

### 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: €2.50/year or €1/year per beneficiary.
- By sales turnover: 20% of the income received.

Amount donated for AFINITY Cards	2022	2023
• Medicus Mundi	24,567	24,788
• Caritas	3,490	3,565
• Ikastolak	26,935	27,580
<b>Total donation (euros)</b>	<b>54,992</b>	<b>55,934</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. Covers volunteers in the exercise of the NGO's own activities, including the risk on the way to and from the destination (travel or necessary journey).
- Civil liability policy. 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 2023, the insurance covered 36 associations, with 716 insured parties.



### Support for business start-ups. 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:

- *MONDRAGON Foundation* for, among other purposes:
  - Finance the development of the 14 research centres promoted by the Cooperatives.
  - Partially finance cooperative development projects, both in Spain and abroad.
  - *Mondragon Group Corporate Centre*

<b>Mondragon Group Contributions Thousands of Euros</b>	<b>2022</b>	<b>2023</b>
Contribution to MONDRAGON Investments	5,143	-
Contribution to MONDRAGON S. Coop.	5,633	-
Contribution to MONDRAGON Foundation	6,772	24,959
<b>Total contributions</b>	<b>17,548</b>	<b>24,959</b>
Investment in MONDRAGON Companies (Current, Structural and Corporate).	346,392	312,196

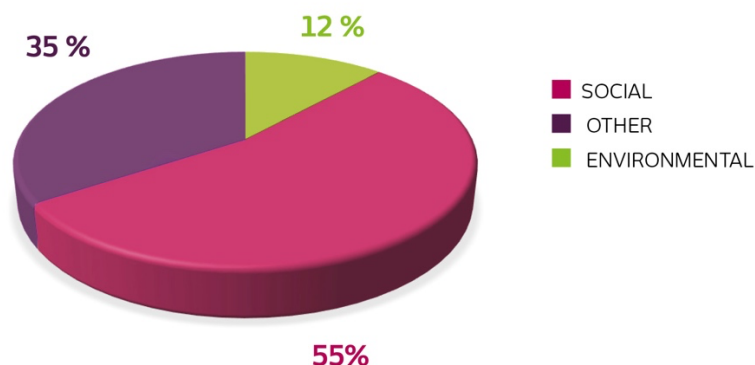
### Finance/Investment with ESG criterio

An investment with ESG criteria is one that applies environmental, social and corporate-governance criteria when selecting the 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 in or funding of activities that are sensitive. These exclusion criteria affect aspects such as gambling, pornography, tobacco, weapons and coal.

In addition, in the area of financing, a Sustainable Financing Framework (SFF) was established in 2022, aligned with different criteria such as ICMA (International Capital Market Association), SDGs (Sustainable Development Goals) and the EU Taxonomy of Activities, which specifies what sustainable financing is for LABORAL Kutxa. That is, which criteria the financing should meet to be considered environmental or social.

Having established these criteria, the most significant transactions granted by the Entity are analysed. Of the total of LABORAL Kutxa's most relevant operations in 2023, 55% have social characteristics and 12% have environmental characteristics.

## FINANCING OF LARGE-SCALE OPERATIONS IN 2023



In addition to classifying these operations as environmental and social, LABORAL Kutxa's SFM specifies several items in each of these areas. These items are, on the environmental side: sustainable mobility; renewable energies; biodiversity and organic farming; circular economy and green housing. Meanwhile, the social part is divided into the following sections: social economy; social inclusion; affordable housing; economic inclusion; and, public finance. Finally, ESG linked loans are those whose price is determined by various sustainability-related indicators, which cause the interest rate to increase if they are not met. The item-by-item data are as follows:

Environmental financing		Social financing		Other	
Sustainable mobility	6.550.850	Economic inclusion	335.902.860	ESG linked	5.580.000
Renewable energy	58.737.208	Public financing	111.000.000		
Biodiversity and sustainable agriculture	30.875.853	Social Economy	207.707.201		
Circular economy and waste management	5.874.002	Social inclusion	52.978.050		
Green housing	55.614.396	Affordable housing	3.250.000		

In terms of investments, various lines of work were contemplated in the sustainability Management Plan:

- Suitability questionnaires for the customer were implemented, in compliance with MiFID II. This adaptation allows the customers' preferences in matters of sustainability to be evaluated.
- The range of investment funds has been adapted to match and respond to customer preferences in terms of sustainability. Most of them have been changed from Article 6 to Article 8.
- An ESG Financing, Investment and Underwriting Policy has been approved.
- An effort was made to train the workforce throughout the year.
- In 2023, the *LK Konpromiso*, FI Investment Fund continued to be strengthened, with an ethical and charitable approach, where its investments apply controls by measuring the application of Environmental, Social and good Corporate Governance criteria. It is charitable because LABORAL Kutxa channels a part of the management fee it charges its

customers to six NGOs the customer can choose from. In 2022, this fund was added to the advised portfolios and its recommendation became active, significantly increasing the volume of balances under management and fee income. The number of beneficiary NGOs was also increased from 3 to 6.

Contributions	2022	2023
MEDICOS MUNDI	99,915	120,652
MUNDUKIDE	95,203	117,198
CARITAS	63,910	80,211
CRUZ ROJA	1,222	11,117
UNICEF	1,183	9,502
INTERMON-OXFAM	689	5,638
<b>TOTAL</b>	<b>262,122</b>	<b>344,318</b>

### 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.

	2022		2023	
	No.	Thousand €	No.	Thousand €
Micro-credits	988	16,631	965	18,595
Personal Loan	201	475	5,312	38,729
Mortgage Loan	38	2,114	489	70,422
Erkide Loan	61	726	30	287
FCTC Loan	-	-	-	-
CEPES / ASLE Loan	7	91	1	6
Mortgage moratorium	-	-	64	211
Loans for communities of owners for energy renovation	35	4,179	34	5,709
Solar panels	-	-	-	1,145
ECO personal loan	-	-	97	1,277

The volume of these agreements in 2022 and 2023 was as follows:

Public Organisation (thousands of euros)	No. of operations formalised		Amount formalised		Balance available as at 31/12	
	2022	2023	2022	2023	2022	2023
ICO	336	112	55,336	28,439	397,404	27,393
Basque Government+Elkargi	0	0	-	0	172,172	133,372
Government of Navarra+Sodena	0	0	-	0	27,079	19,243
EIF. Of which:	44	0	9,703	0	35,336	22,708
• EaSI Social	17	0	2,972	0	12,851	9,335
• Innovfin	27	0	6,731	0	22,485	13,373
EaSI Micros II	988	768	16,631	13,728	44,302	39,404
Microcredits EIF Invest EU	-	197	-	4,867	-	4,812
Araba-Bizk-Gipuzk Council Offices	0	0	-	0	261	199
Luzaro	40	36	3,605	5,770	14,877	19,126
Other Agreements	0	0	0	0	0	0
<b>Loans+Leasing</b>	<b>1,452</b>	<b>1,113</b>	<b>94,978</b>	<b>52,804</b>	<b>726,767</b>	<b>288,965</b>
With mutual guarantee societies (Elkargi, Iberaval, Sonagar, Oinarri, etc.)	407	390	73,221	76,787	404,930	378,111
Without mutual guarantee societies (ICO, European Investment Fund, etc.)	1,415	1,081	87,518	48,549	532,344	427,201
<b>Guaranteed Loans+Leas.</b>	<b>1,822</b>	<b>1,471</b>	<b>160,739</b>	<b>125,246</b>	<b>937,274</b>	<b>805,312</b>

Customers using new channels	2022	2023
No. of CLNet contracts	744,441	772,532
Customers active on CLNet	541,654	574,413
Mobile Banking (users who have accessed via mobile)	488,786	505,216
Alerts (active contracts)	409,839	462,301
Bizum	345,981	367,209

### 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.

Postamail Users	2022	2023
Number of users.	624,493	638,720
Users as % of total customers	55.6%	56.9%

### Accessibility to financial services

#### Small towns

In the process of rationalising the commercial network to meet the new challenges of the financial sector, an effort is being made to avoid the financial exclusion of 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.

#### Architectural barriers and accessibility

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 2023, implementation of the new physical office model was continued. 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.

#### Integral accessibility.

In 2022 a comprehensive accessibility diagnosis was carried out by Ilunion (ONCE Group). The analysis covered both physical and cognitive accessibility and included:

- Physical channel: analysis of the banking offices.
- Telephone and back-office channel (SMS, WhatsApp, Email).
- Online channel: website and apps.

- Product: analysis of ATMs.
- Services (mortgage and account opening).
- Comprehensive customer service: the user experience of the various channels, products and services.

Following receipt of the diagnostic reports with their corresponding improvement plans in 2023, the different teams have proposed to catalogue and prioritise the measures. This project is called **Accessibility 360** and its goal is to implement the actions over the coming years, making accessibility an area that LABORAL Kutxa excels in. Some of the actions implemented have been:

- Accessibility training for all persons involved in the project
- Design of a training programme for customer service staff on guidelines for dealing with people with disabilities, communication and accessibility.
- Glass door/wall signs with vinyl.
- Review of the emergency evacuation plan specifically for people with disabilities.
- Generation of a simpler/accessible "personalised commercial mortgage offer document" for customers.
- Incorporation of the recommended guidelines (sizes, colours, etc.) in the design of the new online banking.

#### 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 increase in responses from Remote Banking is continuous:

Operations	2022	2023
Calls answered	375,053	452,917
Calls made	74,497	87,527
WhatsApp	65,458	80,753
Mails	31,227	55,586
Card fraud alerts	34,369	56,163

#### Financial culture

LABORAL Kutxa has continued to use **social networks** to create financial culture and boost knowledge regarding cooperativism. 92 articles of general interest have been added to the Bank's blog ([blog.LABORALKutxa.com](https://blog.LABORALKutxa.com)), of which 69 have focused on helping to improve the culture and knowledge of financial current 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.

There is an advisory and support service called **LK Next**: In the 27 months that the advisory service of the technical office has been in operation, a total of 600 applications for assistance have been received. These have been received mostly through the assistant (45%), especially during the first months of the launch of the service. Once the technical office has been consolidated and communication campaigns linked to specific subsidies have been carried out (Digital Kit, Self-supply and energy storage, fleet renewal, etc.), applications have been channelled to a greater extent through the Laboral Next e-mail (29%) or through the managers themselves (23%).

84% of the requests for information come from micro or small enterprises, and only 4% from medium-sized enterprises. No requests have been received from large companies.

During 2023, online sessions have been held, together with LKS Next, AFI, and the LK Research Department, aimed at the commercial world (self-employed, Businesses and Companies). See table with detailed information for each event.

Date	Webinar title	Assessment
27/01	Webinar on self-consumption and energy storage jointly with EiDF and LK	8.29
24/03	Webinar on grants to the industrial sector	7.87
05/07	Economic outlook report	8.74
14/07	Webinar: Next Generation Funds: Access after 2023?	8.6

In addition, a monthly **video** is produced (in collaboration with AFI, Analistas Financieros Internacionales) on the economic situation and the state 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.



## 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 cooperative 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. Organisationally, it has an *Investigation Committee*, which has a specific *complaints channel*. This protocol covers *moral harassment* (known as *mobbing*), and *sexual and gender-based harassment*. There have been no complaints or enquiries in 2022 and 2023 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.

Seguros Lagun Aro also has a protocol against sexual harassment and gender-based harassment that regulates the procedure for resolving claims and complaints in relation to this type of situation, and establishes prevention mechanisms through awareness-raising, training and information. The protocol was updated in 2023 in accordance with the regulations in force. A tool has also been implemented to manage the entity's whistleblowing channel, including sexual/moral harassment. It is a tool that guarantees both anonymity and confidentiality, allowing reports to be sent by voice, and can be used by both Company employees and external third parties. No complaints or queries were received in 2022 or 2023 through this channel.

### 3.2.2. Main workforce figures

Partner workforce of LK by sex and professional category*	2022				2023			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	31	1.81%	11	0.64%	31	1.68%	11	0.60%
Managers	195	11.36%	115	6.70%	198	10.73%	120	6.50%
Technicians	317	18.47%	419	24.42%	378	20.49%	505	27.37%
Clerical staff	110	6.41%	206	12.00%	122	6.61%	207	11.22%
Others	168	9.79%	144	8.39%	155	8.40%	118	6.40%
Total	821	48%	895	52%	884	48%	961	52%
Active partners	1,716				1,845			

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

- Directors General Managers Regional Managers Territorial Managers Departmental and Zone.
- Managers: Section Managers, Area Managers and Branch Managers.
- Technicians: CS Techs., Office Managers and Technicians (Sales Managers).
- Clerical staff: Administrative Assistants and Operators.
- Others: D.D.O.P.V.

LK staff by age	2022						2023					
	Member			Other			Member			Other		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Up to 30	34	36	70	71	78	149	83	84	167	54	51	105
Between 31 and 40 years of age	71	176	247	6	9	15	63	167	230	12	10	22
Between 41 and 50 years of age	382	422	804	10	6	16	360	395	755	12	7	19
Between 51 and 60 years of age	321	257	578	3	0	3	367	312	679	6	0	6
Over 60	13	4	17	0	0	0	11	3	14	0	0	0
Group staff	821	895	1,716	90	93	183	884	961	1,845	84	68	152

	2023*		
	Total	Men	Women
Trainees	25	12	13

\*This information was not reported until 2023.

