



# INTEGRATED REPORT 2018



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## Presentation

The 2018 Integrated Report presents financial and extra-financial information for a comprehensive assessment of Grupo Cooperativo Cajamar's financial, social and environmental performance in 2018. This information has been previously approved by the Board of Directors of Banco de Crédito Social Cooperativo (hereinafter BCC), the parent company of Grupo Cooperativo Cajamar, and complies with the requirements for non-financial information set forth in Law 11/2018, of 28 December.

The non-financial information has been verified by an independent auditor (PwC) in accordance with the terms and conditions specified in its verification report. The scope of the extra-financial information corresponds exclusively to the 19 financial institutions that constitute Grupo Cooperativo Cajamar (financial group), with the aim of providing homogeneous and relevant information of the Group's core activity. The economic and financial information contained in this report has been obtained from the audited **2018 Annual Accounts** of Grupo Cooperativo Cajamar in accordance with the consolidation perimeter outlined therein (consolidated group). To avoid unnecessary repetition, this report includes links to both corporate websites ([www.bcc.es](http://www.bcc.es) and [www.grupocooperativocajamar.es](http://www.grupocooperativocajamar.es)) and other relevant web pages for additional information (e.g., [compromisosocial.es](http://compromisosocial.es)).

This report has been produced in accordance with criteria established by the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI Standards, GSSB), and the principles of the AA1000 standard (AccountAbility AA1000AA).

## Letter from the Chairman

Once again, 2018 has been very intense year for the banking sector which has had to respond systematically to growing economic uncertainty caused by globalisation and major political, social, and, above all, economic and financial processes. We have had to adapt to these changes in quantitative and qualitative terms. Therefore, institutional advances are crucial for transforming uncertainty into risk, something that banks are used to dealing with and which is part of our everyday business and strategic approach.

In this complex and constantly changing environment, we must continue to improve our risk management models, prudential systems and control mechanisms, as well as our business model, to ensure access through solvency to high-quality, reliable and secure banking products and services tailored to the needs and expectations of our customers. We must respond to unprecedented global risks, such as physical and transitional risks associated with climate change, while also identifying the challenges and opportunities of transitioning to a low-carbon economy, in which circular economy, digital transformation and outsourcing of our economy will form key pillars. We are aware that these risks must be addressed through new methodologies and regulatory approaches, as well as new or adapted conceptual elements. It is important to understand the impact of new emerging risks on the traditional risks that banks are used to dealing with. What's more, it is crucial to realise that financial, social, environmental and governance risks cannot be dealt with separately. This is because these risks form part of the same complex web with which we interact on a daily basis.

For this reason, the integrated reports that we publish each year are very important. Indeed, the purpose of our 2018 Integrated Report is to subject our results and performance to the scrutiny of both the public and our stakeholders. In particular, this report aims to respond to the new system for reporting economic and financial information and non-financial information (social, environmental and governance). This is especially important due to the transposition of the non-financial information directive to the Spanish legal system and, above all, due to the creation of a new regulatory framework to replace previous regulations, which is more demanding and much more comprehensive in terms of information and transparency.



Luis Rodríguez González



Similarly, this integrated report responds to the UN Global Compact Progress Report, confirming our commitment over the last twelve years to society, the environment, and fighting corruption in all its forms.

The concept of sustainability as a key element of our activity is crucial in our decision-making in all areas of performance. It includes fundamental elements such as long-term resource management, environmental responsibility, and, above all, the creation of shared value, a concept which involves growth with the environment rather than offloading responsibility to future generations. To manage this changing and uncertain environment, gaining a deeper understanding of the concept of sustainability enables us to create stabilising elements to generate confidence among our stakeholders. In particular, incorporating the concept of sustainability generates the need for long-term decision-making by identifying and understanding the impact of these decisions, as well as the trends and inertia of the political, social, technological, and environmental changes that we must address and tackle responsibly. It is only possible to translate these changes (risks) into elements of stability and confidence (opportunities) through effective, efficient, balanced, and comprehensive risk management.

Stability and confidence are key pillars for our business, based on our continual and successive contractual relationships with our customers. Stability and confidence imply a richer, more open, stable, personalised, symmetrical, reasoned, reliable, transparent, and long-term relationship with our customers, and, in general, with our stakeholders. This relationship is based on sound ethical principles and governance that characterise cooperative banking and its commitment to the environment, while accepting and understanding diversity as a manifestation of multiple interests, perceptions, and points of view. Financial inclusion, creating value, providing a quality banking service, customer protection (MiFID II), and revealing customer preferences in terms of sustainability when making investment decisions, are all essential elements that must be present in our customer relations.



Furthermore, the Sustainable Development Goals (SDGs) and Agenda 2030 must form the basis for our common vision for the coming years. Our cooperative principles and ethical values, which are derived from our cooperative social approach, our mission and vision, our ethical management system, and our commitment to promoting social economy as a socio-economic model that aims to make economic and financial resources available to people and ideas, form the basis of our contribution to the SDGs. It is crucial to measure our impact to identify the degree of our contribution to these objectives and to reassert our commitment to the environment and territorial development, especially in rural areas.

Climate change and the Paris Agreement are forcing governments to focus more on finances to address the major environmental challenges that we will face in the coming decades. In 2018, we have continued to collaborate actively with the Spanish Banking Association (AEB) and the European Association of Co-operative Banks (EACB), offering approaches to enhance discussions on sustainable finance and the EU taxonomy proposal. The *Sustainable Finance Action Plan*, published in March 2018 and promoted by the European Commission, is and will continue to be a key milestone in the integration of sustainability in finance and capital markets, ultimately consolidating finance as an essential tool to construct a low-carbon economy and to achieve the objectives of the Paris Agreements and the EU agenda for sustainable development.

Grupo Cooperativo Cajamar will continue to strive to identify the risks and opportunities presented by our complex environment through open and constructive dialogue with our stakeholders. To achieve this goal, we possess the necessary financial, technological, and human resources to respond to the challenges of the future, always with the support and involvement of our shareholders, partners, and customers, which are our *raison d'être* and main pillar of our activity.

**Luis Rodríguez González**

Chairman

BCC-Grupo Cooperativo Cajamar



# 1. Grupo Cooperativo Cajamar



Related information

- ▶ Consolidated financial statements
- ▶ Corporate culture and ethical management system
- ▶ CSR policy

Grupo Cooperativo Cajamar is a group of cooperative-based financial institutions committed to boosting sustainable local development, supporting local productive systems, and promoting social and cooperative economy. The Group employs an ethical management system that reflects its mission, vision, values, and principles. This system also serves as the foundation for the action framework for the Group's constituent institutions and the people involved in its internal and external relations.



**BANCO DE CRÉDITO COOPERATIVO  
CAJAMAR CAJA RURAL  
CAIXA RURAL TORRENT  
CAIXA RUARAL VILA-REAL  
CAIXALTEA  
CAIXA RURAL BURRIANA  
CAIXA RURAL NULES  
CAIXACALLOSA  
CAIXAPETRER  
CAIXA RURAL ALQUERIES**

**CAIXA SANT VICENT  
CAIXA RURAL DE CHESTE  
CAIXA RURAL D'ALGINET  
CAIXA RURAL DE VILLAR  
CAIXATURIS  
CAIXA RURAL VILAVELLA  
CAIXA RURAL ALMENARA  
CAIXA RURAL VILAFAMÉS  
CAIXA XILXES**

**Elements of corporate culture**

## Mission

To contribute with financial solutions to the economic and social development of its partners, customers and the environment in which Grupo Cooperativo Cajamar operates, through a unique strategy based on the principles of cooperation, social economy and sustainable development

## Vision

A reference group in the field of cooperative credit, a leader in the agri-food sector, and a key player for economic development and social change in the territory where it operates

## Values

- ▶ Proximity
- ▶ Transparency
- ▶ Integrity
- ▶ Responsibility
- ▶ Diversity

Grupo Cooperativo Cajamar comprises 18 credit unions and BCC<sup>1</sup>, the parent company of the Group responsible for strategic management, risk management, human resources management, treasury management, business planning, and internal control and auditing. The Group operates nationwide and, at the end of 2018, had 5,506<sup>2</sup> employees, 3,399,546 customers, and 1,436,237 cooperative partners. Based on its size and volume of assets, it is the largest financial cooperative group in Spain and a leading credit union in southern Europe. Grupo Cooperativo Cajamar is an active member of the European Association of Co-operative Banks, a non-profit association aimed at promoting cooperative difference. Grupo Cooperativo Cajamar is one of twelve Spanish banks, and 119 European banks, considered to be significant and supervised by the Single Supervisory Mechanism (SSM).

<sup>1</sup> Public limited company based in Madrid, Paseo de la Castellana 87  
<sup>2</sup> 2018 average workforce







## 2. Corporate governance



Related  
information

- ▶ [BCC Bylaws](#)
- ▶ [Corporate governance and remuneration policy](#)

Due to Grupo Cooperativo Cajamar's cooperative basis, the core elements and best practices of corporate governance are present within the organisation. The Group balances elements of corporate governance with cooperative principles (e.g., one member, one vote, internal democracy, prevalence of people over capital, freedom of joining, etc.) and elements of capital companies (e.g., market access, protection of minority shareholders, stability of capital, etc.). This balance enables the Group to capture resources from wholesale capital markets and, in turn, to secure capital in the territory, thereby boosting socio-economic development based on productive economy and, in particular, social economy. In Grupo Cooperativo Cajamar's business model, financial economy and productive economy are two sides of the same coin, articulated through sustainable local development and the promotion of social economy.

In addition to complying with the requirements of corporate governance practices outlined in legislation and the Group's cooperative nature, Grupo Cooperativo Cajamar also complies with the *EBA Guidelines on Internal Governance* (GL 11) of 26 September 2017, which have been in effect since 30 June 2018 and replace previous Guidelines on Internal Governance from 2011 (GL44), the recommendations included in the *Good Governance Code of Listed Companies* of the CNMV of February 2015, the *Corporate Governance Principles for Banks* issued in July 2015 by the Basel Committee on Banking Supervision, and other best practices in the field.



## Corporate governance best practices

Board of Directors and committees	Members and shareholders	Promotion of corporate governance
<ul style="list-style-type: none"> <li>▶ Chair of committees<sup>3</sup> by independent directors</li> <li>▶ Functional separation of the Chairman and CEO</li> <li>▶ Suitability policy covering the selection, appointment and succession procedures for directors, the integration policy, and the training of directors, among others</li> <li>▶ Board diversity: gender, geographical origin, knowledge and experience, and age</li> <li>▶ Significant presence of independent directors, helping to ensure unbiased decision-making on corporate matters</li> <li>▶ Presence of directors linked to real and productive economy</li> <li>▶ General conflict of interest policy</li> <li>▶ Risk management is at the core of corporate governance</li> <li>▶ Remuneration policy based on criteria of transparency, moderation, and correspondence with results</li> <li>▶ Mentality of due diligence within the Board of Directors</li> <li>▶ Multi-stakeholder mentality</li> </ul>	<ul style="list-style-type: none"> <li>▶ Equal rights shares: one share, one vote</li> <li>▶ In base cooperatives, regarding the right to vote, there is a limited weighting of capital based on the cooperative principle of one member, one vote</li> <li>▶ Promotion of duly informed participation</li> <li>▶ Representativeness through direct general meetings or, depending on the size of the entities of the Group, preparatory meetings with a strong presence and rooting in the territory</li> </ul>	<ul style="list-style-type: none"> <li>▶ Member and participation as a leader in the <i>Cluster of transparency, good governance and integrity</i> coordinated by Forética</li> </ul> <div data-bbox="1005 633 1324 842"> <p>CLÚSTER TRANSPARENCIA, BUEN GOBIERNO E INTEGRIDAD</p> </div>

### 2.1 Governing bodies: structure and composition<sup>4</sup>

The supreme body of BCC is the General Shareholders Meeting, while the Board of Directors, Executive Committee and other Committees serve as the representative, administrative, management, and supervisory bodies of the Group. The Internal Auditing, Global Risk Control, Regulatory Compliance, Communication, and Sustainability divisions all report to the Board of Directors. The Group also employs a Criminal Risk Prevention Plan as a control mechanism to prevent the occurrence of serious offences within the organisation.

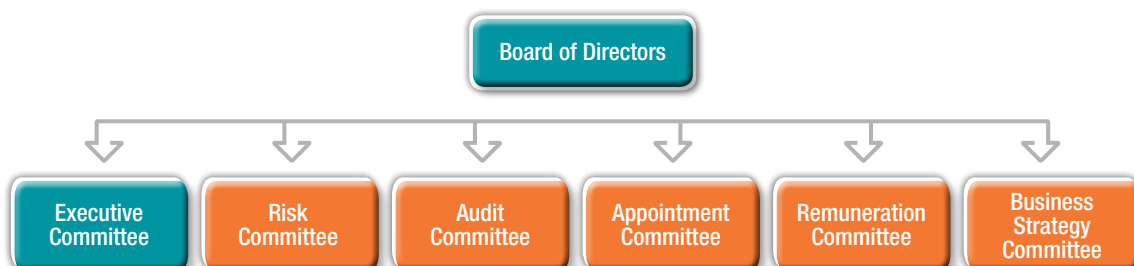
<sup>3</sup> Except for the Business Strategy Committee

<sup>4</sup> All the information related to the composition and members of the Board of Directors is public and available at [www.bcc.es](http://www.bcc.es)



In addition, the Group assesses the quality and effectiveness of the performance of the members of the Board of Directors on an annual basis to correct any detected deficiencies.

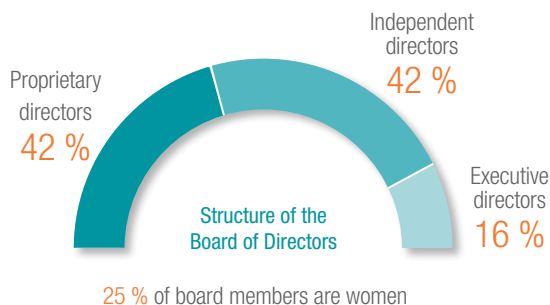
### Structure of the Board of Directors



### Composition of the Board of Directors

Position	Name	Type of director	Committee	First appointment
Chairman	Luis Rodríguez González	Proprietary	EC-BSC	28.01.2014
ViEC-chairman	Marta de Castro Aparicio	Independent	EC-RC-ApC	28.01.2014
ECO	Manuel Yebra Sola	Executive	EC	28.01.2014
Member	Juan Carlos Rico Mateo	Proprietary	RC-ReC-BSC	28.01.2014
Member	Joan Bautista Mir Piqueras	Proprietary	RC-BSC	28.01.2014
Member	José Antonio García Pérez	Proprietary	RC-ApC-BSC	28.01.2014
Member	Bernabé Sánchez-Minguet Martínez	Executive	EC	16.06.2015
Member	María Amparo Ribera Mataix	Independent	EC-AC-ReC	16.06.2015
Member	María Teresa Vázquez Calo	Independent	AC-RC-ApC	16.06.2015
Member	Carlos Pedro de la Higuera Pérez	Proprietary	ApC-ReC-BSC	10.05.2016
Member	Hilario Hernández Marqués	Independent	AC-ReC	10.05.2016
Member	Antonio Cantón Góngora	Independent	EC-RC	15.11.2016

EC = Executive Committee; RC = Risk Committee; AC = Audit Committee; ApC = Appointment Committee;  
ReC = Remuneration Committee; BSC = Business Strategy Committee



#### Remuneration of the BCC Board of Directors in 2018 (thousands of euros)

Professional fees	1,184.31	Social Security	35.07
Fixed remuneration	1,036.66	Attendance bonuses	374.50
Other remuneration	79.12	Post-employment benefits	527.78
<b>Total</b>	<b>3,237.44</b>		

#### Composition of corporate governance bodies and management broken down by age and gender

Governance Body	Up to 35 years				From 36 to 55 years				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Board of Directors	0	0 %	0	0 %	1	8.33 %	2	16.66 %	8	66.66 %	1	8.33 %	9	75.00 %	3	25.00 %
Management Committee	0	0 %	0	0 %	16	88.89 %	2	11.11 %	1	100.00 %	0	0 %	17	89.47 %	2	10.53 %
<b>Total</b>	<b>0</b>	<b>0 %</b>	<b>0</b>	<b>0 %</b>	<b>17</b>	<b>80.95 %</b>	<b>4</b>	<b>19.05 %</b>	<b>9</b>	<b>90.00 %</b>	<b>1</b>	<b>10.00 %</b>	<b>26</b>	<b>83.87 %</b>	<b>5</b>	<b>16.13 %</b>

#### Average remuneration of the BCC Board of Directors and senior management in 2018 (thousands of euros)

	No. people	Fees	Bonuses	Fixed remuneration	Post-employment benefits	Other remuneration	Social security	Total
<b>CEO</b>	<b>2</b>	<b>63</b>	<b>32</b>	<b>373</b>	<b>252</b>	<b>29</b>	<b>11</b>	<b>761</b>
Men	2	63	32	373	252	29	11	761
<b>Non-executive director</b>	<b>12</b>	<b>88</b>	<b>26</b>	<b>24</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>143</b>
Men	9	81	22	32	3	2	1	142
Women	3	110	37	0	0	0	0	147
<b>Management committee</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>183</b>	<b>22</b>	<b>12</b>	<b>13</b>	<b>230</b>
Men	16*	0	0	189	24	12	13	238
Women	2*	0	0	133	8	10	13	165

\*The average seniority is 18.99 years for men and 12.42 years for women

## 2.2 Internal regulations



Related information

- ▶ Code of Conduct
- ▶ Anti-corruption policy
- ▶ Prevention of money laundering and terrorist financing
- ▶ Internal rules of conduct in the stock market

People form the backbone of Grupo Cooperativo Cajamar's business. To regulate its internal behaviour and relations with employees through a relational framework based on ethics, loyalty and commitment, the Group employs a number of policies and ethical codes in line with current legislation and its corporate culture. In particular, Grupo Cooperativo Cajamar's *Code*



*of Conduct* is an interdepartmental internal code of ethics that applies to all levels of the organisation. It governs the behaviour of employees, managers and members of the governing bodies, and includes a set of regulations, ethical.

To facilitate compliance with the Code of Conduct, there is an internal confidential complaints channel. In addition, customers and other stakeholders can use the regular customer service channels. Internally, the Group's Fundamental Rights Committee aims to protect rights that are inalienable and inherent to the people's dignity. This committee serves as a complaints channel for issues related to fundamental rights. Significantly, in 2018, no cases of violation of fundamental rights were identified within the Group.

The Regulatory Compliance Division and the Audit Division are responsible for ensuring compliance with the *Code of Conduct*, and report to the Control Committee, which coordinates the Human Resources Division, any potential corrective and punitive.

#### Main policies, ethical codes and instruments that complement the Code of Conduct

Policy or code	SUBJECT
<b>Anti-corruption policy</b>	This policy outlines the Group's stance and commitment to eradicating any form of corruption. Grupo Cooperativo Cajamar does not conduct any financing or strengthening operations under special conditions, other than market conditions, with political parties. In 2018, no signs of corruption were detected within the organisation.
<b>Fundamental Rights Committee</b>	This committee ensures the preservation of employees' fundamental rights, inalienable rights that form the basis for defining a framework of loyalty, mutual respect and a positive working atmosphere within the company. In 2018, no cases of infringement of fundamental rights were detected within the Group.
<b>Code of good tax practice</b>	A code of ethics promoted by the State Tax Administration Agency aiming to promote good tax practices within companies. As detailed in its annual report, in 2018, the Group complied with the recommendations set forth in the aforementioned code. The BCC Board of Directors was formally notified of the fiscal policies before preparing the annual accounts and filing the corporate income tax return.
<b>General conflict of interest policy</b>	This comprehensive policy covers potential conflicts that may arise among members of the management bodies and customers, as well as issues resulting from the Group's relations with auditing or consulting companies, trade unions, political parties, public administrations, companies, subsidiaries, employees, suppliers, shareholders, etc.

### 3. Business model: territory, inclusion and creation of shared value

#### 3.1 Commitment to territorial development: sustainable local development and enhancement of the rural environment

The Group is present in both urban and rural areas and is especially committed to the rural environment and economic activities that take place in rural areas. As a result, the Group is particularly engaged in the economic and social development of rural areas through its financial activity based on the criteria of social economy. Its business proposal is based primarily on searching for financial solutions geared towards the well-being of families, supporting small and medium-sized enterprises, and, in particular, developing the farming and agri-food sectors.

##### Nationwide presence



##### Territorial development initiatives

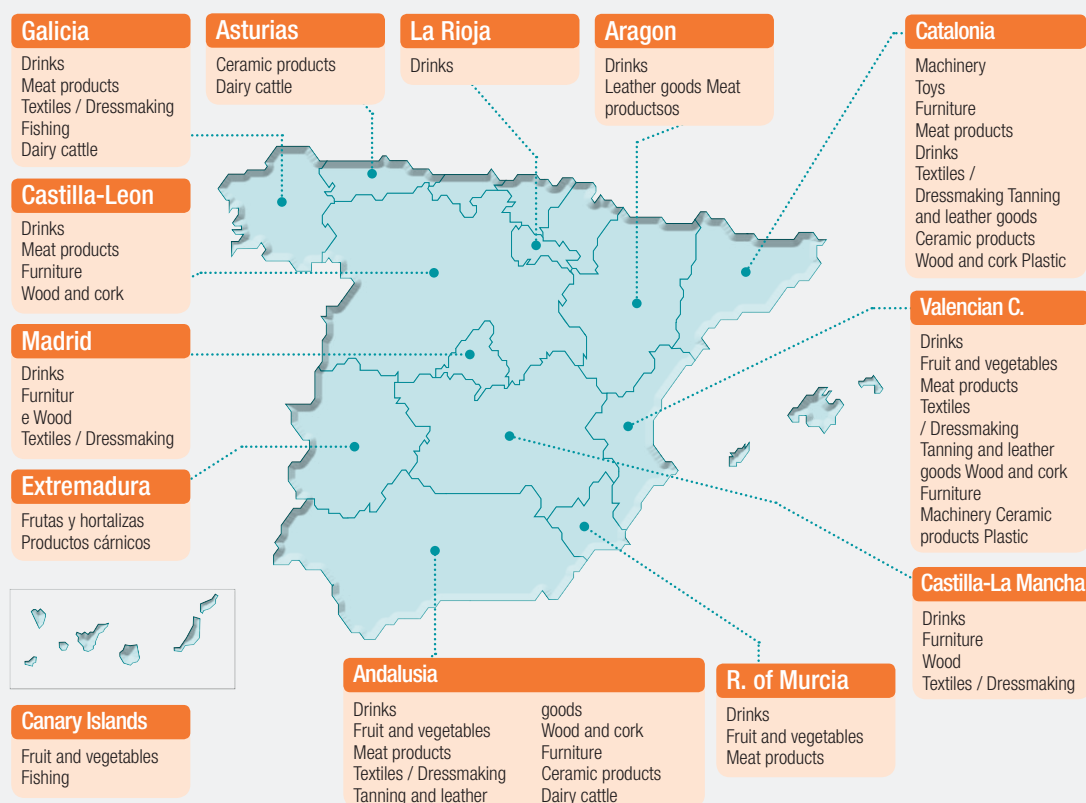
- ▶ Supporting cooperativism
- ▶ Supporting the primary sector as a crosscutting pillar of sustainability
- ▶ Supporting agri-food innovation
- ▶ Supporting social economy and solidarity
- ▶ Supporting local sustainable development
- ▶ Supporting real and productive economy based on people
- ▶ Supporting local productive systems
- ▶ Supporting sustainable territorial development
- ▶ Growing with the environment (creation of shared value)

Local productive systems are key to Grupo Cooperativo Cajamar's business model. These systems, based on localised production models and the use of specific resources, create environments of genuine innovation that can secure capital in the territory through a relational model based on competition and cooperation among companies. The Group's origins are related to specific local productive systems that facilitated the implementation of local development models based on creating shared value and growing with the environment, a much more stable growth model that is less vulnerable to situations of risk and uncertainty.



The existence of financial institutions that are committed to regions and local sustainable development facilitates the international projection of these business innovation ecosystems, which helps to boost the competitiveness of enterprises. Grupo Cooperativo Cajamar supports the main local productive systems in Spain in three ways: 1) through financing and financial intermediation; 2) through R&D&I and knowledge transfer in its agricultural experience centres; and, finally, 3) through partnerships with institutions and other local agents to promote efficient production environments that respect the natural environment and ecosystems, and are able to secure population and wealth in the territory through a balanced and sustainable approach.

### Local productive systems in which Grupo Cooperativo Cajamar operates



Note: This information corresponds to local productive systems with a high concentration of business. Source: Internal

The rural banks and credit cooperatives that make up the Group, and help to secure its business throughout the country, generate banking services aimed at placing value on rural resources and promoting the development of the agricultural and agri-food sectors. These actions are essential for achieving the Sustainable Development Goals from a multi-functional perspective of agriculture. Therefore, the Group aims to enhance rural regions by improving the quality of life, creating opportunities for rural populations, and promoting financial inclusion. Similarly, in semi-rural areas, it strives to promote agricultural rurality and the agri-food industry. As regards urban habitats, the Group aims to generate resources to Improve the

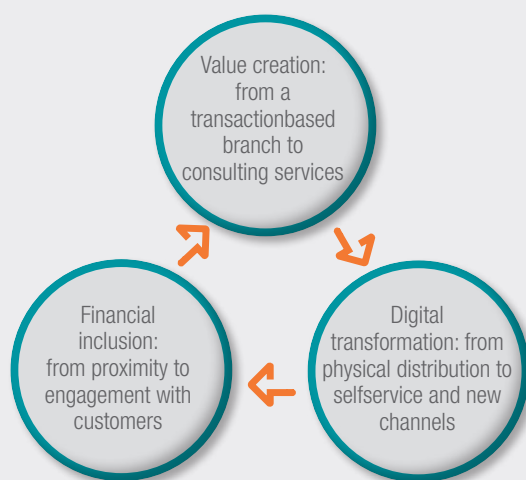


quality of life in towns and cities. Together, these actions help to enhance territorial development, by promoting the specific resources and benefits of digital transformation, localised income and securing capital in the territory, all of which are essential elements to boosting local sustainable development and facilitating financial inclusion.

### 3.2 The branch in response to the territorial development model

In Grupo Cooperativo Cajamar's business model, the bank branch, as a point of sale and customer service, is much more than a distribution tool. Based on the previously outlined approaches, bank branches are a decisive factor for territorial development, balance between rural and urban areas, and, of course, for the goal of sustainable local development by securing capital in the territory. The evolution of the universal branch is being catalysed by three key elements: the need to create shared value in new service environments; the digital transformation process; and financial inclusion.

#### The driving forces behind the evolution of bank branches at Grupo Cooperativo Cajamar



#### THE BRANCH IN THE GROUP'S TERRITORIAL DEVELOPMENT MODEL

Grupo Cooperativo Cajamar's model for branches that are firmly-rooted in the territory enables it to combine efficiency and financial sustainability with its social and foundational commitment to the development of rural communities, helping to secure population in the territory, combat depopulation, create employment, and promote sustainable local development.

