

PILAR III
DISCLOSURE

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ESG RISKS

1. Environmental, social and governance risks

This section covers the requirements for disclosure of information on environmental, social and governance risks (Table 1 – Qualitative information on environmental risk; Table 2 - Qualitative information on social risk and Table 3 - Qualitative information on governance risk) in accordance with Article 449 bis of the RRC.

This section serves as a summary of Ibercaja's Strategy and Business Processes, Governance, and Risk Management designed to address climate risks. For more information, please refer to the 2022 Annual Report.

SECTION I: BUSINESS MODEL AND STRATEGY

Ibercaja, aware of its role in the transition towards a sustainable world, contemplates in its strategy decisions the impact that its activities will have on the environment and society, and assumes the challenge that business objectives promote sustainable development, preserving natural resources and promoting a more fair and inclusive society.

Ibercaja has been a signatory of the United Nations Global Compact Principles since 2006 and is firmly committed to conducting its activities responsibly, respecting and promoting human rights as a fundamental part of its strategy. The defense of human rights is a key principle of action included in both its Sustainability Policy and its Code of Ethics.

The Entity signed the United Nations Principles for Responsible Banking (PBR) in November 2019, becoming part of a coalition of banks worldwide whose purpose is to promote and favour the sustainable development of the economy, aligning the actions of the banks with the Paris Agreement and the achievement of the Sustainable Development Goals (SDG) of the 2030 Agenda. The Entity is also committed to these goals and is actively working to increase its contribution, identifying those that are relevant to its activities and where it can make the most impact.

By signing these Principles and through its Sustainability Policy, the Entity maintains its commitment to align its commercial strategy with long-term objectives, which not only allow economic growth, but also face and contribute to responding to the challenges social and environmental, identifying their greatest potential contribution.

Within the Ibercaja Strategic Plan defined for 2021-2023, “Desafío 2023”, initiatives have been developed to transform the organization into a more agile, innovative, and flexible entity. One of these initiatives is the “Propósito y Sostenibilidad” initiative, which encompasses the global sustainability project. The main objective of this initiative is to integrate ESG aspects into the strategy, business, and risk management, activating corporate purpose as a differentiating lever. To achieve this, it focuses on:

1. ESG risk management, incorporating ESG risks into global risk management frameworks, as well as into existing risk policies and procedures, proving response to supervisory expectations and acquired commitments.
2. The development of a sustainable business strategy, in accordance with the Principles of Responsible Banking, to assist customers in transitioning to a decarbonized and sustainable economy.
3. Strengthen communication with stakeholders through activities that convey to customers, employees, and society the importance of addressing climate change and working together in the transition to a decarbonized economy.
4. Collaborate and enhance lines of activity to address the primary social and environmental needs within the Entity's operating territories.

In order to track progress related to sustainability, a dashboard was established with clear and measurable indicators that capture sustainability advances, including:

- **Reduction of own CO₂ emissions:** neutrality by 2023, first reached in 2020.
- **Business related goals:** percentage of sustainable financing and investments.
- **Percentage of female executives:** aim is to reach 40% by 2023.

Below are detailed the main advances in the different action lines of the global sustainability project:

1. ESG Risk Management

Ibercaja, joined the Task Force on Climate-Related Financial Disclosures (hereinafter, TCFD) in 2019, promotes the consistent, reliable, comparable, and clear publication of climate-related financial information.




Additionally, as a founding member of the Net Zero Banking Alliance (hereinafter, NZBA) and due to the commitment to establish decarbonization targets in the sectors with most intensive GHG emissions, according to UNEP FI, it worked on setting decarbonization objectives during 2022.

Ibercaja has been neutral in operative emissions (scope 1 and 2) since 2020, and in 2022, it identified sectoral decarbonization pathways by selecting decarbonization scenarios in accordance with the criteria established by the NZBA.

As a first step towards achieving zero emissions by 2050, Ibercaja defined in 2022 intermediate decarbonization objectives for the year 2030, prioritizing three sectors that have been determined according to different factors:

- Its significance for decarbonization, meaning they must be intensive carbon emissions sectors.
- Their relevance in the Entity's credit portfolio.
- The availability, granularity, and quality of the data.
- Availability of methodologies and scenarios.

Following the analysis performed and the identification of sectoral decarbonization pathways through the selection of decarbonization scenarios, following the criteria established by the NZBA, targets were set for the following sectors:

Sector	Scenario	Emissions	Metrics	Baseline	Objective 2030 ¹
 Electricity Generation	NZE 2050 (IEA)	Scope 1 y 2	kg CO _{2e} / MWh	164 (2021)	103 (-37%)
 Iron and Steel Production	NZE 2050 (IEA)	Scope 1 y 2	kg CO _{2e} / t	576 (2021)	518 (-10%)
 Residential Real Estate	NZE 2050 (IEA) y CRREM 1.5°C	Scope 1 y 2	kg CO ₂ / m ²	42 (2021)	36 (-16%)

1Ibercaja has not calculated the financed emissions of scope 3 since the availability of information, as well as the existing methodologies, are limited. The Entity has planned to work on improving climate and environmental information during 2023 to improve its analyzes for reporting in 2024.

Said objectives have been jointly defined by the Credit Risk Area Departments, the Business Banking Network and the Brand, Reputation and Sustainability Department, and must be reviewed and, if necessary, modified at least every five years to guarantee consistency with the latest scientific advances. Currently, Ibercaja is working in collaboration with the departments on the design of an Action Plan to meet the decarbonization objectives defined in 2022.

Within the framework of the Action Plan, the following actions will be taken:

1. Analysis of Ibercaja's current situation regarding its decarbonization goals.
2. Evaluation of risks and opportunities associated with the sectors where decarbonization objectives have been established, including those arising from changes in regulation and policies, in the technology and in consumer preferences, among others.
3. Design of an implementation strategy with a focus on supporting businesses, identifying their needs to assist them in the energy transition.
4. Monitoring strategy, including the definition of metrics and dashboards to track progress and measure decarbonization objectives.

Ibercaja updated its analysis of the impacts of climate factors on the main segments of its credit portfolio (mortgage and productive activities) to determine the climate factors that could have the greatest impact on Ibercaja's operations, potential risks, emerging adaptation needs, and identify business opportunities for the analyzed segments.

Additionally, with each strategic cycle, the Entity updates its materiality matrix. This matrix, which employs a dual approach, helps identify the financial, economic, social, and environmental issues that are a priority for its stakeholders and its business, as well as the impact the Entity has on the environment and vice versa. Issues characterized as "very high" priority are reflected in Ibercaja's strategic lines, among which can be identified:

- Strategic aspects related to the generation of value for clients and shareholders, as well as an increase in transparency towards all stakeholders.
- The maintenance of the highest standards in ethics, integrity and corporate culture of the Bank and the high demand regarding regulatory compliance and risk management.
- Digital transformation, transparency, communication, and excellence in customer service, as well as the total guarantee of data privacy.
- The integration into the business and risk management of ESG aspects and, specifically, those related to climate change.