CLBS workforce by sex, prof. category and business area	2022				2023			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	0	0%	0	0%	0	0%	0	0%
Managers	7	5.8%	1	0.8%	7	6.2%	1	0.8%
Technicians	0	0%	0	0%	0	0%	0	0%
Sales managers	28	23.3%	84	70%	25	22.1%	80	71%
Group staff	35	29.2%	85	70.8%	32	28.3%	81	71.7%
Central Serv.	1	0.8%	0	0%	1	0.9%	0	0%
Commercial Network	34	28.3%	85	70.8%	31	27.4%	81	71.7%
Group staff	35	29.2%	85	70.8%	32	28.3%	81	71.7%

Group staff	120			113		
CLBS staff by age	2022			2023		
	Men	Women	Total	Men	Women	Total
Up to 30	7	3	10	4	2	6
Between 31 and 40 years of age	1	5	6	1	3	4
Between 41 and 50 years of age	8	34	42	8	31	39
Between 51 and 60 years of age	19	43	62	19	44	63
Over 60	0	0	0	0	1	1
Group staff	35	85	120	32	81	113

Lagun Aro staff by sex and prof. category	2022				2023			
	Men		Women		Men		Women	
	No.	%	No.	%	No.	%	No.	%
Directors	4	2%	3	2%	4	7%	3	2%
Managers	16	9%	14	8%	15	25%	14	11%
Technicians	36	21%	52	30%	37	63%	56	46%
Clerical staff	2	1%	47	27%	3	5%	50	41%
Group staff	58	33%	116	67%	59	32%	123	68%
Staff of Lagun Aro by age			2022		2023			
			M	W	M	W		
Up to 30			5	3	6	7		
Between 31 and 40 years of age			5	5	4	8		
Between 41 and 50 years of age			14	51	13	47		
Between 51 and 60 years of age			30	53	32	56		
Over 60			4	4	4	5		
Sum total			58	116	59	123		
Group staff			174		182			

Contractual relationship LK (situation as at 31/12)	2022			2023		
	Total	Men	Women	Total	Men	Women
Active members	1,716	821	895	1,845	884	961
Leave of absences	46	9	37	22	6	16
Secondment	16	5	11	18	6	12
Early retirees	119	70	49	69	34	35
Company contracts	1,897	905	992	1,954	930	1,024
Temps. Full-time	143	68	75	107	52	55
Temps. Part-time	2	1	1	3	1	2
Temporary Contracts	145	69	76	110	53	57
Open-ended Contracts	38	21	17	42	31	11
Total workforce as at 31/12	2,080	995	1,085	2,106	1,014	1,092

Contractual relationship CLBS (situation as at 31/12)	2022			2023		
	Total	Men	Women	Total	Men	Women
Temporary Contracts	12	5	7	7	4	3
Open-ended Contracts	108	28	80	106	28	78
Total workforce as at 31/12	120	35	85	113	32	81

Contractual relationship LA (as at 31/12)	2022			2023		
	Total	Men	Women	Total	Men	Women
Temp. contracts	2	0	2	6	0	6
Open-ended contracts	172	58	114	176	59	117
Total workforce	174	58	116	182	59	123

LK contracts by age as at 12/31	2022						2023					
	Total	Up to 30	31-40	41-50	51-60	> 60	Total	Up to 30	31-40	41-50	51-60	> 60
Active members	1,716	70	247	804	578	17	1,845	167	230	755	679	14
Leave of absences	46	1	24	14	6	1	22	1	4	11	5	1
Secondment	16	0	4	7	5	0	18	1	4	8	5	0
Early retirees	119	0	0	0	91	28	69	0	0	0	50	19
<b>Company contracts</b>	<b>1,897</b>	<b>71</b>	<b>275</b>	<b>825</b>	<b>680</b>	<b>46</b>	1,954	169	238	774	739	34
Temps. Full-time	143	137	6	0	0	0	107	100	6	1	0	0
Temps. Part-time	2	2	0	0	0	0	3	3	0	0	0	0
<b>Temporary Contracts</b>	<b>145</b>	<b>139</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	110	103	6	1	0	0
Open-ended Contracts	38	10	9	16	3	0	42	2	16	18	6	0
<b>Total workforce</b>	<b>2,080</b>	<b>220</b>	<b>290</b>	<b>841</b>	<b>683</b>	<b>46</b>	2,106	274	260	793	745	34

Workforce by location - LK	2022				2023			
	Members	Employee	Women	Men	Members	Employee	Women	Men
Central Services	429	23	235	217	501	17	256	262
Individuals	26	0	12	14	26	0	13	13
Insurance	73	0	50	23	81	2	56	27
Company	90	7	27	70	93	7	27	73
Reg. Network 1	506	106	367	245	536	79	370	245
Reg. Network 2	592	47	297	342	608	47	307	348
<b>Total 31/12</b>	<b>1,716</b>	<b>183</b>	<b>988</b>	<b>911</b>	<b>1,845</b>	<b>152</b>	<b>1,029</b>	<b>968</b>

Staff by location Lagun Aro	2022*				2023			
	Members	Employee	Women	Men	Members	Employee	Women	Men
Central Services	-	-	-	-	151	6	109	48
Brokerage network	-	-	-	-	25	0	14	11
<b>Total 31/12</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>6</b>	<b>123</b>	<b>59</b>

\*This information was first reported in 2023.

Terminations and annual rotation of working members in LABORAL Kutxa	2022	Up to 30		Between 31 and 40 years of age		Between 41 and 50 years of age		Between 51 and 60 years of age		Over 60	
		W	M	W	M	W	M	W	M	W	M
Departures in the year:	98	1	0	19	0	5	2	22	27	3	6
Leave of absence - Voluntary and/or Public Office	9	-	-	-	-	4	1	2	2	-	-
Leave of absence - Caring for children/family	25	1	-	19	-	4	1	-	-	-	-
Retirement	9	-	-	-	-	-	-	-	-	3	6
Death or Disability	2	0	0	0	0	1	0	1	0	0	0
Voluntary Resignation	6	1	-	-	2	-	1	-	1	-	1
On secondment	0	-	-	-	-	-	-	-	-	-	-
Early retirees	47	-	-	-	-	-	-	22	25	-	-
Directors departure rate	16.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	20.00%	27.27%	0.00%	0.00%
Managers departure rate	3.66%	0.00%	0.00%	0.00%	0.00%	2.50%	0.00%	12.90%	6.67%	0.00%	0.00%
Technicians departure rate	4.13%	0.00%	0.00%	8.20%	3.28%	2.25%	0.58%	9.09%	6.41%	0.00%	0.00%
Clerical staff and other departure rate	8.73%	28.57%	0.00%	19.05%	0.00%	2.56%	0.00%	12.73%	7.14%	75.00%	60.00%
Departure rate	8.13%	7.14%	0.00%	6.81%	0.82%	1.83%	0.15%	13.68%	11.87%	18.75%	15.00%

(\*) 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.

Terminations and annual rotation of working members in LABORAL Kutxa	2023	Up to 30		Between 31 and 40 years of age		Between 41 and 50 years of age		Between 51 and 60 years of age		Over 60	
		W	M	W	M	W	M	W	M	W	M
Departures in the year:	86	2		16		8	2	1	1	16	40
Leave of absence - Voluntary and/or Public Office	3					3					
Leave of absence - Caring for children/family	21	1		16		3	1				
Retirement	6									2	4
Death or Disability	2					1		1			
Voluntary Resignation	4	1				1	1		1		
On secondment											
Early retirees	50									14	36
Directors departure rate											
Managers departure rate	0%			7%							
Technicians departure rate	3%	4%		11%		2%	1%			67%	60%
Clerical staff departure rate	2%	14%		8%		1%		1%			
Departure rate	2%	6%	6%	11%	0%	2%	1%	0%	0%	50%	27%

In 2022 and 2023 there were no non-voluntary departures.

During 2023 there were 23 women (1 TCA) and 25 men (2 TCA) who were entitled to and took maternity and paternity leave. 100% of these cases returned to their jobs.

Terminations and annual rotation in CLBS	2022	Up to 30		Between 31 and 40 years of age		Between 41 and 50 years of age		Between 51 and 60 years of age		Over 60	
		W	M	W	M	W	M	W	M	W	M
Departures in the year:	23	3	3	3	1	1	1	5	2	3	1
Leave of absence - Caring for children/family	1			1							
Retirement											
Death or Disability	1					1					
Voluntary Resignation	17	1	2	1	1		1	5	2	3	1
End of contract	4	2	1	1							

Terminations and annual rotation in CLBS	2023	Up to 30		Between 31 and 40 years of age		Between 41 and 50 years of age		Between 51 and 60 years of age		Over 60	
		W	M	W	M	W	M	W	M	W	M
Departures in the year:	12	3	5	1	1	1	0	0	0	1	0
Leave of absence - Caring for children/family											
Retirement											
Death or Disability											
Voluntary Resignation	4	1	1	0	0	1	0	0	0	1	0
End of contract	8	2	4	1	1	0	0	0	0	0	0

Departures and annual employee turnover at Lagun Aro	2022
Departures in the year:	10
Voluntary Resignation	4
Other	6
Departures of Women in the year	3
Departures of Men in the year	7
<b>Total departure rate*</b>	<b>5.75%</b>
Women's departure rate	2.59%
Men's departure rate	12.07%

\*Departures are: 2 under 30 years and 8 over 30 years.

Departures and annual employee turnover at Lagun Aro	2023	Up to 30		Between 31 and 40		Between 41 and 50		Over 60	
		W	M	W	M	W	M	M	W
Departures in the year:	6	1	1		1	1		1	1
Leave of absence - Voluntary and/or Public Office									
Leave of absence - Caring for children/family									
Retirement									
Death or Disability									
Voluntary Resignation	4	1	1		1	1			
On secondment	2							1	1
Early retirees									
<b>Total departure rate (*)</b>	<b>3.45%</b>								
Directors departure rate									
Managers departure rate									
Technicians departure rate	5.68%								
Clerical staff departure rate	2.04%								
<b>Departure rate</b>	<b>3.45%</b>								

In LABORAL Kutxa, CLBS and LAGUN Aro there have been no dismissals in the last two years.

### Workers that are not staff members

In LABORAL Kutxa there are a number of activities that are carried out by subcontractors. These are ancillary service activities such as cleaning, maintenance or security. There is only one work that qualifies as essential outsourcing and is related to the financial activity it carries out. This is the remote telephone banking service provided by LANALDEN, S.A., which provides telephone customer service for the bank's customers, as well as responding to WhatsApp, Chat and email contact channels.

At 31/12/2023, Lanalden's workforce working for LABORAL Kutxa consisted of 49 people (36 women and 13 men) with permanent contracts, with a 15% increase in the workforce during the year due to the increase in demand for the service.



### 3.2.3. Dialogue with the workforce

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

- ✓ The last Internal Customer Satisfaction Survey (ICSS) was conducted in 2022, which is conducted biennially and will be conducted again in 2024. The survey consists of the commercial network assessing the quality of the services provided by Central Services, providing suggestions for improvement and making any comments they deem appropriate. The questionnaire was sent to 472 people and there was a response rate of 53%. As a result of the quantitative and qualitative assessments obtained from the survey, numerous improvement measures have been implemented.
- ✓ Internal Suggestions System. From 2021 to the end of 2023, 658 employee contributions were received, of which 67 (10.2%) were implemented.
- ✓ Participation and decision-making capacity in the basic governance bodies: Ordinary and Extraordinary General 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 working conditions of all the people that are partners or employees of LABORAL Kutxa and the company guarantees that ensure their 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 and partners at LABORAL Kutxa and bind the parties (the Board of Directors and the Social Council) and all persons.

The issues covered and agreed in 2023 were as follows:

- **Financial Assistance Scheme for Early Retirement from Professional Activity** for members born in 1964 and 1965.
- Agreement on **Updating of Advance Payments** for the period 2024-2029.
- 5-year extension of the **Geographical Mobility Regulation**.
- 6-year extension of the **Central Services, Premium Banking and Corporate Banking Working Hours Agreement**.
- Update of **Social Benefits**.
- Adaptation of the **Internal Regulations** to Royal Decree-Law 5/2023, approving measures for the reconciliation of family and professional life for parents and carers.
- Agreement on financial assistance and compensation to promote transfers to **Barcelona**.

As happens every year, at the end of the annual negotiation process, both parties exchanged the list of matters to be negotiated in 2024.

**Seguros Lagun Aro** maintains a close relationship with the Legal Representation of Workers (R.L.T.) A new statutory agreement was negotiated in 2022 for the period 2022-2025.

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 the 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 2023, we undertook an ambitious **training plan** in which the main objective was to continue promoting the training of people in the necessary knowledge and skills to ensure the success of our Core business, as well as continuing with training initiatives that allow us to transform the Entity, developing the necessary skills for the future in an increasingly digital and changing environment such as digital skills, data analytics, digital security, AI, agile methodologies, innovation...

This involved two changes to the training management systems: a new methodology and approach to the diagnosis of training needs (more complete and segmented) and the preparation of a training plan on cross-cutting issues for the entire Entity and a specific plan for each of the areas.

All of this has allowed us to progress throughout 2023 towards a more agile and dynamic organisational learning model in which people are capable of adapting to the new skills required at any given time and in which we ensure that everything we learn is transferred to our work activity and to the business.

Another of the main challenges of the year was in the area of **recruitment**. Following an audit of our recruitment and selection policies, we have begun to move towards a much more proactive model of Talent recruitment with the design of the Talent Brand project, which includes four lines of work: Candidate Experience, Brand Image, Talent Pool and Finance and Technology (Fintech). This has made it possible to meet the recruitment challenges both in Central Services, especially in the Technology and Analytics Area, and in the expansion areas of the Office Network, especially Madrid and Barcelona.

2023 was the year in which our **Onenak Bidean** professional development programme for the people in the Sales Network was consolidated. A higher quality of the defined process has been achieved: more in-depth self-assessments, more thorough management-collaborator conversations, and individual development plans that are better defined and more focussed on key office dynamics. All of the above has been made possible by the participation of 1,282 people and the definition of 1,158 individual development plans.