#### Type of branch and functional contribution at Grupo Cooperativo Cajamar

##### Creation of value

- Universal branch
- Unique branches
- Branches with extended business hours

##### Digital transformation

- Universal branch
- Unique branches
- Cashless branches

##### Financial inclusion

- Universal branch
- Branch offices (rural banking counters), financial agents and remote assisted management systems
- Mobile branches





### 3.3 Creation and distribution of value: a model of growth with the environment

The Group's firm commitment to the environment, engagement with the territory, and creation of shared value, make the distribution of value particularly relevant. The economic value generated is distributed primarily through personnel and supplier expenses, tax payments, and interest payments to cooperative partners:

(thousands of euros)

Calculation of Economic Value generated, distributed and retained <sup>(1)</sup>	Year 2017	Year 2018
<b>Economic value generated</b>		
Gross income	977,557	934,076
Result of derecognition of assets	(23,520)	(97,320)
Profits of non-active assets	(6,086)	(12,134)
<b>Total economic value generated</b>	<b>947,951</b>	<b>824,622</b>
<b>Economic value distributed</b>		
Employees: Personnel expenses	340,980	320,209
Suppliers: General administrative expenses	197,437	190,826
Public Administration: corporate taxes and duties	17,750	(13,148)
Cooperative: Interest on contributions to the capital	17,779	18,083
Community (without Foundations)	14,211	14,386
<b>Total distributed economic value</b>	<b>588,157</b>	<b>530,356</b>
<b>Total economic value distributed</b>		
Commitment to society (Foundations)	183	142
<b>Total economic value distributed</b>	<b>588,340</b>	<b>530,498</b>
<b>Economic value retained (EVG-EVD)</b>	<b>359,612</b>	<b>294,124</b>

(thousands of euros)

Calculation of Economic Value Added (EVA) <sup>(1)</sup> Breakdown by stakeholder	Year 2017	Year 2018
<b>Shareholders (where applicable)</b>		
Interest on contributions to the capital	17,779	18,083
<b>Employees</b>		
Personnel expenses	340,980	320,209
<b>Customers</b>		
Interest expense and similar charges <sup>(2)</sup>	122,723	122,650
<b>Suppliers</b>		
Other general administrative expenses <sup>(3)</sup>	197,437	190,826
<b>Society</b>		
Income tax	17,750	(13,148)
Resources allocated by the Group	-	-
Resources allocated by the Foundation	183	142
<b>Total economic value added (EVA)</b>	<b>696,852</b>	<b>638,762</b>

(1) Calculated according to the GRI SPI model. Scope.

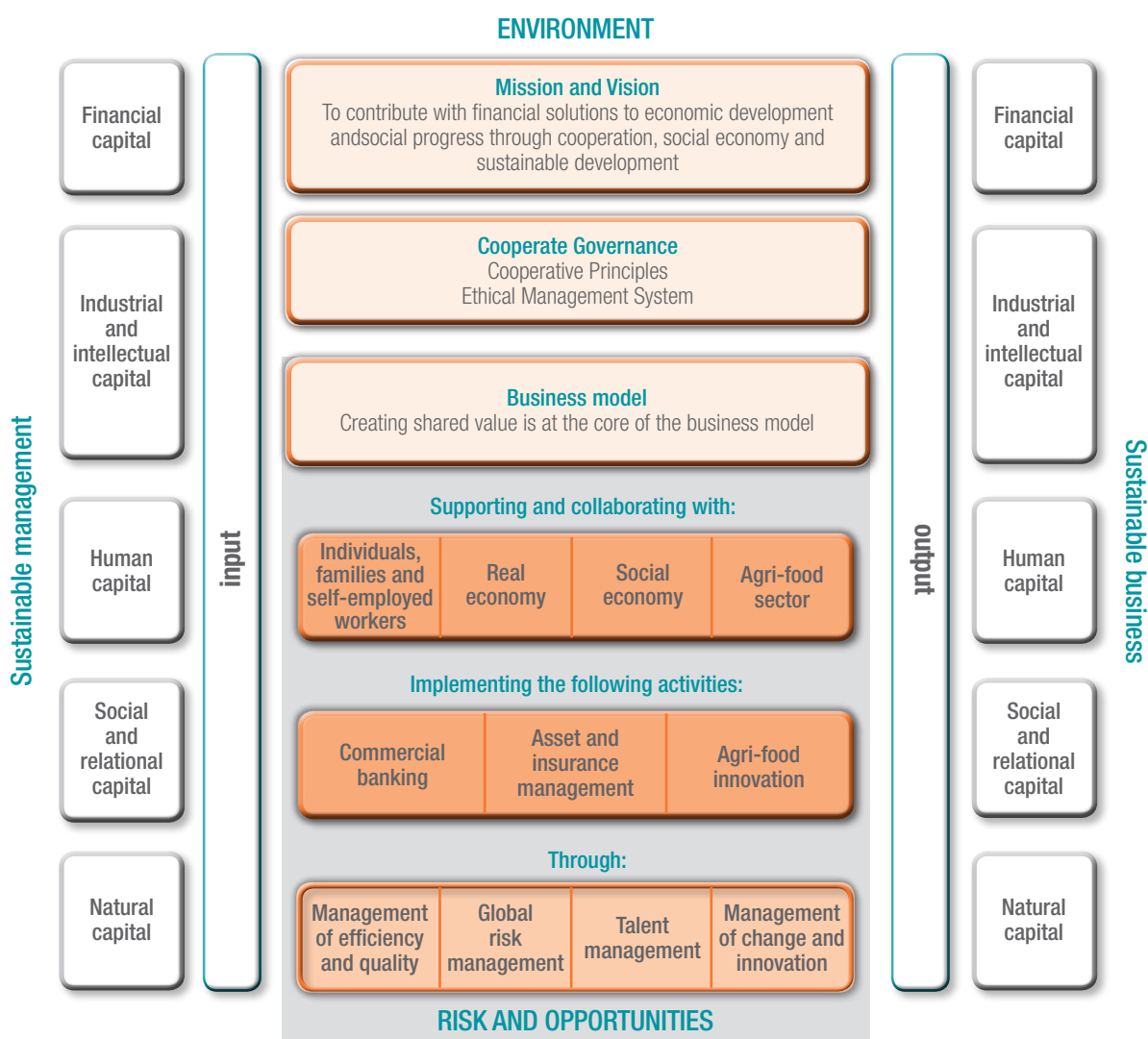
(2) Financial activity interests and similar charges. Does not include fees.

(3) Approximation adjusted to payments made to third parties for purchases and services rendered. Scope: Grupo Cooperativo Cajamar and its foundations.



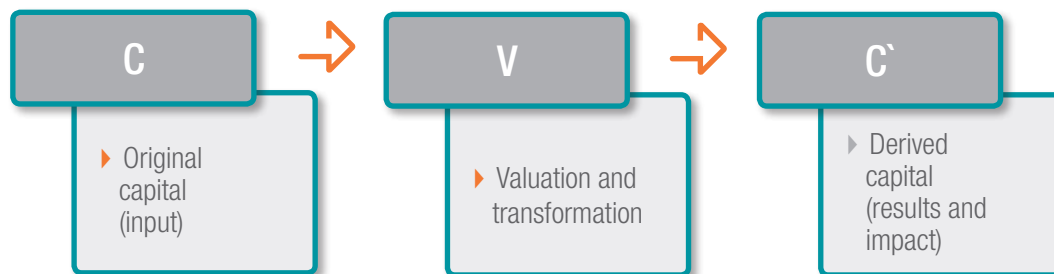
### 3.4 Creating value through the transformation of capital in accordance with the International Integrated Reporting Council (IIRC)

Grupo Cooperativo Cajamar's business model conceives each of its constituent parts in terms of sustainability. The sustainable management of the different types of capital (e.g., financial, industrial, intellectual, human, social, relational, and natural) is essential to Grupo Cooperativo Cajamar in order to deal with an increasingly complex and uncertain environment that presents new opportunities and challenges. However, creating value in the short, mid and long term is not limited to generating economic profit, but also encompasses a set of interrelated forms of capital. This capital is constantly transforming through valuation processes that generate new forms of capital and resources, so that society can use and subject them to new valuation processes carried out by different socio-economic players.





### Grupo Cooperativo Cajamar's capital transformation model



INPUT (Initial capital)	VALUATION AND TRANSFORMATION (Contribution of added value)	OUTPUT (new capital)
<b>Financial capital:</b> A set of financial resources used by the Group to establish a solvent, profitable and balanced business model in line with its mission.		
<ul style="list-style-type: none"> <li>▶ Own funds</li> <li>▶ Wholesale financing</li> <li>▶ Retail financing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Prudential and risk management</li> <li>▶ Efficiency</li> <li>▶ Channelled into real economy</li> <li>▶ Sustainable finance</li> </ul>	<ul style="list-style-type: none"> <li>▶ Profitability and services for partners and customers</li> <li>▶ Financial inclusion</li> <li>▶ Contribution to local development and territorial development</li> <li>▶ Contribution to sustainability</li> </ul>
<b>Industrial and intellectual capital:</b> Tangible assets available to the Group to carry out its activities, and organisational intangible assets constituting the Group's expertise to manage its business through innovation and continuous improvement.		
<ul style="list-style-type: none"> <li>▶ Network of branches and equipment</li> <li>▶ Testing, study and research centres</li> <li>▶ Cultural centres</li> </ul>	<ul style="list-style-type: none"> <li>▶ Set of processes</li> <li>▶ Global quality policy</li> <li>▶ Ethical management system</li> <li>▶ Innovation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Quality of service, safety and customer protection</li> <li>▶ Personalised care, accessibility and closeness</li> <li>▶ Creation and transfer of knowledge</li> </ul>
<b>Human capital:</b> A set of knowledge, skills, abilities, and experience of the people who form part of the organisation, as well as their level of engagement in the business model and its Ethical Management System.		
<ul style="list-style-type: none"> <li>▶ Employees and cooperative partners</li> <li>▶ Corporate culture</li> </ul>	<ul style="list-style-type: none"> <li>▶ People management and talent development</li> <li>▶ Code of conduct</li> </ul>	<ul style="list-style-type: none"> <li>▶ Commitment to the environment</li> <li>▶ Improving the customer experience</li> </ul>
<b>Social and relational capital:</b> Maintaining relationships with our stakeholders and knowing their expectations enables us to respond in a balanced way. This is the basis of our business model and the creation of shared value.		
<ul style="list-style-type: none"> <li>▶ Resources aimed at research, local development and social and cultural progress</li> </ul>	<ul style="list-style-type: none"> <li>▶ Active stakeholder management and listening actively to their expectations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Creation of shared value</li> <li>▶ Commitment to economic growth and social progress</li> </ul>
<b>Natural capital:</b> The responsible management of materials and environmental resources required by the Group to perform its business activity.		
<ul style="list-style-type: none"> <li>▶ Consumption of supplies</li> <li>▶ Use of materials</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sustainable process management</li> <li>▶ Good environmental practices</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sustainability</li> <li>▶ Promotion of sustainable agriculture</li> <li>▶ Contribution to SDGs</li> </ul>



### 3.5 Analysis of the environment

Analysing the environment<sup>5</sup> makes it possible to identify the key macrotrends that affect or may affect Grupo Cooperativo Cajamar and its business. Based on this analysis, it is possible to detect significant risk factors and opportunities for the organisation from a strategic point of view, thereby minimising the risks and harnessing the scope of opportunities. Indeed, it is crucial to weigh up these general and specific strategic factors to maintain the Group's competitive advantages, to complete the risk map, and to meet the expectations of different stakeholders.

#### Macrotrends in Grupo Cooperativo Cajamar's context

<b>Political</b>	<ul style="list-style-type: none"> <li>▶ New government, political uncertainty and instability</li> <li>▶ Regional tensions</li> <li>▶ New post-globalisation order (multipolarity, increase in protectionist measures and nationalism)</li> </ul>
<b>Economic</b>	<ul style="list-style-type: none"> <li>▶ Adjustments in growth expectations and gradual withdrawal of monetary stimuli</li> <li>▶ Improvement in competitiveness and exports</li> <li>▶ Vulnerability in emerging economies and volatility of financial markets</li> </ul>
<b>Sectoral / Specific</b>	<ul style="list-style-type: none"> <li>▶ The context of low interest rates and reduced margins is maintained</li> <li>▶ Favourable conditions to reduce non-productive assets</li> <li>▶ Opportunities to improve the customer experience and increase in new competitors</li> </ul>
<b>Regulatory legal</b>	<ul style="list-style-type: none"> <li>▶ Legal insecurity in the face of legal interpretations and the new mortgage law</li> <li>▶ Regulatory hyperactivity</li> <li>▶ Increased demands for financial and non-financial information</li> </ul>
<b>Technological</b>	<ul style="list-style-type: none"> <li>▶ Digital disruption in financial services, omnichannel strategies and open banking</li> <li>▶ Big data, blockchain, and robotisation</li> <li>▶ Cybersecurity</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>▶ Draft law on climate change and energy transition</li> <li>▶ Greater commitment of the economic sector to dealing with environmental problems</li> <li>▶ Increased environmental demands of stakeholders</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>▶ Increasingly ageing populations and uncertainty about the public social protection system</li> <li>▶ Increased inequality</li> <li>▶ Unemployment and corruption continue to be the main problems identified by the population</li> </ul>

Currently, there are two key universal macrorends that are going to have a significant impact on each of the traditional risks managed by Grupo Cooperativo Cajamar. These macrorends will lead to increased and/or modified stakeholder expectations and test their resilience. We are talking about the process of transitioning to a low-carbon economy (or decarbonisation of the economy) and the process of digital transformation. Both processes will involve organisational changes and the expansion of capabilities in terms of processes and the creation of new products and assets.

<sup>5</sup> The full analysis of the environment can be consulted in Annex II.



### 3.6 Risk map and risk appetite framework

Risk management is inherent to banking. Therefore, it is essential to identify the risks faced by financial institutions and address them from a global approach. Grupo Cooperativo Cajamar has a clear vocation towards retail banking, while its financial activity is deeply rooted in the territory by supporting families and fostering social economy and sustainable local development. For this reason, in addition to the risks and opportunities presented by the environment, it is important essential to consider the risks that are directly related to the nature of our business.

Therefore, based on this premise and our line of business, the main type of risk for Grupo Cooperativo Cajamar is credit risk, which must be mitigated by applying criteria of diversification, credit quality, collateralisation, monitoring with foresight, and efficient and decisive collection management. In addition, Grupo Cooperativo Cajamar engages in wholesale financial markets to meet the financing needs of its main business and to capitalise on excess liquidity. However, operating in these markets to fund its retail activity must be kept within prudential limits. On the other hand, investing in financial assets with a market risk to complement and diversify the income statement must remain at a moderate level and only involve investments needed to fulfil regulatory requirements.

However, the activity inherent to all credit institutions leads to exposure to other types of risk, such as liquidity, interest rate, operational, reputational, and business risks, which should all be subject to a low risk exposure policy.

#### Risk factors

Risk factors that could affect the Group's situation			
<b>R1</b>	Credit risk	<b>R7</b>	Concentration risk
<b>R2</b>	Business risk	<b>R8</b>	Interest rate risk
<b>R3</b>	Liquidity and financing risk	<b>R9</b>	Reputational risk
<b>R4</b>	Property risk	<b>R10</b>	Operational risk
<b>R5</b>	Market risk	<b>R11</b>	Exchange rate risk
<b>R6</b>	Sovereign and macroeconomic risk	<b>R12</b>	Technological risk

Risk factors identified from analysing the macro-environment (See Annex II)			
<b>RE.1</b>	Political environment	<b>RE.5</b>	Technological environment
<b>RE.2</b>	Economic environment	<b>RE.6</b>	Environmental context
<b>RE.3</b>	Sectoral environment	<b>RE.7</b>	Social environment
<b>RE.4</b>	Legal and regulatory environment		



## Risk map

(Materiality analysis conducted through Global Risk Management)

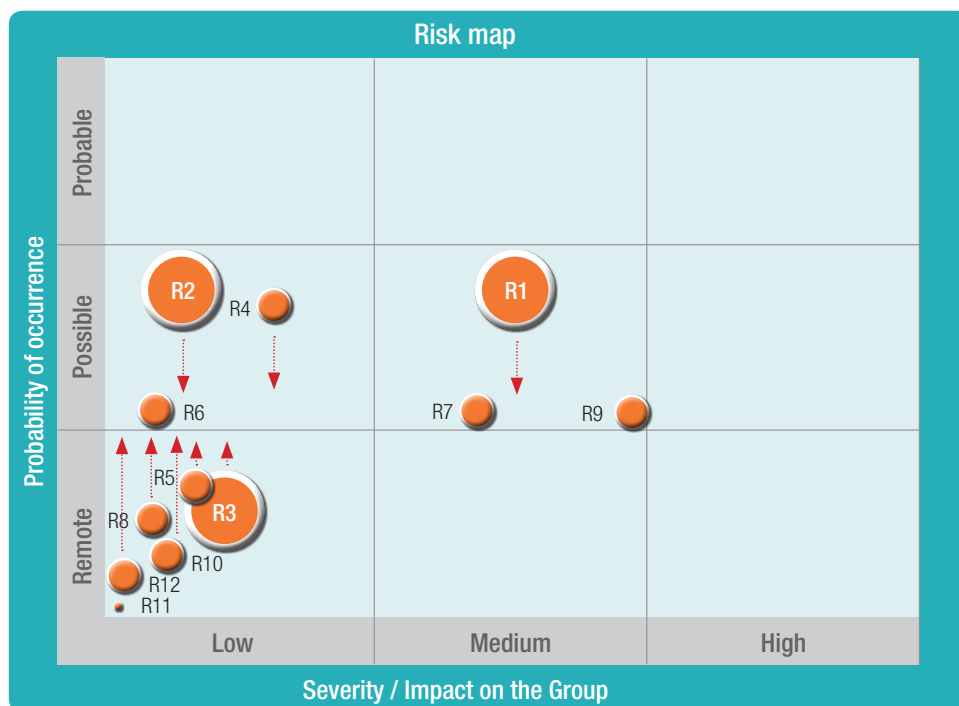
R1= Credit risk  
R2= Business risk  
R3= Liquidity and financing risk  
R4= Property risk

R5= Market risk  
R6= Sovereign and macroeconomic risk  
R7= Concentration risk  
R8= Interest rate risk

R9= Reputational risk  
R10= Operational risk  
R11= Exchange rate risk  
R12= Technological risk

→ Risk appetite

● Size: weight of risk against the Group's set of risks



(Impact in terms of capital: need for capital through Pillar II-Basilea)

### 3.7 Stakeholder expectations: materiality analysis



Related information

- ▶ Main channels of interaction with strategic stakeholders
- ▶ Sources of information used to conduct materiality analysis

Grupo Cooperativo Cajamar defines its stakeholders as organised or unorganised institutions or groups of people that interact with the Group in its business activity, in the broadest sense of the word. It also considers stakeholders as institutions or groups of people who have a legitimate direct or indirect interest in one or several areas of the Group's business activity: cooperative, economic and financial, social, and/or environmental. By extension, and in the extensive sense of the impact of its management, the Group recognises the need to maintain permanent and constructive dialogue with local communities and society as a whole.



### Stakeholders and the Grupo Cooperativo Cajamar business model



### Key for identifying and understanding stakeholders



Essentially, stakeholder expectations have barely changed since the previous year. To identify the types and scope of expectations, the Group has carried out a materiality analysis based on different sources of available information, aiming to cover the whole spectrum of key stakeholders. The contrast of materiality methodology was launched in 2017 to validate any identified relevant issues and the level of intensity at which the Group's business model should respond. This contrast method, together with various information sources, was used to create the following materiality map.

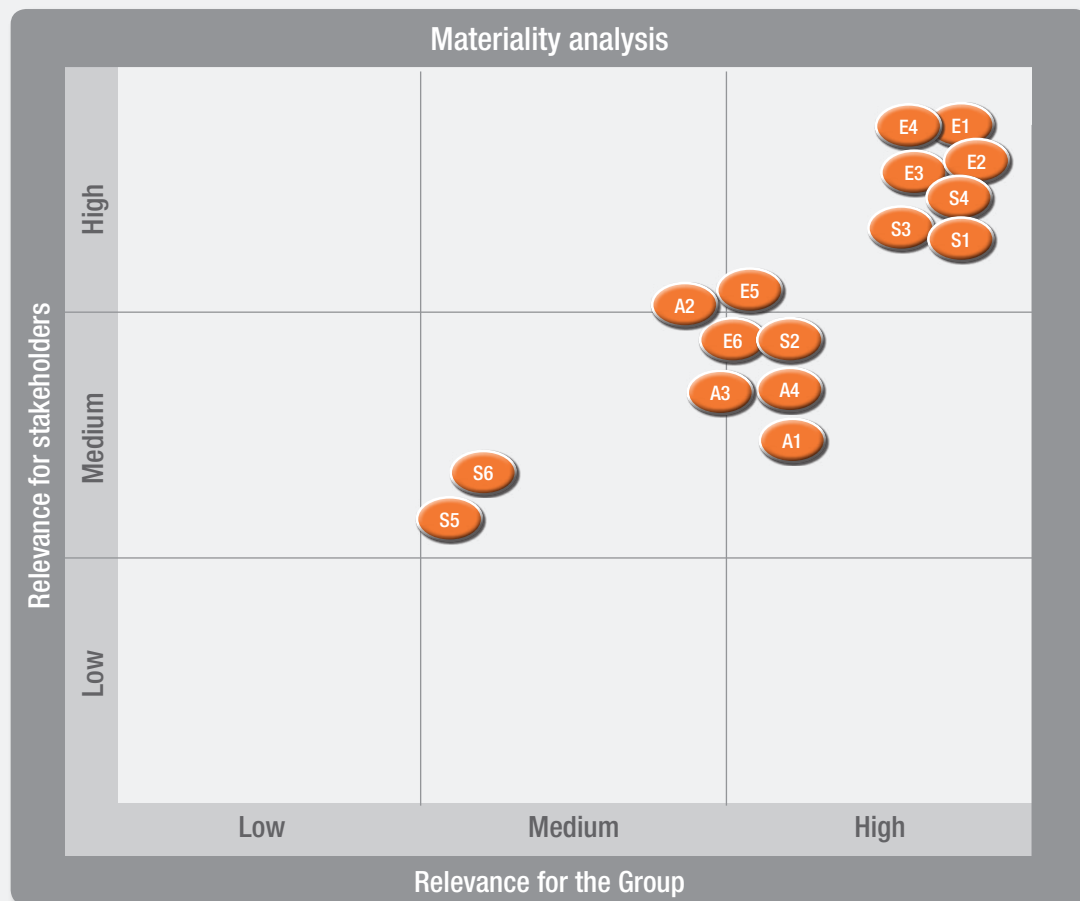


## Expectations of the main strategic stakeholders

				Level	
Expectations		Stakeholders	Coverage	2017	2018
Economic	E.1 Transparency, good corporate governance, compliance and control	All	Mixed	●	●
	E.2 Strengthening the business model and the economic-financial situationa	Regulator, Shareholders, Cooperative members, Employees, Trade unions	Internal	●	●
	E.3 Global risk management	Regulator, Shareholders, Customers	Internal	●	●
	E.4 Protection, security, quality of service, customer orientation and training	Regulator, Cooperative members, customers	Mixed	●	●
	E.5 Management of technological change	Regulator, Shareholders, Cooperative partners, Employees, Customers, Agri-food sector customers	Mixed	●	●
	E.6 Global supplier management	Suppliers	Mixed	●	●
Social	S.1 Financial solutions aimed at economic development and social progress	Cooperative partners, Customers, Society	Mixed	●	●
	S.2 Financial solutions adapted to different life	Cooperative partners, Customers	External	●	●
	S.3 People management and adaptation to change	Employees, Trade unions	Internal	●	●
	S.4 Avoiding financial exclusion	Regulator, Customer, Society	External	●	●
	S.5 Social and cultural action	Employees, Society	External	●	●
	S.6 Contributing to Sustainable Development Goals	Society	External	●	●
Environment	A.1 Commitment to the environment	Agri-food sector customers, Society	External	●	●
	A.2 Risks and opportunities derived from climate change	Agri-food sector customers Society	External	●	●
	A.3 Support for innovation and research	Agri-food sector customers	External	●	●
	A.4 Transfer of knowledge	Agri-food sector customers	External	●	●

Expectation level ● High  
 ● Medium  
 ○ Low





Stakeholder relevance is related to the level of influence of the various stakeholders on the Group's decision-making. In addition, Group relevance is related to the degree of importance of each of the material matters for the Group's long-term sustainability.

Each of the sources or channels of information used were incorporated in the materiality analysis with different weightings or degrees of relevance. The results were produced by the Sustainability Division, in line with the Group's strategic approaches, and presented two-dimensionally in the materiality matrix or map.



## 4. Strategy



Related  
information

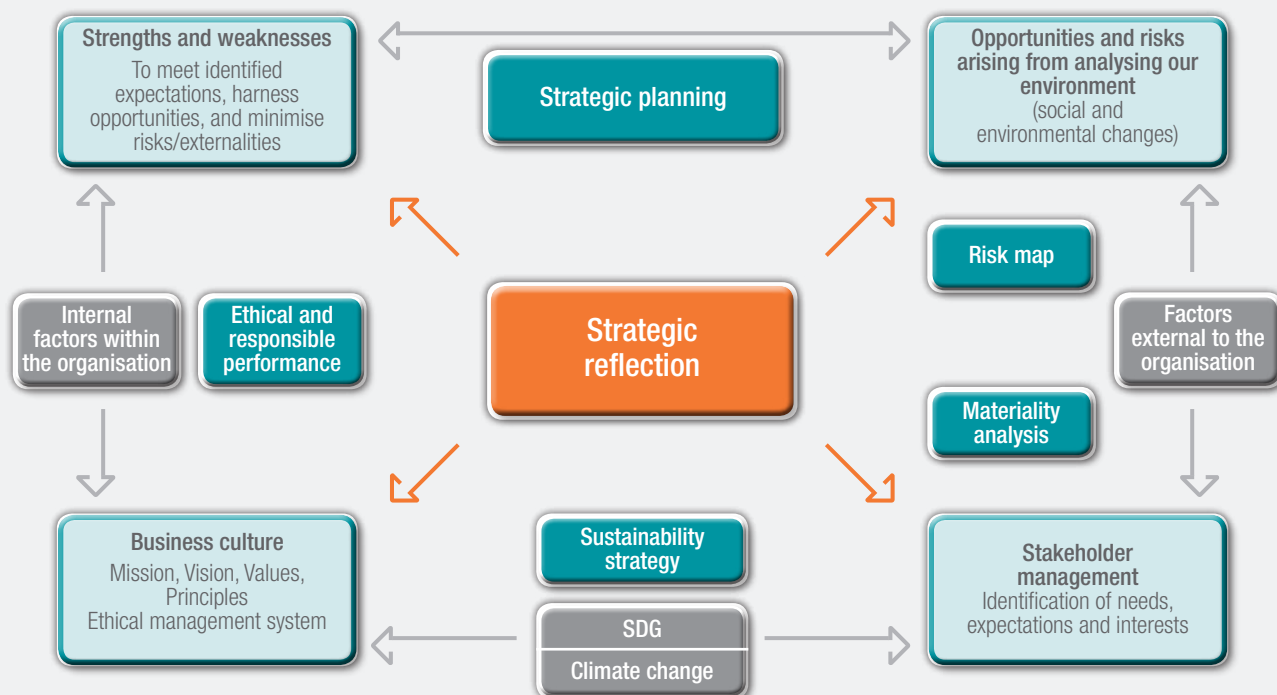
► Strategic alliances

### 4.1 Strategic reflection

Grupo Cooperativo Cajamar implements strategic planning to determine how to integrate its mission and key objectives, such as creating shared value and generating a positive impact on society, through the cooperative principles, sustainable development, and the ability of financial activity to create wealth, generate employment, and secure capital in the territory.