Additionally, the following are identified among the topics classified as "high" priority:

- Commitment to Society and respect for Human Rights.
- The attraction and development of the best talent.
- Implementation of diversity, equality, and conciliation policies.
- Creation of products with high social and/or environmental value.

In 2022, in line with the requirements of the new GRI 3 standard, an analysis and assessment of the importance of the impacts of the Entity were conducted. The objective of this analysis was to assess both potential and actual impacts generated by the Bank on the environment and society, as well as the impacts that the environment can have on the business and the company. This materiality study, along with the assessment and analysis of the importance of the impacts generated by the Bank in the identified priority areas, is regularly updated to ensure that the business focuses on the most significant aspects for stakeholders.

Regarding the fight against corruption and bribery, Ibercaja has a criminal risk prevention system to limit the risk of commission of actions by members of the organization that may constitute crimes in this area. The Entity also has an internal control system to prevent and disrupt operations that may be related to money laundering or the financing of terrorist activities.

To promote good governance principles throughout its value chain, Ibercaja has established a **Supplier Code of Conduct**, in which it transfers its principles of responsible management, with a focus on social aspects, in which interaction and dialogue are key aspects to promote a stable and enriching relationship with its suppliers, based in ethics, transparency and compliance with agreed commitments. In Ibercaja's commercial contracts with its suppliers, they undertake to accept the principles of the United Nations Global Compact on Human Rights, Labor Rights, Environmental Protection and Anticorruption, committing Ibercaja to adopt, in their organization, the measures that are favorable to the fulfilment of these and to promote, among the third parties with whom it contracts, the fulfilment of the mentioned principles.

2. Sustainable business strategy

With the aim of advancing in the achievement of its sustainable business objectives (both environmental and social), Ibercaja works to adapt its offer to respond to these needs, promoting business models and sustainable practices, raising awareness among customers in their necessary transition towards the decarbonization of the economy and identifying their preferences in the field of sustainability.

In this regard, the Entity offers its clients a wide range of financing products aimed at promoting sustainable economic growth. In the financing products, aimed at the business segment, there is a wide offer aimed at supporting accessibility and improvement of energy efficiency in homes, sustainable mobility, and access to the Next Generation EU aid. The +Sustainable Mortgage has recently been added to this offer, aimed at financing homes with an A or B energy rating, and therefore, further removed from the transitional climate risks, as well as a loan designed to finance renewable energy for either power generation or self-consumption in companies.

With the aim of achieving an ideal investment proposal for each client, whatever their investor profile, Ibercaja also offers a wide range of sustainable investment products that incorporate ESG criteria into their investment strategies.

Driven by its commitment to responsible business and a comprehensive response to its customers' needs, Ibercaja has defined a business strategy targeted at the senior segment and a set of measures for personalized customer care through different channels.

In the first half of the year, Ibercaja came to a collaboration agreement with Depencare to provide to its customers with home care services for the elderly or dependent individuals, thus supporting them in their non-financial needs during decisive moments in their lives.

Furthermore, in its commitment to providing an inclusive and accessible banking experience for everyone, Ibercaja has introduced a new voice-guided mode in its ATMs, always ensuring the confidentiality of information and the protection of sensitive data. This functionality also enhances the autonomy of individuals with visual impairments or difficulties in reading screens, allowing them to carry out transactions using verbal instructions that guide them through each step. Finally, the Bank has adhered to the new Code of Good Mortgage Practices to support its most vulnerable mortgage customers.

As a result of this business strategy, the Entity has doubled the percentage of client investments and managed investments with a sustainable focus. As it was published at the end of 2022, approximately 50% of assets exposed to economic activities are eligible in relation to climate change mitigation and adaptation objectives, taking into account the technical criteria outlined in Regulation 2020/852 on Taxonomy.

In 2023, the institution is working on calculating the eligible or aligned activities within its credit and securities portfolio based on Taxonomy's technical criteria for climate change mitigation and adaptation objectives, as well as eligible exposures related to the remaining four environmental objectives.

3. Communication and sustainable impact

In the Sustainability Policy, Ibercaja outlines the commitments it undertakes with its clients to provide them with products, services, and information adapted to their expectations and needs:

- Offering the best advice and tools to help clients optimize their financial management.
- Ensuring transparency in the communication and marketing of products.
- Safeguarding the confidentiality of client data under the highest security standards.
- Establishing efficient channels of dialogue, including the development of a set of measures for personalized customer service for senior clients.

In line with this approach, Ibercaja has the Customer Service Department (SAC, by its acronym in Spanish), which reports directly to the Control Area Department, allowing clients and users to submit their complaints, claims, suggestions, and improvement proposals.

To maintain constant communication and relationships with its clients and other stakeholders, Ibercaja employs different internal and external communication channels based on the principles of transparency, accuracy, diligence, and neutrality. Among the most significant communication methods, the Entity conducts surveys with clients and employees, provides free phone lines and electronic contact forms, organizes meetings and focus groups involving employees, clients, and the general public, and actively engages with stakeholders on social media.

Ibercaja also maintains systematic and ongoing relationships with organizations, institutions, and social agents to stay informed about trends and expectations and exchange best practices (AEC, CEOE, Chambers of Commerce, Forética, Cecabank, etc).

4. Our footprint: synergies with shareholder foundations

Ibercaja has maintained a strong **social commitment** since its founding and, through its business activities, supports the community, local businesses, and vulnerable groups. Therefore, it **collaborates with its shareholder Foundations, vehicles for social action**, to address the primary social and environmental needs in its operating regions and make a greater contribution to society and the environment.

As evidence of this, various actions have been carried out during this recent period:

- Collaborative efforts in a solidarity campaign between the Ibercaja Foundation, the City Council of Zaragoza, and the Spanish Committee of the United Nations High Commissioner for Refugees (ACNUR by its acronym in Spanish) for the victims of the earthquakes that devastated southeastern Turkey and northern Syria. Thanks to the support of citizens, more than €156,000 were raised for this cause, and various donations were made by the City Council of Zaragoza, *Ibercaja Gestión*, *Ibercaja Pensión*, and the Ibercaja Foundation.