The **ZAINDUZ** programme, Health Management Plan, continued with another year of varied and innovative initiatives for the promotion of health, focusing on three aspects: nutrition, physical activity and emotional well-being. In 2023, we sought to reach a larger number of people and have achieved that 1,241 people have participated in at least one of the initiatives launched.

### Continuous Education Programmes

Training activity at LABORAL Kutxa in 2023 consisted of 510 courses and 182,542 hours of training.

The lines of work of the 2023 Training management plan were mainly aimed at consolidating the knowledge acquired in previous years, focusing on the Commercial Network, especially on commercial proactivity. Three training programmes have been provided with the aim of strengthening this aspect:

- FIDELIZA: aimed at sales managers with the aim of boosting sales proactivity, as well as the focus on closing deals, with an emphasis on closing sales via video call.
- CONTACTA +: aimed at people who have already completed Fideliza to achieve a homogeneous application of sales closing skills via video call, while increasing the number of contacts through the Commercial Diary.
- INTEGRA: aimed at branch managers with the aim of boosting organisation and commercial proactivity by integrating the projects worked on over the last few years, such as Onenak-Bidean and Fideliza.

Furthermore, we have continued to certify all those who were not accredited in MiFID II, LCCI and Insurance and we have designed and made available 30 hours of continuous training in MiFID II, 10 hours of continuous training in LCCI and 15/25 hours of continuous training in Insurance (15 for financial managers and 25 for those in insurance).

Finally, it should be noted that Leadership training was provided for new recruits to positions of responsibility in teams, Regulatory Compliance and cybersecurity, aimed at all employees of the Entity.

Training in LABORAL Kutxa and CLBS	2022	2023
Number of courses	526	510
Hours of training	196,613	182,542
Hours of training/person	87.77	80.49
Member	86.47	82.03
Temporary	107.48	67.69
<b>Average training in hours by category (individually)</b>		
Directors	71.53	55.71
Office Managers and Directors	95.84	76.30
Technicians	92.03	83.49
Clerical staff	76.67	78.81

Hours of training	2022		2023	
	Women	Men	Women	Men
Directors	83.14	65.89	49.09	57.63
Managers/DO	100.49	91.22	78.41	75.05
Gc-Tecn	94.62	88.67	84.03	82.81
GOP	76.98	76.32	79.81	77.47

Training in Seguros Lagun Aro	2022	2023
Hours of training	4,029	7,970
Women	1,988	4,572
Men	2,041	3,398
Hours of training/person	24.27	44
Directors	699	296
Office Managers and Directors	1,402	638
Technicians	1,509	6,977
Clerical staff	419	60

The proportion between participants on courses by sex (women / men) in 2023 was 1.14 compared to 1.15 in 2022.

The percentage of different people trained was 100% in 2023, the same as in 2022.

#### 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 all staff.

In 2016, the training course "Systems and policies for the prevention of criminal behaviour" was launched and it has been completed by 96.4% of the staff.

In addition, there were two compliance-related training courses in 2023. Below is a list of the courses and the percentage of people who have completed them:

- Prevention of money laundering and terrorist financing: 90%.
- GDPR Compliance: 98.3%.

#### 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.

During the year 2023, no session was held under this heading.

#### Managing people's development-Bidean

There is a system for managing people development, called BIDEAN. This consists of a system focused on people and their development, encouraging them to be adaptable, have initiative and be capable of constant learning, as well as a culture of self-demand, co-responsibility and collaborative work, taking LABORAL Kutxa's Responsibilities Catalogue as a reference. 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 development opportunities 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.

Total number of people with an active Individual Development Plan	2022		2023	
	Man	Woman	Man	Woman
Directors	1	1	10	4
Managers	168	95	168	98
Technicians	293	407	292	422
Clerical staff	99	149	102	151
<b>Total</b>	<b>561</b>	<b>652</b>	<b>572</b>	<b>675</b>
Total number of people with an active Individual Development Plan Lagun Aro	2022		2023	
	Man	Woman	Man	Woman
Directors	-	-	4	3
Managers	-	-	7	7

### Basque

2023 was a year of transition, to continue along the path we have embarked on and to strengthen the structure and projects underway. We have carried out campaigns to activate our customers, so that Basque-speaking people use ATMs in Basque and interact with our institution in Basque; we have continued to increase training in Basque: we continue to offer different options for learning or improving the Basque language (more than a hundred people take part in the courses); Berbetan, to practise Basque at lunchtime (at the Central Services); Mintzanet, for computer-based practice (for the office network)... We have also made more resources available to carry out or manage translations: we have expanded the options for using the Elia translator, to increase people's autonomy; we have set up the Babel platform for translations... We have also carried out actions to influence motivation and use: communication of news related to the Basque language, photo competition, advice on the use of resources in 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.

A commitment to equality is intrinsic to LABORAL Kutxa's values, proof of which can be found in this quote from J.M. Arizmendiarieta when, in 1958, he began his studies in the first class of students at the Professional School: "It is a big mistake that women do not have access to vocational education, in a generalised way, nor do they participate in the processes of retraining and lifelong learning, making room for professions that today are rejected as inadequate".

LABORAL Kutxa was also a pioneering organisation in the practical recognition of gender equality. In 1964, the 8th LABORAL Kutxa branch was opened in Markina-Xemein with a woman manager, even more relevant considering that it was not until 1978 that women were able to open a current account without their husband's permission.

This restlessness in the drive for equality resulted in a commitment 25 years ago in the form of equality plans. Proof of that commitment came in 1997, when 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 stable structures to promote equality policies and activate various working groups, 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 significant indicator is the percentage of women in management in retail network offices, where the presence of women is not only established, but continues to grow. In the Nafarroa network, 60% and in the Gipuzkoa network, 59% of the managers are women.

Similarly, the presence of women in positions of responsibility in Central Services is being strengthened and, in 2023, 41% of the positions of responsibility were held by women, as were 30% of the department or area management positions.

Among the actions framed in the last year of development of LABORAL Kutxa's IV Plan for Equality, and following the adaptation made after the pandemic for the years 2023-2024, we have worked on six major challenges and we have also developed various initiatives, the most relevant of which are described below:

We have continued to work to align, complement and strengthen equality policies with the sustainability strategy. Last year we laid the foundations for an integrating narrative on sustainability and this year we have carried out more specific work, which has given us access to other areas of LABORAL Kutxa (analysis of the supplier map, FEP (Development and Education Fund), mobility plan, Gaztenpresa...) and has helped us to learn what it means to work on equality and Basque in a cross-cutting way (through the exercise of working on the scorecard with a cross-cutting vision).

On 8 March we wanted to continue reflecting on the influence of gender roles and stereotypes in the workplace with Estrella Montolío Durán, who gave a conference to analyse the impact of these stereotypes, both in communication and in the promotion of talent. This is a line of work that we are carrying over from 2022 and that will continue to form part of the challenges within the organisation to continue promoting more inclusive and egalitarian labour relations and culture.

We have held new editions of the empowerment workshops for women and awareness-raising workshops for men. More than 130 women and 75 men have already attended the workshops. This is a great asset to continue working for equality and to generate synergies within the organisation.

We set ourselves the challenge of setting up the network for equality and activating all those people who have participated in LABORAL Kutxa's equality strategy over the years. We defined the purpose of the Network and set up a pilot project using the contents worked on with Estrella Montolío, with specific people from the Network.

In view of various legislative changes and new developments, we have modified the Protocol for dealing with cases of sexual harassment and gender-based harassment at LABORAL Kutxa. We



have also adapted the infographic to communicate the process in a more user-friendly way and we have given an account of the new developments in the Social Council.

Proof of the networking we do with other organisations and co-operatives within Emakunde's BaiSarea Network, LABORAL Kutxa has been recognised as a good practice. We have also shared our experience in the area of equality with other co-operatives in our area, such as Fagor Automation and Danobat.

Overall, we can say that the level of compliance with the operational plan designed for 2023 was substantial, since a total of 90% of the planned actions were carried out. Most importantly, steps have been taken to consolidate the strategy and new opportunities for the future have opened up.

In addition to this, the journey we have undertaken has helped us to define the work for 2024, as it is time to stop, update the equality diagnosis, detect the main gaps and design an action plan that will serve as a roadmap to continue working and taking steps in favour of equality between women and men and in favour of a more inclusive and egalitarian working culture.

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.

It should be noted that, as at 31 December 2023, the minimum percentage established for the under-represented gender had been exceeded.

With regard to the employment of disabled staff, LABORAL Kutxa has 24 people who meet 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 sustainability 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. Work-life balance**

#### **Work-life balance 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.

### 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. Since 2019, in order to facilitate work-life balance and encourage co-responsibility between parents, the working hours of these members of staff have been flexible. 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.

In addition, in 2022 the new agreement on flexible working was implemented. According to which, the Central Services and Territorial Directorates may have 1 or 2 days of flexible work, depending on whether their home is within 25km of the place of work. Subsidiaries will have the option to work 10 flexible days per year.

### 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 are not owners of 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 (approximately 97% of the workforce) voluntarily joining a company formed precisely to enable the participation of workers in the results.

The **promotion index**, understood as an improvement in the structural wage rate, was 31.21% in 2023 (10.28% in 2022).

LK average employment index	2022	2023
Women	2.25	2.28
Men	2.48	2.48
Difference M/W	10.55%	8.91%

- \*The average employment index is 2.38, the equivalent as at 31/12/2022 to €3,361.3 gross per month.

LK average employment index	2022		2023	
	M	W	M	W
Direct.	4.57	4.21	4.18	4.01
Manager	2.85	2.74	2.80	2.74
Specialist	2.33	2.20	2.34	2.26
Admin.	2.07	1.99	1.83	1.87
LK pay by age	2022		2023	
	Man	Woman	Man	Woman
Up to 30	31,426	29,652	31,545	31,179
Between 31 and 40 years of age	41,958	38,724	50,052	45,309
Between 41 and 50 years of age	49,912	44,520	57,300	52,140
Between 51 and 60 years of age	55,581	47,884	63,282	55,147
Over 60	51,288	48,855	57,968	56,306

CLBS average employment index	2022	2023
Women	-	2.01
Men	-	2.5
Difference M/W	-	24.37%

CLBS average employment index	2022		2023	
	M	W	M	W
Direct.	*	*	*	*
Manager	3.51	3.05	3.51	3.05
Specialist	*	*	*	*
Mngr.	2.1	1.98	2.22	2

\*There are no people in this range.

CLBS pay by age	2022		2023	
	Man	Woman	Man	Woman
Up to 30	1.18	1.2	1.15	1.20
Between 31 and 40 years of age	1.9	1.46	1.9	1.66
Between 41 and 50 years of age	2.15	2.06	2.15	2.03
Between 51 and 60 years of age	2.908	2.06	2.97	2.06
Over 60	*	*	*	1.9

Lagun Aro average salary	2022	2023
Women	52,109	54,301
Men	63,860	69,438
Difference M/W	22.55%	27.88%

Salary by sex and professional cat. (€ thou.)	2022		2023	
	Men	Women	Men	Women
Directors	106.02	84.58	113.45	92.45
Managers	69.45	72.21	81.4	78.45
Technicians	58.79	55.4	63.39	57.72
Clerical staff	46.98	40.4	40.18	41.42

Remuneration at LABORAL ARO by age	2022		2023	
	Man	Woman	Man	Woman
Up to 30	27,587	28,744	49,381	30,000
Between 31 and 40 years of age	45,729	36,735	42,638	41,605
Between 41 and 50 years of age	58,502	51,153	57,038	52,630
Between 51 and 60 years of age	73,508	57,240	79,338	61,810
Over 60	84,487	68,419	88,960	64,085

### As regards **pay levels**:

Starting salary LK and CLBS	2022	2023
Minimum salary upon entry for partners in € / No. of hours worked	16.22	17.14
Minimum salary upon entry for partners in € / Minimum inter-professional salary*	1.94%	1.9%

(\*) 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	2022	2023
Minimum salary upon entry in € / no. hours worked	12.12	12.81
Minimum salary upon entry in € / Minimum inter-professional salary	1.44	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:

	2022	2023
Total pay for best paid person LK / median total pay**	4.52	4.32
Increase in annual pay of the best paid person LK/Incr. median annual pay	-3%	2.59
Total pay for best paid person CLBS / median total pay	2.24	2.09
Increase in annual pay of the best paid person CLBS/Incr. median annual pay	4%	-3%
Total pay for highest paid person / average total pay <b>Lagun Aro</b>	2.11	2.11
Increase in annual pay of the best paid person Lagun Aro/Incr. average annual pay	16%	0.5%

\*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. The 2021 information has been updated because an error was found in the calculation.

\*\*Calculation of the figure does not include people not working (early retirement).

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 549 of them having individual objectives in 2023 (544 in 2022) 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:

	2022	2023
Variable Remuneration / Total Remuneration (in %)	10.15%	10.95%

### Remuneration to share capital

Members' contributions to the Share Capital have been remunerated in 2023 at the annual rate of 4.5% gross for compulsory and voluntary contributions.

Remuneration to Share Capital (thousands of euros)	2022	2023
Total payment of interest to Capital (to associated companies, to working members, etc.)	31,640	36,064
Share received by working and collaborating members (1)	11,223	12,798

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

### 3.2.8. Occupational Health & Safety

Management programme: Proposed actions for 2023 and their situation.
1. Apply the new psychosocial risk assessment methodology. Completed
2. Apply the preventative measures resulting from the psychosocial risk assessment. Underway-Zentzua
3. Update of the risk evaluation plan. Partially completed
4. Maintain regular activity in medical examinations, risk assessments, coordination of business activities and healthy company (Zainduz). Completed.