To achieve this goal, at Grupo Cooperativo Cajamar, we understand the need to foster dialogue and constant communication with all our stakeholders in order to identify their interests, demands and expectations. Furthermore, as a Group, it is crucial to recognise our strengths and weaknesses to attain this goal, as well as the associated opportunities and risks.

To achieve its aims, Grupo Cooperativo Cajamar is committed to responsible performance through ethical management and global risk management systems based on the principle of prudence.





## 4.2 Sustainability and the 2018-2020 Strategic Plan

The Group's strategic plan was reviewed in 2018 in line with this methodology. This process involved a comprehensive analysis of the competitive environment and an assessment of the baseline internal situation to identify short and medium-term risks and opportunities to achieve the Group's mission and vision.

Sustainability, in its multiple forms, will play a pivotal role in the Group's strategy, due to the need to stand out in accordance with its 2025 vision, and also due to the importance placed on sustainability in its 2018-2020 Strategic Plan as an key element in its ambition for 2020.

To strive for sustainability, the Group applies its cooperative principles, a continual commitment to social economy, and ethical values derived from its cooperative social nature and Ethical Management System.

## 4.3 Strategic pillars

After establishing its horizon and positioning, the Group has developed seven strategic pillars to pave the way to achieving its goals. This process involves all the necessary monitoring and control mechanisms, as well as with the commitment of the people who make up the organisation.

Grupo Cooperativo Cajamar has identified different types of capital and risks for each strategic pillar, as well as the stakeholders involved and the associated expectations.

From the approach of sustainability, each strategic pillar is also linked with different initiatives which, together, form a specific pathway grouped into three main blocks. These, in turn, constitute Grupo Cooperativo Cajamar's sustainability strategy.



STRATEGIC PILLARS	Related capital	Stakeholders	Expectations	Related risks	Sustainability itinerary	
<b>Improving customer experience</b>	Financial Industrial Intellectual Human Social & relational	Shareholders Members Customers Employees	E.1, E.2, E.4, S.1, S.2, S.4, S.5, S.6, A.2, A.3, A.4	R9 R2, R4, R5, R6, R7	Fostering transparency and dissemination of non-financial information	ETHICAL MANAGEMENT AND CORPORATE CULTURE
<b>Optimising the operational model</b>	Financial Industrial Intellectual Human	Shareholders Members Employees Suppliers Regulator	E.4, E.5, E.6, A.1, A.3, A.4	R10, R12 R2, R3, R4, R5	Strengthening the Ethical Management System	
<b>Change management and talent development</b>	Intellectual Human Social & relational Natural	Employees Members Customers	E.1, E.2, E.4, E.5, S.3, S.5, S.6, A.1, A.3, A.4	R9 R1, R2, R3	Developing corporate culture through the corporate volunteering programme	
<b>Expectations of developing the commercial distribution model</b>	Financial Industrial Intellectual Human	All	E.1, E.2, E.3, E.5, S.1, S.2, S.4, A.2	R5, R7, R10, R12 R2, R3, R4, R5	Promoting socially responsible investing and sustainable finance	SOCIAL ECONOMY AND SUSTAINABLE
<b>Developing singularity in target segments</b>	Financial Industrial Intellectual Human Social & relational	Shareholders Members Customers Employees	E.1, E.2, E.4, S.1, S.2, S.4, S.5, S.6, A.2, A.3, A.4	R2, R9 R1, R2, R5, R7	Supporting the Group's strategy to strengthen its presence in the social economy. Contribution to local development and territorial development	
<b>Risk management</b>	Financial Industrial Intellectual Human	Shareholders Members Customers Employees Regulator Analysts	E.3, E.4, E.5, E.6, A.1, A.2	All	Management of risks and opportunities linked to SDGs	SUSTAINABLE DEVELOPMENT
<b>Evolution of the new technology model</b>	Industrial Intellectual Human Natural	Shareholders Members Customers Employees Suppliers Regulator	E.1, E.2, E.3, E.4, E.5, E.6, S.1, S.3, S.6, A.1, A.3, A.4	R12 R2, R5, R6	Implementation of the TCFD climate change recommendations	



## 5. Performance



Related  
information

► [Annual Corporate Governance Report](#)

### 5.1 Economic dimension

#### 5.1.1. Transparency, good corporate governance, compliance and control (Expectation E.1)

##### Suitability

Generally speaking, corporate governance, particularly in public limited companies, and also in specific areas of credit institutions, has been the focus of attention for national and European regulators and supervisors. In this context, there is a requirement to have procedures in place that define and ensure continual evaluation of the suitability of directors, general managers and other similar job positions, including employees who are responsible for internal control functions or who hold key positions in the bank's financial activity. In addition, the new European regulation on suitability and corporate governance seeks to ensure the existence of procedures to ensure optimal criteria for the selection, appointment, integration, training, diversity, and succession of the employees of the aforementioned groups.

In this regard, in 2018, Grupo Cooperativo Cajamar approved its new *Suitability policy* (replacing the previous policy) to comply with the new regulation, the EBA guidelines, and the expectations of its shareholders as regards good governance practices. The selection process for directors, managers and key personnel of Grupo Cooperativo Cajamar is based on the following principles:

- **Effectiveness.** The selection process must ensure that the person chosen is the best possible candidate at the time to meet the present and future needs of the Group.
- **Impartiality and transparency.** The selection process must be transparent, free from inherent bias, and provide the same opportunities for all qualified candidates.
- **Sufficient dedication.** The selection process must ensure that the dedication of the candidates is sufficient and consistent with the requirements of the Group's regulatory framework.
- **Diversity.** The selection process must favour diversity of experiences, knowledge and gender.



### Training

Advances in transparency and good corporate governance have become one of the main expectations of stakeholders and a priority for Grupo Cooperativo Cajamar. Therefore, these factors are included in its Ethical Management System. In 2018, the Group has continued to offer training on preventing criminal risks, including a module on preventing corruption among individuals, while also promoting dissemination, awareness raising, and application of the Anti-Corruption Policy.

### Internal governance

In addition to complying with the requirements derived from the internal governance legislation, the Group also acknowledges the EBA Guidelines (GL11), of 26 September 2017, applicable as of 30 June 2018, which replace the previous *EBA Guidelines on Internal Governance* (GL44), of September 2011. The Group also operates in line with the *Code of Good Governance for Listed Companies* of the CNMV, of February 2015, the *Principles of Corporate Governance for Banks* of the Basel Committee on Banking Supervision, of June 2015, and other best practices in this field.

In addition to its high degree of compliance and monitoring of the aforementioned *Guidelines* (GL11), *Code* and *Principles*, the Group continually strives to identify and implement opportunities for improvement in accordance with the constant regulatory developments in the field and the best corporate governance standards and practices.

As regards the recommendations of the *Code of Good Governance for Listed Companies*, BCC's degree of compliance falls within the average range for the largest public listed companies in Spain. Similarly, in 2018, the Group has continued to comply with Recommendation 53 of the *Code*, stating that compliance with the *Corporate social responsibility policy* should be monitored by a delegate committee of the Board of Directors. Indeed, this task was assigned to the Business Strategy Committee.



## Transparency

In 2018, the integrated report stands as a separate document to the annual financial statement as set forth in current Spanish and European legislation on non-financial information.

## Anti-corruption

In compliance with the supervision and monitoring model for the Criminal Risk Prevention Plan, in 2018, the Group reviewed the established controls to prevent the commission of the offences outlined in the plan, including corruption among individuals.

### 5.1.2. Strengthening the business model and the economic and financial (expectation E.2)



Related  
information

- ▶ [Financial information](#)
- ▶ [Rating](#)

In 2018, Grupo Cooperativo Cajamar has continued to move forward with its structural strengthening process through its business model, improving its absolute and relative position in terms of profitability, efficiency, results, and business volume. Its gross income has risen by 3.8% with a 2.7% profit for the year, amounting to €82.2 million. Regarding its business volume, the figures went up in all areas, with a notable 8.8% increase in total balance sheet assets, a 9.9% growth in retail funds, and a 4.1% rise in performing loans. In terms of solvency, the Group has improved significantly in 2018. Most notably, CET 1 capital reached 12.52% at yearend closing, the solvency ratio stood at 14.26%, and there was a clear reduction in the NPL ratio. Regarding the NPL ratio, the Group has also comfortably achieved the objectives for NPLs and the sale of foreclosed assets.



## Key figures in 2018

(thousands of euros)

	31/12/2018	31/12/2017	Year-on-year	
			Abs.	%
<b>RESULTS</b>				
Net interest income	586,041	548,142	37,899	6.9 %
Gross income	934,076	977,558	(43,482)	(4.4 %)
Recurring gross income	892,320	859,657	32,663	3.8 %
Operating income	367,763	363,139	4,623	1.3 %
Recurring operating income	326,007	245,239	80,768	32.9 %
Earnings before tax	69,104	97,808	(28,703)	(29.3 %)
Consolidated net profit for the period	82,252	80,058	2,195	2.7 %
Profit attributable to the parent	82,252	80,058	2,195	2.7 %
<b>Business volume</b>				
Total balance sheet assets	44,078,805	40,507,329	3,571,476	8.8 %
Equity	3,075,758	3,052,262	23,496	0.8 %
Customer retail funds	28,498,653	25,940,894	2,557,759	9.9 %
Off-balance sheet funds	4,293,159	4,126,567	166,592	4.0 %
Performing loans and receivables	29,126,027	27,968,427	1,157,600	4.1 %
<b>Risk management</b>				
Gross non-performing loans	31,584,988	31,329,017	255,971	0.8 %
Contingent risks	728,419	650,724	77,695	11.9 %
Non-performing loans	2,458,961	3,360,590	(901,629)	(26.8 %)
Non-performing contingent risks	6,257	7,402	(1,145)	(15.5 %)
NPL ratio (%)	7.63 %	10.53 %	(2.90)	
NPL coverage ratio (%)	43.60 %	40.28 %	3.32	
<b>Liquidity</b>				
LTD (%)	101.65 %	110.08 %	(8.43)	
LCR (%)*	207.49 %	214.62 %	(7.13)	
NSFR (%)	118.51 %	112.30 %	6.21	
Commercial gap	(491,363)	(2,719,240)	2,227,877	(81.9 %)
<b>Phased-in solvency (*)</b>				
CET 1 (%)	12.52 %	11.19 %	1.45	
Tier 2 (%)	1.74 %	2.18 %	0.06	
Solvency ratio (%)	14.25 %	13.37 %	1.52	
Leverage ratio (%)	6.39 %	6.44 %	(0.05)	
<b>Fully-loaded solvency (*)</b>				
CET 1 (%)	11.55 %	10.90 %	1.40	
Tier 2 (%)	1.74 %	2.18 %	0.06	
Solvency ratio (%)	13.29 %	13.08 %	1.46	
Leverage ratio (%)	5.89 %	6.29 %	(0.40)	
<b>Profitability and efficiency</b>				
ROA (%)	0.19 %	0.20 %	(0.01)	
RORWA (%)	0.35 %	0.34 %	0.01	
ROE (%)	2.74 %	2.64 %	0.10	
Cost income ratio (%)	60.63 %	62.85 %	(2.22)	
Recurring cost-income ratio %)	63.47 %	71.47 %	(8.00)	
<b>Profitability and efficiency</b>				
Members	1,436,237	1,433,980	2,257	0.2 %
Employees	5,506	5,586	(80)	(1.4 %)
Branches	1,018	1,057	(39)	(3.7 %)

\* Annual change in relation to 01/01/2018





### 5.1.3 Global risk management (expectation E.3)

Global risk management is a key element for any bank. The serious crisis experienced by the financial sector has forced banks to make a significant effort to clean up their balance sheets and reduce any irregular assets over the last few years. Regulatory authorities have played a fundamental role in this process, and constant progress has been made in the development of risk control mechanisms and the solvency level requirements of these banks. In this regard, one of the most important milestones in 2018 was the entry into force, at the start of the year, of the new accounting regulations on recording, classifying and measuring the impairment of financial assets under the IFRS9 framework, replacing Bank of Spain Circular 4/2016, which has had an impact on Grupo Cooperativo Cajamar's level of provisions and reserves.

The Group has overcome all these situations by following the principle of prudence outlined in its Ethical Management System, as well as through a business model linked to the extensive agricultural sector, SMEs and small businesses, while participating in the process of restructuring and leading the integration of rural banks. What's more, the Group has implemented all these actions without receiving any public aid. In addition, due to its size and market objectives, the Group does not pursue any monopolistic practices and has not received any significant sanctions for regulatory non-compliance in this area.

#### Success in restructuring its balance sheet

The effort made in recent years to manage its credit risk, together with improved economic circumstances, has enabled the Group to achieve satisfactory results in different initiatives linked to its strategic objectives, such as reducing NPLs, enhancing the distribution of its loan portfolio to reduce concentration risk, and strengthening its global risk management.

#### Loans and Advances in 2018

(thousands of euros)

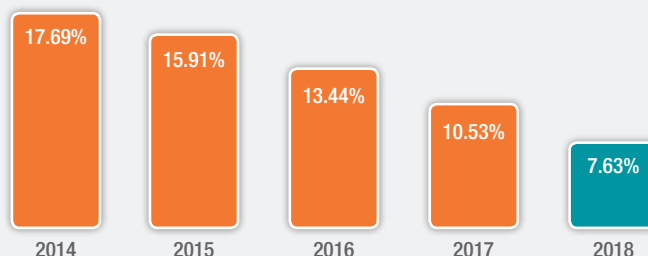
	31/12/2018	31/12/2017	Year-on-year	
			Abs.	%
Public administrations	715,007	783,290	(68,283)	(8.7 %)
Other financial corporations	1,137,673	646,487	491,186	76.0 %
Non-financial corporations	11,268,911	10,954,820	314,091	2.9 %
Households	18,154,919	18,669,637	(514,718)	(2.8 %)
<b>Loans to customers (gross)</b>	<b>31,276,510</b>	<b>31,054,234</b>	<b>222,276</b>	<b>0.7 %</b>
<i>Of which:</i>				
<i>Real estate developers</i>	1,108,230	1,605,970	(497,740)	(31.0 %)
<i>Performing loans to customers</i>	28,817,549	27,693,644	1,123,905	4.1 %
<i>Non-performing loans</i>	2,458,961	3,360,590	(901,629)	(26.8 %)
<b>Other loans *</b>	-	-	-	-
<b>Debt securities from customers</b>	308,478	274,783	33,695	12.3 %
<b>Gross loans and advances</b>	31,584,988	31,329,017	255,971	0.8 %
<b>Performing loans</b>	29,126,027	27,968,427	1,157,600	4.1 %
<i>Correction for customer credit risk</i>	(1,072,033)	(1,351,449)	279,416	(20.7 %)
<b>Total Loans and Advances</b>	<b>30,512,956</b>	<b>29,977,533</b>	<b>535,423</b>	<b>1.8 %</b>
<b>Off-balance sheet exposures</b>				
Contingent exposures	728,419	650,724	77,695	11.9 %
<i>of which: non-performing contingent exposures</i>	6,257	7,402	(1,145)	(15.5 %)
<b>Total exposures</b>	<b>32,313,407</b>	<b>31,979,741</b>	<b>333,666</b>	<b>1.0 %</b>
<b>Non-performing total risks</b>	<b>2,465,218</b>	<b>3,367,992</b>	<b>(902,774)</b>	<b>(26.8 %)</b>

\* Primarily through the temporary purchase of assets.

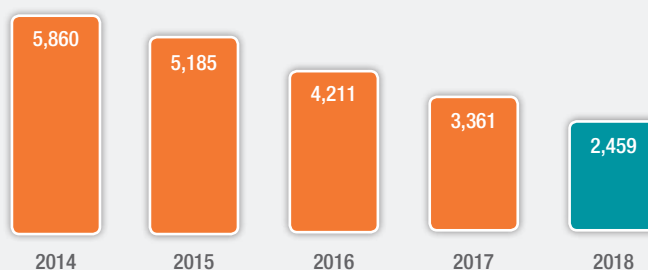


### NPLs in 2018

NPL ratio (%)



NPLs (thousands of euros)



### Risk appetite framework in the new strategic plan

Grupo Cooperativo Cajamar has defined a risk appetite framework (RAF) according to the approaches set by the Financial Stability Committee (FSB) that are applicable to credit institutions of international systemic importance. The Group has defined this tool to be used as the institution's benchmark in the scope of risk governance. The current values of the RAF are aligned with the new 2018-2020 Strategic Plan and did not require modification. The new Strategic Plan aims to reduce risk levels. Therefore, the achievement of this plan is in line with Grupo Cooperativo Cajamar's risk appetite.

Furthermore, Grupo Cooperativo Cajamar implements a robust Business Continuity Management System. This system guarantees the continuity of the Group's activity when exposed to physical, technological and security risks.



### Global Risk Control Division

Due to the importance of global risk management, the Group has a Global Risk Control Division which reports directly to the Board of Directors. Its purpose is to complement the risk assumption actions of the business units through its reporting and monitoring responsibilities. Among other functions, it is responsible for supervising the Group's risk assumption, risk analysis and other related tasks, but always independently from the business units. Its aim is to guarantee the correct identification and measurement of the most significant financial risks to which the Group is exposed. It also supervises compliance with the limits and policies established both internally and by the supervisor.

#### Main actions carried out in 2018 to enhance global risk control

Implementation of the KPMG Accounting Reporting Tool (Kart), a technological tool that automatically generates relevant information to monitor and analyse the service delivery requirements under the new IFRS 9 framework, making it possible to monitor, identify explanatory *drivers* of evolution, and analyse the accounting classification and level of coverage, according to different analysis criteria.

In accordance with its *Stress Test Framework Governance Handbook*, related to single-risk stress scenarios applicable to each of the identified material risks, the Group has presented those related to credit, sovereign, reputational, concentration, market, real estate, and technology risks.

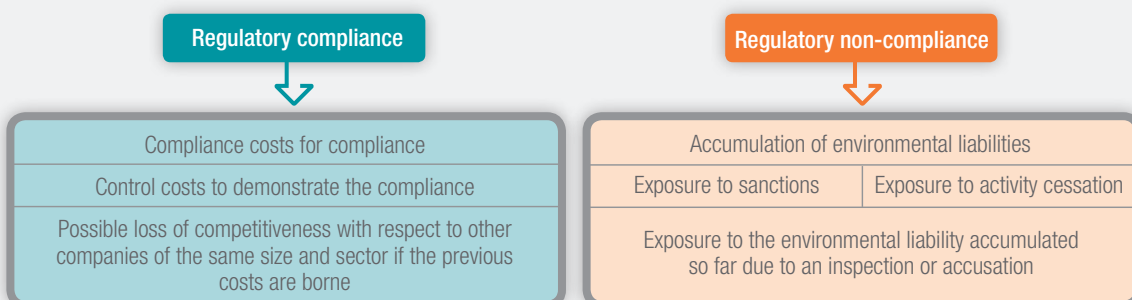
A consolidation of the individualised coverage estimation process started in 2017 to comply with the regulatory requirements of the Bank of Spain (Circular 4/2017).

*Liquidity Contingency Planning* to improve integration with stress scenario analysis and the documentation related to the processes required to measure liquidity provision.

### Environmental and social risk

Grupo Cooperativo Cajamar maintains a proactive position in managing risks that may affect the entity and its members and customers. An example of this position is the work carried out by the Group in recent years to develop tools and methodologies to identify and assess environment-related financial risks.

Environmental financial risk is gaining increasing attention and importance, and is expected to be monitored and audited by regulatory bodies in the near future. Aware of this reality, Grupo Cooperativo Cajamar implements a model to assess environmental financial risk and to classify its loan portfolio based on its risk exposure due to regulatory non-compliance.





Currently, Grupo Cooperativo Cajamar has the ability to analyse its portfolio with constant updates, which gives it permanent knowledge of its environmental regulatory risk. This makes it easier for the Group to manage and monitor customers who require assistance due to their level of risk or economic situation. At the end of 2018, only 0.403% of the Group's portfolio required significant intervention.

This analysis tool is under constant development and new variables related to climate change, financial rating and risk volume by customer are being continually incorporated.

#### 5.1.4 Protection, security, service quality, customer orientation and training (expectation E.4)



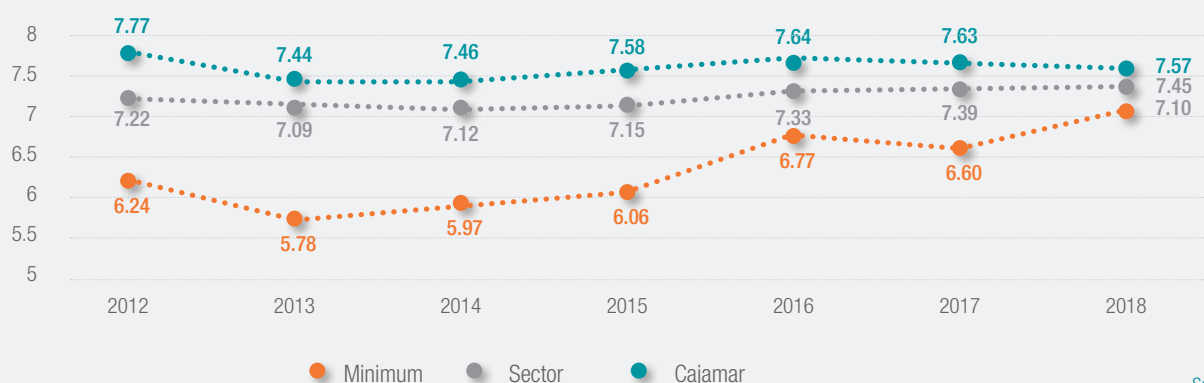
Related information

- ▶ Customer service
- ▶ Complaints and claims
- ▶ Quality policy
- ▶ Order execution and management policy
- ▶ MiFID Directive
- ▶ Conflict of interest management policy
- ▶ Security in online banking

Customers are the mainstay of Grupo Cooperativo Cajamar's business model. At the end of 2018, the Group had 3.4 million customers. Its business model is based primarily on creating a stable and lasting relational framework founded on ethics, the creation of shared value, and the continual enhancement of the quality of products, services and customer experience.

This customer experience is enhanced by the Group's commitment to the environment through the involvement of the 1.4 million cooperative members (with the status of member and customer) who help to consolidate the Group's mutualisation rate, which stood at 41.17% at the end of 2018. In addition, in 2018, the Group obtained an overall level of customer satisfaction of 7.57, higher than the industry average.

#### Global satisfaction of customers with the Group



Source: 2018 Stiga



## Defence of customers

In accordance with Law 44/2002, of November 22, on Financial System Reform Measures, Grupo Cooperativo Cajamar has an internal and independent Customer Service Department (CSD) to deal with and resolve customer complaints and claims. Regarding the information presented in this section, the Group has opted to dissociate the statistical information corresponding to claims about the expenses clause. This is due to the fact that numerous claims were filed in 2018 related to this matter (something that did not occur with the floor clause). Therefore, if we had not made this decision, it would have been difficult to present the statistical information without contaminating the comparisons with figures from previous years.

Consequently, aside from the 3,886 claims related to the expenses clause, including 261 filed to the Bank of Spain, a total of 5,638 claims were submitted, of which 5,342 were presented directly to the CSD, 292 to the Bank of Spain, and 4 to the Spanish National Securities Market Commission (CNMV). The CSD received 3,797 claims (71%).

With respect to the previous year, there was an 8% decrease in the total number of claims (5,638 vs 6,129).

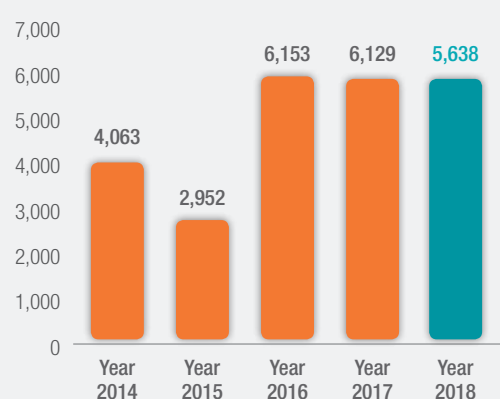
The number of claims submitted before the Claims Department of the Bank of Spain increased by 34% with respect to 2017 (292 vs 218).

Regarding claims submitted before the CNMV claims department, there were no changes from 2017 (4 vs 4).

In 2018, without counting the 3,220 decisions taken on the expenses clauses, including 748 by the Bank of Spain, 4,348 claims were closed, including 283 by the Bank of Spain and 5 by the CNMV, settling 62% in favour of the institutions, 20% in favour of the claimant, 17% without a decision, and the rest (1%) were disregarded.

Finally, without counting the 156 cases related to the expenses clause (19 submitted to the Bank of Spain), there were 392 pending claims at 2018 year-end, including 68 corresponding to the claims departments of the Bank of Spain (46) and CNMV (2).

### Evolution of claims presented



## Main pillars of customer protection

PILLARS	APPROACH	COMMENTS
Security and confidentiality	The <i>Code of Conduct</i> is exhaustive in terms of customer security and protection, conflict of interest management, and the safety and confidentiality of processes.	In 2018, no claims were forwarded regarding the confidentiality of customer personal data.



Commercial policy protection	Grupo Cooperativo Cajamar's commercial communication policy is based on the ethical principles set forth in its Ethical Management System in accordance with the <i>Code of Conduct</i> . All products and services marketed by the Group have been assessed to guarantee consumer protection.	In 2018, there were no cases of non-compliance with regulations or voluntary codes on the information and labelling of products and services, or with regulations on marketing communications, including advertising, promotion and sponsorship. However, in 2018, one penalty was imposed by the Catalan Consumer Agency for €2,750 for failing to submit the official complaints form and not including the free telephone number for complaints in the custody and administration of securities contract. In 2018, no claims were forwarded regarding the confidentiality of customer personal data.
Customer training	In 2008, Grupo Cooperativo Cajamar joined the initiative of the Bank of Spain and the Spanish National Securities Market Commission (CNMV) aiming to involve financial institutions in the promotion of financial education and culture among different groups, especially schoolchildren. Since then, the Group has extended its training offer by designing and developing teaching materials and educational actions with schools in order to promote financial education.	The financial education programme is being run in schools. During the 2017-2018 academic year, a total of 5,513 schoolchildren received financial training.
Accessibility	Grupo Cooperativo Cajamar's accessibility policy is based on the principles of safety, comfort, customisation, autonomy, and an omnichannel approach.	This policy outlines the main guidelines for implementing these principles for the elimination of architectural barriers, adaptation of furniture, and web accessibility.

#### 5.1.5 Technological change management (expectation E.5)

In the field of technological transformation, the demand for change in the provision of financial services, driven by the increased incorporation of technological innovation in a highly-competitive sector, means that banks are continually forced to find and consolidate ways to boost their profitability and efficiency. On this basis, Grupo Cooperativo Cajamar continues to adopt and consolidate a series of measures to achieve a favourable position to respond to this new market reality. Some of these actions have already been launched and are currently being consolidated, while others are new and innovative in this area for the Group.

#### A firm commitment to digital transformation

Grupo Cooperativo Cajamar continues to invest in digital transformation. In 2018, it has focused on consolidating the projects it launched in 2017. Changing consumer habits have also brought about significant changes for contractual documentation. To advance in this area, in 2018, the Group has focused on providing more means to facilitate mobility, which translates into a greater ability to market and complete transactions with customers remotely. This is associated with several features such as the Digital Signature System (DSS), fast and secure access to financial terminals, videoconferencing, and access to documents and email.

From a quantitative point of view, in 2018, there was a 10% increase in remote and mobile banking users, an 88% rise in online transactions, and a 60% increase in use of digital signatures.