- During the first half of 2023, over one million euros were donated thanks to the Sustainable and Solidarity Investment Fund and Pension Plan. These donations were allocated to support 15 projects run by non-profit associations and organizations, in collaboration with the shareholder foundations. Part of these donations were presented during the II Solidarity Dinner Ibercaja, held in support of the A.P.E. Foundation for the prevention and eradication of eating disorders. More than 600 people attended this event to raise awareness of the social and environmental projects undertaken by the beneficiary organizations.
- In the first half of the year, a 40-hectare reforestation project was completed in the El Pinarillo area of Tauste (Zaragoza). The goal of this initiative was to reforest an area that had been devastated by fires and subjected to overgrazing. This project will help revitalize the entire plant and natural ecosystem in the region. With the completion of this project, nearly 50 hectares have now been reforested and are part of the "*Bosque de Ibercaja*".

Other axes of work.

Ibercaja's strategic commitment to advancing towards a new culture centered on overall well-being continues with the implementation of the **SOMOS SALUDABLES** initiative, aimed at the Entity's employees, to create **a work environment that protects and promotes health, safety, and well-being**. To achieve this, the Health and Wellness Program for 2023, titled "*El cambio empieza en mí, ¡Elijo cuidarme!*", has been designed, consisting of five health-related programs.

Likewise, the Entity is dedicated to the development and training of its employees. Therefore, the Sustainability Project is complemented by a **cross-training and education** component. Within **Ibercaja's Professional Development Plan**, a specific line of training on sustainability has been established to continue educating and equipping Ibercaja's employees with the most relevant aspects of sustainability related to their roles.

This training line includes various modules on sustainable finance, the integration of ESG risks, the incorporation of ESG aspects into training content for MiFID client advisory, and the Sustainable Development Goals, among others.

Simultaneously, specific sustainability training programs are being developed for different units and departments within the Entity. The purpose of this initiative is to have a workforce prepared to manage ESG risks and to acquire the necessary knowledge for better performance in their sustainability-related functions.

During the first half of 2023, a specific training course on Integration of ESG Factors in Credit Risk was provided to over 300 employees of the Entity. This training was related to incorporating ESG aspects into credit risk assessments and included a range of profiles, such as risk analysts and client managers.

SECTION II: Governance

The Ibercaja Group's commitment to sustainable growth was endorsed with the approval, in December 2020 by the Board of Directors of Ibercaja Banco, of the **Sustainability Policy**. This document establishes the global action framework regarding sustainability, containing the commitments voluntarily assumed by Ibercaja with its stakeholders to promote sustainable, inclusive and environmentally friendly growth, with a long-term vision.

The Board of Directors approved the ESG Risk Governance Policy in May. This policy outlines roles and responsibilities for defining, assessing, managing, and monitoring ESG risks according to the three lines of defense model. It is applicable to all entities within the Ibercaja Group, involving all areas that incorporate the principles outlined in it into their daily activities.

Regarding the management and control of ESG risks, it is the responsibility of the Governance Bodies and Senior Management, within their respective roles, to establish, approve, and supervise the implementation of the overall business and risk strategy, as well as an appropriate framework for internal control and governance. This ensures that ESG risks are managed as integrated risk factors within the Entity's prudential risks.

The Board of Directors is conferred as the highest level body in the Entity's governance model, whose job is to ensure Ibercaja's progress in sustainability; has reviewed and approved the necessary elements to advance in the Entity's sustainable and responsible planning: Thus, in 2018 it approved the Code of Ethics, which contains the seven ethical principles that govern the actions of the Ibercaja Group; It also agreed on and approved the corporate Purpose, which focuses on a shared inspirational objective: "To help people build the story of their lives, because it will be our story."

The Reputation and Sustainability Committee, at the executive level and chaired by the CEO, is responsible for validating and supervising the Entity's Sustainability Strategy. It also monitors and approves the necessary measures to advance in the sustainability integration within Ibercaja. Among its functions, this Committee also oversees the implementation of Responsible Banking Principles.

Lastly, the Brand, Reputation and Sustainability Department, reporting directly to the CEO, in charge of promoting, defining, and coordinating Ibercaja Banco's sustainability strategy, collaborating with the areas involved in its implementation.

Within the Purpose and Sustainability Initiative, Ibercaja has the Management Committee as a sponsor to integrate the Corporate Purpose into its culture and sustainability into the Organization's strategy. Guaranteeing its commitment to the PBR requires the design of an effective governance structure and the promotion of a responsible banking culture. Therefore, the Entity has the following cross-functional and multidisciplinary Working Groups:

- Sustainability work team, cross-sectional team made up of different Areas of the Entity for the implementation of the global strategic sustainability project, which is developed through six specific challenges.
- Environmental Committee, responsible for supervising and complying with the Entity's environmental management system and promoting environmental awareness and protection initiatives.
- EFR Committee, is in charge of promoting conciliation management, which promotes the balance between personal, family and work life under the so-called "EFR plan".
- Editorial Committee, of a transversal nature, aims to define messages, plan content and channels, to achieve a greater reach and effectiveness of this communication, including everything related to sustainability.

Under this governance structure, ASG risks are managed as integrated risk factors within the prudential risks of the Entity.



The sustainability governance scheme has its basis on the work of all the Bank's Departments and the different working groups. Specifically, the Department of Marketing and Digital Strategy Area has a specific unit, the Sustainable Finance Unit, whose task is to promote the ESG business strategy. The Business Network Area also has a specific role dedicated to promoting sustainability. The sustainability project is coordinated by the Brand, Reputation and Sustainability Department, which, in turn, reports progress and proposals to the Reputation and Sustainability Committee. The approval of the proposed strategies and roadmap corresponds to the Strategy Committee, with the Board of Directors being ultimately responsible for the approval and promotion of the Entity's Sustainability Policy.

1. ESG risk management framework

The integration of ESG risks is based on their incorporation into the established governance processes and frameworks following the three lines of defense model:

- The first line is composed by the Areas in charge of identifying, evaluating, measuring, managing, and reporting of ESG risks within its scope of activity and any processes under its responsibility are among its primary functions. Furthermore, one of its main responsibilities is to ensure the consistency of ESG risk policies for each unit/subsidiary and oversee the proper implementation, assessment, monitoring, and supervision of corporate ESG risk management methodologies. The Brand, Reputation, and Sustainability Department are responsible for collaborating with the business units involved in risk management to ensure the proper integration of ESG risk factors.
- The Risk Control Department and the Regulatory Compliance Department, as a second line of defense. Among its functions are the monitoring and reporting of ESG risks and the review of the application of management policies and control procedures by the first lines of defense. Additionally, they ensure the alignment of procedures with legislation, regulations, and supervisory expectations.
- The Internal Audit Department, as the third line of defense, functionally and hierarchically reports to the Audit and Compliance Committee of the Board of Directors, and therefore, it has complete independence from the business, management, and risk control areas. Among its functions are the verification of the adequacy and proper functioning of governance systems, internal control, and financial and non-financial risk management, including ESG risks; the verification of the proper functioning of the Group's financial, regulatory, and management information system; and the review of the operation of the compliance monitoring procedures of the Ibercaja Group.

