

2019

ANNUAL REPORT

(Economic,
financial,
social and
environment)



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Caja de Crédito de los Ingenieros, Sociedad Cooperativa de Crédito was founded in 1967.
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Caja de Ingenieros is a member of the Deposit Guarantee Fund.
Caja de Ingenieros is a registered Securities Investment Fund Custodian.
Caja de Ingenieros is a registered Pension Fund Deposit Institution.
Caja de Ingenieros is a member of the National Union of Credit Cooperatives (UNACC).
Caja de Ingenieros is a member of AIAF Mercado de Renta Fija SA.
Caja de Ingenieros is a direct participant in TARGET2-Bank of Spain.
Caja de Ingenieros is a participating entity in Iberclear.
Caja de Ingenieros is a partner of the Government of Catalonia Debt Issues programme.
Caja de Ingenieros is a clearing member of MEFFRepo.
Caja de Ingenieros is a member of Spainsif - Spanish Socially Responsible Investment Forum.
Caja de Ingenieros is a member of European DataWarehouse GmbH, the European database for information about securitisation.
Caja de Ingenieros is a signatory member of the United Nations Global Compact.

Ordinary General Meeting during the first calendar six months of the year by way of announcement published in a widely-circulated newspaper within the area of activity of the Bank. However, Royal Decree-Law 8/2020 on urgent measures regarding the COVID-19 pandemic means that it can be held after the previous six months. During this Meeting, the following themes are addressed: examination of corporate management, approval of the annual accounts and resolutions on profit distribution or, if applicable, the allocation of losses, as well as establishing the general policy of the Cooperative Credit Society, not to mention any other matter that can be included on the agenda in relation to the operations of the Credit Society. In the event that it is deemed advisable, the Governing Board may also convene an extraordinary meeting.

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1. INTERVIEW WITH THE CHAIRMAN

“Our goal is not to be a large bank, but a Great Bank at the service of our members and of society”

Josep Oriol Sala Arlandis, Chairman



In this interview, the chairman of the Caja de Ingenieros Group takes stock of 2019 and highlights the success of the cooperative banking model that characterises the Bank and its commitment to its members and to society.

How would you sum up 2019?

In the banking sector, 2019 involved adapting to and overcoming the different uncertainties in the market. For us, this year has been a significant turning point due to an increase in capital that was extremely well accepted among our members, which has strengthened our project as a close, coherent bank that is committed to people. In 2019, we passed all our expectations, with figures to show the success of our cooperative model, always respecting our values.

In terms of the Group's corporate values, what would you highlight from 2019?

First and foremost our commitment to our members. The trust and satisfaction of our members are the best reward for our dedication. Secondly our proximity,

through the personal service we give through our network of branches –in fact we opened two new branches in 2019– and online through our digital services.

What are the keys to continuously increasing the Group's members?

Without a doubt, transparency, professionalism and friendly advice, to adapt to the needs of our members at all times. We have remained true to these principles over the years, and have been able to continuously increase our number of members, keeping growth about 8%. The cooperative business model of our Bank is a very solid basis both at present and looking to the future, and this is what we share with our members.

And how does the Caja de Ingenieros Group create value for society?

We create value through our business and our operations, but also through the Caja de Ingenieros Foundation, which is our main driving force in terms of social responsibility and a key element in our aim to

contribute towards a fairer, more united society. Over the past four years, the Foundation has devoted over two million euros to projects through partnerships with universities, professional associations and organisations from the tertiary sector.

Calculation of the social impact of the investments made by the Foundation in 2019 led to a ratio of 3.8 –higher than in 2018–, which means that every euro we have contributed to the different activities and collaborations with the various NGOs and institutions has had a social impact that is four times greater.

The Caja de Ingenieros Group is a cooperative society. What implications does this have on its relationship with its members?

Our model has made us a benchmark in cooperative banking, characterised by our great solidity, extraordinary liquidity, and fantastic solvency, but most important of all is the trust of our members, who continue to support us, reaffirming their loyalty and ties.

Members are our *raison d'être*, and we constantly strive under this premise to offer personalised products and

to continue innovating in solutions and services that make their everyday lives easier and help implement their projects. The members value our efforts because they are able to see first hand what all our investments are reinvested in. And we have seen that not only are they satisfied, but they also recommend us.

How does the Caja de Ingenieros Group face the future?

We are starting a new phase in 2020, with new challenges and ambitious projects in which our goal is not to be a large bank, but a Great Bank at the service of our members and of society. We face the future with strength and enthusiasm and with a new strategic plan in place, Conecta 2020-2023. This road map will enable us to respond to the challenges of the sector from a new economic normality and from a more cooperative and sustainable outlook.

You are presenting an integrated report -with financial and sustainability information- for the first time this year. What was your motivation for publishing a report of this kind?

An integrated report is a process of overall reflection that allows you

to show the relationship between the Bank's strategy, management, and financial performance and its social, economic and environmental environment. We are extremely aware of all these factors in the Caja de Ingenieros Group and their reciprocity when conducting our business. We therefore wanted to share this exercise in transparency that enables us to measure the progress and define areas of improvement in our commitment to members and to society.

The COVID-19 crisis broke out while this integrated report was being drafted. How is the Group dealing with this new situation?

COVID-19 has had a huge social and economic impact. The Caja de Ingenieros Group is tackling the crisis from a position of quite significant financial strength thanks to the increase in capital, the excellent results of financial year 2019, and our fantastic solvency, enabling us to remain closer than ever to our members and support them as we overcome this complex situation.

The health crisis forces us to adapt in order to meet the needs of our members who require all the support

■ ■ ■
THE MEMBERS VALUE OUR EFFORTS. THAT'S WHY WE HAVE A 49.9% NET PROMOTER SCORE (NPS), ONE OF THE HIGHEST IN THE SECTOR.

of our Bank in terms of both liquidity and funding. Thanks to our advanced digitisation process and the set of remote digital channels, we have been able to respond appropriately to this new situation in order to adapt our services and operations to present requirements.

2. INTERVIEW WITH THE MANAGING DIRECTOR

“We are working to become leaders in finance for sustainability”

Joan Cavallé Miranda, managing director



In this interview, the managing director of the Caja de Ingenieros Group shares his vision of the achievements reached in 2019 and of the Bank's new strategic plan. He also highlights the importance of sustainability, which will play a key role in the Group's business over coming years.

What main challenges and opportunities has the Group faced over recent years?

We have faced some truly great challenges: the transformation of the banking sector with the consolidation of new players, the downward reviews of economic growth expectations, or the maintaining of interest rates at historic lows to name but a few. As a Group, we have always faced these situations from a strategic viewpoint to turn them into opportunities, which has enabled us to make a success of them. This can be seen by the excellent results obtained in terms of turnover and of the growth in our number of members.

What event would you highlight from 2019?

Without a doubt, the most remarkable was our 25 million euros increase in capital to strengthen our cooperative banking model, which we have easily covered. This represents a commitment towards the highest level of excellence we challenge ourselves to fulfil, determining the great confidence that our members place in the Group at a time when these types of operation are not clear for the banking sector. We are immensely grateful to our members for their trust and we won't let them down.

Through this operation the Bank has sought to fulfil the growth-related challenges we set in different areas: technology, the increase in member numbers, and our aim to continue feeding our model of proximity and implementation in the territory.

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FROM 2019, I WOULD HIGHLIGHT THE 25 MILLION EUROS INCREASE IN CAPITAL TO STRENGTHEN OUR COOPERATIVE BANKING MODEL.

After four years, the 2019 IMPULSA Plan has ended. What would you highlight about this plan?

In the context of the 2019 IMPULSA Plan, we made a solid commitment to technology as one of the mainstays of the Caja de Ingenieros Group. This has played a key role in promoting the high level of service to members that we also integrated into our management of the financial business. Thanks to all the improvements made in technology, we have been able to transform the Bank in order to face the future by cashing in on the opportunities for improvement that the digital processes include.

Through the 2019 IMPULSA Plan we have taken the digitisation rate of our members to over 84% and have increased accesses to remote channels by 40%.

Looking to the future, what are the main goals of the new Strategic Plan Conecta 2020-2023?

The Conecta 2020-2023 Plan was designed to face the new challenges of the banking sector and to adapt based on a new economic normality marked by financial disruption, with our sights set on our cooperative model and our commitment to sustainability.

We have set goals that focus on the satisfaction of our members, on growth -in terms of turnover and number of members- and on the efficiency and solidity of the balance sheet. And, of course, in relation to our commitment to sustainability, because this is a risk to which society must respond. From our stance as a financial institution, we must have a positive impact through the products we offer, creating value for society.

How is sustainability conveyed from the Group?

Sustainability forms one of the foundations of the Caja de Ingenieros Group. We are a carbon-neutral Bank, we have set goals and metrics to track the Group's contribution to the Sustainable Development Goals (SDG) and we form part of partnerships for sustainability, such as the Barcelona Centre Financier Europeu (BCFE) for Sustainability. Through this report we also provide continuity to our commitment towards the 10 Principles of the United Nations Global Compact. Furthermore, the Caja de Ingenieros Foundation is promoting and working on initiatives to raise awareness and seek solutions to mitigate the effects of climate change.

We lead the way in offering sustainable financial products and services in the Spanish market, and were one of the first banks to register a socially responsible investment fund (SRI) in 2006, and to launch the first investment fund in our country to act against climate change, the CI Environment ISR, FI. In 2019, we created the CdE ODS Impact ISR, FI fund, the first by a national management company linked to fulfilling the Sustainable Development Goals (SDG), particularly those related to education, water and infrastructures.

How do you plan to continue working on the sustainability of your products and services in the coming years?

The global challenges in terms of sustainability have generated greater demand by society for more responsible companies, and this can also be seen in finance. As several international studies indicate, the companies and financial institutions that follow ESG (environment, social and governance) criteria not only generate public interest, but also ensure better competitive conditions.

We are so convinced of the importance of and need for socially responsible

■ ■ ■
THESE INITIATIVES NOT ONLY
SEEK TO ENSURE GROUP
INVESTMENTS HAVE A
POSITIVE IMPACT ON SOCIETY
BUT ALSO OFFER CONSISTENT
RETURNS TO MEMBERS.

investment that, in the coming years –as our Strategic Plan Conecta 2020-2023 indicates–, we will work to become leaders in finance for sustainability and benchmarks in the management of assets under SRI criteria. We will also work towards promoting the return to society of our activity and towards providing an extensive catalogue based not only on strictly financial criteria but also on ESG criteria in the selection of securities.

3. 2019 IN FIGURES

■ AT THE SERVICE OF OUR MEMBERS



Number of members

204,112

+9%

Increase in the number of members by more than 9% in comparison to 2018 to stand at 204,112 members.



Loyalty

49.90%

NPS

Net Promoter Score in 2019 was 49.90%, compared with a sector average of 4%.



Satisfaction

8.23

satisfaction index

8.23 satisfaction index in 2019 compared with the 7.48 recorded by the sector.



Digitisation

69%

digital members

109,730 active members on digital channels, 4.4 percent up on 2018. The corporate website received over 34,000 visits a day.

+41%

access from remote channels

Over 19 million accesses were recorded from remote channels, performing more than 129 million transactions, which is 37% up on 2018.

■ LOOKING AFTER OUR PEOPLE



Workforce

+17%

490 professionals

We have increased our team by more than 17% in relation to 2018, employing 490 professionals by the end of 2019.



Talent retention

96%

permanent contracts

We believe in the importance of building solid, talented teams, which is why 96% of our professionals have permanent contracts and work stability.



Training

32,177 h

+59%

In 2019, we offered 59% more training to encourage the professional development of our workforce, reaching a total of 32,177 hours.

■ SOCIALLY RESPONSIBLE INVESTMENT (SRI) AS PART OF OUR BLOODLINE



SRI

+80

million euros

We increased our managed equity in SRI funds and pension plans by 80 million euros in 2019 to reach 364 million euros. This accounts for one third of total equity.

■ COMMITTED TO THE ENVIRONMENT



Paper consumption

-17%

paper consumption

We have reduced our paper consumption by 17% in relation to 2018, generating 19% less paper waste.



Emissions

100%

offset

100% of company emissions are offset, which in 2019 accounted for a total of 1,137.47 tCO₂eq.



Energy

100%

clean energy sources

100% of our consumption is from clean energy sources.