Main indicators of digital transformation	2018
Number of cards	1,454,199
Number of POS	71,174
Remote banking users	724,311
Mobile banking users	367,215
Documents signed with DSS	1,373,661
Online transactions (million)	2,854

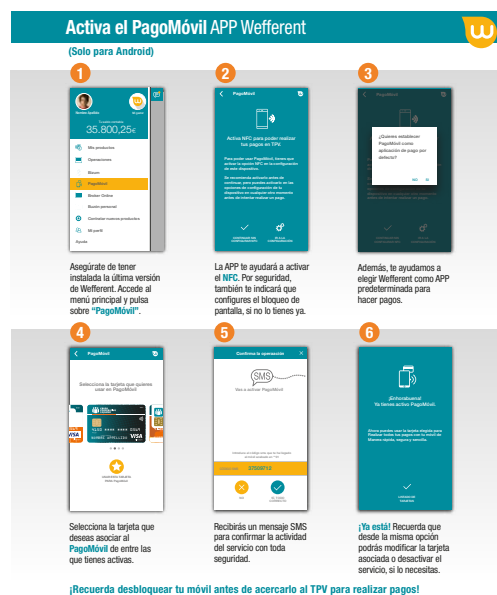
### Mobile Payment: Paying with your mobile is no longer the future

NFC (Near Field Communication) was launched over ten years ago. However, only recently has its use become more popular thanks to mobile payments.

In a world where optimising time is a necessity, the mere fact that you no longer have to carry or look for your card is a significant milestone of convenience and speed. What's more, thanks to enhanced security, the advantage for customers is huge. The improved security is provided by:

- The security features of each payment app
- The requirement to unlock the mobile device
- Authentication when making payments
- Encryption of card information

Since 2018, it has been possible to make payments via Android and IOS devices without the need to carry any cards around. Instead, users can make payments through the *Wefferent* app provided that they have the latest version installed. Since the launch of the mobile payment service, a total of 8,500 cards have been activated through the *Wefferent* app.



## Digital Ambassadors

2018 saw the launch of the second season of digital ambassadors. This is the Group's flagship project in the field of Digital Culture. The objective is to have ambassadors within the organisation who act as spokespeople for innovation and the possibilities of new technologies, transferring digital knowledge and skills among colleagues. Our digital ambassadors have acted as beta testers and first-time users of features such as digital signatures, mobile payment, and SuccesFactor, the new human resources tool.

In addition, our digital ambassadors have a specific space to interact and share information through the new Yammer channel, the Office 365 corporate social network. Over the course of the project, there has been an increasing sense of community and belonging with very high participation rates. In total, 81 messages were posted, 6,290 messages were read, and 304 messages received "likes". In addition, a new challenge is set each month to provide the ambassadors with extra motivation.

## We now have 125 ambassadors!

In 2018, we held 10 informative events (physical and virtual), with 40 conferences covering various topics related to digitalisation and new technologies. These events included sessions on transformation, big data, customer experience, self-service, the Inventa web browser, PPM, biometrics, *marketing cloud*, *customer journey*, *Wefferent*, automatic pre-penalty, *Yammer*, and *IBM*. There were also meetings with partners, suppliers and external collaborators to share updated information on the digital and technological ecosystem. As a result, our digital ambassadors have had the opportunity to attend lectures on *robo-advisers*, *artificial intelligence* and *blockchain*, among others.







### Wefferent: Cajamar Cooperative Group's proposal aimed at digital customers

Wefferent was launched in 2017 to cover a customer segment that demanded dynamic financial services linked to new technology platforms. It forms part of a versatile system that complements the work of our bank branch network through a specific business unit that guarantees customer proximity.

In 2018, the platform incorporated 90,000 customers and 272 million businesses. We have also enhanced its usability and functionality making its one of the most competitive offers in the sector.

#### 5.1.6 Global supplier management (expectation E.6)



Related  
information

- ▶ [Code of Ethics and Good Practices for Suppliers, Collaborators and Subcontractors](#)
- ▶ [Commitments in the approval of supplier](#)

Grupo Cooperativo Cajamar's Ethical Management System establishes responsible purchasing as one of its pillars. The Group believes that its relations with suppliers, and the supply chain in general, must be based on the principles of co-responsibility and transparency.

Grupo Cooperativo Cajamar is aware of the importance of monitoring the supply chain to determine its social-environmental impact, to real costs and risks, and to offer a quality service to its customers. To achieve these goals, the Group has identified different supplier categories.

#### Supplier categories at Grupo Cooperativo Cajamar

Perimeter/ partnerships	Supplier with which it shares capital structures or formal strategic partnerships
Essential	Service provider whose deficiency or anomaly can significantly affect the institution's capacity
Critical	Service provider whose deficiency or anomaly can affect business continuity
Unique	Supplier of a service that is very difficult to replace in terms of access or costs (e.g., monopoly, oligopoly, entry/exit barriers, etc.)
Approved	Supplier that must pass the institution's approval process
Strategic	Supplier relevant for achieving Grupo Cooperativo Cajamar's strategic objectives
Significant	Supplier which due to its recurrence or business volume has a significant relationship with Grupo Cooperativo Cajamar
With access to sensitive information	Supplier with access to confidential information and/or linked to personal data protection



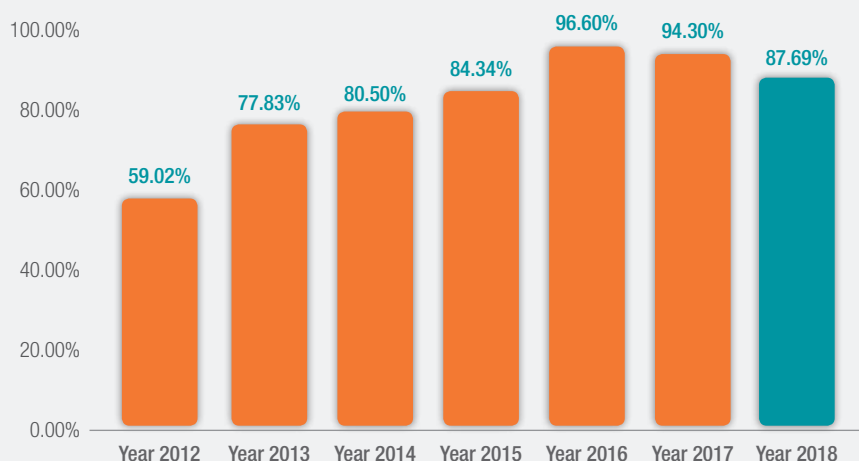
### Supplier approval process

The objective of the supplier approval process is to establish optimal levels to ensure that suppliers meet the quality and suitability requirements established by Grupo Cooperativo Cajamar, as well as the principles and values set forth in the Ethical Management System and the Code of Ethics and Good Practices for Suppliers, Collaborators and Subcontractors. This code outlines six fundamental commitments for suppliers related to 1) human rights and workers' rights; 2) corruption and conflict of interest; 3) environment; 4) quality, reliability and safety of products/services; 5) confidentiality; and 6) subcontracting and transfer to the value/supply chain.

#### Total number of approved suppliers 536 (87.69 %) with the process completed

Facturación (euros)	Año 2018
Total turnover	142,875,019
Resident company turnover <sup>6</sup>	138,280,041
% turnover of resident companies over total turnover	96.8 %
Turnover of non-resident companies	4,594,978
% turnover of non-resident companies over total turnover	3.2 %

### Percentage of approved suppliers



100% of the approved suppliers have signed a commitment to comply with the Global Compact Principles and have been assessed in the areas of human rights, labour practices and commitment to the environment.

In 2018, an innovative initiative was launched together with the Spanish Network of the UN Global Compact, providing specific training to 46 of the Group's suppliers currently undergoing the approval renewal process.

In 2018, there have been no significant negative impacts related to environmental, social or labour practices in the supply chain, or any human rights-related problems. In addition, during the financial year, 39 suppliers were rejected for failing to comply with the approval process.

<sup>6</sup> The term local suppliers (residents) refers to national suppliers.

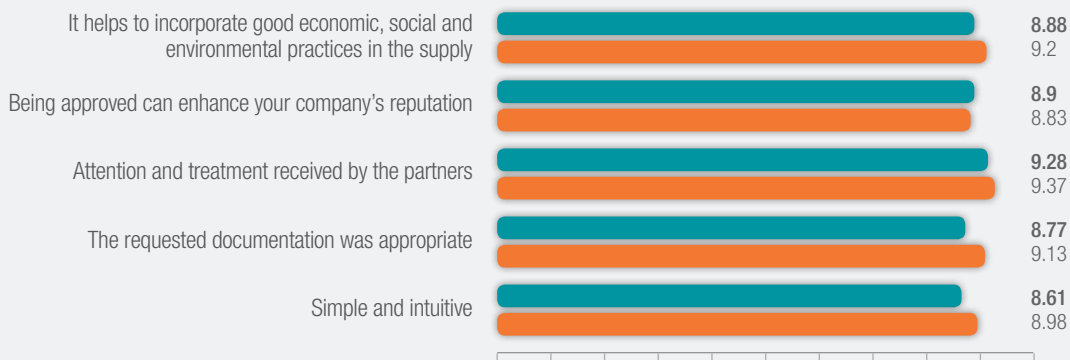




### Satisfaction with the approval process

■ Year 2018

■ Year 2017



Source: Internal through Likert scales

## 5.2 Social dimension

### 5.2.1 Financial solutions aimed at economic development and social progress (expectation S.1)

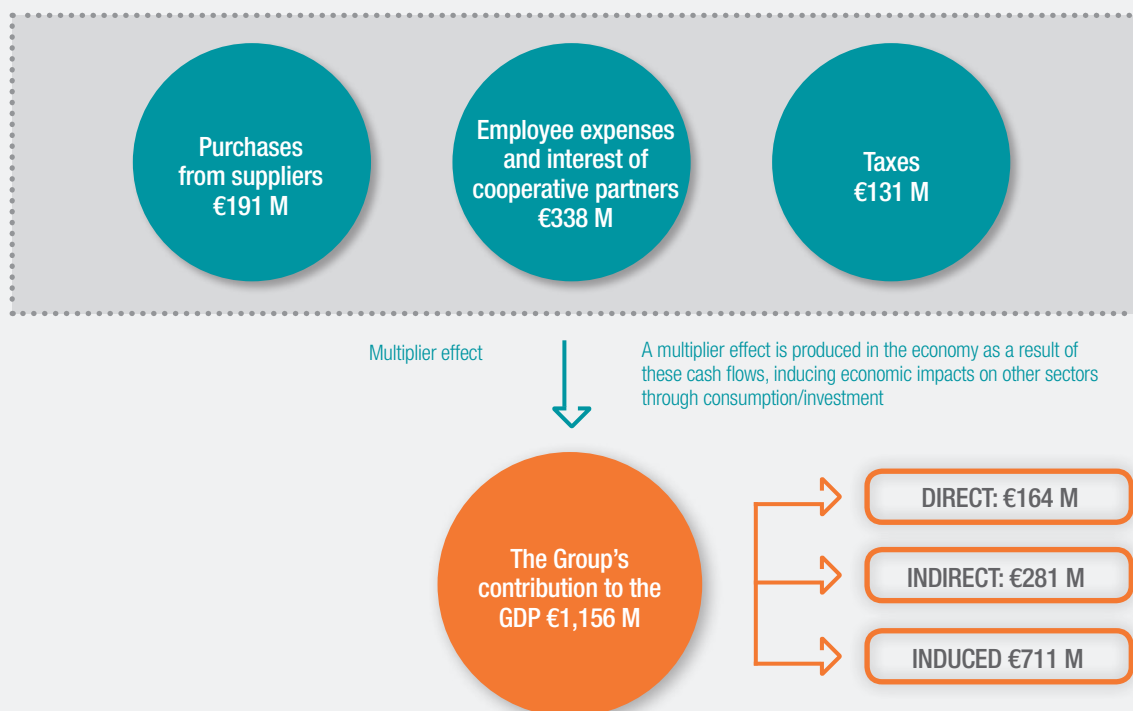
The economic development and social progress of cooperative members and customers, and the environment in which Grupo Cooperativo Cajamar operates, constitute the Group's *raison d'être* and are the best way to achieve the SDGs.

#### Contribution to the Spanish GDP and employment

The Group carries out its activity in Spain, generating economic value for local economies and the Spanish economy as a whole. A part of this value creation is simply derived from expenditure, which has a positive impact on economic activity in the environment. In this regard, we have taken into account the main items of expenditure (e.g., wages, supplier purchases, cooperative income, and the payment of the most relevant taxes) and identified the Group's direct, indirect and induced contribution to the national GDP through the input-output framework of the Spanish economy (INE). Based on this expenditure, the Group's economic impact on the GDP would be €1,156 million (0.1% of the GDP).



## Contribution of the economic value distributed to the Spanish GDP



The economic impacts arising from the credit business must be added to the generation and distribution of economic value. For this purpose, we have calculated the proportion of Grupo Cooperativo Cajamar's credit business over the total for Spain, measuring the leverage effect on the generation of wealth in GDP terms.

Productive sector	Financing from financial institutions to productive sectors (€M) <sup>7</sup>	Proportion of the total productive activities in Spain (%)	Financing from Grupo Cajamar to productive sectors (€M)	Proportion of the total financing of productive activities in the Group (%)
Agriculture	21,038	3.8%	3,090	17.4%
Industry	106,128	19.3%	2,336	13.1%
Construction	28,405	5.2%	1,143	9.2%
Services	394,319	71.7%	10,723	60.3%
<b>Total</b>	<b>549,890</b>	<b>100 %</b>	<b>17,792</b>	<b>100 %</b>

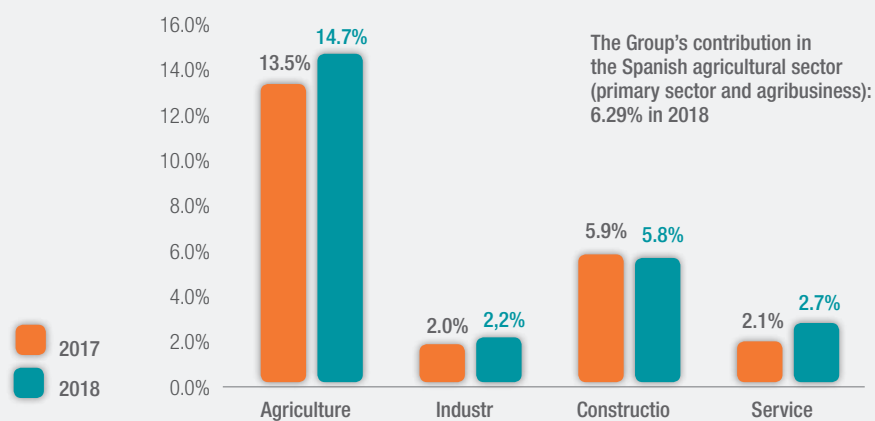
Source: Prepared by the authors with data from the INE, Bank of Spain, and Grupo Cooperativo Cajamar.

<sup>7</sup> Data for all the financial institutions for the third quarter of 2018.

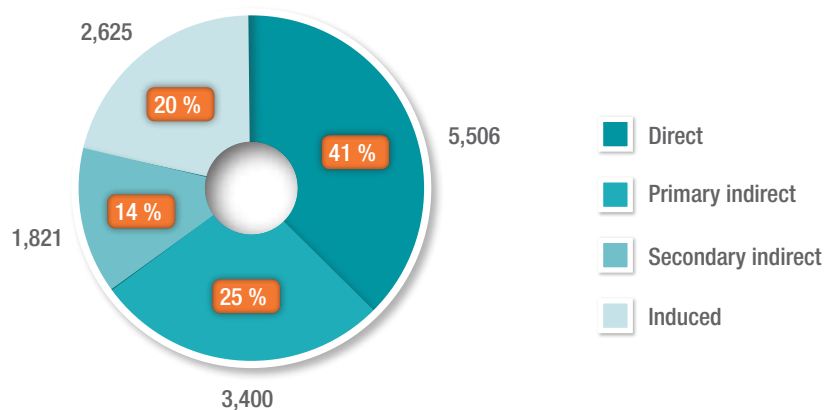


Through its financing activity in productive sectors, the Group contributed €10,383 M to the GDP

Proportion of the Group's financing in productive sectors over the sector total in Spain (%)



The Group's total contribution in Spain based on the main expense figures: 13,352





### 5.2.2 Financial solutions adapted to the different life cycles (expectation S.2)

Grupo Cooperativo Cajamar offers value solutions tailored to the life cycle of each person and aims to go beyond their financial needs. The Group strives to grow with its customers and provide support during the most important moments with financial solutions that respond to their particular situation, while also fostering their development and progress, and helping them to realise their ideas and projects.

#### Financial solutions to provide feasibility to families and individuals

##### Year 2018

Number of operations	Amount (thousands of euros)
28,896	63,370

#### Financial solutions to finance housing

##### Year 2018

Number of operations	Amount (thousands of euros)
8,738	851,748

#### Financial solutions for financing studies

##### Year 2018

Number of operations	Amount (thousands of euros)
1,538	38,799

#### Financial solutions for self-employed workers

##### Year 2018

Number of operations	Amount (thousands of euros)
11,638	327,447

#### Financial solutions aimed at young entrepreneurs in the agri-food sector

##### Year 2018

Number of operations	Amount (thousands of euros)
87	8,214

Note: The amounts correspond to the official total for current operations on 31/12/2018. The figures presented correspond to current operations on 31/12/2018, i.e., new operations and renewals that are active on 31/12/2018



### 5.2.3 People management and adaptation to change (expectation S.3)



Related  
information

- ▶ No discrimination, employment equality
- ▶ Reconciliation of work and family life
- ▶ BCC Policy Framework of Equal Opportunities and Non-Discrimination
- ▶ People management
- ▶ Professional development and training
- ▶ Commitment of equality management
- ▶ Moral, sexual and sex-based harassment prevention protocol
- ▶ Code of conduct

In 2018, Grupo Cooperativo Cajamar continues to pursue its aim of providing its constituent entities with processes, procedures and policies to guarantee optimal knowledge management within a healthy environment, and, in this way, to continue to motivate and foster the professional development of all its employees.

To obtain more information, the entire workforce takes a work environmental survey every two years. The most recent survey, conducted in 2017, revealed an overall employee satisfaction of 3.63 out of 5.

#### Equality

In the field of equality, the Group is making great strides by actively declaring its commitment to equal rights, equal opportunities and non-discrimination by establishing and implementing policies such as the *Equal rights and opportunities and non-discrimination policy*. This policy covers equal treatment, rights, and opportunities for women and men, and applies to all entities that form part of Grupo Cooperativo Cajamar. In addition to publishing its Equality Plans I and II (2015-2018), the Group has taken a further step towards fulfilling its commitment to effective equality between women and men, by developing areas covered in the previous plan and addressing new areas of intervention, including equal pay, sexual harassment, discrimination, indirect discrimination, etc.

At present, the Equality Committee is responsible for reconciliation and equality matters at BCC and Grupo Cooperativo Cajamar. This committee is formed equally by company and trade union representatives. Its composition, functions and powers are governed by internal regulations.

Furthermore, the Group has created a *Moral, sexual and sex-based harassment prevention protocol* to generate, maintain and protect, by all means possible, a working environment that respects the dignity and sexual freedom of the people working in this field, as well as the group of companies in which the Group has majority shareholdings, and other companies in which it holds shares.



In recognition of this commitment, in January 2018, the Ministry of Health, Social Services and Equality, under the initiative of the Institute for Women and Equal Opportunities, granted the Equality in the workplace certificate to Banco de Crédito Social Cooperativo, the parent company of Grupo Cooperativo Cajamar. As a result, the Group now forms part of a select group of 142 companies with this certificate. This certificate acknowledges excellence in the implementation and development of measures for equal opportunities within the organisation, in particular, in the framework of equality plans and policies.



Distintivo  
"Igualdad en la empresa"

Furthermore, as regards balancing work and family life, Cajamar employees have access to the *Concilia Plan* offered by the ALARES social employment centre, which includes a set of free benefits and individual and family support services. These benefits and services enable employees to feel comfortable and enjoy their work life by covering the areas of home, family, free time, leisure, health, and entertainment, among others.

In 2018, there were no claims filed by employees due to discrimination and no significant claims related to working conditions.

### Knowledge management

Grupo Cooperativo Cajamar is aware that human resource management is the key to its competitive advantage and ability to stand out as an organisation.

In 2018, the Group has continued to run its CULTIVA talent management programme, its flagship project that focuses on professional development, talent management, and helping people to adapt to change and the new challenges faced by the organisation. The programme was created for the primary purpose of designing the Group's global professional development model in compliance with its principles and values. The results of the first steps of this ambitious programme have been positive and we expect even higher levels of participation in 2019.

### Total entity

Self-assessment		Descending		Ascending
Completed	% over total	Completed	% over total	Completed
4,915	89.26 %	5,254	95.42 %	10,380



CULTIVA-MCD	Cajamar	BCC	Rest of Group	Group Total
Autoevaluación	88.86 %	89.67 %	93.82 %	87.74 %
Descendente	93.47 %	91.02 %	91.94 %	93.00 %
Ascendente	83.14 %	90.57 %	90.58 %	84.57 %

### Staff selection criteria

Staff selection  
criteria

Equal  
opportunities

Knowledge and  
connection with the  
environment





In addition, Grupo Cooperativo Cajamar's selection process ensures that all its constituent entities possess the adequate human resources to achieve positive financial and social results. This process goes beyond the context of selection, starting with initial contact and continuing with the integration of employees into their area of work. This approach guarantees success in the selection process and the definitive incorporation of the most qualified professionals.

The personnel selection policies followed by the Group are based on well-defined and fully-established criteria and address the presence of women in positions of responsibility. For this reason, the Group's recruitment policies apply very similar percentages for job positions in which women are a minority.

At the same time, continuing training remains a key strategy for helping employees to adapt to change. In 2018, some 5,895 employees received 542,269 hours of training.

#### Hours of the Group's trained employees by professional category and gender (404-2)

	Professional category (No. of participants)				Gender (No. of employees)		Training expenses on EAT
	Executives	Pre-executives	Technicians	Other	Men	Women	
Number of employees	1,338	3,143	655	927	2,965	3,068	3.36%
Hours received	168,642	310,083	39,427	180,331	344,715	352,764	
Average hours	126.04	98.66	63.08	194.53	116.26	115.31	

#### Number of participants trained in skills management and continuous training programmes (404-2)

Financial School (Savings)	Year 2016		Year 2017		Financial School (Savings)	Year 2018	
	Certificates	%/total	Certificates	%/total		Employees	%/total
Basic level	34	0.55%	5	0.08%	EFF Savings-Essential level-MIFID II	652	10.81%
Essential level	1,652	26.84%	1,645	27.91%	EFF Savings-Intermediate level-MIFID II	934	15.48%
Intermediate level	1,590	25.83%	2,027	34.37%	EFF Savings-Advanced level-MIFID II	112	1.86%
High level	473	7.68%	540	9.16%	<b>Total</b>	<b>1,698</b>	<b>28.15%</b>
Specialist level	15	0.24%	30	0.51%	<b>Re-certifications</b>	<b>3,853</b>	<b>63.87%</b>
<b>Total</b>	<b>3,764</b>	<b>61.14%</b>	<b>4,247</b>	<b>69.40%</b>			

Financial School (Financing)	Year 2016		Year 2017		Financial School (Financing)	Year 2018	
	Certificates	%/total	Certificates	%/total		Employees	%/total
Level I	430	6.99%	533	9.04%	EFF Level I	421	6.98%
Level I+II	1,931	31.37%	2,458	41.69%	EFF Level II	283	4.69%
<b>Total</b>	<b>2,361</b>	<b>38.35%</b>	<b>2,991</b>	<b>50.73%</b>	<b>EFF Level I+II</b>	<b>714</b>	<b>11.83%</b>
					<b>Total</b>	<b>1,418</b>	<b>23.50%</b>
					<b>Re-certifications</b>	<b>2,836</b>	<b>47.01%</b>

Notes: For 2018, the ratio of the total number of employees was obtained based on the number of employees who received training (6,033), and not the number of employees at the end of the year.



### Main regulatory compliance courses held

Course	Year 2016		Year 2017		Year 2018	
	Employees	% s/total	Employees	% s/total	Employees	% s/total
Data protection (LOPD)	3,595	58.40%	1,701	28.85%	1,309	21.70%
Money	2,535	41.18%	2,139	36.28%	1,796	29.77%
Occupational health and safety	3,369	54.73%	2,355	39.95%	1,092	18.10%
Market abuse	280	4.55%	43	0.73%	5,572	92.36%
Code of Conduct and conflict of interest	2,562	41.62%	5	0.08%	5,733	95.03%
Criminal risk			2,497	42.36%	3,404	56.42%
Information security					5,570	92.33%
Equal opportunities and reconciliation					5,674	94.05%
Security in branches					4,419	73.25%

Notes: For 2018, the ratio of the total number of employees was obtained based on the number of employees who received training (6,033), and not the number of employees at the end of the year.

### FUNDAE Bonus

Loans granted	789,935.14 €
Loans spent	482,701.97 €
Training actions	369 grupos
Students	4,824
Employees	2,424

### Diversity management

People are the Group's main objective. Respecting people's dignity and fundamental rights involves actively supporting the principle of equal rights and opportunities and non-discrimination with diversity management. These measures are reflected in the Group's *Code of Conduct* through which the constituent entities of the Group, according to their type, experience and vocation, strive to be recognised as companies that are receptive, accessible, open to all, socially responsible, respectful of diversity among people and the principles and ethical values of society, and committed to their social and economic environment.

Grupo Cooperativo Cajamar is firmly dedicated to its employees and, therefore, bases its fundamental commitments on diversity management by implementing active inclusion policies of inclusion, among others. In this regard, the Group employs 100 people with disabilities and works in collaboration with ALARES, where 80% of employees have some form of disability, thereby, actively contributing to the integration of people.

In addition, the Group is mindful of the importance of the diversity of nationalities present in its workforce. As a result, it currently employs people from a total of 17 different nationalities.



#### 5.2.4 Avoiding financing exclusion (expectation S.4)



Related  
information

##### ► Financial inclusion policy

Since their foundation, a primary goal of rural banks has been to combat the financial exclusion of rural populations. In this sense, Grupo Cooperativo Cajamar has stayed faithful to its foundational ideas, keeping its commitment toward populations that are more susceptible to financial exclusion.

Based on this objective, the Group has expressly defined a financial inclusion policy covering different lines of action which, due to their cross-cutting approach, must be present in the entire organisation. Grupo Cooperativo Cajamar's Ethical Management and Social Responsibility Committee is responsible for implementing and coordinating the Financial Inclusion Policy.

Other significant measures in the field of financial exclusion adopted by the Group include protecting mortgagors and actions implemented in the rural world. These initiatives help to promote the sustainable and inclusive business model that Grupo Cooperativo Cajamar implements in line with its mission, vision and values.

#### Protective measure for mortgagors

One of the consequences of the economic crisis in Spain was the significant increase in unemployment. The most-affected groups of the crisis included families who, due to the lack of employment and income, experienced difficulties paying their mortgage and rental payments for their homes.

Adopting proactive protective measures for mortgagors who lack resources and are at risk of financial exclusion (e.g., refinancing, rent, non-recourse debt, etc.)

Adherence to the Code of Best Practice for viable restructuring of debts (since its publication) set forth in Royal Decree Law 6/2012

80 homes provided to the social housing fund

660 sales transactions/payments in kind (usual residence) 179 of which with rent

The social unrest caused by the increased number of evictions resulted in measures taken by various public administrations that were especially sensitive to these events.

Grupo Cooperativo Cajamar has always been particularly proactive in searching for possible general and case-specific solutions to prevent evictions among its customers.