Likewise, the Brand, Reputation and Sustainability Department maintains direct contact with the Risk Control and Regulatory Compliance Departments to guarantee exposure to environmental risks according to the analysis of impacts and metrics developed and to ensure a response to all regulatory requirements or from the supervisor in good time and in an appropriate manner.

2. Sustainability strategy:

Reputation and Sustainability Department, as coordinator of the sustainability project at Ibercaja, has defined and planned the goals that favour the transition towards a sustainable economy in its Sustainability Policy and the Strategic Plan "Desafío 2023", an action plan that responds to supervisory expectations, regulatory requirements and voluntarily acquired commitments.

To achieve this, the monitoring of the indicators and milestones of the *Propósito y Sostenibilidad* Initiative, developed through the various lines of work mentioned earlier, is coordinated by the Brand, Reputation, and Sustainability Department. It is periodically carried out by the Management Committee and the Board of Directors.

The sustainability strategy incorporates among its priorities the identification, management, and control of climatic and environmental risks for their progressive incorporation into the Entity's global risk framework. The sustainability action areas and action planning are guided by the following elements:

- **Sustainability Policy (2020):** it is considered the framework for the development of the sustainability strategy since it defines the principles of sustainability and the Entity's commitments with its main stakeholders, to promote sustainable and inclusive growth through a gradual development process of different courses of action.

- **Environmental Policy (2021):** identifies the Entity's environmental commitments and promotes good practices, in accordance with the principles established in the Sustainability Policy.
- **Principles of the Global Compact:** Ibercaja has been a signatory to the United Nations Global Compact since 2006, ratifying that its activity is carried out in accordance with these principles.
- **Corporate Purpose,** as the Entity's reason for existing and the basis of its corporate strategy, which aligns efforts, inspires, and mobilises action: "Help people build the story of their lives, because it will be our story".
- **Ethical Management Model,** made up of the Entity's Code of Ethics, the Ethical Management Manual, with the structure and functions necessary in the entity to put the Code into practice, and the Ethics Channel, as an independent communication channel to report possible breaches of the Code (approved by the Board of Directors).
- **Code of Conduct for suppliers,** with the aim of conveying them to the commitment to sustainability and involving them in its progress.
- **Family conciliation EFR plan,** which contains the actions to be developed to promote the balance between personal, family and professional life, in accordance with the proactive management and continuous improvement defined by the Family Responsible Company (EFR by its acronym in Spanish) certification. Ibercaja has obtained the EFR recertification in 2022, thus reinforcing its commitment to the people who are part of the organisation, in accordance with its purpose and corporate values and guaranteeing its continuous evolution, through a standardized management model.
- **ESG Risk Governance Policy (2023),** with the objective of highlighting and formalizing the governance, management, and control of ESG risks, as well as reinforcing the Group's commitment to sustainable development by establishing the governance framework for ESG risks and explicitly assigning functions and responsibilities for the definition, assessment, management, and monitoring of ESG risks following the three lines of defense model.
- **ESG Exclusions in Credit Risk Policy (2023),** ensuring that operations are not exposed to unethical, irresponsible, or unsustainable activities in line with international and sectoral standards.

3. Lines and frequency of reporting:

Complying with its commitment to transparency included in the Sustainability Strategy, as well as with the defined communication criteria (diligence, neutrality, and veracity), Ibercaja has an Editorial Committee, of a transversal nature, whose objective is to define messages, plan content and channels, to achieve greater reach and effectiveness of communication activities.

In relation to ESG factors, the Brand, Reputation and Sustainability Department coordinates the information reported to the Reputation and Sustainability Committee to ensure that all progress achieved and improvement proposals to integrate environmental risks are transmitted and approved. social and governance. In turn, Ibercaja informs the different government bodies of the exercises carried out for the correct management of ESG risks, focusing on climatic factors. To achieve this, a new metric of portfolio sensitivity to transition climate risk has been incorporated in the monthly portfolio monitoring and formalization reports for the Productive Activity segment within the Credit Risk Monitoring framework. Additionally, it is included in the quarterly report presented to the Global Risk Committee and Governance Bodies.

In recent years, the Internal Communication Plan on sustainability, launched in 2020, has been implemented with the aim of disclosing Ibercaja's objectives in this area and promoting awareness among the Entity's staff, helping to create a new "culture of sustainability".

Specifically, the Brand, Reputation and Sustainability Department, in coordination with the first and second lines of defense, presented for approval the advances in environmental risk management in four sessions held by the Reputation and Sustainability Committee during 2022 and the first half of 2023, including:

- Climate risk map
- Progress in the inclusion of ESG aspects in credit risk
- Supervisory requirements on climate risks (Thematic Review and Deep Dive Disclosure).
- Climate stress test results
- Proposal for the integration of climate risks in the Risk Appetite Framework
- Carbon Footprint Strategy: NZBA decarbonization objectives
- Analysis of Climate Factor Impact: Updating the exercise conducted in 2022 and defining the progress made in 2022 and the Governance Framework.
- Monitoring the Action Plan for the ECB Thematic Review on Climate Risks.
- Within the RAF framework, two metrics have been defined (in the areas of Credit Risk and Market Risk) that measure the degree of concentration in credit/financial exposures with high or very high emissions intensity, and thus associated with a higher transition climate risk.

In addition, the following aspects related to climate risks were discussed in government bodies:

- Strategy Committee and Board of Directors: Carbon Footprint strategy and NZBA decarbonization objectives and ECB Thematic Review Action Plan on climate risks.
- Large Risk and Solvency Committee and Board of Directors:
 - Proposal for the integration of weather risks in the risk appetite framework.
 - ESG Risk Governance Policy.
 - ESG Credit Risk Exclusions Policy.
- Management Committee: Conclusions from the Thematic Review by the European Central Bank.

Beyond the employees, Ibercaja plans actions and content related to the environment and the fight against climate change throughout the year to transmit them to all its stakeholders. It is disclosed through the different horizontal, vertical, ascending and descending communication channels, both internal and external, that the Entity has (Daily Information, Ibercaja *Contigo* App, social networks, etc.)

Labor relations in the Entity are based on open and transparent dialogue with the representation of the employees. These relationships try to promote mutual commitment to advance in the improvement of working conditions and minimise internal risks in social matters related to the professionals who work at Ibercaja.

