



**GRUPO
COOPERATIVO
CAJAMAR**



**SOLO HAY
UNO**

SOCIAL BONDS FRAMEWORK

SEPTEMBER 2020

1. NATURE OF THIS DOCUMENT

This **Social bonds framework** of **Grupo Cooperativo Cajamar** (“the Group”) is provided solely for declaration and information purposes, and may be amended unilaterally by the Group to bring it into line with its sustainable finance strategy. It is intended to serve as the reference framework for future bond issues with positive **social dividends** or **social bonds**, understood to mean debt issued by public and private institutions where the net funds raised are used to finance or refinance social assets or projects.

In no circumstances must it be taken as an invitation to subscribe securities or debentures issued by the Group, since it is not intended to provide advice for evaluating the financial assets issued by Grupo Cooperativo Cajamar. Consequently, it must not form the basis for investment decisions, which in all cases should be based on the information provided in the corresponding prospectus and documentation related with the Group’s specific placements.

Grupo Cooperativo Cajamar may consider future opportunities to update this **Social bonds framework** to expand the eligible categories, subject to an independent assessment. Any update or amendment shall be published on the Group’s corporate website.

This **Social bonds framework** is in line with the **Social Bonds Principles** (GBP) and considerations of the International Capital Market Association (ICMA), which are voluntary guidelines for transparency, disclosure and integrity in the social bond market.

Within this framework, Grupo Cooperativo Cajamar may issue social bonds with different finance formats: **senior unsecured debt**, **non-preferred senior debt** and **covered bonds**.

2. BACKGROUND

Grupo Cooperativo Cajamar is the leading Spanish banking institution with a cooperative approach. It comprises a group of financial institutions whose goal is to support families, micro, small and medium-sized enterprises, and local production systems (LPSs), while also championing the social and solidarity economy. Its mission involves backing efforts to strengthen territories and contribute to true local sustainable development built on three fundamental pillars: people, ideas and territories.

It is precisely the Group’s ties with the territories and LPSs, especially farming and fisheries, that has enabled it to put sustainability at the heart of its strategy and play a role in a fair ecological transition that protects and creates quality jobs, financial and social inclusion, and regional harmony (population, keeping wealth within a region, local sustainable development).

Details of its strategy and performance in these areas are available in its [Sustainability Report](#).



3. USE OF FUNDS

Assets eligible for social bond placements shall primarily be in these three major areas that are fundamental to social and economic development and reaching the Sustainable Development Goals (SDGs). They are chosen based on the social needs of the communities we serve and the Group's experience tackling the major challenges sustainable finance currently faces. The Group reserves the right to widen the scope depending on the social needs that it identifies as being a priority.

Social economy projects and development

Grupo Cooperativo Cajamar boasts very close connections on the ground because it is a company that forms part of the social economy and champions the principles associated with this in the communities it serves. In this respect, it supports through the provision of financial services, transfer of knowledge and R&D and innovation at its farming and fisheries laboratories the establishment, reinforcement and development of cooperatives and companies in the social economy, especially those in the primary sector. These companies are crucial to creating quality jobs and self-employment, achieving social articulation through the civil society movement, avoiding the flight of people and wealth out of communities, and strengthening territories through local production systems, especially those that are farming and fishery based.

The net funds raised through the social bond issues lying within the scope of this Social bonds framework shall be used to finance and refinance projects developed by companies in the social economy, as per Spanish **Social Economy Act 5/2011 of 2 March 2011** (cooperatives, worker-owned enterprises, friendly societies, fishermen's guilds, special employment centres and social enterprises that focus of employing individuals at risk of exclusion), that are compatible with Grupo Cooperativo Cajamar's **Sustainability Policy** and its policy on undesirable relationships. No more than 50% of net funds shall be used to refinance eligible assets over the bond maturity.

As issuer, Grupo Cooperativo Cajamar shall estimate and disclose the impact it has had on companies in the social economy through financing or refinancing using the net funds raised in social bond placements: businesses established, partners, direct employment, turnover and, where applicable, cultivated land area associated with these organisations.