Management programme: Key objectives and commitments 2024	
1.	Aligning the occupational health and safety system with Zentzua
2.	Consolidate the changes in the organisation of the system under study.
3.	Set up procedures for training needs and obligations

LABORAL Kutxa has an Occupational Health and Safety Management System (hereinafter OHS) according to ISO 45001, certified by AENOR. LABORAL Kutxa is a member of the Osarten Joint Prevention Service.

The main milestones of the management system in 2023 were passing the external maintenance audit of the ISO 45001 standard and completing the implementation of the new psychosocial risk assessment methodology. 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 People and Media Management Department and the Company Doctor. The Chairman of this Committee is one of the workers' representatives (Prevention Officer). 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	2022	2023
Employee accident rate.	0	1.03
No. of accidents of LK, CLBS and LA personnel	21	34
No. of fatalities among employees.	0	0
No. of robberies	1	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. 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, 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 are managed as work-related accidents. Both protocols were updated in 2023.

Emergency drills are conducted every year in the Headquarters buildings. 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 for the absenteeism variables, rather forecasts 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. This module was reviewed in 2023 and will be re-launched to all staff in early 2024. 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.

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

Hours and absenteeism rate	2022	Men	Women	2023	Men	Women
Accident and Illness	129,534	40,034	89,500	112,011	24,428	87,583
Maternity	12,043	-	12,043	9,915	-	9,915
Paternity	8,717	8,717	-	8,903	8,903	-
Others (Caring for sick children)	3,174	-	3,174	3,033	-	3,033
<b>Total absenteeism in hours - LK</b>	<b>153,467</b>	<b>48,751</b>	<b>104,717</b>	<b>133,861</b>	<b>29,193</b>	<b>104,668</b>
Absenteeism Rate - LK	4.45	2.89	5.88	3.66	2.19	4.07
Absenteeism Rate Lagun Aro	3.45	0.58	2.87	7.84	1.90	5.94
Total hours absenteeism Lagun Aro	7,994	1,328	6,666	3,250	791	2,459
Absenteeism Rate - CLBS	7.99	2.46	10.23	7.29	4.65	8.43
Total hours absenteeism CLBS	19,128	-	-	16,251	2,945	13,306

Accidents at work	2022	2023
Accidents	20	31
Accident frequency (1)	3.26	2.73
Accident severity (2)	0.18	0.13
No. hours worked LK	2,758,916	2,925,716
No. hours worked CLBS	228,642	218,578
Accidents Lagun Aro (3)	1	3
Accident frequency	3.57	0
Accident severity	0.23	0
No. hours worked Lagun Aro	269,970	287,329

(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

Most of the accidents take place travelling to or from work. There is no data on frequency and severity disaggregated by sex. There are no occupational diseases in our business for the Group. No subcontractor accidents have been recorded.

## 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 of employees through the implementation of programmes focused on promoting healthy and sustainable habits in people, their families and the environment in which they live. It focuses on aspects such as improvements in diet, physical activity and emotional well-being with the aim of improving both the physical and emotional well-being of the people who make up the Group.

During this time, ZAINDUZ has become a model for the creation of a culture of well-being and is gradually establishing healthy attitudes in all areas of the Entity. It should be noted that during 2023 more than 1,240 people took part at least once in a Zainduz action, which means that more than half of the staff have taken part in them. The main actions carried out in 2023 included:



- Series of workshops on emotional well-being:
  - Self-knowledge, self-esteem and self-acceptance.
  - Develop your resilience, the ability to bounce back from difficult situations.
  - The impulse of small dreams to promote our mental health. What are the tools of positive psychology and how can you apply them in your day-to-day life?
- Workshop on sleep.
- Batchcooking recipe videos.
- Videoconference on anti-inflammatory diets and lowering cholesterol.
- Themed recipe videos.
- Fruit in coffee areas. Payment for this fruit is made in the form of a donation to the NGO Mundukide. Thanks to this initiative, 1,000 euros were given to Mundukide for 2023.
- Fisify:
  - Online physiotherapy app.
  - Videoconference with a physiotherapist.
  - Monthly online morning stretching sessions.
- LaboralBybike/walk programme: incentive scheme to encourage employees to walk or cycle to work.

### 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
<b>Annual celebration of a day of meeting and coexistence</b> (for everyone), Elkarte Eguna, and participation in cultural, sporting, gastronomic and leisure activities through the Lankide Club (which is financed by the Entity itself) as a vehicle for personal interaction outside the working day.
<b>Benefit on financial products</b> (members): Active: loan for purchase of primary residence, supplementary loan for purchase of primary residence, agreement on the possibility of "novation" of loans for purchase of primary residence of LK members, variable rate and vice versa; loan for other domestic purposes, disON loan, Passive: salary account LK member. Banking services: exempt from fees, rebates. Auto and home insurance.
<b>Other benefits:</b> Payroll advance. Group accident insurance. Life/Death from any cause fund. Vehicle damage cover. Aid for extraordinary needs - aid in the event of the death of members. Funding for complementary studies and Basque.

Specifically, the Entity's working members 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 2023, 53 different activities related to sport, culture, gastronomy, leisure, etc., were carried out with a budget of €34,644.70.

#### 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 member 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 (4.5% in 2022 and 7% in 2023) 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 members (thousands of euros)	2022	2023
Annual overall amount	14,131	17,871
Average amount per member	7.5	NA (1)

(1) This information is available after the General Assembly.

#### Coverage of contributions to the financing of a complementary health care system

LABORAL Kutxa covers, for the benefit of its members and working members, 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.

### 3.3. Our relationship with society

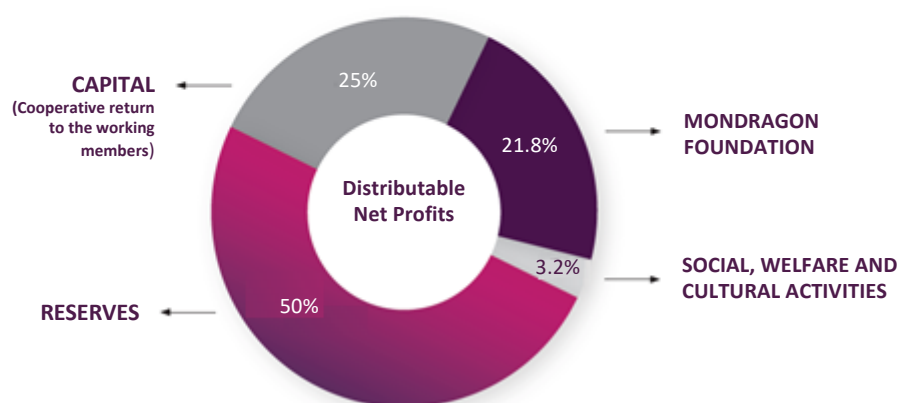
#### 3.3.1. Management approach

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.
- 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, social action groups, immigrant social assistance centres, etc.).

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



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 purpose of the Intercooperative Social Fund - ISF is, through the Mondragon Foundation:

- Promote business projects and the expansion of cooperatives.
- Among other uses, support for MONDRAGON cooperatives in difficulties, R&D&I projects and training.

### 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 the people in our area that would like to learn so that they can have more chance of success, generating wealth through the creation of employment.

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 Work) through Lanbide, was again substantial in 2023.

Gaztenpresa's role is to facilitate a culture of entrepreneurship in the Basque Country and Navarra, with the aid of both their internal teams and volunteers and alliances, to support people in our area that would like to be entrepreneurs so that they can do so successfully.

Despite the crucial period business is going through, entrepreneurs will have affordable and accessible training, and tutors available to them to help them find the best business model, financing and specialised mentors that can support them going forward.

The entrepreneur will begin a journey in which they will be helped to become aware of the implications of being an entrepreneur with a good chance of success, they will grow personally and professionally, and improve their living conditions. In turn, this will facilitate the promotion and contribution of entrepreneurs in the Basque Country and Navarra, neighbourhoods will be revitalised. In summary, contributions will be made to the sustainable development of our area through the generation of quality employment.

In doing so, we aim to contribute to the following Sustainable Development Goals (SDGs)<sup>1</sup>: SDG 4: Quality education; SDG 5: Gender equality; SDG 8: Decent work and economic growth, SDG 10: Reduced inequalities, SDG 11: Sustainable cities and communities, SDG 12: Responsible consumption and production; SDG 17: Partnerships for the goals.

The projects supported and which went beyond the feasibility phase generated 320 companies, creating 634 jobs. Its scope of action is the Basque Country, Navarra and the pilot test carried out with the Red Nueva (New Network). The regional distribution was as follows:

Gaztenpresa projects in 2023	Araba	Bizkaia	Gipuzkoa	Navarra	R. Nueva	Total
Viable and open the business	39	156	77	40	8	320

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 initiatives to provide support for these entrepreneurs, as well as providing training through our webinars and support through our mentoring programme.

Business consolidation	2022	2023
Workshops	55	70
Trained persons	492	397
Companies in consolidation	114	105
Mentoring programme	61	59

In measuring the results in terms of impact, the following resources were used:

Allocated resources	2022	2023
No. of Tutors	14	14
No. of Mentors	126	126
Financing awarded in millions of euros	9.0	10.1

We made an impact in the following way:

Impact on businesses	2022	2023
Businesses open	314	320
Survival to year 5	69%	67%
Survival to year 5 according to Eustat	45%	45%
Businesses with socio-environmental impact	24%	21%
Commercial companies generated	27%	25%
Cooperatives for commercial entities	11%	22%

Impact on people	2022	2023
Average age	39	39
People advised	1,032	849
Persons advised not to open	13%	12%
Persons coming from unemployment	29%	35%
% Women	50%	47%
Trained persons	493	397

Impact on Society	2022	2023
% of companies created by migrants	11%	13%
% of companies created by persons under the age of 35	26%	27%
% of companies created by persons over the age of 45	22%	22%
% of companies located in provincial capitals	37%	41%
% of companies located in cities with over 15,000 inhabitants	35%	33%
% of companies located in cities with under 15,000 inhabitants	28%	26%
Average investments of the companies created	€ 87,528	€ 101,070
Average loan for companies created	€ 36,800	€ 39,100

### 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 Foundation.

LABORAL Kutxa also has an influence on society through hundreds of sponsorship and promotional activities to which it allocates economic resources. In 2023, numerous activities were supported. Here are a few of them: Reports by the Research Service, Caritas, Food Banks (in Araba, Bizkaia, Navarre and Gipuzkoa), Gurutze gorria Araba, World Alzheimer's Day, EITB Maratoia, Euskal Herriko bertsozale elkarte, Emakume master cup, Bihotz urdina, Forum on sustainable urban planning, Berria hedabidea,...

### 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:

	2022	2023
Eusko Alkartasuna	83	78
EAJ - PNV	464	370
<b>Loans (thousands of euros)</b>	<b>547</b>	<b>448</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 2023 it was just over **32 million euros**. The distribution among headings was as follows:

Item (thousands of euros)	Years of application	
	2022	2023
Charitable contribution to the launch and consolidation of cooperative companies (through MONDRAGON)	17,174	21,446
<b>Inter-cooperative Social Fund - FSI (15% of Distributable profit)</b>	<b>17,174</b>	<b>21,446</b>
Cooperative Promotion through MONDRAGÓN (68% FEP)	6,526	7,785
Other cooperative initiatives and social values	118	140
Entrepreneurship and Business and vocational training ( <i>Gaztenpresa Foundation</i> )	140	435
Cultural activities in general and others	829	551
Promotion of the Basque-language and Basque Culture	450	709
Welfare institutions and developing countries	470	607
Agri-food sector	42	85
Sports activities	-	643
Gender Equality and Empowerment	87	134
Environment	24	122
<b>Education and Promotion Fund - FEP (10% of Distrib. profit).</b>	<b>8,686</b>	<b>11,213</b>
<b>Sum FSI+FEP</b>	<b>25,860</b>	<b>32,659</b>

### 3.3.3. Dialogue with society

These are the most relevant mechanisms for dialogue with society.

<b>Stakeholder: Society</b>
<b>Dialogue mechanisms carried out in 2023:</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.</li> </ul>

<ul style="list-style-type: none"> <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: 10,400 followers</li> <li>❖ Facebook: 22,000 followers</li> <li>❖ Twitter: 8,634 followers</li> <li>❖ Blog: 780,654 readers</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <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> </ul>
<ul style="list-style-type: none"> <li>Acknowledgements, in collaboration with various institutions, such as: Eusko Ikaskuntza-Laboral Kutxa 2023 Award for Humanities, Culture, Arts and Social Sciences, which went to the writer Kirmen Uribe and Beñat Garaio. In 2023, the Navarra International Solidarity Award was presented to the Instituto de Salud Incluyente de Guatemala (Institute for Inclusive Health in Guatemala).</li> <li>Survey of Customers from companies, personal banking, Kide, TOP and Pro-microcompanies on their assessment of sustainability activities at LABORAL Kutxa, while sending out the summary of the 2021 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 2023 LABORAL Kutxa continued to disseminate sustainability among different stakeholders. In this respect, LABORAL Kutxa:

- has made the Report available to the public on the Entity's websites and GRI.
- has distributed the sustainability report to its staff via the intranet (Giltzanet).
- has sent an email to more than 540,000 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 main initiatives:

Name	Purpose	When
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
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 to support the social economy	Annual agreements with associations linked to the social economy: Basque country (KONFEKOOP, ASLE), Navarra (ANEL), Asturias (ASATA), Salamanca (OWEN), Cantabria (ACEL), Leon (ULECOOP) and, at national level, annual agreements with Cepes.	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
United Nations Principles for Responsible Banking	Framework for the sustainable banking system of the future. Commitment to the 6 Principles.	2019
Basque Ecodesign Center	Promoting the development of innovative projects that meet the priorities of the Basque Country with a double focus: the improvement of competitiveness, and the prevention of environmental impacts.	2022

### Seguros Lagun Aro:

The activities carried out by the insurance company can be found on pages 69-71 of [Lagun Aro's sustainability report](#).