4. Compensation Policy:

The remuneration of directors is based on the principles of prudent and effective risk management, aligned with the business strategy and long-term or transparency interests; aspects in which Ibercaja is gradually integrating ESG factors. The setting of global and specific targets for variable remuneration is linked to said prudent risk management.

Ibercaja's Remuneration Policy is consistent with the Sustainability Policy and with the principles and values of the Entity in the management of environmental, social and governance risks and complies with the provisions of Regulation (EU) 2019/2088 of the Parliament European Parliament and of the Council, of November 27, 2019, on sustainability-related disclosures in the financial services sector, establishing a remuneration system based on equal opportunities and non-discrimination.

In the assessment of the Strategic Plan, greater weight is given to compliance with the milestones of the strategic sustainability initiative, related to climate risk management and the ESG business strategy.

The Entity defines a long-term incentive, with the aim of aligning the interests of certain key managers of the Bank with the corporate strategy and with the creation of long-term value. These multi-year objectives include:

- Percentage of women managers
- CO₂ emissions
- Achievement of the major sustainability milestones contained in the strategic plan “Desafío 2023”.

Additionally, in 2023, Ibercaja has launched an incentive program for the Renewable Energy Financing Loan product for corporate clients, to promote sustainable financing, aligning the bank's corporate and commercial strategy with the creation of long-term value.

SECTION III: RISK MANAGEMENT

Ibercaja is aware of the potential impact that ESG risks can have on prudential risks through various transmission channels, as well as on the Entity's business model, strategy, and activity. For this reason, it has been working on the development of procedures that make it possible to identify its most sensitive exposures to ESG risks, with the aim of being able to quantify and monitor them progressively to minimise their impacts.

The sustainability strategy designed by Ibercaja includes among its priorities the identification, management, and control of ESG risks for their progressive incorporation into the Entity's global risk framework, committing to contribute to the decarbonization of the economy and promote sustainable activities, online with the Paris Agreement and the European Green Pact.

For its development, within the framework of the strategic sustainability project, a Working Group coordinated by Risk Control and made up of specialists in the management and control of the Group's risks, belonging to the following areas:

- Credit Risk Area.
- Financial Area. Market and liquidity risks.
- Risk Control Department. Operational risk.
- Directorate of Regulatory Compliance.
- Brand, Reputation and Sustainability Management (Reputational risk).

This Working Group is involved in the identification of potential ESG risks, currently prioritising climate risks, their transmission channels to prudential risks and the qualitative assessment of their impact.

Within the areas of credit, operational, liquidity, market, and reputational risk, ESG aspects are incorporated into the management frameworks and procedures for these risks, in which the desire to keep them in mind in the field of management and control activity. This work has continued to develop throughout 2022, examining the integration of climate and environmental risks into the Risk Appetite Framework (RAF) processes based on the assessment of the exposure of the credit and securities portfolio in sectors with high emission intensity. Likewise, during 2022 a climatic stress test exercise has been carried out and the financed carbon footprint has been measured, with the intention of setting decarbonization objectives. Currently, as part of the Global Sustainability Project, Ibercaja is working on: analyzing the materiality approach of climate factors in different prudential risks, assessing climate-related factors, scenarios, and macroeconomic variables for potential inclusion in budget projections, and designing a simplified methodology for quantifying climate risks.

To guide its actions to prevent or avoid damage to the environment, the Entity has also made progress in understanding the impact and transmission channels of different climate events on prudential risks by developing a climate risk map. During the past year, it was updated to include negotiator and insurer risk.

Ibercaja, in its commitment to continue progressing on the inclusion of ESG factors in credit risk admission and monitoring processes, in line with the EBA Guide for Loan Origination and Monitoring, which defines the internal governance mechanisms and procedures of entities in relation to credit operations and with the aim of complying with supervisory requirements, worked on the design of an ESG Credit Risk Exclusions Policy, which was approved in May 2023.

Additionally, ESG Questionnaires were developed at both the client and transaction levels to collect ESG information from clients during the admission process for credit transaction analysis. These questionnaires are in addition to those completed to verify the criteria of the ESG Credit Risk Exclusions Policy (general and sector-specific exclusions).

This approach allows the institution to assess ESG risk, with a particular focus on climate risk, for clients and transactions within the target audience. The information is documented, as applicable based on the Entity's internal criteria, in the Credit Risk Operations Report.

In line with supervisory expectations, Ibercaja prioritizes the analysis of the impacts of climate change. However, they continue to work on financial inclusion and the promotion of diversity, focusing efforts on gender equality and access for people with disabilities to the labour market, as well as on the governance risks. Ibercaja is aware that the management of social and governance risks is in continuous evolution and, therefore, the advances in the identification and management of risks in this area will be incorporated into the risk management systems of the Entity of gradually, in line with regulatory, market and methodological breakthroughs. Specifically, priority will be given to the inclusion of social factors in the credit granting process, along with their own analysis, in order to enhance the risk management of the Entity's counterparties.

In this regard, Ibercaja works to keep up to date regarding new regulations or regulations and the best practices and trends in relation to the management of social risks. The Entity participates in the Sustainable Finance Sector Group and in the Sustainability Observatory, coordinated by Cecabank, in which legislative advances and supervisory expectations in terms of sustainability are analysed, in order to identify the applicable requirements and respond to them. through action plans. Likewise, it participates in the Sustainable Finance Sectoral Working Group, to analyse and adapt to the legislative proposals promoted by the European Commission, in its Action Plan to Finance Sustainable Development.

1. Commitments, references, and international frameworks to which the Entity adheres Determination of objectives:

Since 2019, Ibercaja's framework of action has been based on the Principles of Responsible Banking (PBR for its acronym in spanish) to achieve sustainable development in its commercial strategy, adapting the offer to respond to the new needs derived from sustainable development, promoting more sustainable business models and practices and integrating ESG factors in the Entity's global risk management. Likewise, in relation to this objective, the Entity is part of UNEP-FI, Financial Initiative of the United Nations Environment Program.

Also in 2019, the Entity joined the Task Force on Climate-Related Financial Disclosures (TCFD) to facilitate investor decision-making based on comparable reports on the effect that an economic activity has on the climate. With this adhesion, Ibercaja took a step forward in the disclosure, in a clear, consistent, and standardized manner, of the impacts of the risks and opportunities of climate change on its business and its implications for the Entity's strategy.

Along these lines, it is also a signatory to other international agreements such as the Global Compact, thus ratifying that its activity is carried out in defense of human rights, in accordance with the principles established by this initiative and reporting annually on its performance.