Sustainable economic development backing and projects in regions hit by low economic performance and depopulation

Grupo Cooperativo Cajamar operates across Spain through its network of banking agencies. It is therefore well aware of current economic, social and territorial issues in Spain and the existing imbalances that could potentially hinder sustainable economic development and people's well-being.

One of the main social problems contributing to the regional imbalances is that affecting regions in Spain suffering from low economic performance and depopulation. This affects a large swathe of the country where population numbers are dwindling and therefore, a potential loss of economic activity is a real threat. Institutions such as Grupo Cooperativo Cajamar who operate a business model based on proximity to the communities it serves and heavy involvement in the regions and productive economy are crucial to alleviating the effects of this worrying regional shift through inclusive financial services that encourage

people and wealth to stay local. The Group understands that tackling depopulation is key to protecting rural life and farming and fishery assets, the environment and ecosystems, as well as the cultural heritage and monuments of Spain.

Eligible social assets and project that can be financed using the net funds raised through social bond placements would be those that contribute to the sustainable economic development of the municipalities, districts and provinces across Spain affected by low economic performance and population decline. Any assets and projects contributing to protecting or enhancing the well-being of people living in these territories would also be eligible. No more than 50% of net funds shall be used to refinance eligible assets over the bond maturity. Any activities associated with the **Undesirable activities** (UAs) identified by Grupo Cooperativo Cajamar and that are not compatible with its **Sustainability Policy** would not be eligible.

As issuer, Grupo Cooperativo Cajamar, shall estimate and disclose the funds channelled into assets and projects in those Spanish regions where there is low economic performance and chronic depopulation, reporting the number of direct jobs created and potential beneficiaries (partners/shareholders, customers and staff) of the impact.



Natural disasters, states of emergency and economic hibernation

Because of its connections on the ground and community-centric business model, Grupo Cooperativo Cajamar is extremely sensitive to potential natural disasters, droughts, earthquakes, flooding, health alerts and possible situations that could lead to temporary lockdowns or **hibernation** of the economy. This risk has been patent during the Covid-19 pandemic.

The net funds raised through the placement of the bonds lying within the scope of this Social Bonds Framework shall be earmarked to finance and refinance the assets and projects of businesses hit by the events described in the previous paragraph. Any activities associated with the **Undesirable activities** (UAs) identified by Grupo Cooperativo Cajamar and that are not compatible with its **Sustainability Policy** would not be eligible.

As an issuer of social bonds, Grupo Cooperativo Cajamar, shall estimate and disclose the potential beneficiaries (partners/shareholders, customers and direct staff), the direct employment protected or created, and the funds used and economic impact (turnover and value added generated) created using the net funds from social bond issues.



4. EVALUATION AND SELECTION OF ELIGIBLE ASSETS AND PROJECTS

Grupo Cooperativo Cajamar shall consider potentially eligible loans and projects through the Sustainability Committee. The general divisions of Business, Finance and Investments shall pre-select eligible loans and submit them to this committee for approval.

The Sustainability Committee must monitor the issues and allocation of net funds to be applied, confirm the social benefits of the eligible assets, maintain and update the **Social Bonds Framework**, and approve the reports on the issues.

As issuer, Grupo Cooperativo Cajamar shall allocate the net funds raised through social bond placements within three years of their settlement, creating suitable liquidity mechanisms for the funds not allocated during that period so that the investments programme can be fulfilled.

5. DISCLOSURE AND REPORTS

Every year, Grupo Cooperativo Cajamar shall publish how the funds have been used, especially breaking the information down into at least the following sections:

- Funds assigned to eligible social assets;
- Unallocated funds;
- Percentage distribution between financing and refinancing;
- Type of asset;
- Location of asset;
- Social benefits; and
- Alignment with SDGs.

All this information shall be anonymised for confidentiality reasons and will cover the eligible assets allocated before 31 December each year.

6. INDEPENDENT VERIFICATION

Disclosures about social bonds shall be independently verified by an external auditor, ensuring compliance with this framework. The auditor's opinion shall be published by the Group.