■ CREATING VALUE FOR SOCIETY



Support for professional groups

295,000
euros

In 2019, the Caja de Ingenieros Group assigned a total of 295,000 euros to actions in support of groups of professionals and youngsters.



Caja de Ingenieros Foundation

84
projects implemented

601
beneficiaries of grants,
awards and training

The social impact
generated stands at
2 million euros

Each euro that the
Foundation socially invests
multiplies its social impact
by
3.8

Education and Promotion Fund

235
thousand euros in
member and
employee training

23
thousand euros in
the promotion of
inter-cooperative
relations

450
thousand euros in the
cultural promotion of the
environment - Foundation



■ OUR FINANCIAL FIGURES



Turnover

€7.1 B

In 2019, turnover was 15.39% higher than the previous financial year, standing at a figure of €7.1B.



ROE¹

7.19%

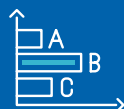
The average ROE in 2019 was 7.19%, compared to the average 5.39% of the financial sector.



Capital ratio

15.48%

8.7% higher than the 14.24% of 2018, and way above regulatory requirements.



Default rate

2.84%

The default rate stood far below the sector average, which is 4.79%.



Financial year earnings²

€14.6 B

We recorded earnings of €14.6 B, 14.7% up on the previous financial year.

1. The return on equity (ROE) relates the financial yield and the equity invested to obtain that yield.

2. Consolidated before tax and provisions to the Education and Promotion Fund (FEP).



ABOUT US



OUR ACTIVITY IS CONSISTENT WITH THE NEEDS
OF SOCIETY AND SUSTAINABLE IN THE WAY IT IS
CONDUCTED.

4.1 OUR ENVIRONMENT

■ ECONOMIC-FINANCIAL ENVIRONMENT

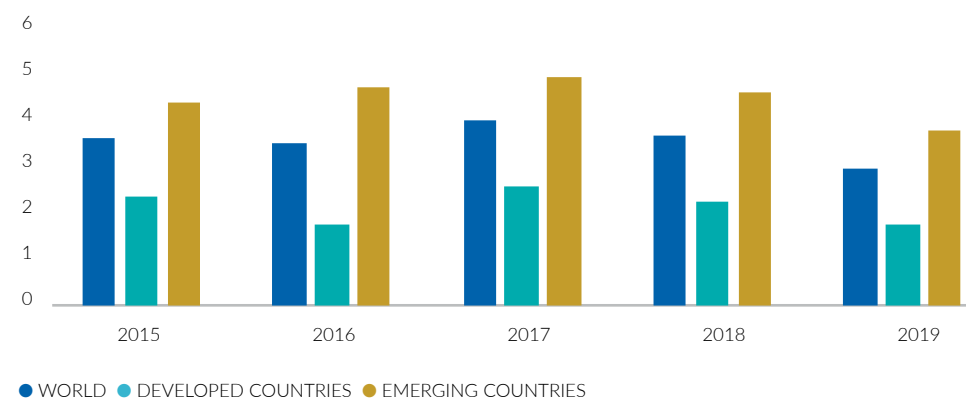
Synchronised economic slowdown

The global economy recorded the slowest growth rate since the financial crisis, with an annual growth in GDP of 3%, hindered by the growing trade barriers, the increased uncertainty within the geopolitical context, and the slowing down of the Chinese economy (6.1% GDP growth). Along these lines, companies adopted a more cautious stance that led to fewer investments in fixed capital, primarily durable goods. Another victim was the car sector, in which regulatory changes and new standards on emissions also affected demand and supply. All this led to a reduction in industrial production and world trade, which depended on the final demand for durable goods and supplies for their production.

In the euro zone, economic growth slowed down slightly in 2019 to 1.2%, the lowest level for the past 5 years, as a result of greater contribution of external demand (increase in global protectionism) and of certain factors in specific countries, such as Italy. Germany, one of the economies that is more open and dependant on exports from the Old Continent, reduced its growth considerably, primarily due to the drop in the manufacturing sector. Despite this, there were early indicators during the later part of 2019 that pointed to the stabilising of the growth rate in Europe.

In Spain, the macroeconomic evolution was also lower than in recent years, with a GDP growth of 2% of the euro zone. The slowdown in economic activity nationwide was primarily due to a loss in drive of internal demand. On a more positive note was the better evolution in industrial activity in comparison with the other main economies of the euro zone.

2015-2019 GDP Growth





FINANCIAL YEAR 2019
WAS CHARACTERISED BY
EXTRAORDINARY BEHAVIOUR
IN MOST FINANCIAL ASSETS,
IN TERMS OF BOTH FIXED
AND VARIABLE INCOME.

A change in direction on the road maps of the main central banks

During the last quarter of the year in the United States, the Federal Reserve decided to lower interest rates on two occasions (October and November) to the range of 1.5% - 1.75% in response to the slight slowdown of the US economy and the low inflationary pressures. These measures were taken to underpin economic expansion, maintain the strength of the employment market, and place inflation levels at around 2% (target level).

In Europe, following the drop in growth and inflation perspectives, the European Central Bank decided to launch a new packet of monetary policy measures in September to meet its price stability target. The deposit facility rate was first lowered by 10 basis points to -0.50%. Secondly, net asset purchases were restarted within the context of the Quantitative Easing programme at a monthly rate of 20 billion euros as of 1 November and for the time required to strengthen the flexible impact of official rates.

Thirdly, the modalities of the new series of quarterly long-term funding operations were modified in order to maintain favourable financing conditions and promote credit activity in the euro zone.

In the United Kingdom, the Bank of England maintained the official interest rates unchanged at 0.75% throughout financial year 2019. This ensured it maintained an expansive monetary policy that was significantly dependent on the macroeconomic evolution and the relative uncertainty of Brexit, which was not raised until mid December with the easy majority obtained by Boris Johnson in the general elections and that had a significant impact on consumer confidence and on investment levels in the private sector.

Growth risks are pointing downwards

There was a slight, gradual reduction in the geopolitical risk in 2019. But there are still a great many risk factors. The customs barriers between the United States and its trade partners remain a problem for global supply chains. A further decline in trade relations and an increase in protectionism would lead to a greater slowdown in world growth. Within the geopolitical context, increasing tensions between the United States and Iran could bring the supply of petroleum to a standstill, which would have a negative impact on the feeling and lead to a reduction in investment levels. In Europe, one of the greatest risks continues to be the disorganised, no-deal exit of the United Kingdom (UK) from the European Union (EU), although the signing of the Brexit deal (according to which the UK has entered an economic and commercial transition period) at the end of the year brought positive news.

Divergence between economic progress and market behaviour

A more expansive monetary policy by the main central banks, the signing of a phase-1 trade agreement between the United States and China, the decreasing likelihood of a Hard Brexit, and the expectation for greater economic growth worldwide meant that the major world stock market indexes ended 2019 with positive returns. Once again, the US indexes recorded the best relative performance of the developed countries, ending the year with 29% increases on the S&P and 35% on the Nasdaq.

Public debt also performed well, supporting flexible monetary policies by the central banks throughout 2019 and the minimal inflation expectations of recent years. Yields on the German bond and the US 10-year bond fell considerably to stand at -0.19% and 1.92%, respectively, at 2019 end. There was also a considerable reduction in Eurozone periphery risk premiums, with the positive news of Italian debt (which dropped from 250 basis points at the end of 2018 to 165 basis points by the end of 2019).

In terms of fixed income from corporate bonds, there was a general narrowing of investment-grade and first-class credit spread worldwide, which benefited lax monetary policies in a search-for-yield environment.

Hence, as opposed to the events of 2018, 2019 was characterised by the extraordinary performance of most financial assets, including both fixed and variable income, as can be seen in the table enclosed.



Performance of the main financial assets

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
US 10 Y	MSCI EM	RUSSELL 2000	US 10 Y	EMU HY	MSCI Japan	Global Real Estate	MSCI Japan	RUSSELL 2000	MSCI China	US S/T Gov / Corp	S&P 500
EMU GOV	Global HY	Global Real Estate	Global Inflation	Global Real Estate	RUSSELL 2000	EMU GOV	Global Real Estate	US HY	MSCI EM	US 10 Y	Russell 2000
US Aggreg	MSCI China	Commodities	EM Sovereign	Global HY	S&P 500	S&P 500	MSCI Europe	Global HY	S&P 500	EMU GOV	MSCI Europe
US S/T Gov / Corp	US HY	MSCI EM	EM Local Crncy	MSCI Japan	MSCI Europe	US 10 Y	EMU GOV	Commodities	MSCI Japan	US Aggreg	Global Real Estate
EMU Corporates	EMU HY	US HY	US IG	MSCI China	EMU HY	EMU Corporates	US 10 Y	EM Local Crncy	RUSSELL 2000	EMU Corporates	MSCI China
US IG	EM Sovereign	Global HY	US Aggreg	EM Local Crncy	US HY	MSCI Japan	EM Sovereign	S&P 500	Global HY	US HY	Msci Japan
Global Inflation	EM Local Crncy	S&P 500	US HY	EM Sovereign	Global HY	US IG	EM Local Crncy	EM Sovereign	EM Local Crncy	US IG	MSCI EM
EM Local Crncy	Global Real Estate	EM Sovereign	EMU GOV	US HY	EMU GOV	EM Sovereign	US Aggreg	MSCI EM	EM Sovereign	EMU HY	US IG
EM Sovereign	MSCI Europe	EM Local Crncy	Global HY	MSCI EM	EMU Corporates	US Aggreg	US S/T Gov / Corp	EMU HY	Global Inflation	Global Real Estate	EM Local Crncy
US HY	RUSSELL 2000	EMU HY	EMU Corporates	RUSSELL 2000	MSCI China	EM Local Crncy	EMU HY	US IG	US HY	Global HY	US HY
Global HY	S&P 500	US 10 Y	US S/T Gov / Corp	EMU Corporates	US S/T Gov / Corp	MSCI China	EMU Corporates	EMU Corporates	MSCI Europe	Global Inflation	EM Sovereign
EMU HY	Commodities	US IG	S&P 500	S&P 500	US IG	MSCI Europe	US IG	Global Real Estate	US IG	EM Sovereign	Global HY
RUSSELL 2000	US IG	MSCI Europe	EMU HY	MSCI Europe	US Aggreg	EMU HY	S&P 500	Global Inflation	EMU HY	EM Local Crncy	EMU HY
Commodities	EMU Corporates	US Aggreg	RUSSELL 2000	EMU GOV	Global Inflation	RUSSELL 2000	Global HY	EMU GOV	US Aggreg	S&P 500	US Aggregate
S&P 500	Global Inflation	EMU Corporates	Global Real Estate	US IG	Global Real Estate	Global Inflation	US HY	US Aggreg	US 10 Y	RUSSELL 2000	Global Inflation
MSCI Japan	MSCI Japan	Global Inflation	MSCI Europe	Global Inflation	MSCI EM	US HY	Global Inflation	US 10 Y	EMU Corporates	Commodities	US 10 Y
MSCI Europe	US Aggreg	MSCI China	Commodities	US Aggreg	EM Sovereign	US S/T Gov / Corp	RUSSELL 2000	US S/T Gov / Corp	US S/T Gov / Corp	MSCI Europe	EMU GOV
Global Real Estate	EMU GOV	EMU GOV	MSCI China	US 10 Y	US 10 Y	Global HY	MSCI China	MSCI Europe	Commodities	MSCI EM	EMU Corporates
MSCI China	US S/T Gov / Corp	US S/T Gov / Corp	MSCI EM	US S/T Gov / Corp	EM Local Crncy	MSCI EM	MSCI EM	MSCI China	EMU GOV	MSCI Japan	Commodities
MSCI EM	US 10 Y	MSCI Japan	MSCI Japan	Commodities	Commodities	Commodities	Commodities	MSCI Japan	Global Real Estate	MSCI China	US S/T Gov / Corp

31/12/2019

● NEGATIVE YIELD ● POSITIVE YIELD

■ BANKING ENVIRONMENT

The COVID-19 crisis has shown the essential role of credit institutions in providing economic solutions at critical times for society. The banking business acts as a mechanism to transfer economic monetary and tax policy to companies and individuals.

The April 2020 report by the International Monetary Fund explained how the policy of the central banks with interest rates over the past decade that were first very low and then negative has been associated with compressed bank net interest margins, and this trend is expected to continue over the medium term. The support to earnings provided by lower provisions and gains on securities holdings in recent years will fade, putting sustained pressure on profits. The banks will continue with their efforts for cost cutting and higher fee income, but these mitigating factors are unlikely to fully lessen pressures on profitability.