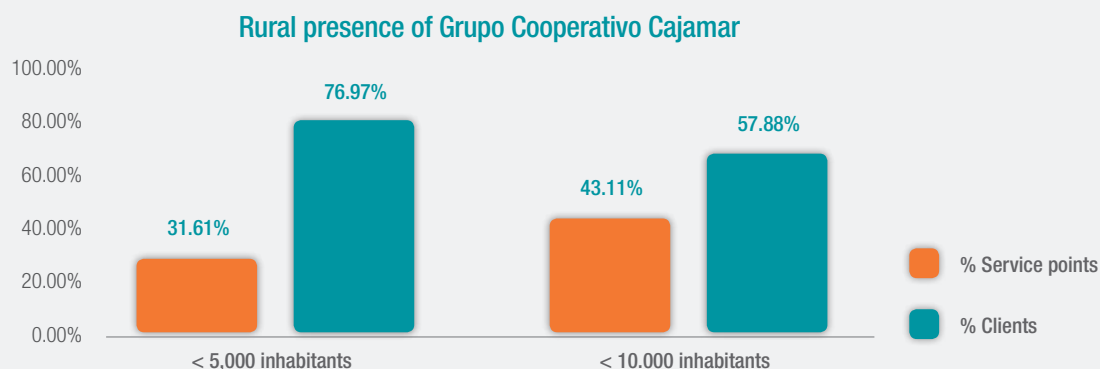
### Financial exclusion in rural areas

Providing financial services and products and reinvesting in areas with access issues facilitates the generation of employment and reduces the exodus of people to urban areas. Through these actions, Grupo Cooperativo Cajamar fosters economic, social and territorial cohesion while supporting the farming sector and, by extension, the auxiliary agricultural and agri-food industries.

For this reason, the Group understands that it must continue to find innovative ways to manage the business in sparsely populated areas while balancing the search for the higher levels of efficiency required by the market and regulators with effective measures to combat financial exclusion.



By implementing its policy, 31.61% of Grupo Cooperativo Cajamar's branches are located in towns of fewer than 5,000 inhabitants, providing services to 76.97% of the local population.



Branches includes branches, regional branches and agencies. Customers only includes branches. Customer data refers to their main branch and not to regional branches or agencies. Source: Cajamar Group and the National Statistics Institute (INE).



### 5.2.5 Social and cultural action (expectation S.5)



Related  
information

- ▶ [Corporate volunteering](#)
- ▶ [Financial education programme](#)

Promoting socio and cultural development in the communities where Grupo Cooperativo Cajamar operates contributes to the shared value strategy based on the idea of sustainable local development. In 2018, the Group allocated €150,958 to support and promote a broad range of cultural, sport and support activities in collaboration with different public administrations and third sector organisations.

#### Beneficiaries of the social and cultural action of Grupo Cooperativo Cajamar



### Corporate volunteering

In 2018, Grupo Cooperativo Cajamar continued to promote corporate volunteering as a positive means to mobilise the talent and social awareness of its employees in support of local areas. Employees have been actively engaged in the Corporate Volunteering Programme (PROVOCA) for more than a decade. Furthermore, in 2018, the Solidarity Team, an employee micro-grant initiative providing joint and democratic support for social and civil initiatives, has helped to consolidate the values of the Group and its employees in support of the society.

### 2018 corporate volunteering results

Corporate volunteering	Solidarity team
Employees: 422 Employees participating in financial education: 195	Employees: 1,925 2018 funds raised: 33,146 euros Funds raised over the entire programme (2008-2018): 409,809.68 euros Number of projects (2008-2018): 32

### Financial education

In line with its social action and corporate volunteering strategy, Grupo Cooperativo Cajamar has been implementing financial education programmes from over a decade aimed at school-children at different educational levels. During the 2017/2018 academic year, 5,513 students participated in the initiative thanks to the 195 volunteers who ran a total of 580 sessions in 91 schools.



### 5.2.6 Contributing to the Sustainable Development Goals (expectation S.6)



Related  
information

► [Materiality analysis of the SDGs](#)

### SDGs at Grupo Cooperativo Cajamar

Grupo Cooperativo Cajamar has integrated SDGs and the sustainability agenda into its strategy, business model and reporting mechanisms, based on the premise that it is an opportunity to implement a sustainable development strategy shared with other public and private social and economic players. Therefore, Grupo Cooperativo Cajamar has produced its materiality map by analysing the trajectory of the different SDGs in the environment in which it carries out its financial activity (Spain) and their relevance to its business model.

### Employment, wealth and productivity goals



#### The Group's contribution to Goal 8

##### Generating wealth from economic value distributed

Contribution of economic value distributed to the GDP	€1,156 M
Total jobs created	13,352

##### Generating wealth from financing

Contribution to the GDP of financed productive sectors	€10,383 M
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#### The Group's contribution to Goal 9

##### Financing small and medium-sized enterprises

Improving SME competitiveness	14,826 transactions	1,731 M€
Agri-food sector entrepreneurs	87 transactions	8.2 M€

### Environmental sustainability goals



#### The Group's contribution to Goals 6 and 7

Financing to improve efficiency (agricultural sector)	23,014 transactions	€2,700 M
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In 2018, 100% of Grupo Cooperativo Cajamar electricity consumption came from renewable energy sources



#### The Group's contribution to Goal 15

Financing under extreme weather incidents (floods, drought, etc.)	47 transactions	€3.2 M
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M= million euros



## Socially responsible investing (SRI) as a strategy to achieve the SDGs

Grupo Cooperativo Cajamar deems an investment to be socially responsible when the economic and financial interests of the Group are combined with the ethical, social and environmental objectives that are commonly recognised and accepted by today's society.

At present, Grupo Cooperativo Cajamar incorporates two strategies in its investment fund management criteria, which have enabled it to develop a set of processes and methodologies that, through its managing company TREA, has ensured that 98% of the total assets managed in investment funds now include Socially Responsible Investment (SRI) criteria. Significantly, the TREA Cajamar Crecimiento FI Fund, with €152 million in managed assets, has obtained the maximum sustainability rating from Morningstar, thereby confirming the Group's intention to promote socially responsible investment and to establish sets of exclusive, positive and evaluation-based criteria.

- **Evaluation-based strategies (*best-in-class*):** Selection of companies/projects that, after passing the financial analysis, have a greater value in terms of environmental, social and governance (ESG) criteria according to the main sustainability classifications.
- **Exclusion strategies:** Exclusions for types of behaviour that violate international laws and basic rights.

In addition, in 2018, the Group formally approved a series of undesired links, through which it undertakes not to finance companies or projects linked to controversial activities, as shown in the table below. This is a complex initiative that affects all segments of the Group's lending and financing activity. For this purpose, the Group complies with international regulations and agreements, implements its ethical management system, and follows two fundamental sustainability principles, in addition to the principle of relative importance: The principle of precaution and the principle of prevention.

### Undesired links of Grupo Cooperativo Cajamar in the area of

CONTROVERSIAL ACTIVITIES	DESCRIPTION	Form of exclusion	Scope of exclusion	Production vs distribution	Applicable principle
CONTROVERSIAL WEAPONS	Manufacturing and distributing a specific type of weapon that involves a high degree of cruelty against health and human life, with a significant disparity between the harm caused and the associated military effectiveness	categorical	total	production/ distribution	PPV
NUCLEAR ENERGY*	Activities aimed at producing energy through nuclear fission. This controversial issue is associated with two especially relevant areas. The first is the issue of nuclear waste and the second is related to the variable severity/impact on risk management	categorical	total	production	PPV/PPC



COAL*	Activities aimed at producing electrical, thermal or automotive energy through the combustion of coal, due to being the most polluting fossil fuel with the greatest impact on climate change	categorical	total	production	PPV
PORNOGRAPHY AND PROSTITUTION*	1) Any activities related to the production or distribution of images of a sexual nature aiming to satisfy the sexual instinct of users/consumers, treating the human body as an object of desire and disregarding human dignity. 2) Any type of activity that promotes and/or profits from sexual practices in exchange for money or other forms of economic remuneration	categorical	total	production/ distribution	PPV
GAMBLING	Activities that promote gambling through bets (e.g. casinos, betting, bingo, etc.) The main controversial issue lies in the negative impact on health associated with the different forms of pathological gambling, as well as on the family and society	categorical	partial	production/ distribution	PPV/PIR
TAX HAVENS	Companies or organisations whose head offices are located in tax havens for the sole purpose of obtaining benefits due to tax avoidance or evasion. The tax havens are detailed in the OECD's annual grey list	categorical	total	production/ distribution	PPV
PYRAMID OR MULTI-LEVEL SCHEMES	Companies or organisations whose revenue and/or benefits are derived directly from the contributions of new members (e.g., partners, distributors, etc.). Included in this category are companies or organisations with multi-level schemes that can be assimilated to pyramid schemes through ad hoc analysis	categorical/ ad hoc	total	production/ distribution	PPV
AT RISK OF CONTROVERSY	Companies or organisations charged and/or convicted of corruption or criminal offences (including their administrators), or where significant social, environmental or ethical issues have been identified through ad hoc analysis	categorical/ ad hoc	total	production/ distribution	PPV

\* SMEs are not excluded.

### 5.3 Environmental



Related  
information

- ▶ [Environmental policy](#)
- ▶ [Eco-efficiency plan \(2018-2020\)](#)
- ▶ [Energy savings and efficiency plan](#)
- ▶ [Plan to reduce paper and cardboard consumption](#)
- ▶ [Plan to reduce water consumption](#)
- ▶ [Climate change](#)

#### 5.3.1 Commitment to the environment<sup>(expectation A.1)</sup>

Grupo Cooperativo Cajamar has made a firm commitment to the environment, particularly in terms of managing and providing information about its carbon footprint. Indeed, the Group achieved a B rating in 2018 issued by the Carbon Disclosure Project (CDP), one of the best ratings in the Spanish sector (only one organisation achieved a higher rating).

Despite its minimal environmental impact due to the nature of its activity, the Group has adopted and drafted several plans and policies to respond to the small direct and indirect impacts related to its financing activity, asset management, and supply chain management.





The governing and management bodies of Grupo Cooperativo Cajamar ratify and drive the Group's commitment to the environment through its *Environmental Policy*. This policy, created in 2017, outlines the environmental principles and criteria that govern Grupo Cooperativo Cajamar. In addition, the Group supports and undertakes to implement the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), which comply fully with the principle of sustainable development that underlies the Group's mission and vision.



Grupo Cooperativo Cajamar forms part of the Climate Change Cluster established by Forética in 2016, an association of leading companies and professionals in Spain and Latin America in the field of corporate social responsibility and sustainability, whose mission is to promote the integration of social, environmental and

governance aspects into the strategy and management of companies

### 2018-2010 Eco-efficiency Plan

In 2018, the Group published its new *Eco-efficiency Plan (2018-2020)* to replace the previous plan. Its aim is to enhance environmental sustainability by optimising the use of materials and energy efficiency. The intended time frame of application for this document is two years. This document contains the plans for energy saving and efficiency, reducing material consumption (paper, water and other materials), and measuring the Group's carbon footprint, as defined by the Carbon Disclosure Project (CDP).

### Energy savings

To reduce energy consumption and boost energy efficiency, the Group has installed programmable controllers for the centralised control of facilities, replaced fluorescent lights for LED technology, and upgraded office airconditioning equipment with R22 refrigerant and on-off control for inverter machines with ecological gas. In terms of electrical energy, the entire Group exclusively uses energy from renewable sources (green energy).

In addition, the Group implements an Energy Management System in line with ISO 50001 to continue to adapt its facilities and equipment to future regulatory changes and to optimise resources to improve its energy performance.



### Investment and energy savings in 2018 (Eco-efficiency plan)

Energy saving lines	Annual actions (units)	Investment (€)	Energy savings (GJ)
Air conditioning	31	343,515	279.16
Renove LED	12	18,566	162.26
Remodelled branches or with an image change	90 branches	16,259,981	39.88
Installation of automation	90 branches	302,850	446.47
<b>TOTAL</b>	<b>133</b>	<b>664,931</b>	<b>887.89</b>

Total: The investment has been calculated based on Renove Air Conditioning + Renove LED + Renove Automats for comparison with other years. The figures do not represent investments in branch renovations or image changes (award cost)

### External energy consumption

External energy consumption (data in GJ)	Year 2018
Posting of workers	8,895
Business trips (train and plane)	10,890
Vehicle fleet	8,367
<b>Total consumption</b>	<b>28,152</b>

### Investment and energy saving expectations in 2019 (Eco-efficiency plan)

Energy saving lines	Annual actions (units)	Investment (€)	Energy savings (GJ)
Renove 2019 (*)	40	540,000	360.20
Gateway+sensor	400	272,000	1,392.09
Branch lighting (*)	50	75,000	430.56
Energy efficiency improvement actions for specific buildings	1	35,000	N/D
Façade lighting (Alameda/Lighting/SSCC)	1	180,000	N/D
Technical signals (hardware and wiring)	1	8,000	N/D
<b>TOTAL</b>	<b>493</b>	<b>1,110,000</b>	<b>2,182.85</b>

N/D: No data

(\*): Investments made in previous years.

### Other investment and energy saving actions in 2019 (Eco-efficiency plan)

Energy saving lines	Annual actions (units)	Investment (€)	Energy savings (GJ)
Capacitor banks	10	7,500	N/D
Automats Balearic Islands/ Canary (*)	70	70,000	347.256
Self-supply solar photovoltaic installations	10	150,000	523.8
Freecooling/Recuperators	10	20,000	69.60
<b>TOTAL</b>	<b>100</b>	<b>247,500</b>	<b>940.66</b>

N/D: No data

(\*): Investments made in previous years.



### Electricity consumption

Internal energy consumption (data in GJ)	Year 2016	Year 2017	Year 2018	Var. Abs.	Var. %
Electricity	95,442	96,573	93,902	-2,671	-2.76
<b>Total consumption</b>	<b>95,442</b>	<b>96,573</b>	<b>93,902</b>	<b>-2,671</b>	<b>-2.76</b>
Consumption intensity (data in GJ/employee)	Year 2016	Year 2017	Year 2018	Var. Abs.	Var. %
Electricity	15.50	16.38	16.75	0.37	2.25

Diesel consumption was not considered to be significant.

The consumption intensity was calculated based on the number of employees on 31 December 2018.

### Consumption of paper, cardboard, toners and other materials.

The transformation process being carried out by the Group through the digitalisation of processes, such as signing day-to-day operations and documents, is having a positive impact. In addition, tablets are being distributed to all employees to decrease the consumption of other materials.

### Consumption of paper and hazardous

Consumption intensity (data in tonnes)	Year 2016	Year 2017	Year 2018	Var. Abs.	Var. %
Paper	626.18	561.45	559.07	-2,893	-0.51
Paper recycling (%)	31.28 %	25.13 %	23.19 %	-1.93	-7.68

Note: The Company does not consume

Hazardous waste managed	Year 2016	Year 2017	Year 2018	Var. Abs.	Var. %
Toners (units)	21,784	20,320	18,701	-1,619	-7.97
Electrical equipment (kg)	744	1,496	920	-576	-38.50
Tubes and lamps (units)	631	1,312	841	-471	-35.89
Electrical equipment (kg)	134,919	100,019	145,186	45,167	45.15

### Water consumption

In general, the work carried out to reduce water consumption aims to adapt the efficiency of existing systems and facilities. However, other specific actions have taken place, such as replacing conventional cisterns for dual flush models. In addition, efficient irrigation systems have been installed to reduce water consumption in green areas.

Water consumption	Year 2016	Year 2017	Year 2018	Var. Abs.	Var. %
Water (m³)	34,686	41,284	36,897	-4,387	-10.63
Water consumed per employee	7.12	7.00	6,59	-0.41	-5.85

The figures for the total volume are taken from the urban water supply network.

The consumption intensity was calculated based on the number of employees on 31 December 2018.



### Calculating direct and indirect CO<sub>2</sub> emissions

Grupo Cooperativo Cajamar has been calculating its carbon footprint for several years in line with three scopes, based on the international standard The Greenhouse Gas Protocol, developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). This data is reported on a voluntary basis to the Carbon Disclosure Project (CDP) along with the measures taken to decrease carbon emissions.

### Emissions from refrigerant gas leakages in 2018

Refrigerant gas	Refills (kg)	Tn CO <sub>2</sub> equivalent (*)
R407C	65.55	116.21
R410A	87.75	183.22
R427A	0	0
R407A	0	0
R434A	0	0
R422D	6	16.37
R422A	0	0
<b>TOTAL</b>	<b>159,30</b>	<b>315,82</b>

In 2018, no significant fines or sanctions were recorded for non-compliance with environmental laws or regulations, performance in society, or the supply and use of products and services, that could affect the assets, financial position or consolidated results of the Group.

### CO<sub>2</sub> emissions in 2018

Direct - Scope 1		Ton. CO <sub>2</sub> e
Vehicle fleet		617
Refrigerant gases		316
<b>Total direct emissions</b>		<b>933</b>
Indirect - Scope 2		
Electricity		0
Indirect - Scope 3		
Posting of workers		656
Business trips (train and plane)		845
<b>Total indirect emissions</b>		<b>1,501</b>
CO <sub>2</sub> emission intensity / employee		
Ton. CO <sub>2</sub> e		Year 2018
Direct - Scope 1		0.17
Indirect - Scope		0.00
Indirect - Scope		0.27
<b>Total</b>		<b>0.44</b>

The consumption intensity was calculated based on the number of employees on 31 December 2018.



### 5.3.2 Risks and opportunities due to climate change (expectation A.2)

Climate change has become one of the most serious problems faced by our society. The scientific community agrees that we must take serious measures now to stop increasing and reduce carbon dioxide emissions. This is a global challenge that requires everyone to make an effort. Indeed, public and private alliances, as outlined in the Sustainable Development Goals, are even more necessary. For Grupo Cooperativo Cajamar, the agri-food sector occupies a key position from a strategic point of view for its business. However, climate change poses both a challenge (due to the risk involved for the Group, its members and customers) and an opportunity (due to the sector's ability to provide possible solutions).

The importance of factors related to the environment and climate change is demonstrated in the global risk map published in the latest *2018 Global Risk Report* by the World Economic Forum, in which environmental factors, especially those related directly or indirectly to climate change, occupy the most significant positions, in terms of probability of occurrence and severity and impact.



In this regard, Grupo Cooperativo Cajamar follows the recommendations established by the Task Force on Climate-related Financial Disclosures (TCFD) to address the potential impacts related to climate risks in terms of transition and physical risks. These recommendations are in line with the Principles for Responsible Banking, which the Group endorses, and the Sustainable Development Goals, which are supported by the Group. After an exhaustive internal process of review and planning, the risk map has enabled the Group to identify a number of possible climate-related consequences (risks) and opportunities.

### Potential consequences of climate change for Grupo Cooperativo Cajamar

Possible consequences	Time frame (1)	Impact on the financial strategy			
		A	B	C	D
<b>Political and Legal</b>					
- Increase in operational costs due to increased electricity and fuel rates	1-3 years	X	X		
- Depreciation of the assets of companies in the investment portfolio with a high energy consumption		X		X	
<b>Technological</b>	3-5 years	X	X		
- Costs and investments associated with the most efficient					
<b>Market</b>					
- Increased operational costs for customers due to an increase in the cost of raw materials	1-3 years	X			
- Adaptation costs for customers					
<b>Reputation</b>	1-3 years	X			X
- Reduction in revenue and associated costs amid a reputational					
<b>Acute physical risks</b>					
- Reduction in revenue due to the negative impacts on companies in the investment portfolio or customers, whose solvency and capacity to make payments has been affected	1-3 years	X			
<b>Chronic physical risks</b>					
- Increased costs for customers to address damages or losses caused in their assets by climatic incidents, thus affecting their solvency or ability to pay	1-3 years	X			

### Opportunities of climate change for Grupo Cooperativo Cajamar

Significant climate opportunities	Time frame (1)	Potential financial impact				
		Description	A	B	C	D
Eficiencia de recursos						
1. Use of more efficient production and distribution processes	1-3 years	1A. Cost reduction due to improvements in operational ecoefficiency (use and management of energy, water, paper, etc.).	X	X		
	1-3 years	1B. Greater contribution of revenue from new credit and investment opportunities related to new forms of production and distribution systems.	X			
	3-6 years	1C. Greater contribution of revenue from advice on risks and opportunities in the agricultural sector.	X			
2. Migrating toward energyefficient	3-6 years	2 <sup>a</sup> . Greater contribution of revenue from new credit opportunities for customers who adapt their properties to reduce their energy consumption.	X			
Fuentes energéticas						
3. Use of new technologies	<1 year	3.A New financing opportunities for customers who promote the use of new technologies such as drones in precision agriculture, sensors, etc.	X			



Products and services				
4. Development and/or expansion of low-emission goods and services	3-6 years	4A. Increase in the number of investors who require green bonds	X	X
	3-6 years	4B. Greater contribution of revenue from financing lowcarbon and low-water technology and infrastructure sustainable mobility projects, etc	X	
5. Developing solutions for climate adaptation and risk assurance	3-6 years	5A. Greater contribution of revenue from solutions to companies with a high environmental profile	X	
	3-6 years	5B. Greater contribution of revenue from the range of more specific and customised insurance plans for customers exposed to risk of climate change	X	
6. Change in consumer preferences	3-6 years	6A. Greater contribution of revenue from obtaining a competitive position that reflects the changing preferences of consumers	X	
Markets				
7. Use of incentives in the public sector	1-3 years	7A. Greater contribution of revenue from participation and agreements with public sector initiatives and public investors and officials (collaborations with banks such as the European Investment Bank to promote efficiency in the agricultural sector)	X	X
8. Access to new insurance coverages	3-6 years	8A. Greater contribution of revenue from new insurance and reinsurance plans as a result of natural disaster prevention	X	
Resilience				
9. Participation in renewable energy programs and adoption of energy efficiency	> 6 years	9A. Increase in market valuation through resilience planning or the ability to adapt. For example, by researching and developing more efficient technologies in the agricultural sector	X	
	1-3 years	9B. Increase in market valuation through resilience planning in project financing. For example, focusing on projects developing drought-tolerant crops	X	

EXPLANATORY NOTES Time frame (1): Estimated time frame

A: Operational costs and revenue. B: Capital investment and expense allocation. C: Purchases or sales. D: Access to capital

### 5.3.3 Supporting innovation and research (expectation A.3)



Related information

- [Cajamar Foundation](#)
- [Agro Innovation](#)
- [Las Palmerillas Experimental Station](#)
- [Experience Centre in Paiporta](#)

The agricultural sector is a strategic and cross-cutting sector for the Spanish economy, helping to support the territory, preserve rural spaces, combat desertification, secure capital and population in the territory, and create jobs. Regarding the economic sector, it plays a key role in local sustainable development and the organisation of many local productive systems all over Spain.



This strategic importance is magnified in the case of Grupo Cooperativo Cajamar. Due to its history, positioning and vision, the agricultural sector is fundamental for the Group's business model. Its contribution to the development of this sector is reflected in two key ways. Firstly, it offers financial solutions aimed at the primary sector. Secondly, Grupo Cooperativo Cajamar carries out agricultural R+D+i and knowledge transfer at its experience centres. Specifically, in 2018, the Group conducted 34 significant projects of varying scope and impact in its experience centres through four existing research lines and inter-company and public-private collaborative actions.

## Research lines



**Agricultural  
sustainability**

[See projects](#)



**Food  
and health**

[See projects](#)



**Bioeconomy**

[See projects](#)



**Greenhouse  
technology**

[See projects](#)

### INCUBATOR FOR HIGH TECHNOLOGY BUSINESSES SPECIALISED IN TECHNOLOGICAL INNOVATION AND SUSTAINABLE WATER MANAGEMENT

2018 saw the launch of the Incubator for High Technology Businesses Specialised in Technological Innovation and Sustainable Water Management, a project promoted by Grupo Cooperativo Cajamar and co-financed by the European Regional Development Fund. Established in Almería, the project will welcome entrepreneurs, small and medium-sized companies developing projects and new initiatives related to technological innovation and sustainable water management. It is expected to support 150 national and international companies by facilitating the creation of 39 other companies, thereby generating employment for more than 260 people. The aim is to improve competitiveness, promote entrepreneurship, and create new businesses, specifically, by improving access to financing and advanced support services. Ultimately, the project is intended to serve as an essential instrument for promoting smart, sustainable and inclusive growth.





### 5.3.4 Knowledge transfer (expectation A.4)

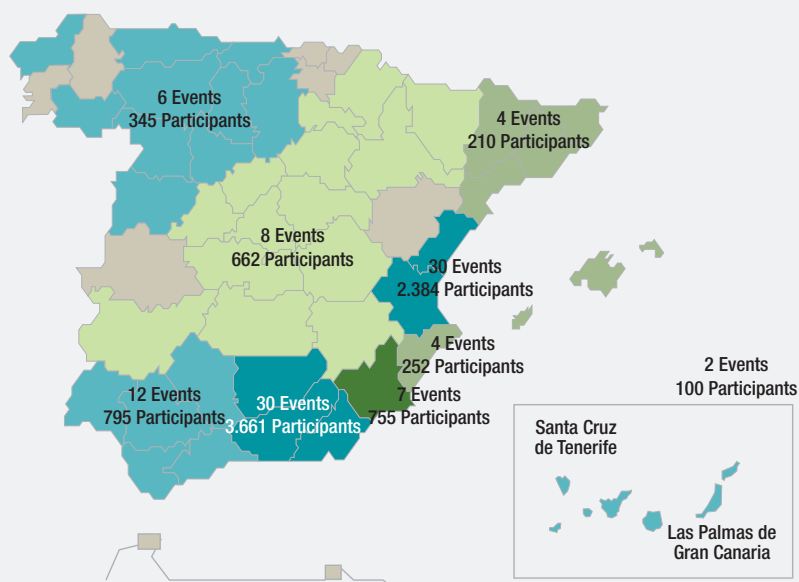


Related  
information

#### ► Studies and publications

The support provided by the Group to the creation of relevant knowledge for the productive fabric and the country and society as a whole, as well as the promotion of innovation and research in the agri-food sector, require specific channels to transfer the obtained results.

#### Knowledge transfer events held in 2018



These informative and technical events have been attended by over 9,164 professionals linked to the sector, including technicians, farmers, researchers, etc. In addition, some 3,249 people, including researchers, farmers and students of all educational stages, visited Grupo Cooperativo Cajamar's experience centres in Almería and Valencia in 2018.

**9.164**  
participating professionals

**3.249**  
visitors to the experimentation centres

## 6. Future prospects of the Cajamar Cooperative Group

Globalisation in all its forms, regulatory changes, and major technological changes are shaking the foundations of the banking industry. The banking industry is needed for companies and, in general, the productive fabric that sustains our economy, to undertake the investments required to generate employment and secure capital in Spain, as well as for citizens to improve their quality of life and well-being.

The Spanish banking sector has undergone one of the biggest changes in Europe. Now, we are in a better position in terms of managing uncertainty and risks in comparison with our situation prior to the crisis. We have the methodology and sufficient analytical capacity to anticipate scenarios and carry out sensitivity analysis of the main variables that influence our financial and income statements. The banking industry must formulate a new equation to include credit creation, protecting the interests of customers and financial inclusion, optimal risk management, adequate levels of regulatory capital, and, of course, covering the cost of capital. Formulating this equation for a new environment enables us to create shared value or, in other words, grow with the environment.