### Financial education

LABORAL Kutxa, aware that the participation of entities such as ours contributes significantly to the enrichment of Financial Education initiatives, has been developing initiatives in this field for several years.

It should be noted that throughout 2023 there was significant activity with a segment of the population, the elderly, with which until now hardly any structured activity had been carried out.

#### ACTIVITIES CARRIED OUT

##### 1- Elderly segment

Specific in-person training has been developed for this group with the aim of complying with both Law 4/2022 and the commitments acquired in the **protocol** to reinforce the social and sustainable commitment of the banking sector to the elderly.

A partnership has also been established with the Faculty of Education and Humanities of Mondragón Unibertsitatea to develop materials aimed at increasing the financial and digital inclusion of the elderly population.

Specifically, 5 workshops were held in Arrasate (2), Zarautz, Tolosa and Salamanca on various topics such as: economic current affairs and outlook, cybersecurity, digitalisation and fraud prevention, in which 305 people from different senior citizens' associations took part.

##### 2- School visits - "Economy? I'm in control!"

This long-established initiative is aimed at secondary schools to improve the financial literacy of their pupils.

To this end, students come to our facilities and are given explanations on various aspects related to encouraging savings, how to avoid squandering money, the role of financial institutions, the simplest banking products and on-line security guidelines. They also carry out practical exercises with ATMs and *Bizum* payments. The course is delivered by LABORAL Kutxa trainers and under the supervision of the centre's teaching staff.

In 2023, 6 workshops were held at the head office in Arrasate, at the regional offices in Bizkaia and Gipuzkoa and at the Tudela branch in Navarra, as well as at the head office of Seguros Lagun Aro, in which a total of 213 students took part.

### 3- Children's drawing competition

As usual, during the summer months, and in collaboration with the *UNACC*, a children's drawing competition was launched for children between 7 and 11 years of age, which contributes to financial education.

The competition is aimed at the children of active employees of the credit cooperatives associated with Unacc, with the topic of the drawing being; ***“Access to financial services for all”***. This was the sixth edition, and 19 girls and boys participated.

#### Awards received

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

- 2023 Bai sarea Award from the Emakunde network of collaborating entities for equality.
- 2022 Sports Company Award at the Kirolgala for its contribution, collaboration and commitment to sport in Gipuzkoa.
- 2022 Master Marketing Award (PesMes) for 360 degree communication campaigns.
- 2021 enerTIC Awards from the Secretary of State for Digitalisation and Artificial Intelligence, for the Digitisation of the Energy Efficiency project developed by LABORAL Kutxa, in the Smart Buildings category.

With regard to Lagun Aro, in 2022, the “EthSI®” (Ethical and Solidarity-based Insurance) certificate was renewed with a two-year validity period. In addition, specific products such as Life, Car and Home Insurance were granted the certificate.

#### 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 solidarity-based 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 territorial responsibility, economic responsibility, ethical investments and use of ethical banking, equity and transparency, environmental responsibility, labour responsibility, corporate structure, governance and democratic functioning.

### 3.4. Our relationship with the environment

#### 3.4.1. Management approach

Since 2001, **LABORAL Kutxa** has employed an **Environmental Management System - EMS** in accordance with the ISO 14001 Standard for all the activities carried out in the three buildings of the Head Office. 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 2022 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-General Services and Planning, acting with the latter 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 **LABORAL Kutxa's** environmental management policy, the aim of which is continuous improvement in environmental behaviour, pollution prevention and environmental protection. As with **LABORAL Kutxa's** network of offices, it is not integrated into its Environmental Management System.

By the very nature of its business, the direct environmental impact caused by the insurer is low and its management focuses on GHG emissions and paper consumption.

From an environmental point of view, a relevant aspect is the plan to implement the new physical office model. This model, which incorporates new air-conditioning installations and LED lighting with presence detection, improves the impact of the activity by reducing energy consumption. Along the same lines, the comprehensive refurbishment of building LK3 for Mondragon Central Services has been implemented. The aim is to obtain Breeam environmental certification upon completion in early 2024.

As regards consumption, the paper reduction project has been launched. The objective is to reduce paper consumption by 50% by the end of 2024 compared to 2022. This objective will be part of the variable remuneration for all people. A sign of the importance given to reducing the impact of the activity is the inclusion of a reduction target with three goals in the variable remuneration of all employees in 2023, namely:

- 25% reduction in paper consumption
- 5% reduction in energy consumption and operational carbon footprint.

With regard to the environment, however, the most important progress made in 2023 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 actions with environmental impact through financial activity are:

- Approval of the ESG Investment, Financing and Underwriting Policy, which establishes excluded and specially monitored sectors of activity.
- Integration of sustainability risks. Heat mapping, establishing the direct and transitional climate risks for the different sectors of activity.
- Publication of Pillar III information in the Pillar III Prudential Relevance Report.
- Improved gathering of information on the energy rating of mortgaged dwellings and associated climate risks.
- Development of the ESG product catalogue.
- Monitoring of greenwashing risks.
- Design of the sustainability scorecard.
- Completion of the third TCFD report and first report in line with TNFD recommendations.

The EMS is audited annually by AENOR, together with the ISO 45001 Occupational Health and Safety. In 2022 the certification was renewed for 3 years, having passed the 2023 follow-up audit without any non-conformities.

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.
- It carries out annual planning to identify risks and opportunities related to its environmental aspects.
- 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	2022	2023
Maintenance of the EMS (1)	2,039	1,089
Waste management (2)	4,190	1,563
Environmental promotion	0	8,724
Measurements (discharge)	578	599
<b>Total in €</b>	<b>6,807</b>	<b>11,975</b>

(1) IZAITE and legal requirements.

(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. **Seguros Lagun Aro** does not have specific items 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

LABORAL Kutxa's Environmental Management System includes a "Risk Review and Management Control" procedure that sets out the steps to be followed to assess and control environmental risks in all transactions involving credit investment and signature risks, assigning a High, Medium or Low risk level to each activity, excluding 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	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Companies	764	800	1,185,698	1,404,020	27	40	123	99	519	661
Individuals	16	12	33,958	47,438	1	1	1	2	14	9
Self-employed	1	2	150	1,775	-	-	-	-	1	2
Businesses	40	42	62,652	46,395	-	-	4	4	36	38
Developers	43	40	139,645	157,933	-	-	-	-	37	40
Institutional	133	109	443,788	468,455	8	6	35	31	66	72
Public	22	18	567,104	552,495	-	-	-	-	21	18
Fin. Loan	14	7	8,001	5,620	-	-	-	-	1	7
<b>Total</b>	<b>1,033</b>	<b>1,030</b>	<b>2,440,996</b>	<b>2,684,131</b>	<b>36</b>	<b>47</b>	<b>163</b>	<b>136</b>	<b>695</b>	<b>847</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.

In addition, in section 4.2 ESG Financing/Investment, reference is made to other environmental controls carried out from an environmental point of view in both lending and investment management.

#### Transparency in exposure to fossil fuels

Exposure to fossil fuels as at 31/12 in thousands of €	2022	2023
Number of operations*	48	45
Total exposure	5,176	7,813

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

As explained above, attached to this report, the climate-TCFD report has been published, which explains the situation of LABORAL Kutxa with respect to climate risks. The report presents the progress made in this area, as well as the important challenges ahead.

## Pollution

Over the last few years LABORAL Kutxa has been making a major investment effort that has materialised in the complete renovation of two of the three buildings of the Mondragón Central Services, with the renovation of the third building scheduled for completion in 2024. 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. 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 regard to **environmental safety**, the Central Services buildings and facilities have emergency plans that contemplate possible effects on the environment in the event of an incident, as well as how to act in order to minimise this impact. There are also emergency plans for all the workplaces, although, the potential environmental effects of emergencies are much lower in the branch network.

The correct management of **waste** is carried out as part of the environmental certification. In addition, the most relevant waste, paper to be recycled 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	
		2022	2023	2022	2023
Cardboard and paper waste	Kg	129,780	78,420	3,420	820
Recycled toner cartridges	Kg	1,392	2,794	(1)	
Used vegetable oil	Litres	560	560		

(1) Lagun Aro does not generate this waste.

Given the activity carried out, food waste is not relevant. In 2020, however, an online booking system for access to the Central Services canteen was 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. An external analysis of the discharge is carried out annually to check that it is within the authorised limits.

Water consumption (m3) at Headquarters	2022	2023
Water consumption (1)	6,595*	5,850

(1) The figure for 2022 has been corrected due to the adjustment following the meter failure.

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 in kg LABORAL Kutxa+Lagun Aro	2022	2023
Promotional paper	100,597	63,832
Office paper (letters, notepads, folders, sheets of paper, envelopes, etc.)	214,647	205,250
Total paper consumption*	315,244	269,082

\*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.

	LABORAL K./ Lagun Aro	
Paper consumption kg	2022	2023
Promotional paper/customer	0.089	0.057
Office paper/customer	0.191	0.183
Total consumption/customer	0.280	0.240
Total paper consumption/person	142.77	117.40

In order to reduce the amount of paper used in customer communications, a significant effort has been made 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 decrease in the volume of paper and toner consumed. The 23-24 Strategic Plan establishes a goal for a 50% reduction in paper.

Toner consumption in units LABORAL Kutxa+Lagun Aro LABORAL Kutxa+Lagun Aro	2022	2023
Total toner cartridge consumption	2,962	2,579
Cartridge consumption per person	1.34	1.13
Weight of toner used kg	2,089	1,820
Weight of toner used kg/person	0.95	0.79

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:

	LABORAL K.		Seguros LA	
Year/Unit	2022	2023	2022	2023
Electricity consumption in KWh / year Central Services	3,086,684	2,984,912	308,761	330,135
Electricity consumption in KWh / year TOTAL LK	10,570,653	10,291,441		

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



### Energy consumption:

Energy (Gj) (all LABORAL Kutxa and staff)	2022	2023**	Seguros LA 2022
Electricity	38,054	38,238	1,112
Diesel	26	14.4	0
Propane	0.30	0.39	0
<b>Energy consumption A</b>	<b>38,081</b>	<b>38,252</b>	<b>1,112</b>
Energy consumption/pers.	18.69	17.14	6.5
<b>External energy consumption B (displacement petrol)</b>	<b>18,495</b>	<b>20,738</b>	<b>1,677</b>
Energy intensity*	27.77	26.43	16.30

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

\*\*In 2023 the energy consumption of LK and Seguros LA is grouped together.

Significant efforts have been made in recent years to improve energy efficiency:

- The introduction of a geothermal installation to air-condition the Central Services.
- 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.

### Renewable power generation

In recent years LABORAL Kutxa has been investing in renewable energy parks for self-sufficiency in electricity. In addition to the previous participation in the Ekian solar farm, in 2023 the company joined two new farms, one of them in Mondragon itself, which, when they come on stream, will raise the percentage of self-consumed electricity to levels close to 50%.

### Climate change-Carbon footprint

In the 2023-24 Strategic Plan, a target was set to reduce this operational carbon footprint by 5% per year. This target has been met, standing at 10.1%.

In 2022, a sectoral working group was set up to improve this carbon footprint calculation. As a financial entity, it is relevant to incorporate new elements into Scope 3, especially those relating to investment and financing portfolios. As a result of the work, greater theoretical knowledge and a new calculation tool have been obtained. However, this calculation methodology still requires perfecting. The biggest deficiency of the new calculation is the lack of information on most of the financed counterparts, therefore today the calculation is based on public information and sectoral approximations. It is a task that will be carried out over the next two years.

LABORAL Kutxa			2022	2023
Summary of GHG emissions				
Scope	ID	Type of activity	t CO <sub>2</sub> e	t CO <sub>2</sub> e2
EMISSIONS	A1.1	Fixed sources	24.85	30.75
Scope 1	A1.2	Mobile sources	0.00	0.00
	A1.3	Fugitive emissions	104.59	86.38
	A1	Scope 1 - Total	129.43	117.13
EMISSIONS	A2.1	Electricity consumption	0.00	0.00
	A2	Scope 2 - Total	0.00	0.00
EMISSIONS	A3.1	Goods and Services Acquired	443.00	402.37
Scope 3	A3.4	Upstream Transport and Distribution	542.01	84.25
	A3.5	Waste Generated in the Activity	0.52	0.77
	A3.6	Business Travel	805.54	888.64
	A3.7	Employee Travel	1,670.16	1,735.04
	A3	Scope 3 - Total	3,461.23	3,111.07
		Total emissions	3,590.66	3,228.20

The sectoral CF calculator (Connecting Visions) was used to obtain the information.

The following were taken into account:

- For scope 1, consumption of diesel, propane and emissions of refrigeration gases.