Credit institutions in Europe and worldwide have more and better quality capital, are in a better position for funding, borrow less from short-term markets, and hold more liquid assets than during the last financial crisis. In short, the banks as a whole are better prepared to confront losses and liquidity stresses.

The Spanish banking sector in 2019

The evolution of the main areas of the Spanish banking business in 2019 was influenced by a lower drop in gross loans to resident sectors (-1.2% vs. -3.6% in 2018), encouraged by the reduction in doubtful loans that fell by 18.6%. The delinquency rate of the other resident sectors stood at 4.79%, more than one percent below the 5.81% rate of 2018. Insofar as new loans, these were greater in volume in the property and consumer segments than that recorded the previous year, whereas new loans to SMEs and major companies remained at similar levels.

If we analyse the evolution of the aggregate results for the sector, the interest margin is seen to have fallen again, although only by 0.5%. Net fees also stood at similar levels to those of the previous year, and there was a significant 19.5% increase in dividends received. This latter is the main reason for improved aggregate profitability in Spanish banking in 2019. Unlike prior years, operating expenses increased, although by just 1.3%.

This positive evolution in the profit and loss accounts is primarily reflected by better return indicators that now stand at around 6.5% in terms of ROE. Lastly, the solvency of the Spanish financial sector, in line with the EBA Risk Dashboard, had a Common Equity Tier 1 (CET1) ratio of 11.9% at year end, which is almost three points down on the European weighted average.

As a result of the COVID-19 pandemic, bank arrears are likely to increase and credit institutions will most probably have to make provisions or increase the flexibility of criteria in the event of excess provisions in order to face future defaults. The difficulty lies in stimulating the volume of provisions. In addition to the appeal to uncertainty made by the IMF and the Bank of Spain on announcing their macroeconomic projections is the difficulty of transferring these projections to the different business sectors and the complexity involved in determining their impact on a microeconomic level. Regulatory flexibility in granting moratoriums and renegotiating operations might mean that accounting arrears are not seen in the short term.



AT COMPLEX TIMES MARKED BY THE CURRENT HEALTH CRISIS, WE WANT TO BE AS CLOSE AS POSSIBLE TO OUR MEMBERS AND SUPPORT THEM.

■ REGULATORY ENVIRONMENT

The crisis caused by the COVID-19 pandemic has required the decisive action of legislators, regulators and supervisors. The European Commission and Parliament, the European Banking Authority and the European Central Bank, with the support of the Bank of Spain, are asking for all available resources in credit institutions to be mobilised in order to support the economy. Greater flexibility is therefore being given to regulations regarding solvency, accountancy, and liquidity management in credit institutions.

The emergency situation caused by the pandemic means that the Bank must adapt quickly and use the recent regulatory amendments to support its members during these difficult times, with initiatives such as moratoriums on loans or the renegotiating of business loans, with a vision of the risks beyond the short term.

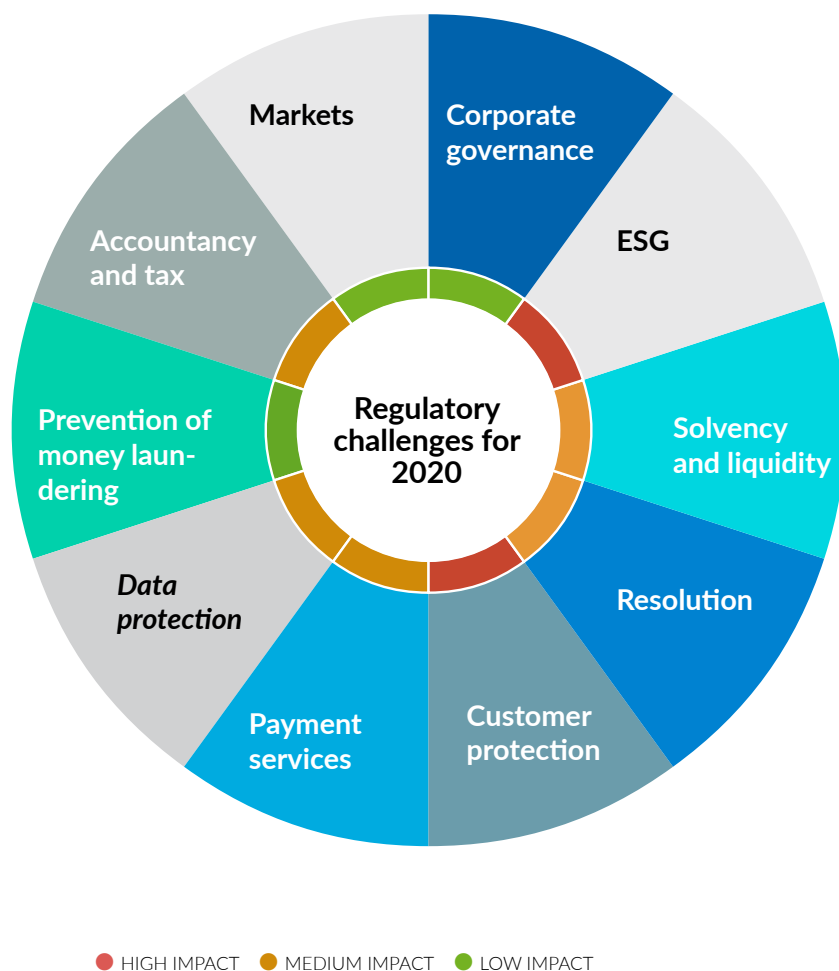
It will be over a decade in 2020 since the developments and exercises of European harmonisation were promoted with the central initiatives within the financial sector of Banking Union and the Capital Markets Unit.

This path has led us to a number and scope of quite considerable dimensions insofar as regulation is concerned. Specifically to the banking sector, there are three core regulations, each at differing degrees of progress at present:

- The Capital Requirements Directive IV and the Capital requirements regulation
- Directive on deposit guarantee schemes
- The Bank recovery and resolution directive

Based on these directives, a series of legislative, supervisor and technical guide documents have been developed on a European level and nationally, which have involved and continue to involve significant efforts for adaptations in terms of structure, costs, and management of the business, the risks, and the governance of banks, all at a time when there is a considerable reduction in margins, market tensions, and an extremely complex economic and social situation.

Cross-harmonisation exercises throughout Europe must be added to these core issues, but with great impact on the financial sector, such as the plans to implement an agenda to fight climate change, the prevention of money laundering and the funding of terrorism, or data protection and the fight against cybercrime. All these factors have a great impact on the environment and a high degree of reputational risk.



Corporate governance

In an environment with an increasing level of digitisation and use of innovative technological solutions for business and management processes, supervisory practice and guides regarding outsourcing processes have intensified in the sector, particularly those involving cloud services.

ESG: sustainable finances

New supervisory guides on climate risk

The international organisation of supervisors, Network for Greening the Financial System (NGFS)³, has issued its *Guide for Supervisors* integrating climate-related and environmental risks into prudential supervision, which includes the identification of the risks of supervised banks and the assessment of any potential losses, should they arise. The European Central Bank supervision has issued a guide for consultation that explains how it expects banks to prudently manage climate-related risks and disclose such risks transparently. The European Banking Authority is expected to request opinions in 2020 on the

guidelines it must publish in 2021 on incorporating climate-related risks into the assessment of capital and liquidity risks. The European Commission Action Plan of 2018 includes a clear mandate for the incorporation of sustainability into prudential banking regulations.

Changes in non-financial information

The European Commission has issued for consultation the amendments made to the Non-financial reporting directive. As the requirements for information from companies on their exposure to energy transition risks are more explicit, complete and easily accessible, the lesser the amount of information that credit institutions must request to assess the climate-related risks of these companies.

3. A group of central banks and supervisors willing, on a voluntary basis, to exchange experiences, share best practices, contribute to the development of environment and climate risk management in the financial sector, and to mobilise mainstream finance to support the transition toward a sustainable economy.



THE EUROPEAN PARLIAMENT AND THE COUNCIL ARE NEGOTIATING THE AMENDMENTS IN A FAST LEGISLATIVE PACKAGE TO TACKLE COVID-19.

Solvency, liquidity and resolution

Making capital requirements more flexible

The elimination of the capital preservation cushion enables credit institutions to increase their exposure to credit risk, or accept a higher level of losses due to the COVID-19 crisis without breaching regulatory capital requirements.

Request to avoid the distribution of dividends

The request made by the European Central Bank to postpone the distribution of dividends at least until 1st October was accompanied by requests along these same lines by the European Banking Authority. The firm request not to distribute dividends, which also involves the remuneration on capital contributions, might be extended in time depending on the impact of the COVID-19 crisis.

Urgent legislative measures in Spain in light of COVID-19

The moratoriums on mortgage loans and non-mortgage loan agreements regulated by Royal Decree-Law 8 and 11/2020 have created a new figure in the category of normal risk requiring specific *reporting*, given the vulnerability of the groups that the law authorises for this type of product. The granting of public guarantees to companies also involves separately classifying and documenting the transactions taking advantage of the public aid.

Urgent adaptation of the solvency regulation in light of COVID-19

The European Parliament and the Council are negotiating the amendments in a fast legislative package to tackle COVID-19. The more relevant issues included in the proposed changes to the Capital Requirements Regulation⁴ consist of possible exemption in the calculation of the leverage ratio, which include central bank deposits, flexibility in CET1 exemption of the latent result of financial assets at fair value with changes to other overall results, and the preferential treatment given to public guarantees in the calculation of risk-weighted assets.

New specific reporting due to COVID-19

The European Banking Authority is preparing additional *reporting* models to the existing one to collect additional data from the banks, although the intensity of data collected in Europe is presently above that of other regions, especially regarding less significant institutions (LSI). *Reporting* might include information on moratoriums and public guarantees, operational continuity, and the market risk.

New guidelines for granting and monitoring of credit facilities

The European Banking Authority has published guidelines for the granting and monitoring of credit investment. Application of the guidelines to existing credit facilities requiring renegotiation or contractual changes will become effective in June 2022, and there is to be certain flexibility in its implementation with regard to the monitoring of credit until June 2024.

4. The Capital Requirements Regulation 575/2013 is a EU law that aims to decrease the likelihood that banks go insolvent.

Customer protection

This area has been one of the main regulatory and supervisory focal points of recent years. With a series of European directives and regulations, the aim is to improve transparency and protect bank customers.

Along these lines, monitoring the effective implementation of regulations already developed in previous years, such as the MiFID II, the mortgage law, and the definitive transposition of the IDD (insurance distribution) will continue to be necessary in 2020. All this combined with the review being made in Europe to foresee possible amendments to the MiFID II regulation that might improve certain asymmetries in its initial definition and the objectives that are actually being met.

In addition, new regulations are foreseen to reinforce the production, control and broadcasting of advertising campaigns on banking and investment services.

Payment services

Intra-Community payment services have for a number of years been a subject of concern, supervision and regulation by the EU. It all started with the SEPA, and additional provisions have gradually been added that include the new Payment services directive (PSD2).

This regulatory package intends to eliminate incoming and outgoing barriers, facilitate payments between customers from different European banks, and include and regulate new players. With regard the PSD2, once new functions have been developed for payment initiation and account aggregation services, including strong authentication, the developments and adaptation for e-commerce transactions will be completed.

Data protection and fintech

Along these same lines, the updated guides on the management of information, technology and security system risks will enter into force in 2020. They have been adapted to an environment with an increasing number of risks due to the intensive use of technological solutions within the financial sector, and the growing threats of incidents, security breaches, and cyberattacks.

Over recent years (and this work is expected to continue), different regulatory packages have been implemented to improve security in electronic transactions and to harmonise and improve personal data protection, also a result of the new technologies.

Prevention of money laundering

The concern for the risks related to money laundering from criminal activities through the financial system and the recent cases affecting financial institutions has led Europe to begin plans to harmonise and combine supervision and *reporting* in a single body (in this case, dependant on the European Banking Authority or with its direct management).

These harmonisation plans, along with the planned transposition of the EU anti-money laundering directive V, will set the regulatory agenda for this year, including legislative analyses and implementation to include cryptoassets in the supervision and control in this environment.