Additionally, Ibercaja continues to work to align its ESG risk management framework with regulatory references and international standards on the matter. To do this, it draws on the main guidelines issued by regulators and supervisors, such as the European Central Bank (ECB) or the European Banking Authority (EBA), which in recent years have published guides and reports regarding the integration of ESG risks in the internal risk management processes of entities.

Within the framework of COP25, in December 2019, Ibercaja signed the Collective Commitment to Climate Action to measure the carbon footprint of its balance sheets and reduce the climate impact of its financial activity. In addition, Ibercaja has been neutral in its own emissions since 2020: 100% of the Entity's electricity consumption is of renewable origin and it invests in offsetting direct emissions (scope 1) through Zero CO2 projects. Annually, the Entity renews its registration in the Carbon Footprint, Compensation, and CO2 Absorption Projects Registry of the Ministry for Ecological Transition and Demographic Challenge (MITERD), obtaining the "Calculo - Reduzco" seal awarded by this organization.

Likewise, Ibercaja has a supplier management tool with a more evolved and complete portal, which allows the improvement and systematization of supplier risk management and approval processes, facilitating relationships and active listening to the Entity with suppliers. The portal includes, within the documentation requirements, standards related to sustainability, social and environmental (ISO14001, ISO 45001, ISO 26001, ISO 50001, EMAS), as well as aspects related to corporate social responsibility.

In line with the Entity's processes and criteria, progress is also being made in incorporating **ESG criteria into the supplier bidding and contracting process**. During the bidding and awarding process, certifications that promote environmental care, social well-being, employee welfare, and good governance are positively assessed both qualitatively and quantitatively. In the contracting process, a clause has been included in which suppliers commit to complying with the principles of the United Nations Global Compact and undertake to comply with and enforce current environmental protection regulations within their sphere of influence, while continuously improving their environmental practices.

The asset managers of the Ibercaja Group, Ibercaja Pensión and Ibercaja Gestión, committed to the development of society and the care and protection of the environment through socially responsible investment, have developed an internal and progressive investment selection and risk management model extra financial that is incorporated into the traditional fundamental analysis. As a result, Ibercaja has worked towards compliance with Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019, on the disclosure of sustainability information in the financial services sector, as well as with Delegated Regulation (EU) 2022/1288. It has analyzed the PIAS with the goal of disclosing its Statement of Principal Adverse Sustainability Impacts of investment decisions on sustainability factors. Furthermore, throughout 2023, efforts have continued to update various already approved ESG policies.

2. ESG risk identification and management processes:

The main phases of ESG risk management in which Ibercaja is working, as shown in the following figure, are the identification of risks, their measurement, management and monitoring or follow-up:

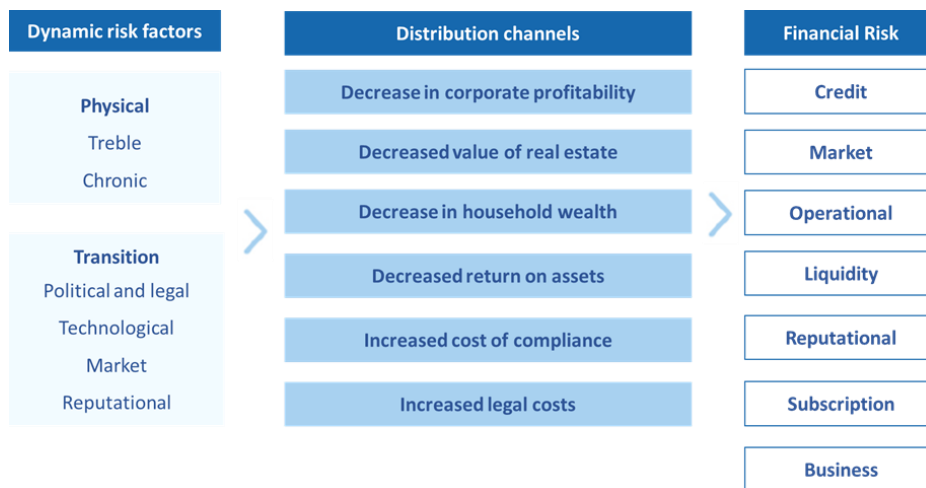


Source: Own elaboration.

In this regard, the Entity seeks to respond to its ESG commitments, and the regulatory requirements related to these, trying to integrate ESG aspects transversally in the Entity, identifying and controlling its activities and exposures vulnerable to ESG risks with the development of a series of action plans that have been worked on over the past few years and which will continue to be regularly reviewed and updated in order to assess how those risks may evolve over time; due to developments in technology, the political framework, the business environment, stakeholder preferences and changes in the physical environment itself. Among these action plans, the following stand out in each of the phases:

2.1. ESG Risk identification:

Ibercaja identifies ESG risks, and especially climate and environmental risks, as risk factors that are likely to impact prudential risks through its counterparties and/or invested assets through certain transmission channels considering the Entity's own business, which represent the causality chain by which an ESG factor and/or inefficient management of the factor come to have a negative impact on the Entity:



Source: Own adaptation of the EBA report on management and supervision of ESG risks for credit institutions and investment firms. European Banking Authority (EBA), 2021.

In this area, Ibercaja has made its greatest improvements in the identification of environmental risks, specifically climate, physical and transition risks. An example of this is the climate risk map, developed in 2021, which makes it possible to qualitatively assess the potential impacts of physical and transition risks on prudential risks in different time horizons (short, medium and long term).

This risk map has been updated in the 2022 financial year with the aim of identifying other climate events and how they affect Ibercaja's Balance Sheet in the three scenarios defined by the Network for Greening the Financial Sector (hereinafter, NGFS): orderly, disorderly and Hot House World¹. Additionally, the scope to assess how climate and environmental aspects affect strategic and underwriting risk has been expanded, and consideration of events involving disputes and litigation over reputational risk has been added.

The development of the climate risk map constitutes a first step in the interpretation of this type of ESG risk and its transmission channels to prudential risks. The objectives of the climate risk map are:

- Improve in the comprehension and understanding of the characteristics and particularities of climate risks.
- Identify the main climate risks that affect the Ibercaja Group, and how they translate into the current risk categories.
- Progress in the establishment and consolidation of the risk management model based on three lines of defense in the Entity.

To this end, we worked in coordination with the first lines of the main prudential risks, based on a qualitative methodology developed with a top-down approach, for the homogeneous and coordinated identification of the main climate risk events and the transmission channels that may result in the currently managed risk categories. As part of the climate risk mapping exercise carried out by Ibercaja, an inventory of climatic events was drawn up that are likely to materialize the different risks previously defined in the three established time horizons. This exercise is updated annually, and its results are submitted to the Global Risk Committee for approval.