The process of restructuring the sector has led to an increase in concentration and a loss of banking diversity which we must convert into an opportunity by demonstrating the values of our cooperative bank model, based on the principles of social economy, which is closely engaged with the country and able to promote sustainable local development. Indeed, our business model is unique and differentiating, and is designed to put people and ideas first without neglecting our presence in capital markets. The result is a bank that prioritises proximity, identifies with the problems of our members and customers, complies with the principles of responsible and sustainable banking, and is able to respond to the productive economy and national planning.

In our view, and for the sake of simplification in terms of relevance and materiality, there are four major challenges facing the banking industry: profitability, regulation, reputation and digital transformation. The first challenge, profitability, arising primarily from the current environment of low interest rates, must be addressed through the creation of value in the process of financial intermediation and business diversification, which will result in greater risk diversification. Analysing the environment will enable us to understand the scope of the systemic risk, i.e., non-diversifiable risk. Meanwhile, business diversification will allow us to



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*BCC-Cajamar Cooperative Group*



reduce the specific risk. The second challenge, regulation, must be met with new and more advanced global risk management methods and rules. This involves being able to anticipate regulatory changes by following the principles of responsible banking and sustainability. The third challenge, reputation, must be tackled responsibly. Banks must be aware that citizens are disappointed and have lost faith in certain functions and practices of the banking industry. Therefore, we must make a great ethical effort to recover the reputation that is essential for a sector that bases its activity on trust. Finally, the fourth challenge, digital revolution, is a process that can have a very positive impact on the previous challenge, since digitalisation will help to enhance our reputation through a channel that is more transparent and tailored to the needs of our customers and members. In this regard, we will have to adapt our traditional styles of working and internal processes, based on the understanding that technological change is our ally for providing greater value to our partners and customers, and facilitating financial inclusion. Likewise, without a doubt, we will have to meet the needs of the agri-food sector, the social economy and cooperativism, all of which are strategic sectors for us in terms of our business and achieving the sustainable development goals.

In this regard, we must be aware of the risks and opportunities that will arise as a result of the two major processes that will significantly change the traditional game rules: digital transformation and the transition to a lowcarbon economy. These two processes will transform our productive horizon, cost structure and revenue, and even our relational framework, especially in terms of sustainable finance which, with the implementation of the Sustainable Finance Action Plan, promoted by the European Union, will pave the way for developing specific measures, such as creating a taxonomy that clearly demonstrates what is and what is not sustainable in the field of green finance. If we can achieve these objectives together, it will lead to greater respect for ecosystems and the natural environment, as well as a substantial improvement in people's quality of life and well-being. We possess the adequate strategic levers, a skilled and committed workforce, and the necessary organisational and capital resources to take on these new challenges with strength, solvency and the ability to absorb potential external impacts.



## 7. Contents of the Report

Category	Management approach	Corporate material appearance	Coverage	Scope
Impact of products and services	Impact of products and services	E.4, S.1, S.2, A.2, A.3	Mixed	G.C.C
	Audit	E.1, A.1	Mixed	G.C.C
	Active ownership	E.1, S.1, S.5	Mixed	G.C.C
	Labelling of products and services	E.4, S.4	Mixed	G.C.C
Economic dimension	Economic performance	E.2, E.3, S.3	Internal	G.C.C
	Market presence	E.1, S.3	Mixed	G.C.C
	Indirect economic consequences	E.2, S.1, S.2, S.4, S.5, S.6, A2	Mixed	G.C.C
	Procurement practices	E.5	Mixed	G.C.C
Environmental dimension	Materials	A.1	External	G.C.C
	Energy	A.1	External	G.C.C
	Water	A.1	External	G.C.C
	Biodiversity	Non-material	Not applicable	Not applicable
	Emissions	A.1	External	G.C.C
	Effluents and waste	A.1	External	G.C.C
	Environmental Compliance	A.1	External	G.C.C
	Environmental assessment of suppliers	E.5	Mixed	G.C.C
Labour practices and decent work	Employment	S.3	Internal	G.C.C
	Employee/company relations	S.3	Internal	G.C.C
	Occupational health and safety	S.3	Internal	G.C.C
	Training and education	S.3	Internal	G.C.C
	Diversity and equal opportunities	S.3	Internal	G.C.C
	Assessment of supplier labour practices	E.5	Mixed	G.C.C
Human rights	Evaluation of human rights	E.1	Mixed	G.C.C
	Non-discrimination	S.2, S.4	External	G.C.C
	Freedom of association and collective bargaining	S.3	Internal	G.C.C
	Child labour	Non-material	Not applicable	Not applicable
	Forced labour	Non-material	Not applicable	Not applicable
	Safety measures	Non-material	Not applicable	Not applicable
	Rights of the indigenous population	Non-material	Not applicable	Not applicable
Society	Social assessment of suppliers	E.5	Mixed	G.C.C
	Local communities	S.4, S.5, S.6	External	G.C.C
	Anti-corruption	E.1	Mixed	G.C.C
	Public policy	E.1	Mixed	G.C.C
	Unfair competition	E.1	Mixed	G.C.C
	Social-economic compliance	E.1	Mixed	G.C.C
	Social assessment of suppliers	E.5	Mixed	G.C.C
Product responsibility	Customer health and safety	E.4	Mixed	G.C.C
	Labelling of products and services	E.4	Mixed	G.C.C
	Marketing communications	E.1, E.4	Mixed	G.C.C
	Customer privacy	E.1, E.4	Mixed	G.C.C
	Regulatory compliance	E.1, E.4	Mixed	G.C.C



## 7.1 International Framework for integrated reporting

Grupo Cooperativo Cajamar responds to the need to report relevant issues affecting its ability to create value in the short, medium and long term. To this end, the Group has adopted the international reference framework for the integrated reporting developed by the International Integrated Reporting Council. The integrated report is the most advanced and exhaustive model for integrating and reporting financial and non-financial information.

## INTEGRATED REPORTING <IR>

### Aspects included in the integrated report according to the requirements of the IIRC contents

	Aspects requested	Page
Description of the organisation and the environment	General description	8
	Vision, mission and values	8
	Structure	8
	Positioning in the financial sector	8
	Description of the environment	84-91
Corporate governance	Governance bodies and mechanisms	10-12
	Decision-making process	9-12
	Reflection of the culture in the use of capital and its effect	18-19
	Remuneration and value creation	9-10,29-32
Business model	Value chain	14-19
	Materiality	25
	Stakeholders: identification, selection and management	22-25
	Creation of shared value	14
Opportunities and risks	Identification of opportunities and risks	18, 84-91
	Probability of occurrence and opportunity for improvement	21-22
Strategy and resource allocation: performance	Objectives and actions taken to achieve them	26-28
	Resource allocation	26-28
	Measurement of achievements and aims	26-28
Future prospects	Expectations of the organization on the environment and impact on the organisation	66-67
	Preparation of the organisation regarding future prospects	66-67



## 7.2 Global Compact and GRI
















Banco de Crédito Cooperativo, the parent company of Grupo Cooperativo Cajamar, has been a signatory of the United Nations Global Compact since 2006, and is committed to implementing ethics, corporate social responsibility and sustainability principles, as well as to preparing annual reports on its performance related to the *Ten Principles*. By means of this integrated report, Grupo Cooperativo Cajamar complies with the information requirements outlined in the 2018 *Progress Report*.

### Aspects included in the integrated report, according to content requirements of the Global Compact

	Aspects requested	Equivalence in GRI Standards
Human Rights	<b>Principle 1 Businesses and human rights</b> Businesses should support and respect the protection of internationally proclaimed human rights	406-1; 407-1; 408-1; 409-1; 413-1
	<b>Principle 2 Infringement of human rights</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	406-1; 407-1; 408-1; 409-1
Labour	<b>Principle 3 Businesses and freedom of association</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	102-41, 402-1; 407-1
	<b>Principle 4 Businesses and forced and compulsory labour</b> Businesses should uphold the elimination of all forms of forced and compulsory labour	409-1
	<b>Principle 5 Abolition of child labour</b> Businesses should uphold the effective abolition of child labour	408-1
	<b>Principle 6 Employment discrimination</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation	102-8; 406-1; 414-1 and 414-2
Environment	<b>Principle 7 Businesses and the environment</b> Businesses should support a precautionary approach to environmental challenges	301-1 and 301-3; from 302-1 to 302-5; from 303-1 to 303-3; from 304-1 to 304-4; from 305-1 to 305-7; from 306-1 to 306-5; 307-1; 308-1 and 308-2
	<b>Principle 8 Businesses and environmental respect</b> Businesses should undertake initiatives to promote greater environmental responsibility	301-1 and 301-3; from 302-1 to 302-5; from 303-1 to 303-3; from 304-1 to 304-4; from 305-1 to 305-7; from 306-1 to 306-5; 307-1; 308-1 and 308-2
	<b>Principle 9 Diffusion of environmentally friendly technologies</b> Businesses should encourage the development and diffusion of environmentally friendly technologies	301-1 and 301-3; from 302-1 to 302-5; from 303-1 to 303-3; from 304-1 to 304-4; from 305-1 to 305-7; from 306-1 to 306-5; 307-1; 308-1 and 308-2
Anticorruption	<b>Principle 10 Businesses and corruption, extortion and bribery</b> Businesses should work against corruption in all its forms, including extortion and bribery	From 205-1 to 205-3; and 415-1



### 7.3 Sustainable Development Goals

Goal	Link with GRI
	202-1; 203-2; FS3; FS6; FS7; 413-1
	201-1; 203-1; 203-2; 413-1
	203-2; 305-1; 305-2; 305-3; 305-6; 305-7; 306-1; 306-2; 306-3; 306-4; 403-2; 404-1
	102-27; 403-3; 404-1
	102-22; 102-24; 201-1; 202-1; 203-1; 406-1; 401-1; 401-3; 403-1; 404-1; 404-3; 405-1; 405-2; 414-1
	303-1; 303-2; 303-3; 306-1; 306-2; 306-3; 306-5
	201-1; 302-1; 302-2; 302-3; 203-1
	201-1; 202-1; 202-2; 203-2; 301-1; 301-2; 302-1; 302-4; 302-5; 303-3; 301-3; FS6; FS7; 102-8; 102-41; 406-1; 407-1; 401-1; 401-2; 401-3; 402-1; 403-1; 403-2; 403-3; 403-4; 404-1; 404-2; 404-3; 405-1; 405-2; 414-1; 414-2
	201-1; 203-1; FS6; FS7
	203-2; FS1; FS2; FS3; FS4; FS5; FS7; FS10; FS11; FS15; FS16; LA13
	203-1; FS7
	301-1; 301-2; 302-1; 302-2; 302-3; 303-3; 305-1; 305-2; 305-3; 305-6; 305-7; 301-3; 417-1
	201-2; 302-1; 302-2; 302-3; 302-4; 302-5; 305-1; 305-2; 305-4; 305-5
	305-1; 305-2; 305-3; 305-4; 305-5; 305-7; 306-1; 306-3; 306-5
	305-1; 305-2; 305-3; 305-4; 305-5; 305-7; 306-3; 306-5
	307-1; 102-21; 102-22; 102-23; 102-24; 102-25; 102-29; 102-37; 102-16; 102-17; 406-1; 408-1; 410-1; 414-1; 414-2; 416-2; 417-2; 417-3; 418-1; 419-1; 205-1; 205-2; 415-1; 206-1; 419-1
	203-2



#### 7.4 Consistencies between the non-financial information law and GRI

Aspects included in the integrated report based on [Law 11/2018 of 28 December](#), modifying the Commercial Code, the revised text of the Capital Companies Law approved by Royal Legislative Decree 1/2010 of 2 July, and [Law 22/2015 of 20 July](#) on Accounts Auditing, regarding non-financial information and diversity.

	Aspects requested	Consistency with GRI Standards
Information about the business model	<b>Brief description of the group's business model</b> Business environment, organisation, structure, markets served, objectives and strategies, and the Main factors and trends that may its affect future evolution	102-1; 102-2; 102-3; 102-4; 102-5; 102-6; 102-7; 102-8; 102-9; 102-10; 102-14; 102-15; 102-18; 103-1; 103-2; 103-3
Information about environmental matters	<b>Contamination</b> Measures to prevent, reduce or repair emissions that seriously affect environment; taking into account any form of air pollution specific an activity, including noise and light pollution	103-1; 103-2; 103-3; 301-1; 301-2; 301-3; 302-1; 302-2; 302-3; 302-4; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5; 306-2; 307-1; FS8
	<b>Circular economy and waste prevention and management</b> Prevention, recycling, reuse, other forms of recovery and types of waste disposal; actions to combat food waste	103-1; 103-2; 103-3; 301-1; 301-2; 301-3; 303-1; 306-1; 306-2; 306-3; 306-4; 306-5
	<b>Sustainable use of resources: water consumption and water supply according to local constraints</b> Use of raw materials and measures taken to improve the efficiency of utilisation; their energy use, direct and indirect; measures taken to improve energy efficiency, and the use of renewable energies	103-1; 103-2; 103-3; 302-1; 302-2; 302-3; 302-4; 302-5
	<b>Climate change</b> The important elements of greenhouse gas emissions generated as a result of the company's activities use of the goods and services it produces; measures taken adapt to the consequences of climate change; reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and measures implemented for that purpose	103-1; 103-2; 103-3; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7
	<b>Protection of biodiversity</b> Measures taken to protect or restore biodiversity; impacts caused by activities or operations in protected areas	No material
Information about social and personal matters	<b>Employment</b> Total number and distribution of employees by sex, age, country and professional classification; total number and distribution of work contract modalities, annual average of permanent contracts, temporary contracts and part-time contracts by sex, age, and professional classification, number of dismissals by sex, age, and professional classification; the average remunerations and their evolution disaggregated by sex, age, and professional classification or equal value; Salary gap, remuneration paid for equal work or the average salary of the company; the average remuneration of directors and executives, including variable remuneration, allowances, and compensation; payment to long-term forecast savings and any other perception broken down by gender; implementation of employment termination policies; employees with disabilities.	102-8; 103-1; 103-2; 103-3; 401-1; 401-2; 401-3





	<b>Work organisation</b> Number of hours of absenteeism; measures designed to facilitate access to mediation resources and encourage the responsible use of these by both parents	103-1; 103-2; 103-3; 401-3; 403-2
	<b>Health and safety</b> Work health and safety conditions; work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by gender	102-8; 103-1; 103-2; 103-3; 403-2
	<b>Social relationships</b> Organisation of social dialogue, including procedures to inform and consult and staff negotiate with them; percentage of employees covered by collective agreement by country; the balance of collective agreements, particularly in the field of health and safety at work	102-8; 102-41; 103-1; 103-2; 103-3; 402-1; 403-1; 403-4; 412-3
	<b>Training</b> Policies implemented for training activities; the total amount of training hours by professional category	102-8; 103-1; 103-2; 103-3; 404-1; 404-2; 404-3; 412-2
	<b>Universal accessibility for people with disabilities</b>	102-8; FS14
	<b>Equality</b> Measures taken to promote equal treatment and opportunities between women and men; equality plans (Section III of Organic Law 3/2007, of March 22, for effective equality of women and men), measures adopted promote employment, protocols against sexual and gender-based harassment, integration, and the universal accessibility of people with disabilities; policy against any type of discrimination and, where appropriate, diversity management	102-8; 103-1; 103-2; 103-3; 405-1; 405-2; 406-1
Respect for human rights	Aplicación de procedimientos de diligencia debida en materia de derechos humanos; prevención de los riesgos de vulneración de derechos humanos y, en su caso, medidas para mitigar, gestionar y reparar posibles abusos cometidos; denuncias por casos de vulneración de derechos humanos; promoción y cumplimiento de las disposiciones de los convenios fundamentales de la Organización Internacional del Trabajo relacionadas con el respeto por la libertad de asociación y el derecho a la negociación colectiva; la eliminación de la discriminación en el empleo y la ocupación; la eliminación del trabajo forzoso u obligatorio; la abolición efectiva del trabajo infantil.	102-8; 102-41; 402-1; 406-1; 407-1; 408-1; 409-1; 412-1; 412-2; 412-3; 413-1, 414-1; 414-2
Information about antibribery and anti-corruption	Measures taken to prevent corruption and bribery; anti-money laundering measures; contributions to foundations and non-profit entities	103-1; 103-2; 102-3; 205-1; 205-2; 205-3; 415-1
Other relevant information about the company	<b>The company's commitment to sustainable development</b> Impact of the company's activities on employment and local development; the impact of company activity on local populations and on the territory the relationships maintained with representatives of the local communities and the modalities of dialogue with these; actions of association or sponsorship	102-2; 103-1; 103-2; 103-3; 413-1; 413-2; FS13; FS16
	<b>Subcontractors and suppliers</b> The inclusion of social, gender equality and environmental issues in the purchasing policy; consideration of social and environmental responsibility in relations with suppliers and subcontractors; supervision systems and audits, and their results	103-1; 103-2; 103-3; 414-1; 414-2; FS1; FS3; FS9
	<b>Consumers</b> Customer health and safety measures; claims systems, complaints received and their resolution	103-1; 103-2; 103-3; 416-1; 416-2
	<b>Tax information</b> Benefits obtained by country; taxes on paid benefits, and public subsidies received	103-1; 103-2; 103-3; 102-5; 201-1; 201-4



## Annex I. GRI content index

### BASIC GENERAL CONTENTS

GRI Standard	Content	Page/ Omission	Scope	Review
GRI 101: Foundation, 2016				
<i>Organisational profile</i>				
GRI 102: General contents, 2016	102-1 Name of the organisation	8	GCC	101-102
	102-2 Activities, brands, products, and services	8, 14-16	GCC	101-102
	102-3 Location of headquarters	8	GCC	101-102
	102-4 Location of operations	8	GCC	101-102
	102-5 Ownership and legal form	8	GCC	101-102
	102-6 Markets served	14-15, 43-45	GCC	101-102
	102-7 Scale of the organisation	8, 41-42	GCC	101-102
	102-8 Information on employees and other workers	92-98	GCC	101-102
	102-9 Supply chain	41-42	GCC	101-102
	102-10 Significant changes to the organization and its supply chain	8	GCC	101-102
	102-11 Precautionary Principle or approach	8-9	GCC	101-102
	102-12 External initiatives	8, 56	GCC	101-102
	102-13 Membership of associations	8	GCC	101-102
<i>Strategy</i>				
GRI 102: General contents, 2016	102-14 Statement from senior decision-maker	5-7, 66-67	GCC	101-102
	102-15 Key impacts, risks, and opportunities	18, 20-22, 26-28, 61-62, 84-91	GCC	101-102
<i>Ethics and integrity</i>				
GRI 102: General contents, 2016	102-16 Values, principles, standards, and norms of behaviour	8-13	GCC	101-102
	102-17 Mechanisms for advice and concerns about ethics	9-10, 12-13	GCC	101-102

\* For the Materiality Disclosure Service, the GRI Services checked that the GRI Content Index was clearly presented and the references of Disclosures 102-40 to 102-49 were aligned with the corresponding sections in the body of the report. / The service was conducted with the Spanish version of the report.

\* For the Materiality Disclosure Service, the GRI Services checked that the GRI Content Index was clearly presented and the references of Disclosures 102-40 to 102-49 were aligned with the corresponding sections in the body of the report. / The service was conducted with the Spanish version of the report.



GRI Standard	Content	Page/ Omission	Scope	Review
<b>Gobernanza</b>				
GRI 102: General contents, 2016	102-18 Governance structure	9-12	GCC	101-102
	102-19 Delegating authority	8-9	GCC	101-102
	102-20 Executive-level responsibility for economic, environmental, and social topics	9-13, 56	GCC	101-102
	102-21 Consulting stakeholders on economic, environmental, and social topics	22	GCC	101-102
	102-22 Composition of the highest governance body	9-13	GCC	101-102
	102-23 Chair of the highest governance body	11	GCC	101-102
	102-24 Nominating and selecting the highest governance body	9-13	GCC	101-102
	102-25 Conflicts of interest	10, 12-13	GCC	101-102
	102-26 Role of highest governance body in setting purpose, values, and strategy	9-13	GCC	101-102
	102-27 Collective knowledge of highest governance body	9-13	GCC	101-102
	102-28 Evaluating the highest governance body's performance	9-13	GCC	101-102
	102-29 Identifying and managing economic, environmental, and social impacts	9-13, 19	GCC	101-102
	102-30 Effectiveness of risk management processes	9-13, 35	GCC	101-102
	102-31 Review of economic, environmental, and social topics	9-13	GCC	101-102
	102-32 Highest governance body's role in sustainability reporting	9-10, 12	GCC	101-102
	102-33 Communicating critical concerns	9-10, 12-13	GCC	101-102
	102-34 Nature and total number of critical concerns	22-25	GCC	101-102
	102-35 Remuneration policies	9	GCC	101-102
	102-36 Process for determining remuneration	9	GCC	101-102
	102-37 Stakeholders' involvement in remuneration	24	GCC	101-102
	102-38 Annual total compensation ratio	97	GCC	101-102
	102-39 Percentage increase in annual total compensation ratio	97	GCC	101-102
<b>Stakeholder engagement</b>				
GRI 102: General contents, 2016	102-40 List of stakeholder groups	22-23, 28	GCC	101-102
	102-41 Collective bargaining agreements	26-27, 100	GCC	101-102
	102-42 Identifying and selecting stakeholders	23-24	GCC	101-102
	102-43 Approach to stakeholder engagement	36	GCC	101-102
	102-44 Key topics and concerns raised	22-25, 36	GCC	101-102
<b>Reporting practice</b>				
GRI 102: General contents, 2016	102-45 Entities included in the consolidated financial statements	8	GCC	101-102
	102-46 Defining report content and topic boundaries	4, 24-25, 69-73	GCC	101-102
	102-47 List of material topics	24	GCC	101-102
	102-48 Restatements of information	4	GCC	101-102
	102-49 Changes in reporting	4	GCC	101-102
	102-50 Reporting period	4	GCC	101-102
	102-51 Date of most recent report	4	GCC	101-102
	102-52 Reporting cycle	4	GCC	101-102
	102-53 Contact point for questions regarding the report	102	GCC	101-102
	1102-54 Claims of reporting in accordance with the GRI Standards	83	GCC	101-102
	102-55 GRI content index	74-83	GCC	101-102
	102-56 External assurance	4, 101-102	GCC	101-102



GRI Standard	Content	Page/ Omission	Scope	Review
<b>ECONOMIC DIMENSION</b>				
<i>Economic performance</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	17	GCC	101-102
	103-2 The management approach and its components	17	GCC	101-102
	103-3 Evaluation of the management approach	17	GCC	101-102
GRI 201: Economic performance, 2016	201-1 Direct economic value generated and distributed	17	GCC	101-102
	201-2 Financial implications and other risks and opportunities due to climate change	21-22, 61-62, 91	GCC	101-102
	201-3 Defined benefit plan obligations and other retirement plans	99	GCC	101-102
	201-4 Financial assistance received from government	50	GCC	101-102
<i>Market presence</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	93-97	GCC	101-102
	103-2 The management approach and its components	93-97	GCC	101-102
	103-3 Evaluation of the management approach	93-97	GCC	101-102
GRI 202: Market presence, 2016	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	50, 97	GCC	101-102
	202-2: Proportion of senior management hired from the local community	95	GCC	101-102
<i>Indirect economic impacts</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	43-46	GCC	101-102
	103-2 The management approach and its components	43-46	GCC	101-102
	103-3 Evaluation of the management approach	43-46	GCC	101-102
GRI 203: Indirect economic impacts, 2016	203-1: Infrastructure investments and services supported	43-46	GCC	101-102
	203-2: Significant indirect economic impacts	17, 43-45, 54-55	GCC	101-102
<i>Procurement practices</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	41-42	GCC	101-102
	103-2 The management approach and its components	41-42	GCC	101-102
	103-3 Evaluation of the management approach	41-42	GCC	101-102
GRI 204: Procurement practices, 2016	204-1: Proportion of spending on local suppliers	42	GCC	101-102
<i>Anti-corruption</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	12-13, 29-20	GCC	101-102
	103-2 The management approach and its components	29-30	GCC	101-102
	103-3 Evaluation of the management approach	29-30	GCC	101-102
GRI 205: Anticorruption, 2016	205-1: Operations assessed for risks related to corruption	12-13, 30	GCC	101-102
	205-2: Communication and training about anti-corruption policies and procedures	12-13, 30	GCC	101-102
	205-3: Confirmed incidents of corruption and actions taken	13	GCC	101-102
<i>Anti-competitive behaviour</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	33	GCC	101-102
	103-2 The management approach and its components	33	GCC	101-102
	103-3 Evaluation of the management approach	33	GCC	101-102
GRI 206: Anticompetitive behaviour, 2016	206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	33	GCC	101-102



GRI Standard	Content	Page/ Omission	Scope	Review
ENVIRONMENTAL DIMENSION				
<i>Environmental performance</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	56-60	GCC	101-102
	103-2 The management approach and its components	56-60	GCC	101-102
	103-3 Evaluation of the management approach	56-60	GCC	101-102
GRI 301: Materials, 2016	301-01: Materials used by weight or volume	59	GCC	101-102
	301-2: Recycled input materials used	59	GCC	101-102
	301-3: Reclaimed products and their packaging materials	59	GCC	101-102
<i>Energy</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	56-65	GCC	101-102
	103-2 The management approach and its components	56-65	GCC	101-102
	103-3 Evaluation of the management approach	56-65	GCC	101-102
GRI 302: Energy, 2016	302-1: Energy consumption within the organisation	59	GCC	101-102
	302-2: Energy consumption outside of the organisation	57-58	GCC	101-102
	302-3: Energy intensity	59	GCC	101-102
	302-4: Reduction of energy consumption	56-58, 63-64, a	GCC	101-102
	302-5: Reductions in energy requirements of products and services	56-68	GCC	101-102
<i>Water</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	59	GCC	101-102
	103-2 The management approach and its components	59	GCC	101-102
	103-3 Evaluation of the management approach	59, b	GCC	101-102
GRI 303: Water, 2016	303-1: Water extraction by source	59	GCC	101-102
	303-2: Sources of water significantly affected by water extraction	b	GCC	101-102
	303-3: Recycled and reused water	b	GCC	101-102
<i>Biodiversity</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary		GCC	101-102
	103-2 The management approach and its components		GCC	101-102
	103-3 Evaluation of the management approach		GCC	101-102
GRI 304: Biodiversity, 2016	304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		GCC	101-102
	304-2: Significant impacts of activities, products, and services on biodiversity		GCC	101-102
	304-3: Habitats protected or restored		GCC	101-102
	304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations		GCC	101-102



GRI Standard	Content	Page/ Omission	Scope	Review
<b>Emissions</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	60	GCC	101-102
	103-2 The management approach and its components	60	GCC	101-102
	103-3 Evaluation of the management approach	60	GCC	101-102
GRI 305: Emissions, 2016	305-1: Direct (Scope 1) GHG emissions	60	GCC	101-102
	305-2: Energy indirect (Scope 2) GHG emissions	60	GCC	101-102
	305-3: Other indirect (Scope 3) GHG emissions	60	GCC	101-102
	305-4: GHG emissions intensity	60	GCC	101-102
	305-5: Reduction of GHG emissions	c	GCC	101-102
	305-6: Emissions of ozone-depleting substances (ODS)	d	GCC	101-102
	305-7: Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	e	GCC	101-102
<b>Effluents and waste</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	59	GCC	101-102
	103-2 The management approach and its components	59	GCC	101-102
	103-3 Evaluation of the management approach	59, j	GCC	101-102
GRI 306: Effluents and waste, 2016	306-1: Water discharge by quality and destination	f	GCC	101-102
	306-2: Waste by type and disposal method	59	GCC	101-102
	306-3: Significant spills	g	GCC	101-102
	306-4: Transport of hazardous waste	h	GCC	101-102
	306-5: Water bodies affected by water discharges and/or runoff	i	GCC	101-102
<b>Effluents and waste</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	60	GCC	101-102
	103-2 The management approach and its components	60	GCC	101-102
	103-3 Evaluation of the management approach	60	GCC	101-102
GRI 307: Environment al compliance, 2016	307-1: Non-compliance with environmental laws and regulations	60	GCC	101-102
<b>Supplier environmental assessment</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	41-42	GCC	101-102
	103-2 The management approach and its components	41-42	GCC	101-102
	103-3 Evaluation of the management approach	41-42	GCC	101-102
GRI 308: Supplier environmental assessment, 2016	308-1: New suppliers that were screened using environmental criteria	42	GCC	101-102
	308-2: Negative environmental impacts in the supply chain and actions taken	41-42	GCC	101-102