Markets

No significant news is expected regarding markets, although the implementation of regulations already published in previous years will continue in order to strengthen market transparency and homogenise criteria on a Community level (EMIR / TARGET2S / MAD-MAR).

4.2 STRATEGY



OVER 50 YEARS
DEVELOPING OUR
CORPORATE MODEL AND
GENERATING SHARED
VALUE BEYOND THE
FINANCIAL COMPONENT.

■ WE ARE CAJA DE INGENIEROS

The Caja de Ingenieros Group is a Spanish cooperative financial and insurance group that offers personal, commercial and institutional banking services. Our vocation is to provide a service to professionals and their families, whether engineers or other professions.

Being a cooperative credit society means that any profits directly revert back to all of its members, resulting in numerous additional advantages and professional and personal services.

The cooperative model, which is the foundation of our Group, fosters principles of ethics, commitment, trust and social responsibility and, therefore, a return for its members and employees, professional communities and society in general.

History

A group of industrial engineers established us as a cooperative in 1967 and, since then, we have continued to grow over our 50 years of history. We have always had a well-defined calling since our inception: to provide personalised financial and insurance services with the highest sustainability standards.

The distinctive feature of the Caja de Ingenieros cooperative model is that the member is both a customer and an owner of the Bank. We have always used our foundational values to strengthen the basis of our growth and the cooperative banking model.

In February 2011, we established the Caja de Ingenieros Foundation to convey our corporate social responsibility (CSR) activities. This is a

private, non-profit institution that came about following the transformation of the former Agrupación Sociocultural y Tecnológica de los Ingenieros. The Foundation seeks to optimise the efficiency of the resources used to promote and foster engineering and activities of cultural, social, environmental, health and welfare, professional and technological interest.

Companies forming the Group

The Caja de Ingenieros Group consists of a number of companies that enhance, optimise and diversify our capacity to provide services and support to members. All the banks in the Group participate in CSR, but the social action is conducted through the Caja de Ingenieros Foundation.

Caja de Ingenieros acts as the parent company of the Caja de Ingenieros Group, which also includes Caja Ingenieros Gestión, Caja Ingenieros Vida y Pensiones, Caja Ingenieros Bancaseguros, Fundación Caja de Ingenieros, Ingenium Shopping and Norbolsa (with a 10% stake in the company, it specialises in stock market brokerage and in added-value financial services). The following infograph shows the different companies in the Group.

Group Companies

Company name	Registered address	Corporate purpose
Caja de Crédito de los Ingenieros, S. Coop. de Crédito	Via Laietana, 39 08030 Barcelona	A cooperative credit society that conducts all kinds of asset, liability and service transactions in banking, with special attention to the financial needs of its members
Caja Ingenieros Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, SAU	Casp, 88 08010 Barcelona	The Caja de Ingenieros Group investment fund manager
Caja Ingenieros Vida, Compañía de Seguros y Reaseguros, SAU	Casp, 88 08010 Barcelona	Life insurance company marketing additional social insurance products and a pension fund manager
Cooperativa de Consumidores y Usuarios de los Ingenieros (Ingenium Shopping)	Via Laietana, 39 08003 Barcelona	Provision of services and sale of consumer articles and supplies for members
Caja Ingenieros, Operador de Bancaseguros Vinculado, SLU	Casp, 88 08010 Barcelona	A company dealing in insurance brokerage
Norbolsa, SV, SA*	Plaza Euskadi, 5 48009 Bilbao	Investment services company
Fundación Caja de Ingenieros	Potosí, 22 08030 Barcelona	Corporate social responsibility vehicle

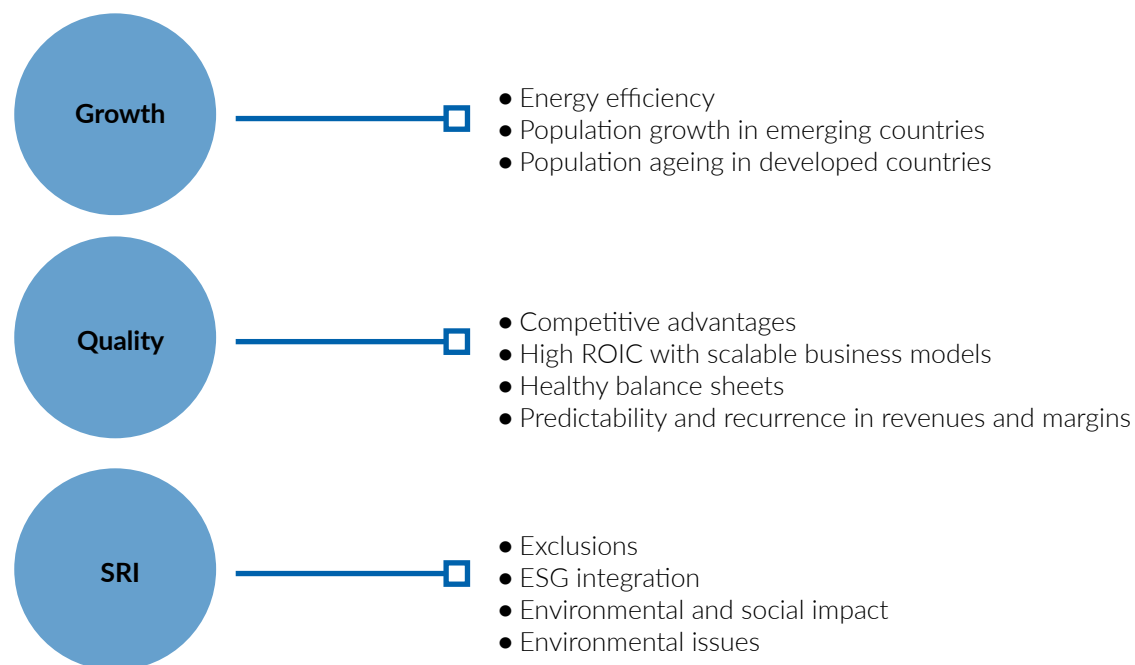
*Associate. Caja de Ingenieros has a 10% stake in Norbolsa, SV, SA. Even though this is less than 20% of share capital, it has significant influence over the investee as shown by its seat on the latter's Governing Board.

Caja de Ingenieros Gestión

Since its creation, Caja de Ingenieros Gestión has been aware of the importance of responsible investment. Beyond financial analysis, its trustee duties as a management and administration company of the collective investment institution (CII) means that the Bank must be responsible with the investment it makes on behalf of its unitholders.

The investment philosophy of Caja de Ingenieros Gestión is based on independent financial and extra-financial (ESG) analysis, with a bottom-up approach and a special emphasis on the (sustainable) business model of the companies in which it invests.

Method of investment in the instruments managed



The investment method of Caja Ingenieros Gestión is based on the following aspects:

- Extra-financial analyses (ESG factors)
- Investment based on fundamentals, far removed from market noise
- Focus on business models and their competitive advantages
- Portfolio construction based on *bottom-up criteria*
- Preparation of our own analysis for each position
- Differentiated sectoral distribution with regard to the index



THE EQUITY MANAGED AT THE END OF 2019 WAS 23% GREATER THAN THAT OF 2018, STANDING AT 694 MILLION EUROS.

Furthermore, a characteristic feature of the Bank's collective investment is the intense risk management and capital preservation of its members.

The programme of activities of Caja Ingenieros Gestión includes discretionary pension fund management and advice on investments to eligible counterparts. Both activities are performed at present by providing the corresponding services to Group companies.

At the end of financial year 2019, the equity managed stood at 694 million euros in investment funds, 23% up on the previous year. The total number of managed investment fund accounts managed stood at 35,398, which is a 7.5% increase on the previous year, and the number of investment fund unitholders increased by 7.9% to stand at over 19,481.

Our commitment towards socially responsible investment (SRI)

We took another step forward in 2014 in our commitment towards SRI by becoming a member of the United Nations Principles for Responsible Investment (PRI) initiative to encourage the incorporation of extra-financial criteria into traditional corporate analysis.

Caja Ingenieros Gestión is now the third management company nationwide to manage most assets in investment funds with the SRI label, and applies the advanced management model in the incorporation of environmental, social and corporate governance (ESG) criteria when selecting companies. Proof of this is the sustainability *rating* obtained from the Morningstar agency in conjunction with Sustainalytics, in which up to seven funds of Caja Ingenieros Gestión had the highest rating at 2019 end.

The investment fund management company remains clearly committed to socially responsible investment. In June 2019, it launched the first collective investment instrument with an impact on the Sustainable Development Goals, the CdE ODS Impact ISR, FI. With this fund, almost 40% of the assets managed by the company have the SRI label. Please see Section "9.3. Responsible investment as part of our bloodline" for further details.



CAJA INGENIEROS GESTIÓN
IS THE THIRD MANAGEMENT
COMPANY NATIONWIDE TO
MANAGE MOST ASSETS IN SRI
INVESTMENT FUNDS

■ ■

THE PENSION PLANS
MANAGED UNDER A
SOCIALLY RESPONSIBLE
INVESTMENT (SRI)
STRATEGY PLACE CAJA
INGENIEROS VIDA AT
THE FOREFRONT OF THE
SPANISH MARKET.

Insurance and pension plan business

The insurance and pension plan business of the Caja de Ingenieros Group meets all the needs of its members regarding welfare and protection.

Its activity is divided into two companies:

- Caja Ingenieros Vida, Compañía de Seguros y Gestora de Planes de Pensiones, which creates and manages life and savings insurance and pension plans.
- Caja de Ingenieros, Operador de Bancaseguros Vinculado, a company that deals in general insurance brokerage.

Caja Ingenieros Vida, Compañía de Seguros y Reaseguros

This is the benchmark company with regards welfare in the Caja de Ingenieros Group. It provides specific products and services for supplementary social welfare and personal protection adapted to the individual needs of each member with a personalised advisory service.

It also manages a wide range of pension plans to provide members with solutions to suit their risk profile and the time frame for their retirement that of a high management quality that has been recognised by the main international rating agencies.

In line with the commitment of the Caja de Ingenieros Group to contribute

toward the sustainable growth of the economy, Caja Ingenieros Vida has been at the forefront of the Spanish market in the launch of pension plans managed under a strategy of socially responsible investment (SRI), which considers the selection of the best positioned companies in terms of environmental, social and good governance issue.

Caja Ingenieros Vida is second in the growth *ranking* and is in the top 3 of the return on pension plans *ranking* in 2019, according to official data from Inverco.

In 2019, equity in pension plans managed under SRI strategies exceeded 100 million euros, which is almost 35% of the total.

Net profit

1.9
€B

Life insurance and pension contracts

56,680

Managed equity

559
€B

+24% vs.
2018

Number of participants

+15%

Morningstar Spain Fund Awards 2020 in the category of Best Mixed Pension Plan

Caja Ingenieros Vida y Pensiones was recognised by the Morningstar Spain Fund Awards 2020 for its CI Climate Sustainability ISR, PP, in the category of Best Mixed Pension Plan. The plan, which invests 50% of its equity in variable income and the remaining 50% in fixed income, is characterised by the fact that it invests in companies selected based on SRI criteria, with particular emphasis on respect for the environment and on meeting COP21 goals regarding greenhouse gas emissions.

CI CLIMATE SUSTAINABILITY ISR, PP MEJOR PLAN DE PENSIONES MIXTO MORNINGSTAR SPAIN FUND AWARDS 2020



Caja Ingenieros, Operador de Bancaseguros Vinculado, SLU

Caja de Ingenieros Operador de Bancaseguros completes the range of insurance products for patrimonial, professional and business protection, and provides coverage and solutions adapted to the needs of Caja de Ingenieros members at any given time. The Company does this through insurance brokerage involving the distribution of products by the main specialist companies in the market.

We provide Group members with a comprehensive, personalised advice model known as the Insurance Advisory Service, the goal of which is to help them in the overall management of their insurable risks and propose the best solutions with the guarantee of a personalised service that also includes the regular review of their risks and coverage.

In 2019, the Company increased the volume of brokered premiums by 11.5%, leading to a total annual premium portfolio of 17.5 million euros. A total of 8,987 new policies have been taken out through the network of Caja de Ingenieros branches, which involved a volume of premiums of over 3.2 million euros. The total number of valid policies taken out by Group members stands at 49,398.

Insofar as portfolio distribution, the branch with greatest volume of premiums is life (30%), followed by home (19%), death (13%), payment protection (12%) and health (10%).