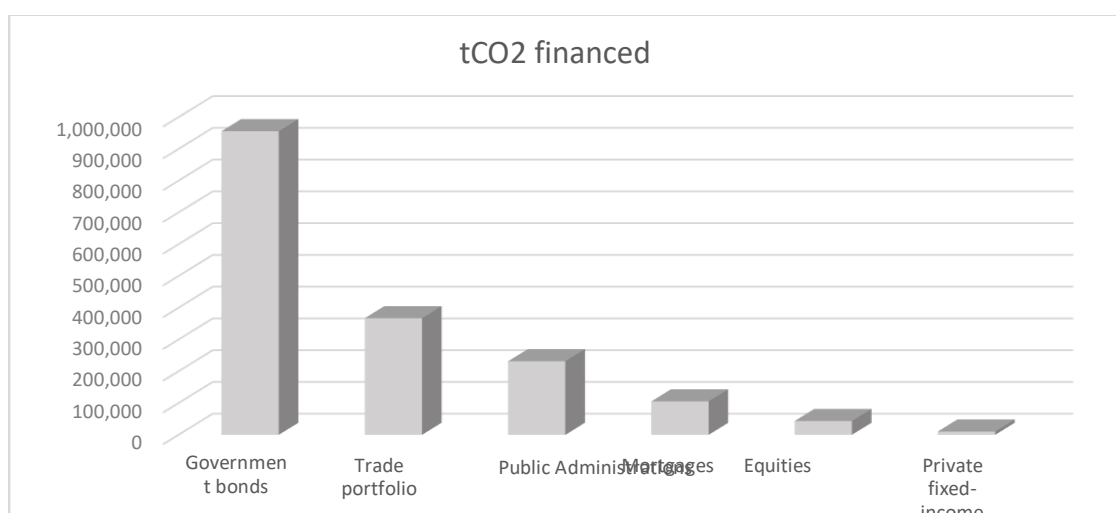
- For scope 2, the total electricity consumption (CS, the office network and regional management buildings) was taken into account. It is considered 0 as all energy is from renewable sources.
- For Scope 3, emissions from the consumption of water, paper, toner, etc., have been taken into account. Emissions from internal mail and warehouse orders were also taken into account. Waste includes paper/cardboard and WEEE. Finally, business travel (mileage, taxis, journeys) and personal travel from home were also taken into account.

The **intensity** of greenhouse gas emissions, measured as total (operational) CO<sub>2</sub> emissions among the LK workforce, would in this case be 1.41, compared to 1.64 in 2022.

LABORAL Kutxa calculated its financed carbon footprint for the first time in 2022, both for lending and treasury investments. The figure was recalculated in 2023. In view of the impossibility of full availability of information, the scope for the 2023 financial year will correspond to 76.55% of the total credit and treasury portfolio. These are the data obtained from the emissions of these portfolios:

	2023			2022		
	tCO <sub>2</sub>	% tCO <sub>2</sub>	Tco <sub>2</sub> /€M	tCO <sub>2</sub>	% tCO <sub>2</sub>	Tco <sub>2</sub> /€M
<b>Government bonds</b>	955,816	55.77%	138.79	1,063,716	59.85%	138.99
<b>Trade portfolio</b>	367,170	21.42%	391.85	301,503	16.97%	637.29
<b>Public Administrations</b>	231,664	13.52%	246.37	242,651	13.65%	243.79
<b>Mortgages</b>	105,305	6.14%	10.64	169,295	9.53%	14.22
<b>Equities</b>	43,409	2.53%	135.46			
<b>Private fixed-income</b>	10,559	0.62%	105.84			
<b>Total</b>	<b>1,713,923</b>	<b>100.00%</b>	<b>89.80</b>	<b>1,777,165</b>	<b>100.00%</b>	<b>84.53</b>

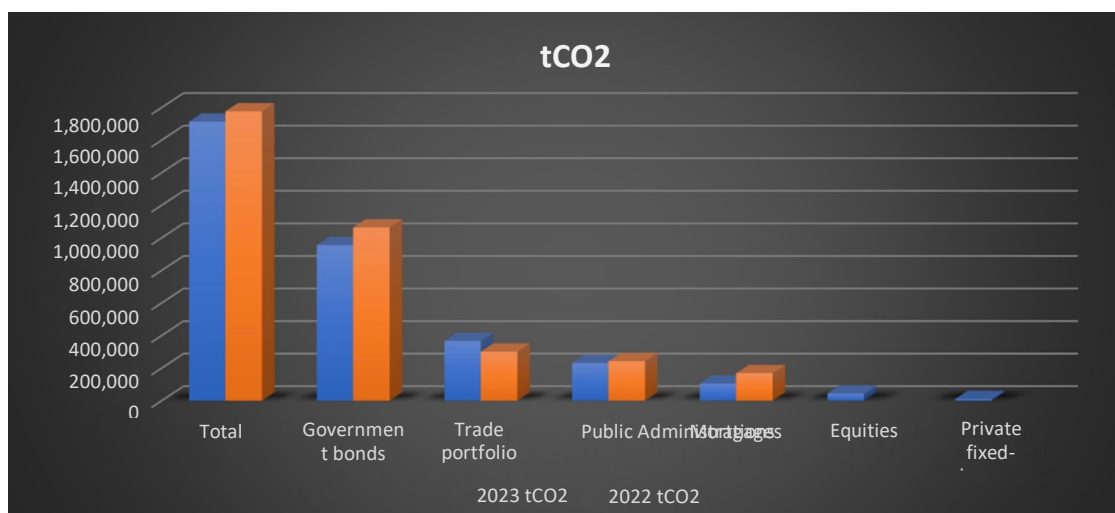
LABORAL Kutxa has a financed carbon footprint of 1,713,923 tCO<sub>2</sub> in 2023, which means that for every million euros lent or invested, the carbon footprint generated is 90 tonnes.



Fixed-income is the largest contributor to the carbon footprint, accounting for 55% of the total footprint. This is followed by commercial portfolio and loans to public administrations, whereas mortgages are in fourth place. Both equity and private fixed-income, given their low weighting in LABORAL Kutxa's portfolio, have very little significance.

If we look at the tonnes of CO<sub>2</sub> per million euros invested, it is the commercial portfolio that stands out, with 391.85 tCo<sub>2</sub> per €M. They are followed by loans to public administrations, with 246.37 tCo<sub>2</sub> per €M

When comparing the footprint with that of 2022, it should be borne in mind that, as this is still a recent calculation, it is subject to adjustments and therefore the comparison is not entirely homogeneous. On the one hand, two types of instruments have been included in the 2023 calculation that were not considered in 2022 due to the lack of data: the equity and private fixed-income portfolios. Meanwhile, the quality of the data available for the other portfolios has been improving. The aim is to progressively replace the use of approximations with real data.



In 2023, a decrease of 63,242 tCO<sub>2</sub> can be observed. The portfolios with declines in emissions correspond to government bonds, public administrations and mortgages. In the first two, the decreases are mainly due to a lower volume of investment, with the figure of tCO<sub>2</sub> per €M remaining stable in both cases. Nevertheless, the drop in emissions corresponding to the mortgage portfolio corresponds to a change in the calculation method compared to the previous year, as this year actual data from energy certifications have been used, rather than estimates.

As for the merchant portfolio, despite the decrease in tCO<sub>2</sub> per €M, there is an increase in total emissions. The reason for this is that more operations were included in the CO<sub>2</sub> calculator in 2023.

**LABORAL Kutxa** has been making continuous efforts 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 and that of the initiatives described above, the following lines of action are proposed:

- The incorporation of the reduction of the carbon footprint and electrical consumption into the variable remuneration of the workforce.
- Participation in initiatives and alliances to accelerate the transition to a more sustainable production model: Basque Ecodesign Center, Principles of Responsible Banking, sectoral groups through Unacc, collaborations with universities, etc.

- Work continues on improving 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.
- As explained above, sustainability is a key element in the Group's strategy.

#### Protection of biodiversity

LABORAL Kutxa's direct activity does not affect biodiversity or have an impact on protected areas. However, as is the case with climate change, financial activity can have an impact on biodiversity. At the same time, the loss of biodiversity may increase the risks for LABORAL Kutxa's investment, financing and insurance activities. This is why a first report has been produced this 2023 following the recommendations of the Taskforce on Nature-related Financial disclosures (TNFD) to report and act on the performance of nature-related dependencies, impacts, risks and opportunities. This report is presented together with this report and is integrated with the TCFD.

### 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 2023.

Work continued to comply with the EBA's **Guidelines on Outsourcing**, which aim to manage all the risks that may be involved in working with suppliers and outsourcing services. In 2021, the update of the **Delegation of Services Policy** (also known as the outsourcing policy) was approved. In addition, an organisational unit was created as a section called Third Party Management, which centralises and is responsible for the management of suppliers in order to be able to implement this Policy.

A significant event in 2023 was the Governing Council's approval of the **LABORAL Kutxa Group's Sustainable Procurement Policy**. Among other aspects, this policy aims to ensure a dynamic of continuous improvement of the procurement process based on the principles of sustainability, as well as to integrate ESG criteria in decision-making during the selection of our suppliers.

In 2023, the Third Party Management section continued to increase its analysis of supply companies. In this regard, the tools available for communicating with suppliers have been updated. These are the 3 tools available for that:

- Ethics Code: which must be signed by suppliers. If they do not sign it, their own ethics code is requested so that it can be verified by LABORAL Kutxa.
- Supplier Request: a tool used for the approval of suppliers. It includes three specific sections on sustainability.
- Service Request: specifically focused on service.

These three elements ensure compliance with EBA's Guide and control and manage the risks derived from the suppliers. Because once they have been answered, these documents are analysed by Data Protection, Security, Legal Advice, and Business Continuity, who are responsible for ensuring that no risks are incurred.

All of these questionnaires are sent to every supplier each time a new service is contracted or an old one is renewed. At the same time, they are sent to old suppliers, even when the service is not renewed, in order to have as much information as possible on all suppliers.

With regard to **occupational risk prevention**, the coordination of business activities is carried out with the contractors who come to carry out their work in the offices of the commercial network.

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

	2022	2023
Purchase volume (thousands of euros)	158,817	197,725
% of goods and services purchased from local companies (2)	96.3%	95.1%
% of local suppliers of total	93.6%	93.5%
% of domestic purchases, not imported (1)	99.9%	99.9%

(1) In 2023 LABORAL Kutxa had 3 supplier companies (0.53% of the total and accounting for 0.04% of the goods and services purchased) from outside Spain. One of which is not an EU country.

46.7% 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

With regard to the **dialogue** with supplier companies on sustainability, a questionnaire was sent to 165 supplier companies in 2021 for the 2020 Report. Companies were specifically chosen because their workers perform work within our premises. This included subcontractors and outsourcing companies. With a view to carrying out the dual materiality analysis prior to the move towards the new non-financial reporting directive CSRD, in 2024 it is planned to consult the supplier companies again on their view of the materiality of LABORAL Kutxa's impact.

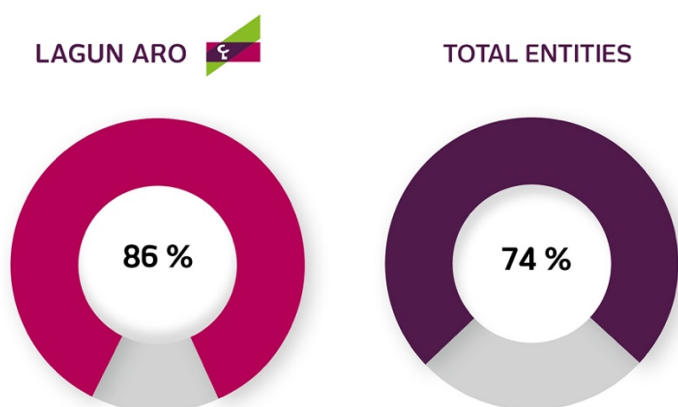
Also, as part of the supplier management project, an e-mail channel has been set up for our supplier companies to communicate with us to resolve any doubts they may have or to pass on any complaints or concerns.

Within the area of suppliers, **Lagun Aro's brokerage channel** deserves special attention. From the perspective of insurance companies, the brokerage channel is an important stakeholder for the business.

The dialogue with our mediators is constant, both in person and through group meetings and surveys, among other things. We seek their opinion and consensus, as well as other aspects, at product launches and modifications, relying on their vision and market experience.

We also garner their opinion on their satisfaction with the company, by means of a biannual study that analyses multiple aspects, such as: their satisfaction in terms of products and services that the entity makes available to them for trading, the support they are given by the entity for the development of their activity, the means and techniques and contacts available to them, the information provided, the service for the end customer, and their satisfaction with claim management, among other things.

As a result of this survey, in 2022 we obtained an **overall satisfaction rate of 86%** (ratings above 7 on a scale of 0 to 10) compared to **74% for the market**, which is a very large margin, leaving us in a more than favourable situation.



The situation is similar if we look at the **Net Promoter Score (NPS)**, an indicator for loyalty and recommendation, where **Lagun Aro** has **13%** net promoters (the result of subtracting the percentage of detractors from that of promoters) while the **market** obtains a **-7** as detractor customers outnumber promoters.

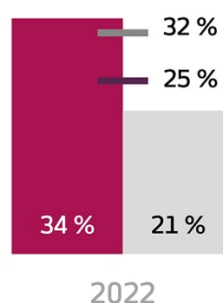
#### NPS

LAGUN ARO

■ Developers  
■ Detractors

TOTAL ENTITIES

■ Developers  
■ Detractors



#### RECOGNITION AND TRAINING FOR OUR BROKERS

The claim "there is another way" has always characterised the LABORAL Kutxa Group, also in insurance companies, because there is another way of doing insurance. And there is another way to relate to brokerage.

Once again this year, and under the claim "there is another way", Lagun Aro held the Convention with its best brokers and mediators, this time in the San Mames stadium. In addition to presenting company data and future projects, there was a lot of discussion about working together. The event ended with a talk by Alex Txikon, where the spirit that Seguros Lagun Aro has with brokerage, teamwork, was reinforced even more.

In the 2023 financial year, for the entire brokerage channel, a significant investment was made to help the mediator retain the customer through loyalty and the support of continuous Marketing.



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

As regards sustainability, first of all, it is worth mentioning that two of the three documents mentioned above by means of which relationships are maintained with supplier companies contain questions on sustainability. Firstly, the Ethics Code is integrally linked to sustainability. Secondly, the Supplier Request document has three related sections: Transparency and Ethics; Corporate Social Responsibility (CSR), and Certifications and environment.

