

Banco de Crédito Social Cooperativo SA

Regional Banks Spain

ESG Risk Rating

9.9

Last Full Update Nov 16, 2023

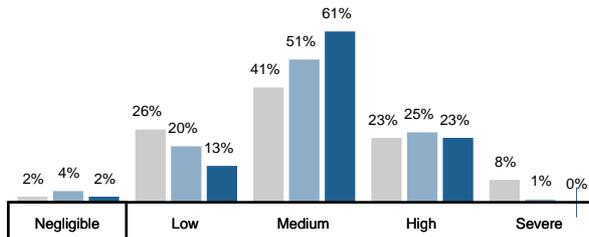
+1.5

Momentum

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = Top Score)
Global Universe	283/15717	3rd
Banks INDUSTRY	37/1012	5th
Regional Banks SUBINDUSTRY	8/467	2nd

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. The Co-operative Bank Plc	36.2 Medium	81.0 Strong	8.5 Negligible
2. Caja Rural de Navarra SCC	34.8 Low	75.5 Strong	9.8 Negligible
3. Banco de Crédito Social Cooperativo SA	35.0 Medium	75.4 Strong	9.9 Negligible
4. Volksbank Wien AG	35.6 Medium	75.0 Strong	10.2 Low
5. Banque Internationale à Luxembourg SA	33.6 Low	70.0 Strong	11.2 Low

Banco de Crédito Social Cooperativo SA

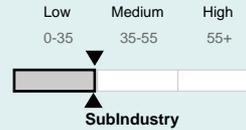
Regional Banks Spain

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

35.0 **-4.1**
Medium Momentum
 Beta = 1.00



Attributable to BCC's strategic focus on serving the local economy, the group offers a wide range of banking and other financial services to retail customers, SMEs, and agri-food and corporate clients. A lack of transparency in banking fees or interest rates, or practices such as predatory and discriminatory lending could trigger customer lawsuits and reputational damage. In addition, BCC collects and processes a significant amount of personal and proprietary information from its customers. This increases exposure to data privacy and security breaches, which may result in regulatory action and loss of customer trust. Lastly, due to the bank's exposure to carbon-intensive industries, such as agriculture, manufacturing and trade, BCC must ensure proper oversight of potential physical and transition climate risks, to manage them well and implement sectoral policies.

The company's overall exposure is medium and is similar to subindustry average. Product Governance, Data Privacy and Security and ESG Integration -Financials are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

75.4 **-7.4**
Strong Momentum



BCC's overall management of ESG integration into its lending decisions is strong with supporting sectoral policies, managerial responsibility and environmental and social risk assessments. However, it also has some areas for improvement, such as the monitoring of environmental and social risks in both its lending and investment portfolios and engagement with credit clients on ESG matters. As for data privacy and security, the bank has very strong data privacy and cybersecurity programmes, but its data privacy policy falls short of best practices, as there is no evidence of a policy commitment to implement leading data protection standards or to notify data subjects promptly in case of a data breach. In terms of product governance, the bank has a solid responsible product offering programme, with initiatives to incorporate social impact and risks into product development.

The company's overall management of material ESG issues is strong.

Banco de Crédito Social Cooperativo SA

Regional Banks Spain

Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score Category	Score Category	Score Category	
Data Privacy and Security	6.0 Medium	80.0 Strong	2.2 Low	21.8%
ESG Integration -Financials	5.0 Medium	58.0 Strong	2.1 Low	21.2%
Product Governance	8.0 High	76.5 Strong	1.9 Negligible	19.0%
Business Ethics	6.0 Medium	75.0 Strong	1.7 Negligible	17.4%
Human Capital	5.0 Medium	76.9 Strong	1.3 Negligible	13.6%
Corporate Governance	5.0 Medium	86.0 Strong	0.7 Negligible	7.1%
Overall	35.0 Medium	75.4 Strong	9.9 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (1)

Quality and Safety

1 Low (0)

Banco de Crédito Social Cooperativo SA

Regional Banks Spain

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

None (14)