■ ■

AT THE END OF 2019, INGENIUM SHOPPING HAD 143 AFFILIATED ESTABLISHMENTS FROM VERY DIVERSE SECTORS OF BUSINESS AND OF THE MOST PRESTIGIOUS BRANDS THAT THE BANK CONSIDERS TO BE OF INTEREST TO ITS MEMBERS.

Cooperativa de Consumidores y Usuarios de los Ingenieros (INGENIUM SHOPPING)

Ingenium Shopping was created in 2011 to offer members and their relatives more favourable financial conditions and advantages in establishments from a wide diversity of sectors.

At the end of 2019, Ingenium Shopping had 143 affiliated establishments from very diverse sectors of business and of the most prestigious brands that the Bank considers to be of interest to its members. The volume of purchases made over the year in establishment affiliated to Ingenium Shopping exceeded 303,000 transactions at the sum of over 11 million euros.

The sectors represented in Ingenium Shopping are: food and beverages, beauty, sports, electronics and electrical appliances, skiing, flowers

and gardening, training, photography, home, image and sound, information technology, jewellery and watches, toys, books and stationary, pets, messaging, furniture and decoration, fashion and accessories, leisure and culture, optics, child care, catering, health and personal care, storage, vehicle and motor, and footwear.

Ingenium Renting was created in 2016 to offer quality services to members and to meet all their needs. It offers long-term vehicle rental through the company ALD Automotive, SAU, with its corresponding maintenance, assistance and insurance services, among others.

NORBOLSA, SV

Norbolsa, SV, is the investment services company associated to the Caja de Ingenieros Group in which Caja de Ingenieros holds a 10% stake.

It was established by the Basque savings banks in 1989. It specialises in brokerage and in high added-value financial services: fixed and variable income primary market, portfolio management, stock market analysis, liquidation and custody services, corporate business, services to issuers, and financial advice.

Norbolsa is a financial advisor of reference in the capital market access process for companies and investors, and its main lines of business are brokerage, the liquidation and custody of securities, the management and consulting of institutional portfolios, the provision of corporate services to companies, and operations in primary markets.

Its analysis services are supported by its thirty-plus years of experience and a qualified team of professionals with solid financial training.

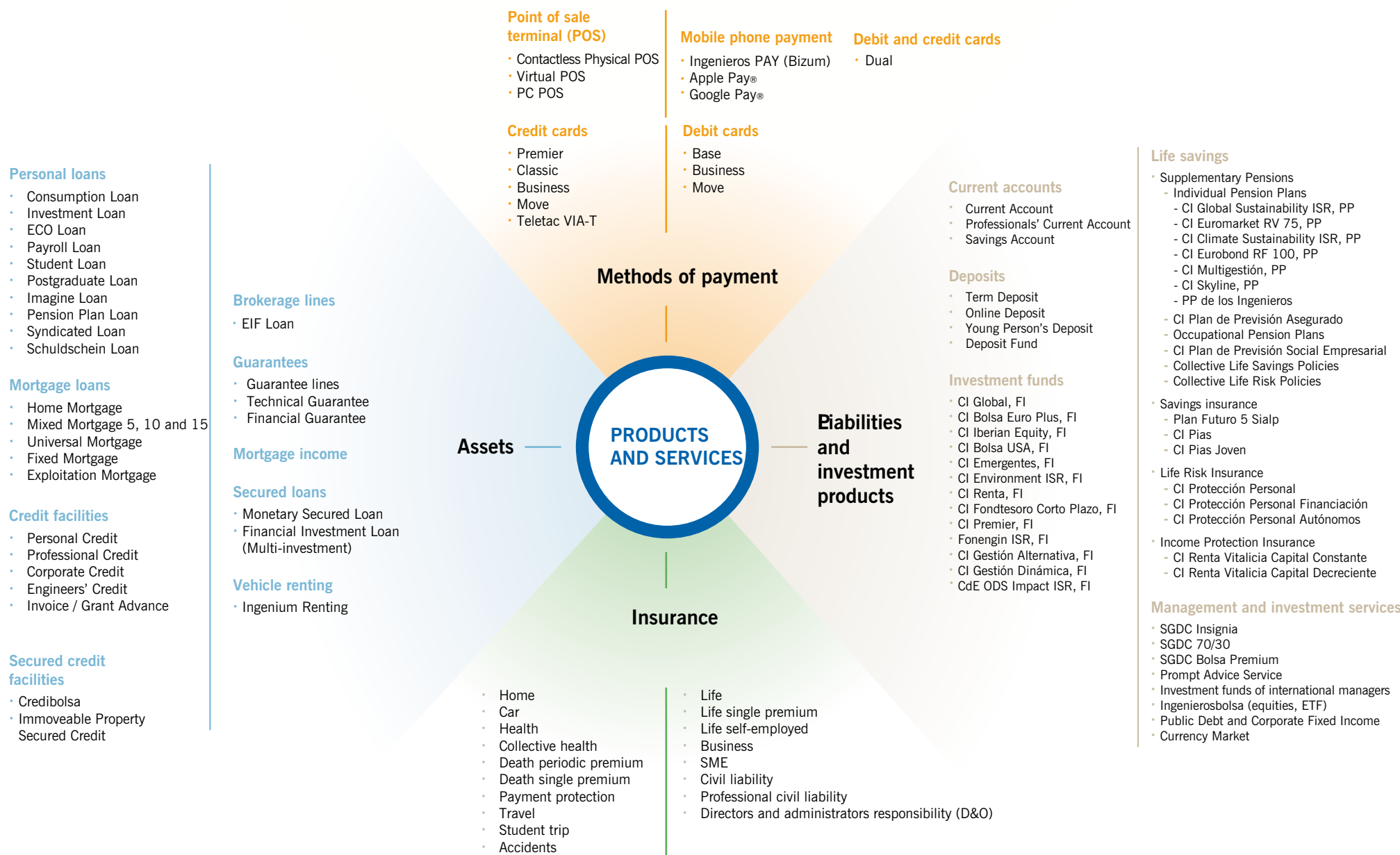
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Ventajas y descuentos para profesionales



■ MISSION, VISION AND VALUES

MISSION

Deliver sustainable value

We are a corporate services group aimed at professional communities with the mission of delivering value to members on financial, professional and personal issues, contributing to sustainable social development.

For this purpose, we establish long-term relationships based on ethics, commitment and trust, and ensure the Group's strength as a means to provide a return to its members, collaborators, professional communities, and society. Because of its focus and service excellence, it is the leading institution in the sector for professional communities, to which it devotes, through the Caja de Ingenieros Foundation, its social action.

VISION

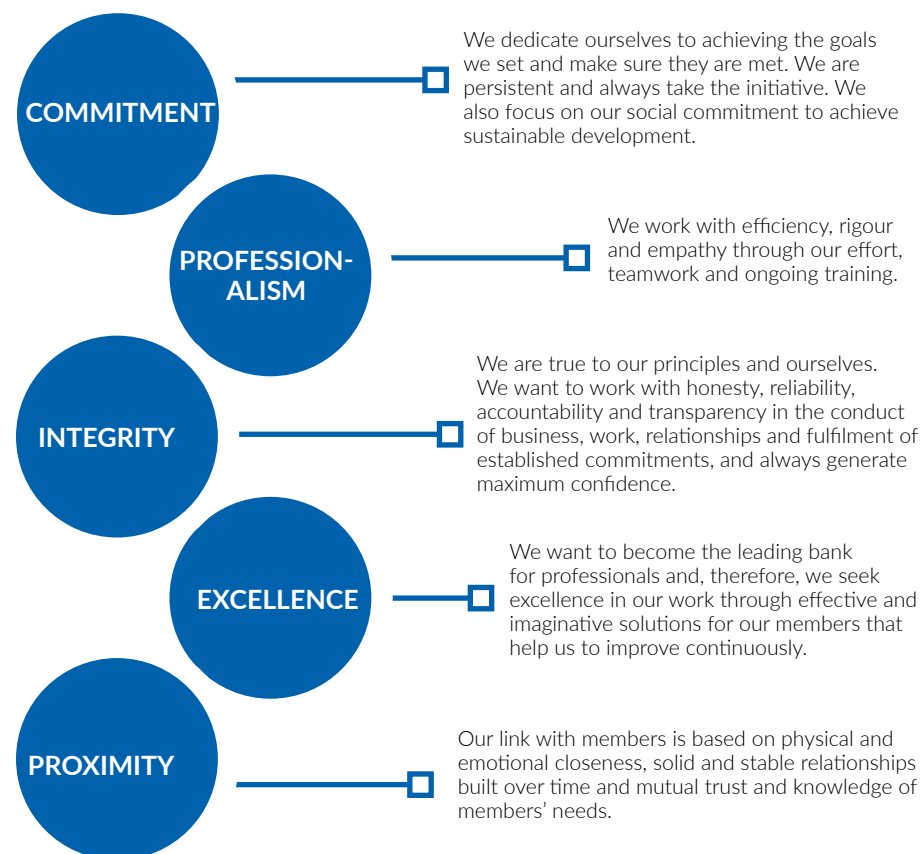
Be a leading bank

We want to be the Bank of reference for our members and the professional communities with which we relate, for which we develop our cooperative model and generate shared value beyond the financial component.

To do so, we respond to the individual needs of each member by offering advice and the most appropriate solutions with a differentiated service. We have a highly qualified team committed to the Bank's mission, and we are champions of innovation and technology, working constantly to improve efficiency as a way of achieving sustainability for our value proposition.

VALUES

Commitment to members and to society



WE BASE OUR ACTIONS ON A SET OF VALUES THAT EXPRESS OUR COMMITMENT TO MEMBERS AND TO SOCIETY.

■ STRATEGY FOR FINANCIAL YEAR 2020

The COVID-19 crisis has led to a radical change in the Bank's business strategy and its service to members. The expected macroeconomic impacts are of epic proportions, and the need for liquidity by a large part of the Bank's members, both families and companies alike, will require the utmost support to overcome the strong economic recession that will characterise this financial year 2020.

The focuses of strategic management for financial year 2020 will be structured around the solid bases upon which the Bank is tackling the disruption caused by COVID-19 from both an economic-financial perspective and that of the change in members' needs and operational functions.

Economic-financial outlook

The economic-financial scenario following COVID-19, which has paralysed economic activity for several months, has required the involvement of the financial authorities and the governments with extremely intense policies aimed at injecting liquidity into the financial markets and their group of players. The monetary policies of the central banks has also encouraged the supply of financing to the financial sector with the drop in the interest rates of its operations, along with a reduction in capital requirements and the re-accommodating of credit risk assessment methods in order to help boost the flow of financing to the real economy. With greater or lesser intensity depending on their fiscal balance, the States have adopted extremely aggressive public expenditure policies to mitigate the drop in income for a large number of families, and have implementing programmes to grant guarantees to the business sector for which its liquidity has been affected by the economic shutdown.

Along these lines, as a key player in the distribution of credit, the financial sector plays a particularly relevant role in the chain of transmission of the necessary financial flows to re-establish financial stability.

Caja de Ingenieros takes this key approach in a position of extremely significant financial strength, considering that the Bank covered a 30% increase in its registered capital entirely by its members and this, along with its excellent earnings from financial year 2019, are enabling it to face the COVID-19 crisis with a CET1 capital ratio of 15.48%, almost double that of the regulatory requirements. This gives it immense capacity not only to promote financing for the real economy, but also to absorb any contingencies resulting from the economic recession. The Bank is also facing it from a position of extraordinary liquidity (358% LCR ratio vs. 100% regulatory requirement), with no legacy of unproductive assets and with a high quality of credit investment (2.84% delinquency) associated to the extensive write-off of bad assets (48%) and a rather relevant collateralisation rate of the credit risk (around 76%).

This leverage enables Caja de Ingenieros to face the challenges of the economic rescission and the difficulties imposed by the rescission in terms of profitability to support members during this difficult economic stage. We therefore encourage the adaptation of the agreements that the members have accepted in their credit standing with the Bank and provide financing and liquidity for feasible business projects.

Change in member needs

COVID-19 has led to a substantial increase in member needs in terms of both services and member-bank interaction.

a) Services

In terms of services, liquidity and financing, particularly for working capital, are a pressing need. As a result, the Bank is to implement a proactive policy regarding credit and extend the catalogue of financing formulas involving its own instruments and in collaboration with others. The objective is, therefore, to cooperate with all the reciprocal guarantee societies in the autonomous communities in which Caja de Ingenieros operates and to joint the state financing or guarantee programmes. This should lead to a substantial increase of 15% in credit investment on the balance sheet by year end.