As explained above, the LABORAL Kutxa Group's new Sustainable Purchasing Policy was approved in 2023. One of the objectives of this Policy is to

- ✓ Address compliance with applicable environmental, social and governance legal requirements throughout the supply chain.
- ✓ Guarantee transparency and complete and accurate information in the procurement process.
- ✓ Ensure that the selection of supplier companies includes respect for legality, commitment to integrity, competition, objectivity, transparency, value creation, prevention of corruption and confidentiality.
- ✓ Monitor supplier companies to ensure that sustainability commitments are being met.

Another line of action taken with regard to suppliers concerns 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. INFORMATION ON THE REPORT



## Report Profile

The 2023 report is the nineteenth Sustainability Report presented by LABORAL Kutxa and refers to a full year, the same as the financial information. Since 2005, the Caja Laboral published annual CSR reports.

LABORAL Kutxa intends to continue publishing its Sustainability Report on an annual basis, following the guidelines set by GRI, in line with the new CSRD regulations. The LABORAL Kutxa Sustainability Report for 2023 was prepared following the option in accordance with GRI. All the indicators related to the material aspects identified are 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.

The Director of the Financial Area approved the request for verification of the Report.

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)**, which is an independent broker, wholly owned by LABORAL Kutxa, whose raison d'être lies in the integration of the insurance activity into the business and commercial strategy of LABORAL Kutxa. Its workers are hired employees.

The service provided by LABORAL Kutxa to **CLBS** is the assignment of the distribution network for brokering 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 81 autonomous and independent cooperatives that use their own reporting systems.

### Scope of GRI indicators and aspects

In accordance with the established coverage, in LABORAL Kutxa's Sustainability Report 2023 there are no limitations to the scope established by the GRI, except:

- 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 zero 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.

Since the 2014 Report, a materiality analysis has been included in order to determine the most relevant issues in the field of sustainability. Since 2022, progress has been made in carrying out this analysis by applying the dual-materiality perspective. The results of this analysis are described in the [Materiality Analysis section of Part 2](#).

### Policy regarding the verification of the Report

AENOR has verified the Sustainability Reports drawn up by the former Caja Laboral since 2005. Given the knowledge that the verifying organisation has acquired over all these years of relationship, LABORAL Kutxa, through the Financial Area and if the new regulatory requirements allow it, plans to continue with this verification system in the future.

### Contact

Go to LABORAL Kutxa's website [www.LABORALKutxa.com](http://www.LABORALKutxa.com) on the corporate website, in the section on Reports and Relevant Events, the following are available:

- Financial Report
- Individual and Consolidated Annual Statements
- Corporate Governance Report
- Transparency Information
- Prudential Relevance Report
- Climate report-TCFD
- Sustainability Reports/Non-Financial Information Statement

In the Contact section, you can send any type of suggestion, complaint, claim, opinion, etc. For further information or issues related to this Report, please contact the following e-mail address: [RSE@LABORALKutxa.com](mailto:RSE@LABORALKutxa.com)



The background of the page is a close-up photograph of a leaf, showing its intricate vein structure. A semi-transparent gradient overlay, transitioning from dark purple at the top to a lighter pink at the bottom, is applied over the leaf image. The text '5. ANNEXES' is centered in white, bold, sans-serif font.

## 5. ANNEXES

## 5.1. GRI Table of Contents

Declaration of use	LABORAL Kutxa prepared the report according to the GRI standards for the period from 01 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: 2021 Grounds
Applicable GRI Sectoral Standards	Not applicable

GRI STANDARD / OTHER SOURCE	CONTENT	LOCATION	OMISSION			REF NO. OF THE GRI SECTORAL STANDARD
			OMISSION REQUIREMENTS:	REASON	EXPLANATION	
General content						
GRI 2: General Contents 2021	2-1 Organisational details	Page (p.)8 1.1 Presentation of the Group				
	2-2 Entities included in the organisation's sustainability reporting	p.9 Investee Companies				
	2-3 Reporting period, frequency and contact point	p.96 Report Profile				
	2-4 Restatements of information	Changes, if any, are described throughout the report.				
	2-5 External assurance	p.97 Policy with regard to the verification of the Report p.113 AENOR Verification				
	<u>2-6 Activities, value chain and other business relationships</u>	p.4 Letter p.8 Group Presentation p.9 Investee Companies p.10 Operating structure p.12 Geographic distribution p.15 Strategy and risk management p.38 Management approach and Main customer figures p.91 Our relationship with supplier companies See <a href="http://www.LABORALKutxa.com">www.LABORALKutxa.com</a>				
	2-7 Employees	p.56 Key employee figures				
	2-8 Workers who are not employees	p.60 Workers who are not employees				
	2-9 Governance structure and composition	p.10 Operating Structure p.18 Corporate Governance See <a href="#">Corporate Governance Report</a>				
	2-10 Nomination and selection of the highest governance body (Governing Board)	See <a href="#">Corporate Governance Report</a>				
	2- 11 Chair of the highest governance body (GB)	See <a href="#">Corporate Governance Report</a>				
	2-12 Role of the highest governance body in overseeing the management of impacts	p.18 Corporate Governance p.11 Values, principles, standards and rules of conduct See <a href="#">Corporate Governance Report</a> p.32 Materiality analysis				
	2- 13 Delegation of responsibility for managing impacts	p.10 Operating Structure p.18 Corporate Governance				
	2-14 Role of the highest governance body in sustainability reporting (GB)	p.18 Corporate governance				
	2- 15 Conflicts of interest	p.18 Corporate Governance				

		See <a href="#">Corporate Governance Report</a>			
2-16 Communication of critical concerns		p.18 Corporate governance p. 61 Dialogue with employees Relevant activities were identified in the regular reporting to the Governing Board on sustainability activities. There have been no reports of critical concerns.			
2-17 Collective knowledge of the highest governance body (GB)		p. 23 Development of the governance bodies			
2-18 Evaluation of the performance of the highest governance body (GB)		p.18 Corporate governance See <a href="#">Corporate Governance Report</a>			
2-19 Remuneration policies		p.24 Remuneration of the Governing Bodies See <a href="#">Consolidated Annual Financial Statements p.27</a>			
2-20 Process to determine remuneration		p. 68 Remuneration management p.24 Remuneration of the Governing Bodies See <a href="#">prudential relevance report</a> p. 18 Corporate governance			
2-21 Annual total compensation ratio		p.69 Remuneration management			
2-22 Statement on sustainable development strategy		p.4 Letter			
2-23 Policy commitments		p.15 Strategy and risk management p.18 Principles and Governance p.29 Management approach Responsible management 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 p.11 Values, principles, standards and rules of conduct <a href="#">TCFD Report</a>			
2-24 Embedding policy commitments		p.18 Principles and governance			
2-25 Processes to remediate negative impacts		p.42 Processes to remediate negative impacts p.40 Customer Service			
2-26 Mechanisms for seeking advice and raising concerns		p.24 Corruption and bribery p.40 Customer Service			
2-27 Compliance with laws and regulations		The cost of fines and penalties in the years covered by the Report was 0. p.41 Sanctions p.40 Customer Service p.27 Regulatory Compliance			



	2-28 Membership associations	p.79 Initiatives endorsed by LABORAL Kutxa				
	2-29 Approach to stakeholder engagement	The stakeholders are examined annually in the materiality study. p.32 Materiality analysis p.39 Dialogue with customers p.61 Dialogue with employees p.78 Dialogue with Society				
	2-30 Collective bargaining agreements	61 Collective bargaining				
Material issues						
GRI 3: 2021 Material Topics	3-1 Process to determine material topics	p.96 Report Profile p.32 Materiality analysis				
	3-2 List of material topics	p.32 Materiality analysis				
Protection of privacy and the security of data and operations						
	3-3 Management of material topics	p.45 Protection of privacy and the security of data and operations				
Excellence in quality of service: friendliness, speed of service, simplicity in operations, and minimising errors.						
	3-3 Management of material topics	p.39 Dialogue with customers p.42 Responsible management with customers and excellence in quality of service				
Responsible management towards the customer: clear and transparent explanations, balanced commissions, avoid over-indebtedness and flexibility in the management of unpaid debt.						
	3-3 Management of material topics	p.42 Responsible management with customers and Excellence in quality of service				
Strengthen LABORAL Kutxa's financial solidity, risk management and liquidity.						
	3-3 Management of material topics	p.13 The Group's main figures p.15 Strategy and risk management				
Economics						
Economic performance	201-1 Direct economic value generated and distributed	p.13 Main figures				
	201-2 Financial implications and other risks and opportunities due to climate change	p.84 Transparency in fossil fuel exposure p.87 Climate change TCFD				
	201-3 Defined benefit plan obligations and other retirement plans	p.68 Remuneration management p.74 Coop. Returns Capitalised				
	201-4 Financial assistance received from the government	p.15 Subsidies				
Presence on the market	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	p.68 Remuneration management				
	202-2 Proportion of senior management hired from the local community	p.18 Corporate governance				
Indirect economic impacts	203-1 Infrastructure investments and services supported	p.82 Environmental management approach p.76 Gaztenpresa Foundation p.15 Taxes and duties				
	203-2 Significant indirect economic impacts	p.77 Indirect Contributions to Society				

<b>Procurement practices</b>	204-1 Proportion of spending on local suppliers	p.92 Main figures-suppliers				
<b>Anti-corruption</b>	205-1 Operations assessed for risks related to corruption	p.24 Corruption and bribery				
	205-2 Communication and training about anti-corruption policies and procedures	p.64 Training in Anti-Corruption Procedures p.23 Development of the governing bodies p.24 Corruption and bribery				
	205-3 Confirmed incidents of corruption and actions taken	p.24 Corruption and bribery p.27 Regulatory compliance				
<b>Unfair competition</b>	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices				There were no claims or legal actions in the years covered by the Report	
<b>Taxation</b>	207-1 Approach to tax	p.14 Taxation				
	207-2 Tax governance, control, and risk management	p.14 Taxation				
	207-3 Stakeholder engagement and management of concerns related to tax	p.14 Taxation				
	207-4 Country-by-country reporting	p.15 Taxes and duties				
<b>Environmental</b>						
<b>Material</b>	301-1 Materials used by weight or volume.	p.85 Sustainable use of resources				
	301-2 Recycled input materials used	p.85 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.			Not applicable	The physical component of financial products is not significant.	
<b>Energy</b>	302-1 Internal energy consumption.	p.87 Energy consumption p.87 Climate change				
	302-2 External energy consumption.	p.87 Energy consumption p.87 Climate change				
	302-3 Energy intensity	p.87 Energy consumption p.87 Climate change				
	302-4 Reduction in energy consumption.	p.87 Energy consumption p.87 Sustainable use of resources				
	302-5 Reductions in the energy requirements of products and services.	p.51 Environmentally Responsible Products and Services.				
<b>Water and effluents</b>	303-1 Interaction with water as a shared resource	p.85 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					
<b>Biodiversity</b>	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.	P.90 Protection of biodiversity TNFD		Not applicable		
	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.					
<b>Emissions</b>	305-1 / 305-2 Total direct and indirect greenhouse gas emissions by weight	p.87 Climate change				
	305-3 Other indirect greenhouse gas emissions, by weight.	p.87 Climate change				
	305-4 Intensity of greenhouse gas emissions.	p.87 Climate change				
	305-5 Reduction in greenhouse gas emissions	p.82 Management approach Environment p.87 Climate change				
	305-6 Emissions of ozone-depleting substances.				No ozone-depleting substances are produced, imported or exported. Emissions of this type are the result of air conditioning systems and are not considered to be significant.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions.			Not applicable		
<b>Waste</b>	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. p.36 Environmental performance indicators p.85 Circular economy and waste management				
	306-2 Management of significant impacts related to waste.					
	306-3 Waste generated.					
	306-4 Waste not destined for disposal.					