GRI Standard	Content	Page/ Omission	Scope	Review
<b>SOCIAL DIMENSION</b>				
<i>Empleo</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	92-99	GCC	101-102
	103-2 The management approach and its components	92-99	GCC	101-102
	103-3 Evaluation of the management approach	92-99	GCC	101-102
GRI 401: Employment, 2016	401-1: New employee hires and employee turnover	93-95	GCC	101-102
	401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	99	GCC	101-102
	401-3: Parental leave	98	GCC	101-102
<i>Labour/management relations</i>				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	22-25, 95	GCC	101-102
	103-2 The management approach and its components	22-25, 95	GCC	101-102
	103-3 Evaluation of the management approach	22-25, 95	GCC	101-102
GRI 402: Labour/m anagement relations, 2016	402-1: Minimum notice periods regarding operational changes	41-42, 95	GCC	101-102
<i>Occupational health and safety</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	97-98	GCC	101-102
	103-2 The management approach and its components	97-98	GCC	101-102
	103-3 Evaluation of the management approach	97-98	GCC	101-102
GRI 403: Health and safety and safety, 2016	403-1: Workers representation in formal joint management-worker health and safety committees	97	GCC	101-102
	403-2: Types of injury and rates of injury, occupational diseases, Lost days, and absenteeism, and number of work-related fatalities	97-98	GCC	101-102
	403-3: Workers with high incidence or high risk of diseases related to their occupation	97-98	GCC	101-102
	403-4: Health and safety topics covered in formal agreements with trade unions	97	GCC	101-102
<i>Training and education</i>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	47-50	GCC	101-102
	103-2 The management approach and its components	47-50	GCC	101-102
	103-3 Evaluation of the management approach	47-50	GCC	101-102
GRI 404: Training and education, 2016	404-1: Average hours of training per year per employee	49-50	GCC	101-102
	404-2: Programs for upgrading employee skills and transition assistance programs	48-50	GCC	101-102
	404-3: Percentage of employees receiving regular performance and career development reviews	47-49	GCC	101-102



GRI Standard	Content	Page/ Omission	Scope	Review
<b>Diversity and equal opportunity</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	47-48, 95-96	GCC	101-102
	103-2 The management approach and its components	47-48, 95-96	GCC	101-102
	103-3 Evaluation of the management approach	47-48, 95-96	GCC	101-102
GRI 405: Diversity and equal opportunity, 2016	405-1: Diversity of governance bodies and employees	12, 95-96	GCC	101-102
	405-2: Ratio of basic salary and remuneration of women to men	12, 95-96	GCC	101-102
<b>Non-discrimination</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	9-12, 47-48	GCC	101-102
	103-2 The management approach and its components	9-12, 47-48	GCC	101-102
	103-3 Evaluation of the management approach	9-12, 47-48	GCC	101-102
GRI 406: Non-discrimination, 2016	406-1: Incidents of discrimination and corrective actions taken	47-48	GCC	101-102
<b>Freedom of association and collective bargaining</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	100	GCC	101-102
	103-2 The management approach and its components	100	GCC	101-102
	103-3 Evaluation of the management approach	100	GCC	101-102
GRI 407: Freedom of association and collective bargaining, 2016	407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	100	GCC	101-102
<b>Human rights assessment</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	54-56	GCC	101-102
	103-2 The management approach and its components	54-56	GCC	101-102
	103-3 Evaluation of the management approach	54-56	GCC	101-102
GRI 412: Human rights assessment, 2016	412-1: Operations that have been subject to human rights reviews or impact assessments	54-55	GCC	101-102
	412-2: Employee training on human rights policies or procedures	50	GCC	101-102
	412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	54	GCC	101-102
<b>Local communities</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	54-55	GCC	101-102
	103-2 The management approach and its components	54-55	GCC	101-102
	103-3 Evaluation of the management approach	54-55	GCC	101-102
GRI 413: Comunidades locales, 2016	413-1: Operations with local community engagement, impact assessments, and development programs	51-53	GCC	101-102
	413-2: Operations with significant actual and potential negative impacts on local communities	51-53	GCC	101-102





GRI Standard	Content	Page/ Omission	Scope	Review
<b>Supplier social assessment</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	41-42	GCC	101-102
	103-2 The management approach and its components	41-42	GCC	101-102
	103-3 Evaluation of the management approach	41-42	GCC	101-102
GRI 414: Supplier social assessment, 2016	414-1: New suppliers that were screened using social criteria	41-42	GCC	101-102
	414-2: Negative social impacts in the supply chain and actions taken	41-42	GCC	101-102
<b>Public policy</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	13	GCC	101-102
	103-2 The management approach and its components	13	GCC	101-102
	103-3 Evaluation of the management approach	13	GCC	101-102
GRI 415: Public policy, 2016	415-1: Political contributions	13	GCC	101-102
<b>Customer health and safety</b>				
GRI 416: Customer health and safety, 2016	103-1 Explanation of the material topic and its boundary	37-38	GCC	101-102
	103-2 The management approach and its components	37-38	GCC	101-102
	103-3 Evaluation of the management approach	37-38	GCC	101-102
GRI 416: Customer health and safety, 2016	416-1: Assessment of the health and safety impacts of product and service categories	37	GCC	101-102
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	37	GCC	101-102
<b>Marketing and labelling</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	9-11, 37-38	GCC	101-102
	103-2 The management approach and its components	9-11, 37-38	GCC	101-102
	103-3 Evaluation of the management approach	9-11, 37-38	GCC	101-102
GRI 417: Marketing and labelling, 2016	417-1: Requirements for product and service information and labelling	37	GCC	101-102
	417-2: Incidents of non-compliance concerning product and service information and labelling	37	GCC	101-102
	417-3: Incidents of non-compliance concerning marketing communications	37	GCC	101-102
<b>Customer privacy</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	9-11, 37-38	GCC	101-102
	103-2 The management approach and its components	9-11, 37-38	GCC	101-102
	103-3 Evaluation of the management approach	9-11, 37-38	GCC	101-102
GRI 418: Customer privacy, 2016	418-1: Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	37	GCC	101-102
<b>Socioeconomic compliance</b>				
GRI 103: Management approach, 2016	103-1 Explanation of the material topic and its boundary	37-38	GCC	101-102
	103-2 The management approach and its components	37-38	GCC	101-102
	103-3 Evaluation of the management approach	37-38	GCC	101-102
GRI 419: Socioeconomic compliance, 2016	419-1: Non-compliance with laws and regulations in the social and economic area	37-38	GCC	101-102



GRI Standard	Content	Page/ Omission	Scope	Review
<b>SPECIFIC CONTENTS OF THE FINANCIAL SECTOR</b>				
<i>Impact of products and services</i>				
FS1	Policies with specific environmental and social components applied to business lines	9, 41-42, 12-13	GCC	101-102
FS2	Procedures for assessing and screening environmental and social risks in business lines	35-36, 56, 61-62	GCC	101-102
FS3	Processes for monitoring customers' compliance with environmental and social requirements included in agreements or transactions	35	GCC	101-102
FS4	Processes for improving staff competency to implement the environmental and social policies and procedures as applied to business lines	48-49	GCC	101-102
FS5	Interactions with clients/investors/business partners regarding environmental and social risks and opportunities	22, 37-38	GCC	101-102
FS6	Percentage of the portfolio for business lines	33-35, I	GCC	101-102
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose	46, 54-55, 63-65	GCC	101-102
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	58	GCC	101-102
<i>Audit</i>				
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures	m	GCC	101-102
<i>Active ownership</i>				
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues	35	GCC	101-102
FS11	Percentage of assets subject to positive and negative environmental or social screening	35	GCC	101-102
FS12	Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote or advises on voting	56, n	GCC	101-102



GRI Standard	Content	Page/ Omission	Scope	Review
<b>Local communities</b>				
FS13	Access points in low population or economically disadvantaged areas by type	51-52	GCC	101-102
FS14	Initiatives to improve access to financial services for disadvantaged people	38-40, 51-52	GCC	101-102
<b>Labelling of products and services</b>				
FS15	Policies for the fair design and sale of financial products and services	38	GCC	101-102
FS16	Initiatives to enhance financial literacy by type of beneficiary	53, 65	GCC	101-102

This document includes additional information submitted by the company in the Consolidated Non-financial information Statement, which forms part of the Consolidated Management Report of Banco de Crédito Social Cooperativo, S.A. and other entities of the Cajamar Group. This additional information is related to the following GRI contents: 102-11; 102-12; 102-13; 102-16; 102-17; 102-19; 102-20; 102-21; 102-22; 102-23; 102-24; 102-25; 102-26; 102-27; 102-28; 102-29; 102-30; 102-31; 102-32; 102-33; 102-34; 102-35; 102-36; 102-37; 102-38; 102-39; 102-40; 102-42; 102-43; 102-44; 102-45; 102-46; 102-47; 102-48; 102-49; 102-50; 102-51; 102-52; 102-53; 102-54; 102-55; 102-56; 201-2; 201-3; 202-1; 202-2; 203-1; 203-2; 204-1; 206-1; 303-2; 303-3; 304-1; 304-2; 304-3; 304-4; 306-1; 306-3; 306-4; 306-5; 308-1; 308-2; 403-3; 417-1; 417-2; 417-3; 418-1; 419-1; FS2; FS4; FS5; FS6; FS7; FS10; FS11; FS12; FS15.

Notes:

- (a) In 2017, Grupo Cooperativo Cajamar has not established the power consumption reduction. Therefore, this information is not available. It is planned to be established in the five-year period of the Eco-efficiency Plan
- (b) The company has offices in urban areas. Therefore, water is both consumed from and discharged through the urban network
- (c) Grupo Cooperativo Cajamar has not established the reduction of greenhouse gas emissions in 2017. Therefore, this information is not available. It is planned to be established in the five-year period of the Eco-efficiency Plan
- (d) Due to its activity, the company does not produce substances that deplete the ozone layer
- (e) Due to its financial activity, the company does not produce significant air emissions
- (f) The company draws water from and discharges it into the urban network
- (g) The company's offices are located in urban centres. Therefore, its activity does not generate spills
- (h) Due to its activity, the company does not transport waste
- (i) The company's offices are located in urban centres. Therefore, it has no impact on protected natural areas and/or biodiversity
- (j) This information is not relevant given the company's financial activity
- (k) The related information with a breakdown by professional category is not available. The Group will establish the internal procedures to provide the information in the medium term.
- (l) The related information with a portfolio breakdown for the business lines by region is not made available due to reasons of confidentiality.
- (m) Currently unavailable - Grupo Cooperativo Cajamar is working to identify social and environmental risks, and to develop actions aimed at implementing audits to assess these risks. The Group will establish the procedures to provide the information in the medium term
- (n) Regarding the voting intentions of Grupo Cooperativo Cajamar on environmental issues, all decisions adopted, both internally and related to affiliated institutions and investee companies, will follow the action guidelines established in the Group's Environmental Policy

This report has been prepared in accordance with the GRI Standards:  
Comprehensive option



## Appendix II. Analysis of the environment

### Political environment

In 2018, the international political environment has been marked by the evolution of post-globalisation, in part due to the persistence of jihadist terrorism and the impact of global economic crises over the last decade. In this new postglobalisation era, the US government, headed by Donald Trump, has adopted protectionist and anti-immigration policies that are affecting international trade. Meanwhile, China continues to pursue reform policies in an attempt to open a new path in line with the political and social realities of the country.

Recently, the term “multipolarity” has taken hold in the international framework, which has arisen from the emergence of new countries with an influence in world politics and growing economic power, such as India and Brazil, as well as other existing key international players such as the US, China and Russia, together with the European Union. In 2018, several EU member states have witnessed the resurgence of nationalism which is threatening their territorial cohesion. One such example is the United Kingdom's departure from the European Union, which is expected to be completed in 2019. Indeed, the European Union is now preparing to adapt to the new political, economic and social situation that it will have to address once the UK has left.

Also, this year has been marked by a period of major political changes in Spain. The change of government that took place in June 2018, as a result of very different parliamentary forces with a high degree of fragmentation, has entailed implications for the national economy in terms of consumption and investment, while also generating some degree of uncertainty. This framework of instability is compounded by the Catalonia conflict, which is affecting foreign direct investments and confidence in the national economy. Similarly, the incessant corruption cases continue which, together with other factors, has led to significant parliamentary fragmentation, resulting in a period of uncertainty and political change in Spain.

#### Developments in the political environment

New post-globalisation order  
(multipolarity, increase in  
protectionist measures and  
nationalism)

Territorial tensions

New government, uncertainty  
and political instability

### Economic environment

The global economy continues to grow in 2018, albeit at a somewhat slower pace than over the past few years. This deceleration is a result of the vulnerability of trade in emerging markets and developing economies linked to protectionist policies and fiscal expansion. In spite



of the reform policies and protectionist measures that are taking hold in different parts of the world, the economy in the international global framework maintains a positive growth, as it is compensated by elements such as the progressive and consolidated evolution of the economy of South Asia and the recovery of Russia and Brazil. Nevertheless, the economic policies of the US are having an adverse effect on interest rates, causing the dollar to depreciate, and reducing liquidity with a potential slight increase in inflation.

Meanwhile, the Spanish economy, like other local economies, has suffered a shift in growth expectations and, in turn, a slight deceleration in growth in 2018, standing at 2.5%. The growth rate has been affected by the period of instability and political uncertainty. Despite the slowdown in economic growth in 2018, the recovery that has taken place over the last few years is supported by accommodative monetary policies that focus on monetary expansion, fiscal relief and recovery of the financial market, thereby improving competitiveness and exports.

The improvement in competitiveness and exports translates into increased wages, allowing for the expansion of economic activity and the reabsorption of the existing high unemployment rates, which are compatible with maintaining an external surplus. This is creating a greater margin for attaining the deficit target, which, this year, stands at around 2.7% of the GDP. In this regard, the area of Social Security has incorporated measures approved in 2018, which will affect the revaluation of pensions in 2019, provided that the costs are compatible with the need to reduce public indebtedness. On the other hand, the economic environment in the scope of inflation indicates increased rates of about 1.2%. However, if we consider the underlying inflationary measures, the increase in prices has been significantly lower.

#### Developments in the economic environment

Shifts in growth expectations and the gradual withdrawal of monetary stimuli

Improvement in competitiveness and exports

Vulnerability of emerging economies and volatility of financial markets

#### Sectoral environment

One decade after the onset of the financial crisis, we are faced with a transformed sector, which has suffered a process of restructuring and deleveraging, and has been affected by the impact of changes in monetary and regulatory policies.

Despite the expected loosening of the expansionary monetary policy for the eurozone, the current scenario of low interest rates seems set to stay in the medium term, as the ECB has announced that it will keep interest rates at 0% until at least the summer of 2019. This situation, which is narrowing the profit margins of banks, is complicated by other factors, such as the significant growth of competitors (*FinTech*, *Telcos*, *Insurtech*, distribution groups, neo-banks, *crowdlending*, and the so-called shadow banking, due to being outside of the



regulatory scope of the banking industry) in Spain and neighbouring countries. In addition, it is important to highlight the continued increase in capital requirements and the regulatory and administrative burden which have had an impact on fixed costs for European organisations since the financial crisis.

All these circumstances will continue to apply a great deal of pressure to the margins of traditional banking. Now, banks will be forced to take initiatives that benefit their levels of efficiency and to continue to reduce their non-productive assets such as non-performing loans and real estate assets. The current favourable market conditions will facilitate this divestment, which is expected to have a beneficial impact on banks' profitability levels.

Another challenge facing the sector is the loss of customer confidence and loyalty, which further threatens the traditional banking model. In this sense, improved management of channels (*the omnichannel approach*), the digital transformation process, and an increase in transparency, have become indispensable tools for responding to new challenges in customer relationships and improving their experience and overall satisfaction.

#### Sectoral developments

The scenario of low interest rates and narrow margins is maintained

Favourable conditions to reduce non-productive assets

Opportunities to improve the customer experience and increase in new competitors

#### Legal and Regulatory Environment

2018 has been a very intense year in terms of legal and regulatory developments and initiatives, which has had a significant influence on the banking sector. As in recent years, the following objectives have been the point of focus:

- To establish even more rigorous and exhaustive mechanisms and controls
- in the evaluation and classification of risks.
- To ensure that institutions have adequate regulatory capital and provisions.
- To adopt prudential measures in the area of governance.
- To promote access to financing for businesses and families
- To ensure the protection of banking users.
- To include climate change in banking business models.

The most relevant provisions and regulations, in terms of their impact on the banking business, include MIFID II (customer protection), IFRS9 (accounting), PSD2 (digital payments),



GDPR (customer protection), IDD (insurance), and other regulations related to governance and the publication of non-financial information.

On a different note, in November 2018, the Supreme Court ordered that the stamp duty on mortgages should be paid by the mortgage loan applicant, returning to the criteria that had been maintained and contradicting a judgement passed in October requiring banks to assume this cost, thereby sowing doubt about a possible retrospective action. Finally, the Government passed a Decree- Law requiring banks to assume payment of this tax, despite the fact that any doubts as regard potential retrospective action had already dissipated.

In this sense, it is hoped that the new mortgage law, which is planned to take effect in 2019, will help to incorporate the European mortgage directive into Spanish law, while also enhancing transparency and security for banks and customers in the area of mortgages.

However, the current situation does not suggest that there will be any relaxation in legal and regulatory hyperactivity in the near future. There are many regulations still awaiting effective implementation. What's more, there are over a hundred regulations in the development and proposal phases. Furthermore, it is worth highlighting that the reform of the Basel III Framework must be implemented before 2022, there is growing attention from regulatory authorities on new technological banking developments, and, in Europe, the culmination of the Banking Union, the Single Capital Market and the Digital Single Market remains pending.

On the other hand, the Action Plan for sustainable finances of the European Union is going to incorporate new elements, such as *taxonomy*, in the banking business and its role in combating climate change and contributing to sustainability.

Therefore, the banking industry will be required to monitor the legal environment very closely, where regulation and supervision will become increasingly multisectoral as financial services become more and more interconnected.

#### Developments in the legal and regulatory environment

Legal insecurity in the face of legal interpretations and new mortgage law

Regulatory hyperactivity

Increased demands for financial and nonfinancial information

#### Technological environment

Several developments in the technological sphere have forged a new approach to banking in recent years. The emergence of *big data*, the *blockchain*, the *robotisation*, etc., is having a remarkable impact on the financial sector.

The process of digital transformation has put the focus on the customer who benefits from accessibility, information, customer service, customisation, and customer experience. In this regard, the omnichannel concept is now a reality and its development has brought about significant strategic implications. If the multichannel approach was a significant leap forward in



the complementarity of physical and digital channels, the omnichannel approach involves the strategic integration of all channels. In this respect, Grupo Cooperativo Cajamar has developed its strategic omnichannel approach from a transactional and operational perspective based on customer proximity and the value of financial advice.

Another example of these advances in the field of technological innovation was the entry into force of the EU directive on payment services (PSD2) in January 2018. Based on this directive, when authorised by their customers, banks are required to give other financial service providers access to their customers' online accounts through open interfaces. This measure aims to promote the development of new online and mobile payment systems, improve customer service, and increase competition. In practice, this will require retail banking to develop a set of practices and tools to be used by developers, thereby substantially reducing the entrance barriers to participate in the sector. In this way, it is expected that financial service companies in Europe will evolve towards an open banking model.

Other consequences of technological advances and their adaptation to the financial sector include cybersecurity and the major challenge of tackling new and complex security problems related to the authentication from a more open banking environment.

Therefore, based on these technological advances, the environment is likely to be very different in the coming years, with an increasingly smaller distinction between finance and technology, where traditional companies in the industry will be faced with new competitors, while needing to invest heavily in technology at a difficult time for the sector.

#### Developments in the technological environment

Digital disruption in financial services, the omnichannel approach and open banking

Big data, blockchain and robotisation

Cybersecurity

#### Environmental context

In 2018, there has been a growing concern over environmental problems, such as climate change, due to the high carbon emission levels produced year after year. Several climate change summits have been held in recent years to pursue the pathway outlined in the 2015 Paris Summit (COP21). This summit has been held on an annual basis since 2015. In particular, the 2018 Climate Summit (COP 24) took place in Katowice (Poland) with relative progress.

In the case of the countries with the highest recorded greenhouse gas emissions, such as the USA and China, rather than making a commitment to combating climate change, Trump's administration has called into question the Climate Science Special Report (CSSR) which identifies a 2°C increase in the Earth's temperature, which is set to gradually rise in the coming





years. Grupo Cooperativo Cajamar subscribes to current climate change regulations calling for significant reductions in greenhouse gas emissions and the carbon footprint generated by companies, as well as reporting more solid and comprehensive calculations and, thereby, respond also to the growing demand of environmental interest groups.

The EU action plan on sustainable finance is going to have a major impact on banks, which are identifying climate-related risks and opportunities in line with the recommendations of the TFCF. Throughout 2018, considerable progress has been made in defining a taxonomy for sustainable finance, the results of which will be seen in 2019. The taxonomy will outline that financial products must be green/sustainable for investors to know the environmental scope of the allocation of their financial resources.

The Royal Decree-Law 15/2018 on energy transition was passed in 2018, aiming to accelerate the decarbonisation of the Spanish economy. In addition, the law on non-financial information was passed in December 2018, with the adoption of the draft law on climate change and energy transition pending, two especially important provisions for the entire productive fabric and also the banking sector.

Meanwhile, the European Union is one of the leading political communities in the fight against climate change, as stated by HLEG (High Level Expert Group on Sustainable Finance) in its final report of 2018. In this sense, the EU is implementing a complex process to align the various information policies and tools to achieve the climate goals, including an environmental tax reform promoting the “polluter pays” principle, as in Portugal and France, to steer the sector towards a sustainable economic system.

### Environmental developments

New climate change law

Greater commitment of the economic sector to address environmental issues

Increased environmental demands of stakeholders

### Social environment

The average life expectancy in Spain continues to increase (83.1 years) and has now surpassed Japan and Italy in various rankings. Without a doubt, this is of the most desirable ratings to top. Indeed, life expectancy is influenced by a multitude of factors (e.g., cultural, geographical, economic development, service quality, healthcare infrastructure, enterprises, etc.).

However, as regards Spain's demographic development, there is other more concerning data, such as the continued decrease in birth rate, which is at a historic low, which contributes to the alarming ageing of the population.



This phenomenon generates doubts and uncertainty about the future of the public social protection system, which is becoming an increasing cause for concern among Spaniards. Similarly, as in recent years, both unemployment and corruption continue to be perceived as the two issues of most concern for Spanish citizens.

On the other hand, after emerging from the financial crisis, which increased the inequality gap between rich and poor in most of the affected countries, Spain, in particular, has not evolved at the same rate as other countries ten years after the crisis struck in 2008. In fact, our standards have fallen below the rest of Europe and average values.

#### Developments in the social environment

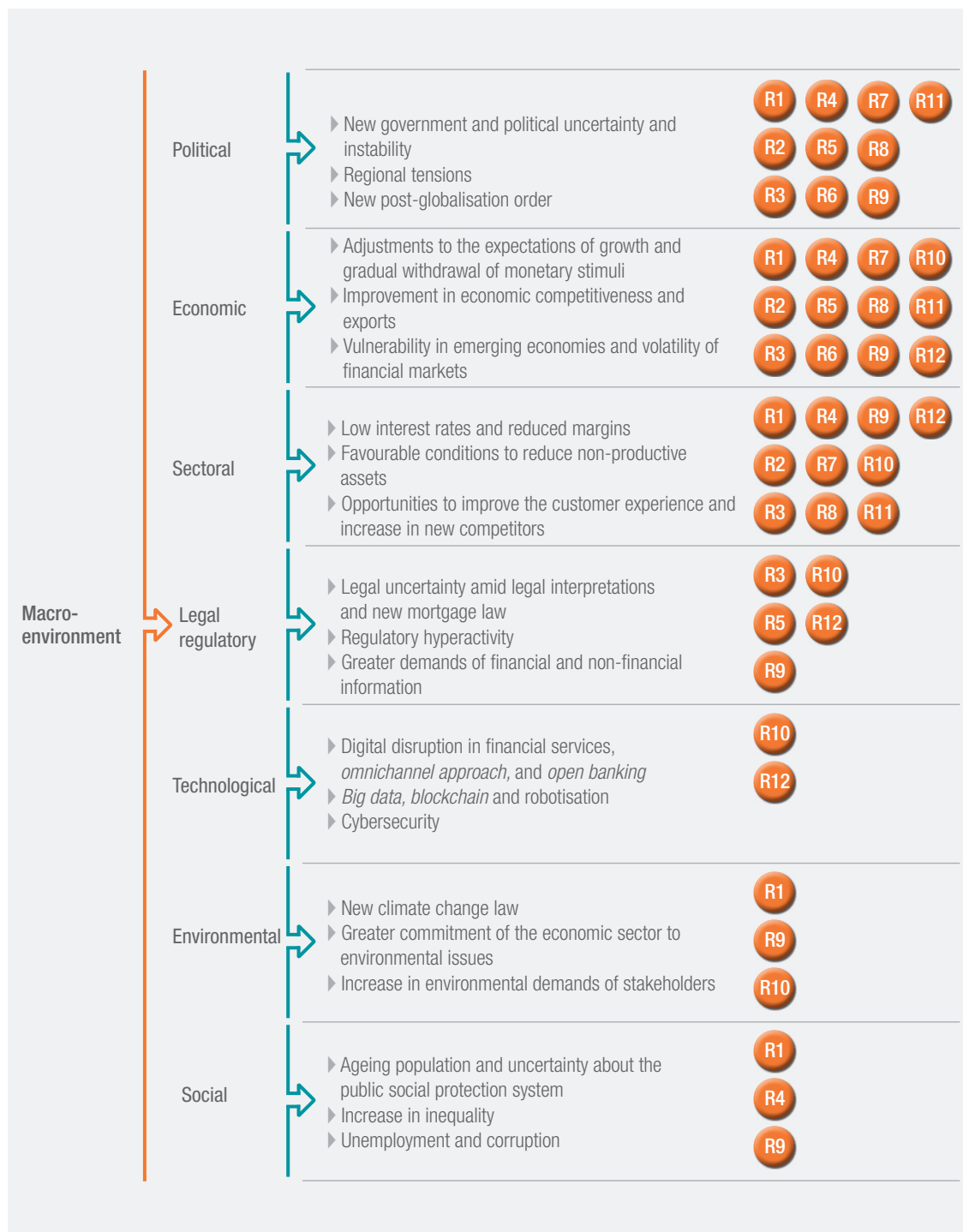
Increasingly ageing populations  
and uncertainty about the public  
system of social protection

Increased inequality

Unemployment and corruption  
continue to be the main problems  
identified by the population



### Risk factors identified by analysing the macro-environment





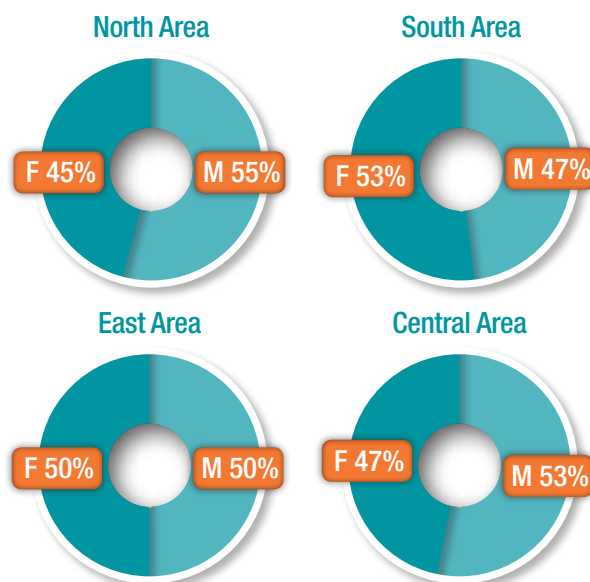
## Appendix III. Staff profile



Staff on 31 December

### Job security

Employees with open-ended contract	97.48%
Full-time employees	98.09%



### Distribution of Cajamar Cooperative Group staff by employment contract and gender

Sex	Year 2016		Year 2017		Year 2018	
	Open-ended contract	Temporary contract	Open-ended contract	Temporary contract	Open-ended contract	Temporary contract
Men	3,129	78	2,781	62	2,701	56
Women	2,884	65	2,762	77	2,755	85
<b>Total</b>	<b>6,013</b>	<b>143</b>	<b>5,543</b>	<b>139</b>	<b>5,456</b>	<b>141</b>

### Distribution of Cajamar Cooperative Group staff by type of working day

Sex	Year 2016		Year 2017		Year 2018	
	Full-time hours	Reduced hours	Full-time hours	Reduced hours	Full-time hours	Reduced hours
Men	3,148	59	2,818	25	2,744	13
Women	2,847	102	2,747	92	2,746	94
<b>Total</b>	<b>5,995</b>	<b>161</b>	<b>5,565</b>	<b>117</b>	<b>5,490</b>	<b>107</b>

### Geographical distribution<sup>(1)</sup> of Cajamar Cooperative Group staff

Area	Year 2016		Year 2017		Year 2018	
	M	F	M	F	M	F
North	15	15	18	18	21	17
South	1,178	1,188	1,039	1,113	999	1,127
East	1,682	1,484	1,471	1,450	1,428	1,425
Central	332	262	315	258	309	271
<b>Total</b>	<b>6,156</b>		<b>5,682</b>		<b>5,597</b>	

(1) The North Area contains data from the autonomous communities of Galicia, Asturias, Cantabria, and Navarre; the Central Area contains data from La Rioja, Aragon, Castilla y Leon, Madrid, Castilla-La Mancha and Extremadura; the East Area includes data from Catalonia, Valencia, Murcia, and the Balearic Islands; and the South Area includes data from Andalusia, the Canary Islands, Ceuta, and Melilla.