In terms of physical persons, new instruments are to be implemented to facilitate the adaptation of payment flows in credit transactions, whether they are public, sector-based, or individual moratoriums. New salary advance or employment grant mechanisms are also to be activated, along with formulas for personal financing, including methods of payment as an instrument, to provide greater liquidity under favourable financing conditions for members.

Insofar as equity and savings-income management, the leadership and experience of the Caja de Ingenieros Group in socially responsible investment (SRI) is a strength for its members, as this type of investment plays a significant role during times of financial market instability, particularly during COVID-19, considering that the driving forces behind its resolution are generally sectors, companies and projects that are closely linked due to their social, environmental and transparency-related commitment to the SRI.

b) Interaction

Since 2014, Caja de Ingenieros has been developing an ambitious investment plan involving 25 million euros to face the growth challenges of the Bank, such as those arising from the great regulatory demands and technologies linked to the digitisation of the relationship between members and processes. The Bank therefore faces the challenges of a digital adoption that has been speeded up by society from an extremely favourable position to meet the requirements for interaction by its members, which has increased significantly with the COVID-19 crisis and has allowed, in view of the reduced mobility of its members, for the capacities and features of the existing omnichannel network as a whole (telephone banking, mobile banking, internet banking, *agile* account management, social interaction networks, and mail channel) to be promoted and increased. In turn, a new communications channel via WhatsApp has been implemented, an digital service equipment for members have been created, with professional technicians using *agile* methodology set up in the area of account management. All this with the support of the Bank's digital branch.

The goal is:

- 1) To increase the number and scope of proactive interactions with members to offer solutions to their new needs.
- 2) To increase the scope of Bank member data analysis with business intelligence.
- 3) To reduce response times to requests by members.
- 4) To optimise costs and administrative servicing processes.

Functional, operational and management capacity

The digital acceleration process, the complex economic and financial environment, and the appropriate response that the Bank must give to society given its cooperative commitment require an operational, management and organisational capacity to face all the challenges arising during the COVID-19 crisis.

This crisis forces us to reconsider the management methods and to begin to establish scenarios and assess contingency plans from a financial and business viewpoint, as well as from an operational outlook. Moreover, the excellent response of the Bank's technological teams has led to 100% coverage by professionals with the capacity to perform their work

remotely, thus enabling the Bank to progress solidly in a working model that involves the central services and the distribution network, leading to a reduction in operational costs and a more flexible organisation in its processes by redefining areas and departments in a context in which speed of adaptation is fundamental to meeting the new, up-and-coming needs of the members.

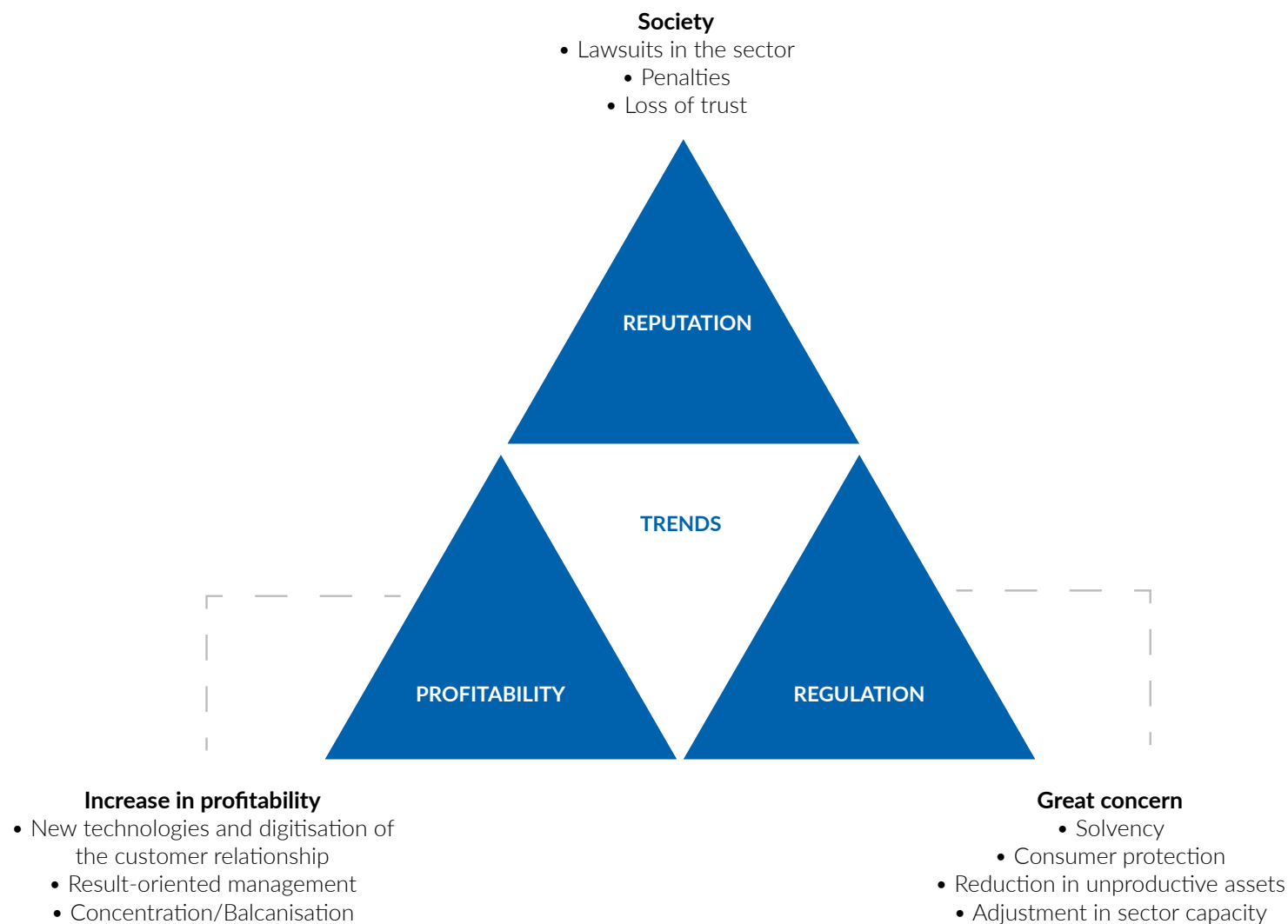
The organisation accepts a major adaptive challenge and focuses on *agile* processes in as far as uncertainty is high, as is the demand for needs to be met. The investment processes must be monitored very strictly with regards to time in order to optimise the management of resources.



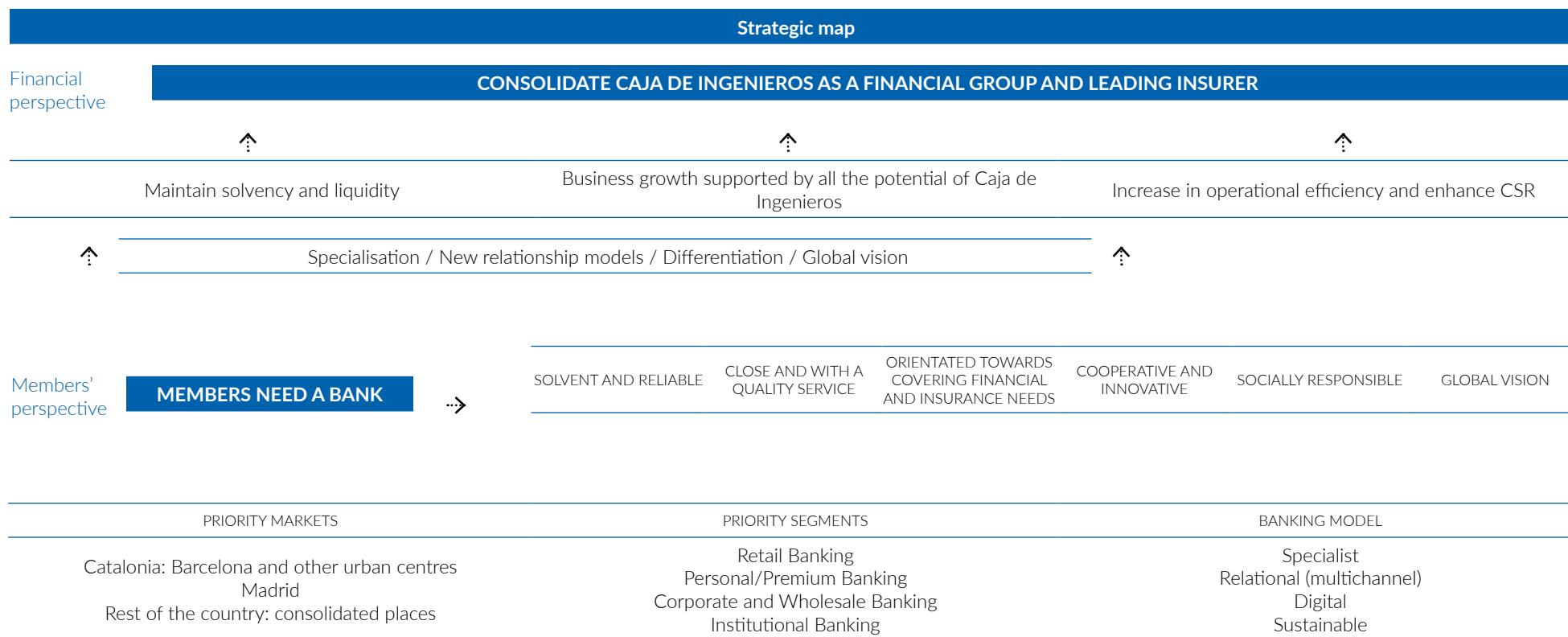
■ IMPULSA PLAN

In 2016, the comprehensive strategy of the bank to continue in a solid position in the financial sector focused on sustainable growth, increasing the number of members, and creating new products and services, as well as the development of innovative new channels. We therefore designed the 2016-2019 Strategic Plan that we called IMPULSA 2019.

IMPULSA 2019 arose at a time of major challenges for the banking sector, and focused the strategy of Caja de Ingenieros on the main concerns of the sector in 2015.



The IMPULSA 2019 Plan therefore arose as a basis for transformation of the Group to suit the new reality of the sector, with a view to strengthening Caja de Ingenieros as a leading financial and insurance group. The map below shows the strategic route of the plan.



This road map is the result of an analysis of the economic and financial environment, with particularly attention being paid to the sector trends in order to promote the areas of improvement in terms of organisation and service to members.

IMPULSA 2019 placed the emphasis on **comprehensive digitisation** in which the support for technology was one of the mainstays of the Caja de Ingenieros Group and, therefore, became a key element in promoting a top level service to members.

Within the framework of the IMPULSA 2019 Plan, we set a series of goals in each of the blocks we considered to be of greatest relevance: financial goals, commitment to members, and corporate social responsibility. Using the year 2015 as a basis, and setting challenges to be reached for each of these indicators by 2019, we can say that we have been able to bring IMPULSA to a satisfactory close. The following figure shows our performance in each of the monitoring indicators set in relation to the goals initially established.

WE BROUGHT IMPULSA 2019 TO A SATISFACTORY CLOSE

A stronger, **more relatable** Bank that has been able to create its own space.

We are **social economy**.