In the scenario of an orderly transition (which is considered the base scenario), the notable impacts are concentrated in credit risk, liquidity risk, and reputational risk. The most relevant risks are those related to the medium and long-term transition, as well as the potential impact of physical risks in the long term on credit risk.

A. Orderly Scenario

	Transition Risk			Physical Risk		
	ST	MT	LT	ST	MT	LT
Credit	Low risk	Medium-Low risk	Medium risk	Low risk	Low risk	Medium-Low risk
Market	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Liquidity	Low risk	Medium-Low risk	Medium risk	Low risk	Low risk	Low risk
Reputational	Low risk	Medium-Low risk	Medium risk			
Operational	Low risk	Low risk	Low risk	Low risk	Low risk	Low risk
Business	Low risk	Low risk	Low risk			
Subscription				Low risk	Low risk	Low risk

Short Term:	<4 years		Low risk	Medium-Low risk	Medium risk	Medium-High risk	High risk
Medium Term:	4-10 years						
Long Term:	>10 years						

Source: Own elaboration based on the consolidated results of the risk assessment questionnaires (2022).

¹ The ordered scenario assumes the implementation of climate policies in the short term, being progressively stricter and relatively moderate physical and transition risks are estimated. The disorder scenario poses a higher transition risk as policies are delayed or divergent across countries and sectors. Finally, the Hot House World scenario considers that the climate policies applied have been insufficient to stop significant global warming.

Additionally, Ibercaja is conducting an exercise to identify environmental risks with the goal of advancing their understanding and potential transmission channels.

Likewise, in 2022, the reputational risk map has been prepared using a qualitative methodology, aligned with that defined for the Entity's operational risk management. Thus, the reputational risk map consists of the identification of reputational risks classified by their nature as: risks derived from operational risk and pure reputational risks (including reputational risks derived from climatic and environmental events, as well as the assessment of risk from greenwashing). This map identifies risk managers and mitigating factors.

On the other hand, the Entity has continued to develop the operational risk map incorporating, in addition to physical risks in the field of climate and environmental risks, also those related to transition risk, such as bad greenwashing practices, incorporating them likewise in the assessment tools.

Ibercaja begun to analyse the impact of physical risks on its own-use properties based on the data provided by the Sociedad de Tasación (SOTASA) with the aim of contributing to the definition of the Entity's continuity plan. The methodology defined by SOTASA for the assessment of flood risks in the Spanish provinces is based on the SNCZI definition of flood-prone areas, to generate hazard maps, and on the evaluation of the potential adverse consequences associated with floods, with the aim of to obtain risk maps².

2.2. ESG Risk measurement:

During 2022, Ibercaja has carried out different exercises that have allowed it to advance in the measurement of ESG risks.

One of the notable milestones is Ibercaja's involvement in the ECB's climatic stress test (CST) exercise, as the first step to integrate climate factors into the Entity's internal stress test framework.

In relation to the business segment, in 2022 the Entity's exposure to the most carbonintensive industries has been evaluated, based on sectoral emissions data calculated and provided by PCAF, with the aim of segmenting the credit portfolio and securities portfolio of Ibercaja according to its intensity in CO₂ emissions. This analysis has allowed the development of two transition risk concentration metrics that make it possible to segment the portfolio of productive activities or securities on a scale of five levels according to the intensity of emissions of the economic sectors in which Ibercaja is exposed. Throughout 2023, the monitoring of this metric has been conducted to ensure that the concentration of the portfolio in productive activities and securities within sectors with a high or very high emissions intensity aligns with the risk appetite of the institution.

Additionally, the Entity, committed to reaching zero emissions by 2050, has calculated its financed carbon footprint, prioritizing the most intensive sectors to define medium-term decarbonization objectives and mitigate its exposure to climate risks. This calculation has been developed using the methodology and emission factors by sector of economic activity provided by PCAF. Furthermore, as detailed earlier, work is underway on an Action Plan to ensure the achievement of the established objectives.

² Seismic and fire risks are not considered material because they do not offer conclusive results, as well as the risk of desertification because they are not considered relevant to the Entity's operations.

The evaluation of the physical risks on the portfolio of productive activities of the Entity has been carried out based on a heat map, designed after the qualitative analysis of the assessment of the potential physical risks, acute or chronic, in the usual functions of each economic activity published, by different official sources, in reports of national or international reference. This heat map has been defined on the sectors most vulnerable to physical risks according to the EBA and allows knowing the level of sensitivity to severe climatic impacts associated with each economic activity.

Regarding the Entity's mortgage portfolio, an analysis of physical and transition risks has been carried out that has made it possible to analyse the risk associated with Ibercaja's real estate guarantees due to desertification, fires, fluvial or coastal floods, seismic and volcanic activity according to their geographical location, as well as the transition risk associated with the mortgage portfolio based on the rating of energy rating of homes under guarantee.

Additionally, Ibercaja continues to work on integrating climate risk into all phases of the ICAAP. This effort includes furthering the identification of risks and materiality analysis, climate scenario analysis and projections, and the development of a methodology for assessing the impact of transition climate risk.

Regarding social risks, and following the United Nations Principles of Responsible Banking, Ibercaja elevated aspects such as diversity, equality, or work-life balance to a strategic nature as a sign of the Entity's commitment to balance in life personal, family and labor of the employees and with the aim of responding to the material issue on excellence, professionalism and customer support. In this sense, gender equality is identified as one of the priority areas, the main objective of which is to achieve 40% of women in management positions. To achieve it, Ibercaja has identified some internal processes of the organization that contribute to the impact produced. Among these processes, it can be found the number of applications of women for vacancies in managerial positions, the number of women in managerial positions, monitoring of female representation globally and by age range, monitoring of promotions for women regardless of position, the percentage of top female leaders and the recognition of women for achieving objectives or for achieving strategic milestones of the organization.

2.3. ESG Risk Management:

Ibercaja is working on the inclusion of ESG factors in credit risk admission and monitoring processes, in line with the EBA Guidelines on Loan Origination and Monitoring, which defines the entities' internal governance mechanisms and procedures in relation to credit operations. In this sense, a reference to the consideration of ESG risks in the evaluation of clients and operations at credit risk is included within its admission policies. In this regard, Ibercaja has approved an Exclusions Policy that mitigates the impact of ESG factors on credit risk and, additionally, it is developing the ASG Exclusions Policy for the bank's own investments. The objective is to avoid any investment or financing operation that may be considered controversial due to its high environmental, social, ethical, or reputational risk. Within the exclusion criteria, those related to the environment stand out, for example, energy production from coal, tar sands, radioactive minerals, etc.