Access to Basic Services

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Data Privacy and Security

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Sanctions

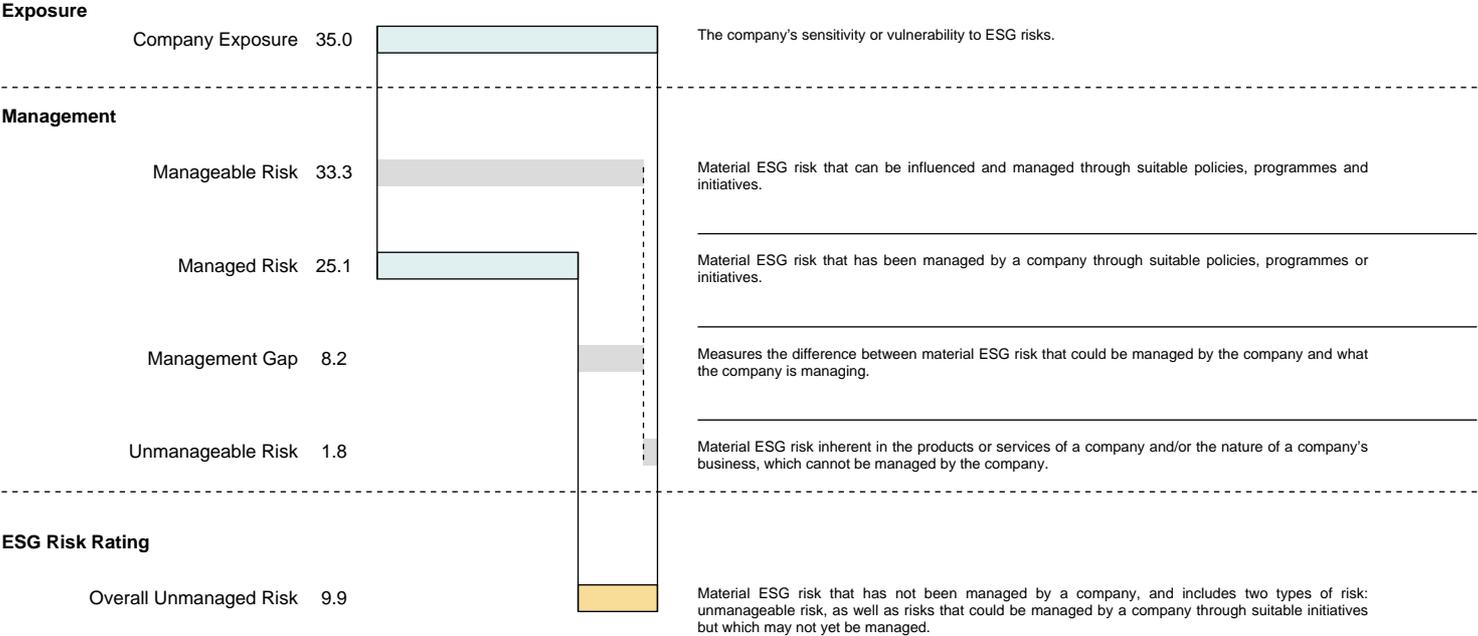
Social Impact of Products

Society - Human Rights

Banco de Crédito Social Cooperativo SA

Regional Banks Spain

Risk Decomposition



Momentum Details



Banco de Crédito Social Cooperativo SA

Regional Banks Spain

GLOSSARY OF TERMS

Beta (Beta, β)

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

Banco de Crédito Social Cooperativo SA

Regional Banks Spain

DISCLAIMER

Copyright ©2023 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or content providers, intended for internal, non-commercial use and may not be copied, distributed or used in any other way, including via citation, unless otherwise explicitly agreed in writing. They are not directed to, or intended for distribution to or use by India-based clients or users and their distribution to Indian resident individuals or entities is not permitted.

They are provided for informational purposes only and (1) do not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) do not constitute investment advice, nor represent an expert opinion or negative assurance letter; (3) are not part of any offering and do not constitute an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) are not an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; (5) are not a substitute for professional advice; (6) past performance is no guarantee of future results; (7) have not been submitted to, nor received approval from, any relevant regulatory bodies.

These are based on information made available by third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. The information and data are provided "as is" and reflects Sustainalytics' opinion at the date of its elaboration and publication.

Neither Sustainalytics/Morningstar nor their content providers accept any liability from the use of the information, data or opinions contained herein or for actions of third parties in respect to this information, in any manner whatsoever, except where explicitly required by law.

Any reference to content providers' names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our content providers and their respective terms of use is available on our website. For more information visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics believes it has put in place appropriate measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.