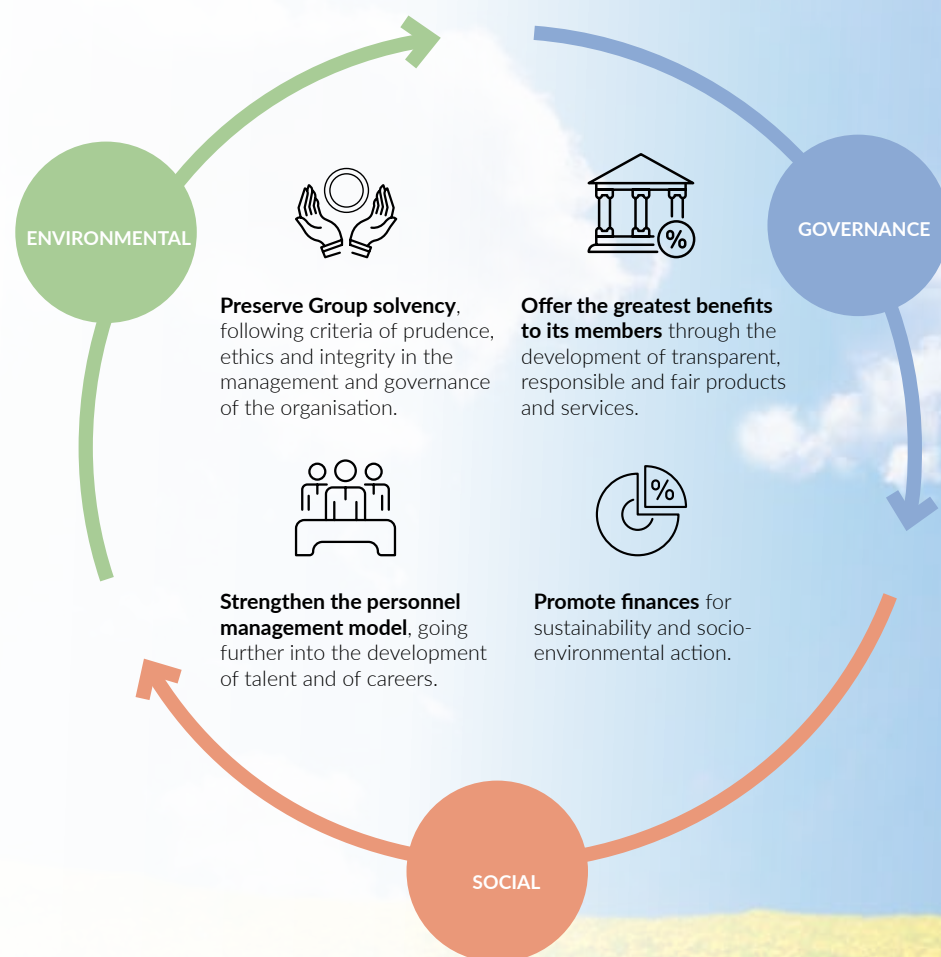
IMPULSA had a great ambition. Once again we have proven our capacity to overcome the challenges thanks to the **strength of the team**.



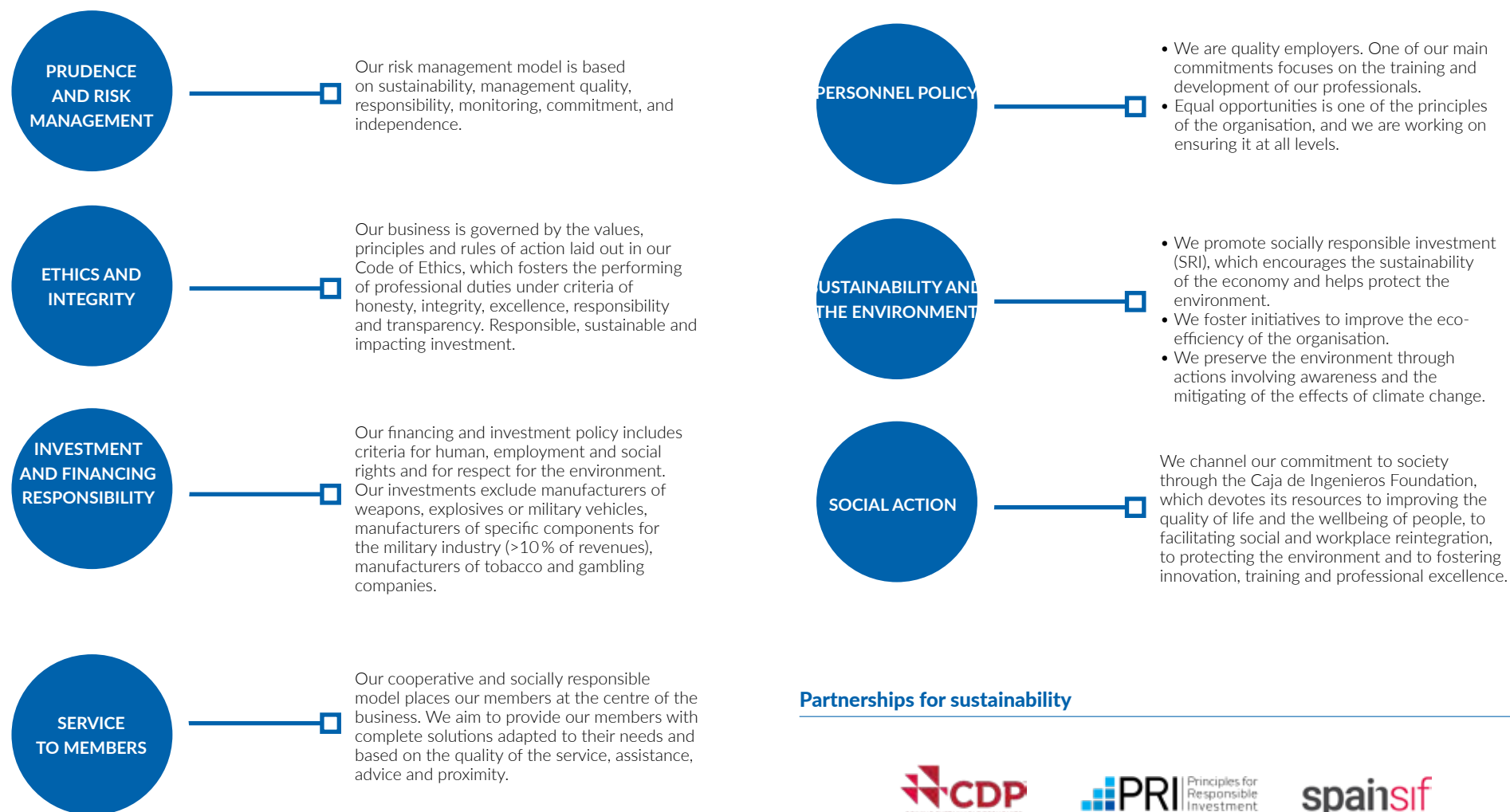
Financial objectives	2015	2019	Obj. 2019
CET1	14.49%	15.48%	>12.00%
ROE	8.61%	7.19%(*) - 9.23%	>9.00%
Efficiency	62.33%	69.67%	<60%
Default	3.50%	2.84%	<5.0%
Turnover	€5.0 B	€7.1 B	€8.3 B
Turnover per employee	€11.95 B	€14.5 B	€18.00 B
Structural liquidity ratio	130.03%	166.60%	115%
Loan-to-Deposit (LTD)	76.91%	60.00%	90%
(*) Average ROE and average ROE on minimum capital requirement			
Commitment to members			Obj. 2019
NPS	54.10%	49.90%	57.9
Satisfaction index	8.34	8.23	8.55
Number of members	140,000	204,112	+35%
Digital members (of active members)	57.00%	69.12%	68.00%
Number of branches	25	31	>30
Corporate social responsibility			Obj. 2019
Commitment to society (Stiga report)	7.63	8.04	8.5
Degree of knowledge of members	10%	71.90%	75%

■ SUSTAINABILITY STRATEGY AND SUSTAINABLE DEVELOPMENT GOALS

Focuses



The plan covers seven areas that run across the entire organisation.



Partnerships for sustainability



Sustainable Development Goals

Over the last quarter of 2018, we signed our membership to the United Nations Global Compact, the main goals of which are to promote the incorporation of ten sustainability principles into the areas of human rights, the environment, rules for employment and the fight against corruption in business activities worldwide, and to channel the actions helping meet the Sustainable Development Goals (SDG).

For the first time, the SDGs are proof of the commitment of organisations worldwide to promote actions so that they are met and to measure their impact on society.

The finances of sustainability are at the centre of the Group's strategy because, from the viewpoint of cooperative banking, they include the double perspective by which we perform our function: social and commercial.

Implementation

In line with our sustainability strategy, progress continued in 2019 in the three SDGs in line with our strategic goals and following the SDG Compass, a guide developed jointly by the Global Reporting Initiative (GRI), the United Nations Global Compact, and the World Business Council for Sustainable Development (WBCSD). The Group has a greater impact on these three SDGs: decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), and climate action (SDG 13).

Below is an indication of how the Caja de Ingenieros Group has contributed in 2019 to each of the three SDGs identified as primordial, the metrics used to monitor this contribution, and examples of projects we have completed.

SUSTAINABLE DEVELOPMENT GOALS



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



SDG 8. DECENT WORK AND ECONOMIC GROWTH

8.1. We contribute towards per capita economic growth and GDP growth in Spain

- The Group's pretax earnings amounted to 14.5 million euros.
- We have fulfilled our tax commitment through the taxes paid, which amounted to 13.1 million euros.

8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services

- We have purchased from our suppliers to the value of 26,760,000 euros.
- 55% of our suppliers are local (less than 150 kilometres from our headquarters).
- We have granted financing to major companies, SMEs and the Public authorities for a total of 381 million euros.
- We have given access to financing to over 370 companies and professionals.

8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

- 96% of our workforce have permanent contracts of employment.
- We employ local professionals, and the profile of the workforce is 95% local.
- We integrated professionals with different degrees of disability into our organisation.
- We have provided over 32,000 hours of training to our professionals.

8.6. By 2020, substantially reduce the proportion of youth not in employment, education or training

- In 2019, 43% of all new appointments were below the age of 30.
- We have granted study loans with advantageous conditions for a value of over 1.9 million euros.
- We have awarded grants and study and training awards to over 600 youngsters.

- we have partnership agreements to support students with the main universities in Spain (Universitat Politècnica de Catalunya, Universitat Autònoma de Barcelona, Universitat de Barcelona, Universidad Politécnica de Madrid, Universidad Politécnica de Valencia, Universidad de Sevilla, Universidad de Alicante, etc.).
- Through the Foundation's Innovative Ideas Award, 144 enterprising proposals have transformed their business idea into a real company.

8.8. Protect labor rights and promote safe and secure working environments of all workers

- The Group's professionals are covered by private medical insurance and advantageous coverage for their relatives.
- We provide those professionals requiring as such with benefits for physical exercise in arranged sports centres.
- We support the education of the families of our professionals with study benefits for children between the ages of 0 and 25.



SDG 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.2. Promote inclusive and sustainable industrialization by 2030

- We have granted 29% of financing to small and medium-sized enterprises and to professionals.
- We distribute products to promote sustainable industrialisation (ECO Profesional Loan).
- We have been signatories of the Responsible Investment Principles initiative since 2014.

- We have investment exclusion criteria and avoid less sustainable and inclusive sectors.
- We follow investment criteria considering environment, social and governance (ESG) factors.
- Our credit policies include the exclusion of certain activities.

9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective capabilities

- We have channelled over 272 million euros in investment into sectors that promote sustainable industry and innovation.



SDG 13. CLIMATE ACTION

13.2. Integrate climate change measures into policies and strategies

- We have channelled over 92 million euros in investment into sectors that are taking measures to reduce their CO₂ emissions and the effects of climate change.
- We have granted credit to companies and individuals to finance energy efficiency projects for a total value of 1 million euros.
- The Group's energy consumption has been 100% from clean energy.
- We have offset 100% of all greenhouse emissions that we were unable to avoid.

- We have reduced our paper consumption by 17%.
- We have incorporated climate-related risk into our risk management models.
- 69% of our members access our services through ONLINE banking. Accesses through on-line banking have increased by 94% and, therefore, travel by our members to the branches have been avoided and paper eliminated.
- We have reduced our water consumption by 7%.
- We are members of the Climate Action 100+ platform to promote dialogue with the organisations generating greatest negative impact on the environment.
- We continue with selective waste collection in our workplaces.

13.3. Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning

- We have brought our strategy in line with the Paris Agreement so as not to reach an increase in temperature of more than 1.5 degrees.
- We have increased the investment of the Caja de Ingenieros Foundation in sensitisation and environmental protection projects by 26%.
- We are working to improve our energy efficiency through centralised HVAC systems in our branches.
- We are working to reduce the carbon footprint of organisations and individuals through our products (ECO Loan).

GOVERNANCE, ETHICS AND INTEGRITY



THE CAJA DE INGENIEROS GROUP HAS THE FIRM COMMITMENT TO STRENGTHEN ITS ACTIVITIES, INSPIRED BY ITS VALUES OF ETHICS, TRANSPARENCY AND GOOD GOVERNANCE, IN ORDER TO GENERATE QUALITY INFORMATION FOR ITS STAKEHOLDERS, CREATE CONDUCT CRITERIA FOR ALL ITS MEMBERS, AND STRENGTHEN A SUSTAINABLE BUSINESS MODEL, ALL WITH THE UTMOST RESPECT FOR AND COMPLIANCE WITH HUMAN RIGHTS.