The limits and the cases that trigger exclusion in the event of non-compliance have also been defined within the exclusion criteria that the Entity has set out regarding social factors and good governance. Thus, in accordance with the established criteria, depending on the percentage of income of a company that comes from controversial activities, the purpose of the operations or the breach of certain legal provisions, the limits are set both in the processes of admission and follow-up of credit risk as well as in the Bank's investment processes. Regarding human and labor rights, companies that violate regulations or engage in abuses in this regard are excluded. This also applies to companies that do not respect rights related to child labor, forced labor, or those involved in the manufacture of controversial weaponry or adult entertainment, among other criteria.

With the same objective, Ibercaja developed and implemented ESG Questionnaires that allow the collection and management of its customers' information on environmental, social and governance matters with the aim of analysing the management of ESG factors, obtaining an associated risk as part of the customer and/or transaction assessment process.

In collaboration with external data providers and relying on internal data sources, the Entity collects information on the evaluation of training capacities, aspects of continuity of the shareholding, aspects related to the governing bodies and their commitments, etc. of its client portfolio.

Regarding liquidity risk management, in the financial market portfolios, a depreciation of considered non-sustainable bonds continues to be applied from a climate or social perspective in the liquidity self-assessment exercise with the aim of integrating ESG risks into this prudential risk.

Regarding market risk management, efforts have been made in the portfolio management activity area by following up on indicators that define ESG criteria (which include factors related to environmental and climate risks) and specific asset selection criteria that allow for the characterization of private fixed-income and variable-income portfolios.

Additionally, Ibercaja has planned for 2023 the development of internal methodologies to measure the climate and environmental risk of its exposures for its capital base. This plan has been communicated to the ECB in response to the thematic review conducted by the Supervisor.

2.4. ESG Risk Monitoring:

The Entity has developed two sectoral concentration metrics based on Ibercaja's exposure to productive activities with high emission intensity in order to properly monitor the identified climate opportunities and risks. These metrics have been included in the Risk Appetite Framework as first-level metrics in 2023.

Both indicators will be assessed quarterly, where the Entity's Governing Bodies will be participant, to reduce exposure to carbon-intensive industries (see Measurement section) and to reduce Ibercaja's exposure to transition risks.

These metrics have been constructed on the portfolio of productive activities and the securities portfolio to limit the Entity's exposure to climatic factors, taking into account the intensity of emissions of the sectors to which it is exposed. The portfolio of productive activities that Ibercaja engages in is carried out in sectors with low transition risk, according to an examination of the intensity of emissions that PCAF correlates with the economic sectors.

Ibercaja has defined the risk limits, which allow concentration in intensive sectors to be monitored, for three possible situations: appetite, tolerance, and capacity.

In conclusion, Ibercaja adheres to ECB expectations by focusing most of its efforts on mitigating the environmental risks posed by its counterparties. The Entity will work on the long run to include tools for identification, measurement, management, and monitoring of social and governance risks along the same lines as those that are already being implemented for climate and environmental risks after defining a new roadmap that complies with supervisory requirements as the regulatory framework evolves.

The availability of ESG information from the counterparties is now in a preliminary stage and should be developed over the course of the next few years given that the majority of Ibercaja's productive activities portfolio are comprised of SMEs. In this regard, Ibercaja has made the progress mentioned in this Pillar III document, regarding ESG risk management and continues to define action plans to gather more precise data from its counterparties, primarily social and governance data; as well as, it will keep on integrating this information and results in its internal management processes, in accordance with the evolution of the regulatory framework and sectoral progresses.

Ibercaja is aware of the relevance of the non-financial information of its clients for the correct integration of ESG factors and for progressing in the metrics and in the objectives necessary to evaluate and manage the risks and opportunities derived from them. Hence, Ibercaja has created a specific line within the Strategic Sustainability Initiative to work on non-financial data, incorporating it as one of the informational areas within the data governance model of the Entity.

Due to the lack of uniform standards and the lack of external and internal requirements, a Data Dictionary needs to be generated, built from internal or external ESG data depending on the information source of each one, which will be the subject to analysis in this year. Currently, there is ongoing progress in prioritizing and incorporating sustainability data into the Bank's Data Dictionary.

The availability of said data is relevant for the integration of climatic factors in the business and in decision-making, that's why the Entity is working with external data providers to gather this non-financial information from its customers and to incorporate it into its systems, evaluating its availability, transparency, quality, and external verifications to which it is submitted. Currently, the Entity is collecting ESG information published in the non-financial information statements of its counterparties within its systems. In this way, progress continues to be made in the analysis of good governance, social aspects, and controversies in which the counterparty has been involved and this information can be incorporated into the credit granting process for certain sectors.

The availability of environmental policies, waste management plans and their breakdown, harmful emissions, water, and energy consumption, or ISO14001 certification are a few examples of the fields that can be found. The social sphere is notable for areas including the wage gap, work-life balance indicators, job creation, training, employee gender ratios, etc. Lastly, areas pertaining to the governance of its clients are covered, including, among other things, the number of directors, the number of independent directors, the compensation of the Board, and the representation of men and women on the Board.

Our clients are currently required to publish information on ESG issues, and we get a total of 102 pieces of information from them; this number will rise in accordance with regulatory requirements. Throughout the previous three years for which information is available, said non-financial information shall be accessible for consultation in internal tools.

Additionally, the information on Ibercaja's real estate guarantees, on the other hand, is provided by SOTASA (Sociedad de Tasación S.A.) and is stored in an information environment that, while not accessible to the full Entity, permits the use of that information in processes. Moreover, efforts are being made to manage credit risk and include the Energy Efficiency Certificate at the entrance level.

Ibercaja intends to progressively integrate counterparty corporate governance information (as well as other non-financial information) into its credit risk analysis as a complement to traditional economic-financial analyses.

Ibercaja seeks to gather accurate information on the scope 1, 2, and 3 emissions data of its counterparties and to identify all the information required to analyse its exposure to physical hazards due to the importance that environmental risks now have for the supervisor. or determine the proportion of your portfolio that is in line with the EU Taxonomy.

In this regard, a specific line has been developed under the Strategic Sustainability Initiative in order to work on non-financial data, which is one of the informational areas produced within the framework of the Data Governance Project. Ibercaja has already started developing an ESG information model, identifying and ranking the environmental, social, and governance data required to meet regulatory requirements, as well as internal and external reporting, as well as the preparation for the integration of some of the highest-priority data into systems. Throughout 2023, work is being done to define the ASG data strategy and model for integration into the Bank's data architecture. A roadmap for its implementation will be defined, which should be flexible and scalable to continue accommodating and incorporating new ASG data requirements.

Additionally, the Entity takes part in meetings and sector work groups with the aim of pooling resources and expertise to attempt to standardize the data and procedures that are currently accessible, enabling comparability exercises with related entities.