	306-5 Waste destined for disposal.					
<b>Environmental assessment of suppliers</b>	308-1 Percentage of new supplier companies that were examined based on environmental criteria	p.91 Management approach Suppliers p.94 Initiatives developed during the year for responsible supplier management				
	308-2 Significant actual and potential negative environmental impacts in the supply chain and measures taken					
<b>SOCIAL</b>						
<b>Employment</b>	401-1 New employee hires and employee turnover	p.56 Main employee figures				
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	p.73 Social Benefits Package				
	401-3 Parental leave	p.56 Key employee figures				
<b>Worker-company relations</b>	402-1 Minimum notice periods regarding operational changes				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	
<b>Occupational health and safety</b>	403-1 Occupational health and safety management system	p.70 Occupational Health and Safety				
	403-2 Hazard identification, risk assessment and incident investigation	p.70 Occupational Health and Safety				
	403-3 Occupational health services	p.70 Occupational Health and Safety				
	403-4 Worker participation, consultation and communication on occupational health and safety	p.70 Occupational Health and Safety				
	403-5 Worker training on occupational health and safety	p.70 Occupational Health and Safety				
	403-6 Promotion of worker health	p.72 Health plan-Zainduz				

	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships				Given the activity, no negative impacts of trade relations are detected	
	403-8 Workers covered by an occupational health and safety management system	p.70 Occupational Health and Safety				
	403-9 Work-related injuries.	p.72 Accidents at work				
	403-10 Work-related ill health	p.70 Occupational Health and Safety				
<b>Training and education</b>	404-1 Average hours of training per year per employee	p.63 Continuing education programmes				
	404-2 Programmes for upgrading employee skills and transition assistance programs	p.63 Continuing education programmes p.64 Training for people entering retirement				
	404-3 Percentage of employees receiving regular performance and career development reviews	p.64-65 Performance Management-Bidean				
<b>Diversity and equal opportunities</b>	405-1 Composition of the governance bodies and breakdown of the workforce by professional category and sex, age, membership of minority groups and other diversity indicators.	p.56 Key employee figures p.18 Corporate Governance				
	405-2 Ratio of basic salary of men to women, broken down by professional category and key business locations.	p.68 Remuneration management				
<b>Non-discrimination</b>	406-1 Incidents of discrimination and corrective actions taken				No incidents of discrimination occurred during the period covered by the Report	
<b>Freedom of association and negotiation</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk				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.	
<b>Child labour</b>	408-1 Operations and suppliers at significant risk for incidents of child 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 the non-exploitation of children.	
<b>Forced or compulsory labour</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory 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	
<b>Security practices</b>	410-1 Security personnel trained in human rights policies or procedures				LABORAL Kutxa hires its security staff through authorised external companies, who guarantee that all of the people employed for the job are properly trained.	
<b>Indigenous peoples' rights</b>	411-1 Incidents of violations involving rights of indigenous peoples				This indicator is not applicable, as the geographical area of LABORAL Kutxa is Spain	
<b>Local communities</b>	413-1 Operations with local community engagement, impact assessments, and development programs	p.75 Profit sharing p.77 Indirect contributions to society p.32 Materiality analysis				
	413-2 Operations with significant actual and potential negative impacts on local communities				No activities with a negative or potential impact on local communities have been identified.	
<b>Social assessment of suppliers</b>	414-1 New suppliers that were screened using social criteria				A review of the different supplier and subcontractor companies in social matters has not been carried out, as, in principle, the existence of supplier companies which, due to the volume of purchases they represent, the type of activity they carry out or their location, could imply a significant social risk, has not been identified.	
	414-2 Negative social impacts in the supply chain and actions taken					
<b>Public policy</b>	415-1 Political contributions	p.78 Relations with Government Agencies and Political Parties				
<b>Customer health and safety</b>	416-1 Assessment of the health and safety impacts of product and service categories	p.42 Responsible management towards the customer p.47 Responsible products and services				
	416-2 Incidents of non-compliance concerning the health and safety impacts of	p.41 Sanctions p.40 Customer Service				

	products and services					
<b>Marketing and labelling</b>	417-1 Requirements for product and service information and labelling				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, MiFID regulations are applied to protect the customer (classification, test, information, etc.). p.38 Our relationship with customers	
	417-2 Incidents of non-compliance concerning product and service information and labelling	p.41 Sanctions p.40 Customer Service				
	417-3 Incidents of non-compliance concerning marketing communications	p.41 Sanctions p.40 Customer Service p.42 Autocontrol				
<b>Customer privacy</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p.41 Sanctions p.40 Customer Service				



FS1	Description of the policies with specific environmental and social content applied to the business areas	30-31 Commitments and achievements 76 Gaztenpresa Foundation 47 Responsible products and services 82 Environmental management approach
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.	65 Diversity and Equal Opportunities 47 Responsible products and services 82 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	63 Continuing education programmes
FS5	Description of the interactions with customers and other stakeholders in terms of risk management and environmental and social opportunities	39 Dialogue with customers 61 Dialogue with employees 78 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 38 Main customer figures
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	47 Responsible products and services 49 Finance/Investment with ESG criteria
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	49 Finance/Investment with ESG criteria
FS9	Audit coverage and frequency for assessing the degree of implementation of policies and procedures for social and environmental risk management.	70 Health and safety 82 Environmental management approach TCFD
FS10	Percentage and number of companies within the Organisation's portfolio with which the Organisation has interacted on social and environmental matters.	39 Dialogue with customers 49 Finance/Investment with ESG criteria
FS11	Percentage of assets subject to positive and / or negative environmental and social screening	49 Finance/Investment with ESG criteria 84 Environmental risk assessment 47 Responsible products and services TCFD
FS12	Voting policies applied to social or environmental issues where the reporting organisation holds the right to voting actions or voting recommendations	Planned for 2024
FS13	Access to financial services in depopulated/disadvantaged areas by type of access.	52 Accessibility to Financial Services Small towns
FS14	Initiatives to improve access to people with disabilities	52 Architectural barriers and accessibility Integral accessibility.
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. 41-43 Responsible management with customers
FS16	Initiatives to expand financial culture, broken down by types of beneficiaries	53-54 Financial Culture 80 Financial education 76 Gaztenpresa Foundation 77 Indirect contributions to society

## 5.2. Reporting level of the Report

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

### 5.3. Disclosure of sustainability information (Taxonomy Regulation)

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.

LABORAL Kutxa discloses information related to taxonomy and GAR (green asset ratio) according to its best understanding of regulations 2020/852 and 2021/2178. The disclosure obligations as of 1 January 2023 are set out in Article 10 of Regulation 2021/2178, paragraph 4. Specifically, Annex V contains the key performance indicators for credit institutions, which is LABORAL Kutxa's responsibility. The templates for these indicators are also referred to in Annex 6.

A total of 21 templates are to be disseminated, which are specified in the following link. Most of these templates have to be disclosed in terms of both capex and turnover. 8 of them relate to on-balance sheet assets of financial institutions, 4 relate to off-balance sheet assets and 9 relate to specific information on nuclear or natural gas related activities.

All these templates contain a wealth of information. However, in order to allow a better understanding, some of these templates will be shown below in summarised form, showing only the most relevant information. It should be noted that in the templates where both capex and turnover information is disclosed, only capex information will be shown in this summary.

Likewise, although the taxonomy presents 6 environmental objectives (climate change mitigation; climate change adaptation; pollution prevention and control; transition to a circular economy; sustainability and protection of water and marine resources; protection and restoration of biodiversity and ecosystems), only the climate change mitigation objective will be referred to in the summarised templates. This is due to the prioritisation of the climate change mitigation objective over the adaptation objective, and the lack of data for the other objectives as companies have not made such disclosures until this year as they were not obliged to do so.

#### GAR 001 and 003

GAR 001 and 003 are grouped together in the same template because they refer to the same information: LABORAL Kutxa's assets that are eligible or aligned with the environmental taxonomy. The difference is that the former is in the form of an amount, while the latter is in the form of a percentage.

Climate change mitigation	GAR001 (thousands of €).	GAR003
Total LABORAL Kutxa assets	26,811,513	-
Assets computable for the GAR	17,966,053	100%
Assets eligible for taxonomy	10,294,002	57.47%
Assets aligned with taxonomy	665,110	3.71%

As of 31/12/2023 LABORAL Kutxa has assets valued at €26.81 million. However, there are several items such as sovereign issues, exposures to central banks or the trading book that are not computable for the GAR calculation. These items add up to €8.85 million, bringing the eligible assets for the RAG to €17.97 million.

Among these eligible assets are a number of assets that are neither eligible nor aligned. These assets include non-financial reporting entities (mostly small and medium-sized enterprises or SMEs), derivatives and interbank demand and cash loans. These items represent a significant volume for LABORAL Kutxa, specifically €6.99 million, as SME financing plays a major role in its balance sheet. Therefore the assets considered eligible are valued at €10.29 million.

The €10.29 million in eligible assets corresponds to the climate change mitigation objective. This figure corresponds to 57.47% of the assets computable for the GAR, although it rises to 94% if only those assets that are eligible are taken into account. Eligible assets include:

- All mortgages.
- The eligibility ratio of funded companies that are obliged to report non-financial information. This ratio has been obtained through a sectoral information gathering project and amounts to 26.65%.

Finally, there are taxonomy-aligned assets, those that meet the technical selection criteria to be considered environmentally sustainable according to the taxonomy. For LABORAL Kutxa, these assets represent €0.67 million, i.e. 3.71% of the balance sheet. When this figure is broken down, it can be seen that:

- 5.89% of mortgages are aligned.
- The alignment ratio for the trading portfolio is 13.22%.

This alignment is based on LABORAL Kutxa's interpretation of article 7.7 of Annex 1 of the delegated regulation 2021/2139.

## GAR 002

GAR 002 breaks down one of the items of GAR 001. Specifically, it refers to entities (enterprises by their NACE) which are obliged to report non-financial information and which are eligible for taxonomy. These would be LABORAL Kutxa's data:

Mitigación del cambio climático		
CNAEs	Elegibles para taxonomía	Alineados con taxonomía
2822 - Fabricación de maquinaria de elevación y manipulación	942.317	0
2841 - Fabricación de máquinas herramienta para trabajar el metal	79.132	0
3020 - Fabricación de locomotoras y material ferroviario	20.079.718	20.081.726
4120 - Construcción de edificios residenciales y no residenciales	469	0
4299 - Construcción de otros proyectos de ingeniería civil n.c.o.p.	1.630	1.630
4322 - Fontanería, instalaciones de sistemas de calefacción y aire acondicionado	4.384	0
4711 - Comercio al por menor en establecimientos no especializados, con predominio en productos alim	46.418.790	18.128.441
4931 - Transporte terrestre urbano y suburbano de pasajeros	348.017	0
8690 - Otras actividades sanitarias	1.355.542	0
9999 - NACEs no incluidos en Taxonomía	72.038.195	31.863.042
<b>TOTAL</b>	<b>141.268.194</b>	<b>70.074.839</b>

## GAR 004

This template, like the GAR 003, is related to the percentage of eligible and aligned assets. However, in the GAR 004, instead of taking into account the total assets as of 31/12/2023, it takes into account the flow for the 2023 financial year.

Climate change mitigation	Thousands of €	%
Total flow of assets	4,726,114	-
Flow of assets computable for the GAR	3,649,910	100%
Flow of eligible assets	1,471,800	40.32%
Flow of eligible assets	109,398	3%

In 2023, LABORAL Kutxa had an asset flow of €4.73 million, of which €3.65 million was eligible for GARs and 40.32% was eligible for taxonomy. As mentioned above, 100% of mortgages are eligible, while among non-financial reporting companies the ratio is 34%. However, it should be recalled that all flows related to non-financial reporting companies, mostly SMEs, are not eligible, even if they are computable.

As for aligned assets that meet the technical criteria, they represent 3%, representing 5.63% of mortgages and 17.35% of companies obliged to report non-financial information. As for templates GAR001 and 003, the criteria of the sectorial project for the commercial portfolio have been used, as well as LABORAL Kutxa's interpretation of article 7.7 of Annex 1 of Delegated Regulation 2021/2139 for the mortgage portfolio.

## GAR 005

For the two 2 GAR005 templates (GAR005.1 and GAR005.2), data from 2 different items are required. Firstly, financial guarantees, for which no information could be found. Secondly, the assets under management, for which the information contained in the information sheets of the investment funds that promote environmental and social characteristics (article 8) managed by Caja Laboral Gestión SGIIC, S.A. has been used.

Only the GAR005.1 template, which refers to the total number of assets, could be completed with the data collected in these sheets. Conversely, the data needed to fill in template GAR005.2, which refers to the asset flow for the 2023 financial year, is missing.

Moreover, it should be mentioned that, due to the difference in information between the sheets of the investment funds and what is required in the GAR templates, some deductions or interpretations have had to be made:

- The percentage of alignment with the taxonomy is presented in the investment fund information sheets. However, it is not clear which of the objectives is being referred to. LABORAL Kutxa infers that, because it is nowadays the most common environmental objective, reference is being made to the objective of climate change mitigation.
- Furthermore, the investment fund information sheets do not provide information on the percentage of eligibility. Therefore, LABORAL Kutxa discloses the same percentage for eligibility as for alignment.

**GAR 005.1**

Based on the information gathered, the alignment ratio of LABORAL Kutxa's off-balance sheet assets under management is 0.39%. The eligibility ratio also stood at 0.39%.

Climate change mitigation		
Thousands of euros	Financial guarantees	Assets under management
<b>Total flow of assets</b>		
<b>Flow of eligible assets</b>		
<b>Flow of eligible assets</b>		

**Nuclear and natural gas templates (N&G)**

This year, specific information on natural gas and nuclear activities is being published for the first time. Specifically, 5 templates are published with the objective of specifying whether there are any nuclear or natural gas related activities in the credit investment portfolio (N&G 001). And, if any, whether they correspond to ineligible (N&G 005), eligible (N&G 004) or aligned (N&G 002/003) balances.

In the case of LABORAL Kutxa, although its loan portfolio does not include any activity related to nuclear matters, it does have balances in two activities related to natural gas. Specifically:

	Miles de euros
Construcción o explotación de instalaciones de generación de electricidad que producen electricidad a partir de combustibles fósiles gaseosos.	4.471.572
Construcción, renovación y explotación de instalaciones de generación combinada de calor/frío y electricidad que utilicen combustibles fósiles gaseosos.	48.746

These amounts correspond in full to eligible and non-aligned balances.

## 5.4. AENOR verification




# VERIFICACIÓN DEL INFORME SOBRE SOSTENIBILIDAD



VMS-2024/0003

AENOR ha verificado el Informe de Sostenibilidad de la organización

## CAJA LABORAL POPULAR, COOP. DE CREDITO

concluyendo que el mismo se ha realizado conforme con los estándares de elaboración de informes GRI y proporciona una visión global de los impactos más significativos de la organización en la economía, el medio ambiente y las personas, incluidos los impactos que afectan a los derechos humanos, y de cómo los gestiona.

Título del informe: Memoria de Sostenibilidad y Estado de Información no Financiera 2023

Periodo objeto del informe comprendido entre: 1 de enero al 31 de diciembre de 2023

Domicilio en: PASEO JOSÉ M<sup>a</sup> ARIZMENDIARRIETA, S/N. 20500 - MONDRAGON (GIPUZKOA)

Emisión: 2024-03-04




Rafael GARCÍA MEIRO  
CEO

**AENOR CONFIA S.A.U.**  
Génova, 6. 28004 Madrid. España  
Tel. 91 432 60 00.- [www.aenor.com](http://www.aenor.com)