### Breakdown of Cajamar Cooperative Group staff by age, gender and geographical area - 2018 (401-1)

Area	Up to 35 years			From 36 to 55			> 55 years			Total		
	M	F	Total	M	F	Total	M	F	Total	M	F	Total
North	5	7	12	16	10	26	0	0	0	21	17	38
South	83	152	235	872	969	1,841	44	6	50	999	1,127	2,126
East	92	177	269	1,315	1,247	2,562	21	1	22	1,428	1,425	2,853
Central	41	58	99	263	211	474	5	2	7	309	271	580
Total	221	394	615	2,466	2,437	4,903	70	9	79	2,757	2,840	5,597

### Breakdown by gender, age and professional category according to different types of contract and working day of Grupo Cooperativo Cajamar staff - 2018

#### Temporary duration at full-time (temporary contract)

Positions	Up to 35 years				From 36 to 55				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives																
Pre-executives	1	100.0 %		0.0 %									1	100.0 %	0	0.0 %
Technicians	2	28.6 %	5	71.4 %									2	0.0 %	5	100.0 %
Other	17	45.9 %	20	54.1 %	2	100.0 %	0	0.0 %					19	48.7 %	20	51.3 %
Total	20	44.4 %	25	55.6 %	2	100.0 %	0	0.0 %					22	46.8 %	25	53.2 %

#### Temporary duration at full-time (substitution contract)

Positions	Up to 35 years				From 36 to 55				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives																
Pre-executives																
Technicians	0	0.0%	4	100.0%									0	0.0%	4	100.0%
Other	30	37.0%	51	63.0%	0		3	100.0%					30	35.7%	54	64.3%
Total	30	35.3%	55	64.7%	0	0.0%	3	100.0%					30	34.1%	58	65.9%

#### Indefinite duration at full-time (permanent contract)

Positions	Up to 35 years				From 36 to 55				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives	42	60.9%	27	39.1%	916	73.5%	330	26.5%	15	83.3%	3	16.7%	973	73.0%	360	27.0%
Pre-executives	56	33.7%	110	66.3%	623	42.3%	850	57.7%	6	100.0%	0	0.0%	685	41.6%	960	58.4%
Technicians	35	43.2%	46	56.8%	246	48.4%	262	51.6%	8	88.9%	1	11.1%	289	48.3%	309	51.7%
Other	38	22.6%	130	77.4%	679	40.7%	991	59.3%	37	90.2%	4	9.8%	754	40.1%	1,125	59.9%
Total	171	35.3%	313	64.7%	2,464	50.3%	2,433	49.7%	66	89.2%	8	10.8%	2,701	49.5%	2,754	50.5%

#### Other types of contracts

Positions	Up to 35 years				From 36 to 55				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Other	0	0.0%	1	100.0%	0	0.0%	1	100.0%	4	80.0%	1	20.0%	4	57.1%	3	42.9%
Total	0	0.0%	1	100.0%	0	0.0%	1	100.0%	4	80.0%	1	20.0%	4	57.1%	3	42.9%



### Breakdown by professional category, age and sex of dismissals among Grupo Cooperativo Cajamar staff - 2018

Positions	Up to 35 years				From 36 to 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives					3	100.0%			3	100.0%		0.0%
Pre-executives	1	50.0%	1	50.0%	2	66.7%	1	33.3%	3	60.0%	2	40.0%
Technicians												
Other	1	50.0%	1	50.0%	8	88.9%	1	11.1%	9	81.8%	2	18.2%
<b>Total</b>	<b>2</b>	<b>50.0%</b>	<b>2</b>	<b>50.0%</b>	<b>13</b>	<b>86.7%</b>	<b>2</b>	<b>13.3%</b>	<b>15</b>	<b>78.9%</b>	<b>4</b>	<b>21.1%</b>

### Breakdown by gender, age and professional category of new hires according to different types of contract and working day of Grupo Cooperativo Cajamar staff - 2018 (401-1)

#### Temporary duration at full-time (temporary contract)

Positions	Up to 35 years				From 36 to 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives												
Pre-executives	1	100.0%		0.0%					1	100.0%	0	0.0%
Technicians	0	0.0%	1	100.0%					0	0.0%	1	100.0%
Other	6	40.0%	9	60.0%	2	100.0%	0	0.0%	8	47.1%	9	52.9%
<b>Total</b>	<b>7</b>	<b>41.2%</b>	<b>10</b>	<b>58.8%</b>	<b>2</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>9</b>	<b>47.4%</b>	<b>10</b>	<b>52.6%</b>

#### Temporary duration at full-time (substitution contract)

Positions	Up to 35 years				From 36 to 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives												
Pre-executives												
Technicians												
Other	5	62.5%	3	37.5%					5	62.5%	3	37.5%
<b>Total</b>	<b>5</b>	<b>62.5%</b>	<b>3</b>	<b>37.5%</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>5</b>	<b>62.5%</b>	<b>3</b>	<b>37.5%</b>

#### Indefinite duration at full-time (permanent contract)

Positions	Up to 35 years				From 36 to 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives	1	100.0%	0	0.0%	4	100.0%	0	0	5	100.0%	0	0.0%
Pre-executives	1	100.0%	0	0.0%					1	100.0%	0	0.0%
Technicians	3	50.0%	3	50.0%	4	100.0%	0	0	7	70.0%	3	0.0%
Other	2	50.0%	2	50.0%	4	66.7%	2	0	6	60.0%	4	40.0%
<b>Total</b>	<b>7</b>	<b>58.3%</b>	<b>5</b>	<b>41.7%</b>	<b>12</b>	<b>85.7%</b>	<b>2</b>	<b>14.3%</b>	<b>19</b>	<b>73.1%</b>	<b>7</b>	<b>26.9%</b>



### Evolution of new hires

New hires that continue	50	94.34%
New hires that have stopped	3	5.66%

Mobility: For postings lasting more than three months, the advance notice given should be no less than 5 working days. In addition, in the event of a conditions, the advance notice may be no less than 30 days.

### Number and percentage of new hires at Cajamar Cooperative Group distributed by age, gender and geographical area - 2018 (401-1)

Area	Year Up to 35 years				From 36 to 55 years				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
North	0	0.0%	3	42.9%	1	6.3%	0	0.0%	0	0.0%	0	0.0%	1	4.8%	3	17.6%
South	5	6.0%	6	3.9%	9	1.0%	0	0.0%	0	0.0%	0	0.0%	14	1.4%	6	0.5%
East	5	5.4%	6	3.4%	1	0.1%	0	0.0%	0	0.0%	0	0.0%	6	0.4%	6	0.4%
Centro	9	22.0%	3	5.2%	3	1.1%	2	0.9%	0	0.0%	0	0.0%	12	3.9%	5	1.8%
Total	19	8.6%	18	4.6%	14	0.6%	2	0.1%	0	0.0%	0	0.0%	33	1.2%	20	0.7%

### Number and percentage of leaves at Cajamar Cooperative Group distributed by age, gender and geographical area - 2018 (401-1)

Area	Year Up to 35 years				From 36 to 55 years				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
North	1	20.0%	1	14.3%	0	0.0%	3	30.0%	0	0.0%	0	0.0%	1	4.8%	4	23.5%
South	19	22.9%	32	21.1%	33	3.8%	21	2.2%	28	63.6%	8	133.3%	80	8.0%	61	5.4%
East	16	17.4%	47	26.6%	55	4.2%	63	5.1%	21	100.0%	10	100.0%	92	6.4%	120	8.4%
Centro	9	22.0%	14	24.1%	12	4.6%	10	4.7%	11	220.0%	1	50.0%	32	10.4%	25	9.2%
Total	45	20.4%	94	23.9%	100	4.1%	97	4.0%	60	85.7%	19	211.1%	205	7.4%	210	7.4%

### Breakdown of Cajamar Cooperative Group staff by professional category, age and gender (405-1)

Puestos	Up to 35 years				From 36 to 55				> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives	42	60.9%	27	39.1%	916	73.5%	330	26.5%	15	83.3%	3	16.7%	973	73.0%	360	27.0%
Pre-executives	57	34.1%	110	65.9%	623	42.3%	850	57.7%	6	100.0%		0.0%	686	41.7%	960	58.3%
Technicians	37	40.2%	55	59.8%	246	48.4%	262	51.6%	8	88.9%	1	11.1%	291	47.8%	318	52.2%
Otros	85	29.6%	202	70.4%	681	40.6%	995	59.4%	41	89.1%	5	10.9%	807	40.2%	1,202	59.8%
Total	221	35.9%	394	64.1%	2,466	50.3%	2,437	49.7%	70	88.6%	9	11.4%	2,757	49.3%	2,840	50.7%

### Other diversity indicators Cajamar Cooperative Group staff (405-1)

Positions	Foreigners				LISMI (Social)*				LISMA at Cajamar Caja*			
	M	Rate	F	Rate	M	Rate	F	Rate	M	Rate	F	Rate
Executives	2	0.2%	1	0.1%	1	0.1%	1	0.1%	11	0.3%	1	0.0%
Pre-executives	1	0.1%	4	0.2%		0.0%		0.0%	8	0.2%	15	0.3%
Technicians	4	0.7%	2	0.3%	2	0.2%	5	0.6%		0.0%		0.0%
Otros	7	0.3%	6	0.3%		0.0%	1	0.1%	22	0.5%	28	0.6%
Total	14	0.3%	13	0.2%	3	0.4%	7	0.8%	41	0.9%	44	1.0%

BCC employees 856

Cajamar Caja Rural employees 4.379

\* The entity has alternative measures provided for in legislation.



### Women/men salary ratio by professional category and entity (405-2)

Positions	BCC			Cajamar Caja Rural			Other entities		
	%	Seniority		%	Seniority		%	Seniority	
		M	F		M	F		M	F
Executives	69.89%	18.47	16.96	89.14%	17.70	16.30	92.34%	20.34	20.87
Pre-executives	89.07%	20.84	15.74	95.53%	17.52	16.09	94.90%	20.65	20.66
Technicians	92.12%	16.85	14.14	87.12%	18.73	15.72	92.40%	19.40	18.46
Otros	97.98%	17.01	18.34	92.34%	18.54	15.32	99.51%	17.90	17.51

The difference in the women/men salary ratio is directly related to seniority in the professional category. The salary difference arises from supplements rather than the base salary, since the base salary is the same for men and women in each professional category. This equal relationship is applied in all entities of Grupo Cooperativo Cajamar. Wage moderation impedes acceleration of the process of reducing the wage gap.

### Breakdown of average wage (including variable remuneration) by gender, age and professional category at Grupo Cooperativo Cajamar - 2018 (405-2)

Positions	Up to 35 years				From 36 to 55			
	M	Rate	F	Rate	M	Rate	F	Rate
Executives	44,430.5	50.5%	43,632.1	49.5%	57,113.3	53.5%	49,606.5	46.5%
Pre-executives	34,375.6	49.6%	34,908.9	50.4%	40,598.7	51.3%	38,464.3	48.7%
Technicians	30,476.4	51.2%	29,099.2	48.8%	40,811.2	52.0%	37,690.1	48.0%
Otros	24,401.3	48.4%	25,985.0	51.6%	37,145.5	51.6%	34,834.8	48.4%
Total	31,797.4	51.3%	30,149.2	48.7%	45,800.6	54.3%	38,505.4	45.7%

Positions	> 55 years				Total			
	M	Rate	F	Rate	M	Rate	F	Rate
Executives	123,013.0	70.1%	52,516.2	29.9%	57,581.7	53.9%	49,180.3	46.1%
Pre-executives	45,120.7	100.0%		0.0%	40,121.2	51.3%	38,059.7	48.7%
Technicians	52,695.8	54.8%	43,477.9	45.2%	39,823.9	52.4%	36,208.5	47.6%
Otros	44,355.7	50.9%	42,820.8	49.1%	36,035.5	52.0%	33,297.9	48.0%
Total	66,306.0	58.1%	47,778.0	41.9%	45,098.8	54.7%	37,348.0	45.3%

### Breakdown of average wage (including variable remuneration) by gender, age and professional category and evolution since the previous year (2017) at Grupo Cooperativo Cajamar - 2018 (405-2)

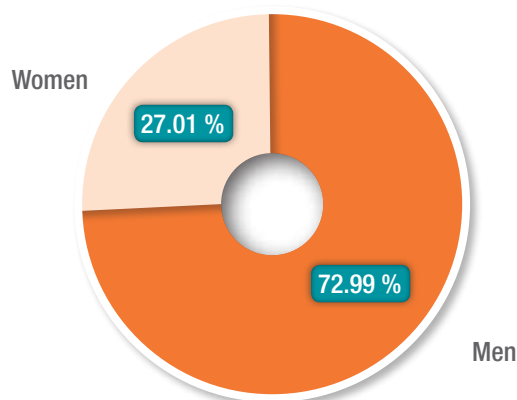
Positions	Up to 35 years				From 36 to 55			
	M	Evolution	F	Evolution	M	Evolution	F	Evolution
Executives	44,430.5	1.2%	43,632.1	-1.8%	57,113.3	3.6%	49,606.5	1.1%
Pre-executives	34,375.6	-2.9%	34,908.9	-0.7%	40,598.7	1.0%	38,464.3	1.1%
Technicians	30,476.4	4.8%	29,099.2	-1.9%	40,811.2	0.3%	37,690.1	1.8%
Otros	24,401.3	-9.0%	25,985.0	-6.7%	37,145.5	1.4%	34,834.8	1.7%
Total	31,797.4	-4.4%	30,149.2	-4.7%	45,800.6	2.4%	38,505.4	1.7%

Positions	> 55 years				Total	
	M	Evolution	F	Evolution	General	Evolution
Executives	123,013.0	20.9%	52,516.2	-10.1%	55,322.0	2.9%
Pre-executives	45,120.7	-16.4%			38,924.6	0.8%
Technicians	52,695.8	0.1%	43,477.9		37,944.6	1.6%
Otros	44,355.7	2.8%	42,820.8	9.5%	34,431.2	0.4%
Total	66,306.0	6.3%	47,778.0	8.6%	41,222.0	1.6%





## Women executives



## Distribution of Cajamar Cooperative Group employees with a promotion by gender

Sex	Staff		Promotions	
	Number	%	Number	%
Men	2,757	49.26	335	47.59 %
Women	2,840	50.74	369	52.41 %
Total	5,597	100.00 %	704	100.00 %

Initial salary for new employees €18,217.20

Minimum inter-professional salary €9,906.40

Ratio 1.84

The total fixed annual remuneration of the best-paid person in the Group is 13.8 times the average total fixed annual remuneration of Group employees

The percentage increase of the total fixed annual remuneration of the best-paid person in the Group was 11.12 times higher than the percentage increase of the average total fixed annual remuneration of Group employees

## Medical examinations carried out At Cajamar Cooperative Group entities

	Year 2016	Year 2017	Year 2018
Examinations	3,563	3,166	3,754
Total	3,563	3,166	3,754

None of the professionals working at Grupo Cooperativo Cajamar is exposed to work-related illnesses, since Royal Decree 1299/2006 of November 10 does not recognise any work-related illnesses for the sector in which Grupo Cooperativo Cajamar operates.

All staff members of the entities adhered to SPM (Joint Prevention Service) are represented by different Occupational Health and Safety Committees, or by workers' representatives acting as Prevention Delegates in the absence of a committee.

## Occupational accidents of Cajamar Cooperative Group employees by gender and region (403-2)

	Men					Women					Total
	North	Sout	East	Central	Total	North	Sout	East	Central	Total	
Total accidents	0	11	16	4	31	0	23	29	4	56	87
Accidents without leave	0	8	11	1	20	0	5	15	1	21	41
Accidents with leave	0	3	5	3	11	0	18	14	3	35	46
Total working days lost with leave	0	107	99	24	230	0	247	161	127	535	765



### Volume and type of employee absenteeism at Grupo Cooperativo Cajamar by gender and region (403-2)

	Men					Women					Total
	North	Sout	East	Central	Total	North	Sout	East	Central	Total	
Total leaves	7	219	302	61	589	15	460	518	109	1,102	1,691
New leaves	7	203	281	56	547	12	422	474	97	1,005	1,552
Incorporations	6	203	278	54	541	14	427	472	98	1,011	1,552
Total working hours lost	259	5,285	6,224	1,815	13,583	365	10,625	13,705	3,076	27,771	41,354
Accident rate	0.000	0.011	0.013	0.011	0.011	0.000	0.020	0.015	0.020	0.020	0.016
Rate of days lost due to accidents (1)	0.000	0.000	0.000	0.001	0.000	0.000	0.001	0.000	0.002	0.001	0.000
Absenteeism rate (2)	0.046	0.018	0.004	0.074	0.017	0.087	0.036	0.008	0.199	0.037	0.027
Note 1: Days lost due to accidents/Number of business days of the entire staff in the area. Note 2: Total working days lost/Number of business days of the entire staff in the area.											
Total working days of the entire workforce	5,624	285,738	420,435	84,594	796,391	4,179	292,956	382,620	68,944	748,699	1,545,090

### Cajamar Cooperative Group employees entitled to maternity or paternity leave (401-3)

	Men	Women
Number of employees entitled to leave	95	133
Number of employees that exercised this right	93	133
Number of employees that have not finished their leave	8	40
Number of employees on unpaid leave after exercising this right	0	22
Number of employees who returned to work after exercising this right	84	62
Percentage that return to work after exercising the right to leave	98.80%	87.32%

### Percentage of retention of Cajamar Cooperative Group employees after maternity or paternity leave according to gender (401-3)

	Men	Women
Number of maternity/paternity leaves last year	102	154
Number of employees who returned to work	91	90
Number of employees who remain at the company 12 months later	101	127
Percentage of retention	99.02%	82.47%

In 2016, no labour practice claims were filed, addressed or resolved through formal complaints mechanisms.



### Social benefits (401-2)

	Permanent (fullpart- time)	Temporary	Comments
Life insurance	Y	Y	
Medical insurance	N	N	Not paid by the entity. Included in the flexible remuneration borne by the employee
Coverage for incapacity or disability	Y	Y	
Maternity or paternity leave	Y	Y	
Pension fund	Y	Yes (min imum 2 years of work)	
Stock / Shares	Y	Y	Option to contract contributions to the institution's share capital
Study grants	Y	Y	
Flexible remuneration	Y	Y	In the case of temporary employees, provided that the duration of the contract is at least the same as the duration of the service (nursery, insurance, etc.).
Training and professional	Y	Y	
Holidays, paid leave, time off, and unpaid leave	Y	Y	
Flexible working day and hours	Y	Y	
Social financing	Y	N	
Business culture	Y	Y	
Equality plan	Y	Y	
Assistance plan for employees with disabled children	Y	N	

(\*) The Employee Pension Plan Control Committee approved an order to manage the Employee Fund according to ethical, social, environmental and corporate governance criteria. Likewise, it must comply at all times with the UN Principles of Responsible Investment. On 31 December 2018, there were 7,333 members and 620 beneficiaries of the Pension Plan, and the established equity amounted to €156,433,814. The pension plans are defined contribution and benefit pension schemes. There are groups with solely defined pension schemes and mixed groups (with contribution and benefit schemes) All obligations are outsourced, either in the occupational pension scheme or in insurance policies.

### LABOUR DISCONNECTION POLICIES

In March 2017, the Group signed a collective agreement with the union representation, which has enabled 485 employees to access special voluntary and paid leave (between 60% and 75% of their gross salary plus the cost of the special Social Security agreement). These leaves of absence last for one year and can be renewed annually until the employee reaches 63 years of age.

## Annex IV. Trade union relations

Cajamar Cooperative Group believes that freedom of association and worker representation are rights that must be preserved, guaranteeing that the representational and defence functions of workers can be carried out in a suitable environment that enables, through means of negotiation, the improvement of their conditions by creating shared value. In this sense, the Human Resources Division provides the necessary and sufficient information for the social agents to swiftly and effectively perform their functions to represent and defend the interests of Cajamar Cooperative Group employees, maintaining permanent and continuous dialogue between the different institutions that comprise the group and the union representation.

In accordance with labour regulations, the employees are represented by trade unions, which constantly inform them of any changes and agreements that take place within the organisation. Likewise, Cajamar Cooperative Group provides all the appropriate means for trade union representatives to perform their activity. In addition, the internal communication channels are constantly updated to provide information to the Group's entire staff.

At present, Grupo Cooperativo Cajamar has a trade union structure with four levels. Each section has the power of representation and negotiation of any employee belonging to the group.

As regards representative bodies, considering all the entities that comprise the Group and the leading institution, BCC, there are a total of 247 workers' representatives located in 31 provinces in 19 workers' committees, and 26 provinces with staff representatives. All staff members of Grupo Cooperativo Cajamar are governed by the 21st Collective Agreement for Credit Cooperatives, published in Spanish Official State Gazette No. 10, of 20 December 2016, as well as by the labour agreements signed with Grupo Cooperativo Cajamar trade union representatives, since social dialogue is taken into account at all times.

In 2017, there were no situations that put at risk employees' rights of freedom of association or unionisation, or in any significant suppliers linked to the institution's business.

The entities of Grupo Cooperativo Cajamar are members of the ASEMECC employers' organisation, an association of companies incorporated to represent and defend the interests of its members in collective bargaining and labour relations. The association's corporate purpose is to represent its members in collective bargaining and labour relations, as well as to carry out any additional and related activities required to achieve this purpose.



## Annex V. PwC verification report



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

### INDEPENDENT LIMITED ASSURANCE REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY INDICATORS

To the Management of Grupo Cooperativo Cajamar,

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators contained in "Appendix I – GRI Content index" of the 2018 Integrated Report (hereinafter "CSR Indicators") of Banco de Crédito Social Cooperativo and its subsidiaries (hereinafter, BCC or the Group) for the year ended 31 December 2018, prepared in accordance with the content proposed in the GRI Standards of the Global Reporting Initiative (GRI) (hereinafter GRI Standards) and Financial Services Sector Disclosures of the GRI Guidelines version G4 (hereinafter Financial Services Sector Disclosures).

#### Responsibility of the Management

The Management of the Group is responsible for the preparation, content and presentation of the Integrated Report in accordance with the Comprehensive option of the GRI Standards and Financial Services Sector Disclosures. Management's responsibility includes establishing, implementing and maintaining the internal control required to ensure that the CSR indicators are free from any material misstatement due to fraud or error.

In addition, and in accordance with article 49 of the Commercial Code, the administrators of BCC have prepared the Consolidated Non-Financial Information Statement of BCC (hereinafter, NFIS) for the year ended 31 December 2018, which forms part of the Consolidated Management Report, on which, on 12 March 2019, we issued an independent verification report expressing an unqualified conclusion. Chapter "7.4 Correspondences between the Non-Financial Information Law and GRI" of the Group's 2018 Integrated Report explains the differences with respect to the aforementioned NFIS.

The Management of the Group is also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the CSR indicators is obtained.

#### Our responsibility

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and the evidence obtained. Our limited assurance engagement was done in accordance with the International Standard on Assurance Engagements 3000 (Reviewed) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

The scope of a limited assurance engagement is substantially less extensive than the scope of a reasonable assurance engagement and thus, the assurance obtained is substantially lower.

The procedures that we have carried out are based on our professional judgment and have included consultations, observation of processes, document inspection, analytical procedures and random sampling tests. The general procedures employed are described below:

- Meetings with the Group's personnel from various units who have been involved in the preparation of the 2018 Integrated Report.

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª  
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



- Analysis of the procedures used for obtaining and validating the data presented in the CSR indicators.
- Analysis of the Group's CSR indicators adaptation to the requirements established by the GRI Standards for the preparation of sustainability reports and to the Financial Services Sector Disclosures.
- Verification, through random sampling tests revisions and analytical and substantive tests on the quantitative and qualitative information used to determine the Group's CSR indicators. We have also verified whether they have been appropriately compiled from the data provided by the Group's sources of information.
- Obtainment of a management representation letter from the Management.

#### **Our Independence and Quality Control**

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place an exhaustive quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

#### **Limited Assurance Conclusion**

As a result of the procedures carried out and the evidence obtained, no matters have come to our attention which may lead us to believe that the Group's CSR indicators, for the financial year ending 31<sup>st</sup> December 2018, contain significant errors or have not been prepared, in all of their significant matters, in accordance with the GRI Standards and Financial Services Sector Disclosures.

#### **Use and Distribution**

Our report is only issued to the Management of the Group, in accordance with the terms and conditions of our engagement letter. We do not assume any liability to third parties other than the Group's Management.

PricewaterhouseCoopers Auditores, S.L.

Marga de Rosselló

1<sup>st</sup> April, 2019