WE THEREFORE HAVE A CODE OF ETHICS THAT INCLUDES OUR PRINCIPLES AND VALUES, WHICH ARE IN LINE WITH THIS RESPECT FOR HUMAN RIGHTS. THE CODE OF ETHICS IS AVAILABLE TO ALL STAKEHOLDERS AND ITS APPLICATION IS REQUIRED OF OUR EMPLOYEES AND OF THE PROFESSIONALS WORKING WITH THE BANK.

5.1 CORPORATE ORGANISATIONAL CHART

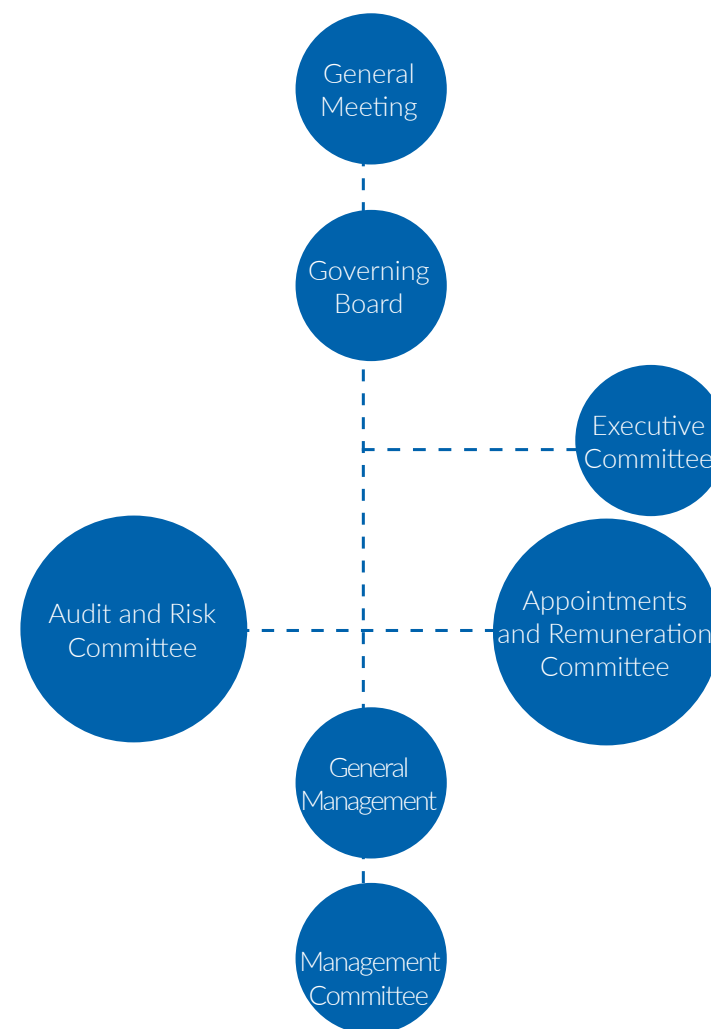
Our organisational structure seeks collaboration among all the areas of the Caja de Ingenieros Group, primarily to offer members personalised, cross-cutting, transparent and quality proposals.

The corporate and governance bodies are the **General Meeting and the Governing Board**, and, through delegation by the latter, the **Executive Committee**. In turn, the Board receives the support of two advisory and supervisory committees: the **Audit and Risk Committee and the Appointments and Remuneration Committee**, which encourage the internal control and democracy of the Caja de Ingenieros Group.

The **Bank's Internal Audit Head Office** is directly answerable to the Audit and Risk Committee to encourage independence and objectivity in supervisory tasks, in line with the best practices accepted. Also reporting directly to this Committee is the **General Sub-Head Office of the Global Risk Management Area**.

The **General Management** is answerable to the Governing Board and takes part in the control and management of the organisation, its duties being included in the Articles of Association. The **Management Committee** is answerable to the General Management and acts as the internal governing body for Group management and control.

■ ■ ■
THE GOVERNING BODIES WITH CONTROL AND MANAGEMENT DUTIES ARE THE GENERAL MEETING, THE GOVERNING BOARD, AND THE EXECUTIVE COMMITTEE.



■ GOVERNING BODIES

The main duties of the maximum governing, management and control bodies indicated above are described below.

General Meeting

This is the highest body of expression of the corporate will of Caja de Ingenieros. It is formed by members or their representatives, and it has the power to discuss matters of common interest and make decisions regarding the general policy of the Bank. Its operation and powers are set out in the our Articles of Association.

Governing Board

The Governing Board is the main management body, responsible for the governance, management and representation of the Bank. It is responsible for senior management, supervision of managers, and representation of the cooperative society.

Its representative powers extend to all acts related to activities comprising its corporate purpose. It is competent to establish the general guidelines for action and to exercise the powers not reserved by law or by the Articles of Association to other corporate bodies. It acts in accordance with the law, the Articles of Association, and the general policy established by the General Meeting.

In relation to the General Meeting, the Board performs relevant duties such as:

- Legal representation of the Bank
- The call for the General Meeting to be held
- The surveillance, implementation and monitoring of compliance with corporate agreements

The Board meets as often as necessary for the proper performance of its duties, and at least six times a year.

The Board is formed by thirteen members, twelve of whom are chosen by the General Meeting from among the members. The remaining member is the employment advisor, who is chosen from among the Bank's employees.

Governing Board

NAME	POSITION	TYPE OF BOARD MEMBER
José Oriol Sala Arlandis	Chairman	Non-executive
Manuel Bertran Mariné (deputy chairman)	Deputy Chairman	Independent
Félix Masjuán Teixidó	Secretary	Independent
David Parcerisas Vázquez	Board member no. 1	Independent
Pedro A. Hernández del Santo	Member no. 2	Independent
Pedro Marín Giménez	Member no. 3	Independent
Jaime Roure Pagès	Member no. 4	Independent
José María Pera Abadía	Member no. 5	Independent
August Bou Camps	Member no. 6	Independent
Carme Botifoll Alegre	Member no. 7	Independent
Josep M. Muixí Comellas	Member no. 8	Independent
Antonio Santamans Olivé	Member no. 9	Independent
Ignasi Vinuesa Gimeno	Member no. 10	Employment advisor

Executive Committee

This is a delegate body of the Governing Board. This committee exercises certain management and administration powers delegated by the Governing Board which are contained in the Internal Operating Rules of the Board. The Executive Committee

meets at least eleven times a year. The Governing Board always maintains its competence in the delegated powers and is responsible to the Bank, members, creditors and third parties for the management carried out by the Executive Committee.

Executive Committee

NAME	POSITION	TYPE OF BOARD MEMBER
José Oriol Sala Arlandis	Chairman	Non-executive
Félix Masjuán Teixidó	Secretary	Independent
Manuel Bertran Mariné	Board Member	Independent
Pedro A. Hernández del Santo	Board Member	Independent



■ ADVISORY AND SUPERVISORY COMMITTEES

The **Audit and Risk Committee** and the **Appointments and Remuneration Committee** are delegate bodies of the Governing Board and play an advisory and supervisory role. They encourage the internal control and democracy of the Caja de Ingenieros Group.

Each Committee has internal operating regulations approved by the Governing Board, which include its duties, responsibilities, powers and obligations.

Audit and Risk Committee

This Committee has advisory and supervisory duties, especially in matters regarding the governance system, risk control and internal auditing management policies, and the review of financial information and of the competition and independence of the accounts auditor.

It meets at least once a quarter and consists of five members of the Board: a chairman, a secretary and three members.

Appointments and Remuneration Committee

This Committee is responsible for supervising and advising on the remuneration, selection and appointment of members of the Board, the Senior Management, key personnel, and holders of internal control functions. To do so, it regularly monitors and supervises the Selection Appointment Policy of the positions mentioned above, as well as the Remuneration Policy, ensuring that it is aligned with the Bank's sound and prudent management.

The Committee is formed by five Board members: chairman, secretary and three members (one of whom is the employment advisor), who meet at least once a year.

Audit and Risk Committee

NAME	POSITION	TYPE OF BOARD MEMBER
Félix Masjuán Teixidó	Chairman	Independent
Josep M. Muixí Comellas	Secretary	Independent
José Oriol Sala Arlandis	Board Member	Non-executive
Jaime Roure Pagés	Board Member	Independent
José María Pera Abadía	Board Member	Independent

Appointments and Remuneration Committee

NAME	POSITION	TYPE OF BOARD MEMBER
Manuel Bertran Mariné	Chairman	Independent
Pedro A. Hernández del Santo	Secretary	Independent
José Oriol Sala Arlandis	Board Member	Non-executive
Félix Masjuán Teixidó	Board Member	Independent
Ignasi Vinuesa Gimeno	Board Member	Employment advisor

■ GENERAL MANAGEMENT

This is the body responsible for the executive management of Caja de Ingenieros Group and, to that end, it has general powers in relation to the organisation and management of the Group and coordination of the different areas of business, support and control. The current managing director of the Group is Joan Cavallé Miranda.

Senior management (General Management) actively participates in the Caja de Ingenieros internal control system and is kept permanently up to date by all departments responsible for supervising its effectiveness.

The Caja de Ingenieros General Management is also the representative of the Bank before Spain's anti-money laundering watchdog, SEPBLAC.

■ MANAGEMENT COMMITTEE

This is an internal body that is answerable to the General Management. Its role is to implement the strategic lines of the Group and of all the companies forming it. It has general powers in terms of Group organisation and management, as well as the coordination of the different areas of business, support and control, and other key areas of the Bank.

NAME

Joan Cavallé Miranda
Mariano Muixí Vallès
Francisco Durán Lorenzo
David Murano Casanovas
José Luis Sánchez Rabaneda
Víctor Cardona Vernet
Isabel Sánchez Soria
Karen Schrijner
Bas Fransen
Montse Bertran Bergua
Xavier Fàbregas Martori
Jaume Franco Domingo
Juanjo Llopis Rodríguez
Iván Ibáñez ¹

1. Since January 2019.

■ ORGANISATIONAL CHART OF THE CAJA DE INGENIEROS FOUNDATION AND SUBSIDIARIES

We have also included the organisational chart containing the list of trustees of the Caja de Ingenieros Foundation and of our subsidiaries, a description of which is included in the previous chapter.

CAJA INGENIEROS GESTIÓN

Máximo Borrell Vidal (chairman)
Jordi Martí Pidelaserra (board member)
Ferran Sicart Ortí (board member)
Jordi Marsan Ruiz (board member) ¹
Xavier Fàbregas Martori (managing director)

1. Since January 2019.

CAJA INGENIEROS VIDA

Máximo Borrell Vidal (chairman)
Ferran Sicart Ortí (deputy chairman)
Francisco Durán Lorenzo (board member)
Montse Bertran Bergua (board member)
Antoni Fernández Moreno (managing director)

CAJA DE INGENIEROS FOUNDATION

José Oriol Sala Arlandis (chairman)
Manuel Bertran Mariné (deputy chairman)
Félix Masjuán Teixidó (secretary)
David Parcerisas Vázquez
Pedro A. Hernández del Santo
Pedro Marín Giménez
Jaime Roure Pagès
José María Pera Abadía
August Rafael Bou Camps
Carme Botifoll Alegre
Josep M. Muxí Comellas

Antonio Santamans Olivé
Ignasi Vinuesa Gimeno
Joan Cavallé Miranda
Josefina Cambra Giné
Salvador Domingo Comeche
Ramón Ferrer Canela
Antonio Galdón Ruiz
José Miguel Muñoz Veiga

Joan M. Vallvé Ribera
José María Bueno
Miguel Ángel Iriberry

OBS

Jaume Franco Domingo (sole director)

5.2 FUNCTIONAL ORGANISATIONAL CHART

In our functional organisational chart, all the departments are structured around the members, who are at the centre of our universe. We are organised over four main cross-cutting areas of service with the utmost collaboration possible to provide members with a personalised, quality service.

① Cross-cutting corporate areas: responsible for institutional and internal issues of the Group.

- CSR and Communication
- Organisation, Quality and Innovation
- Legal Advice and UCAA

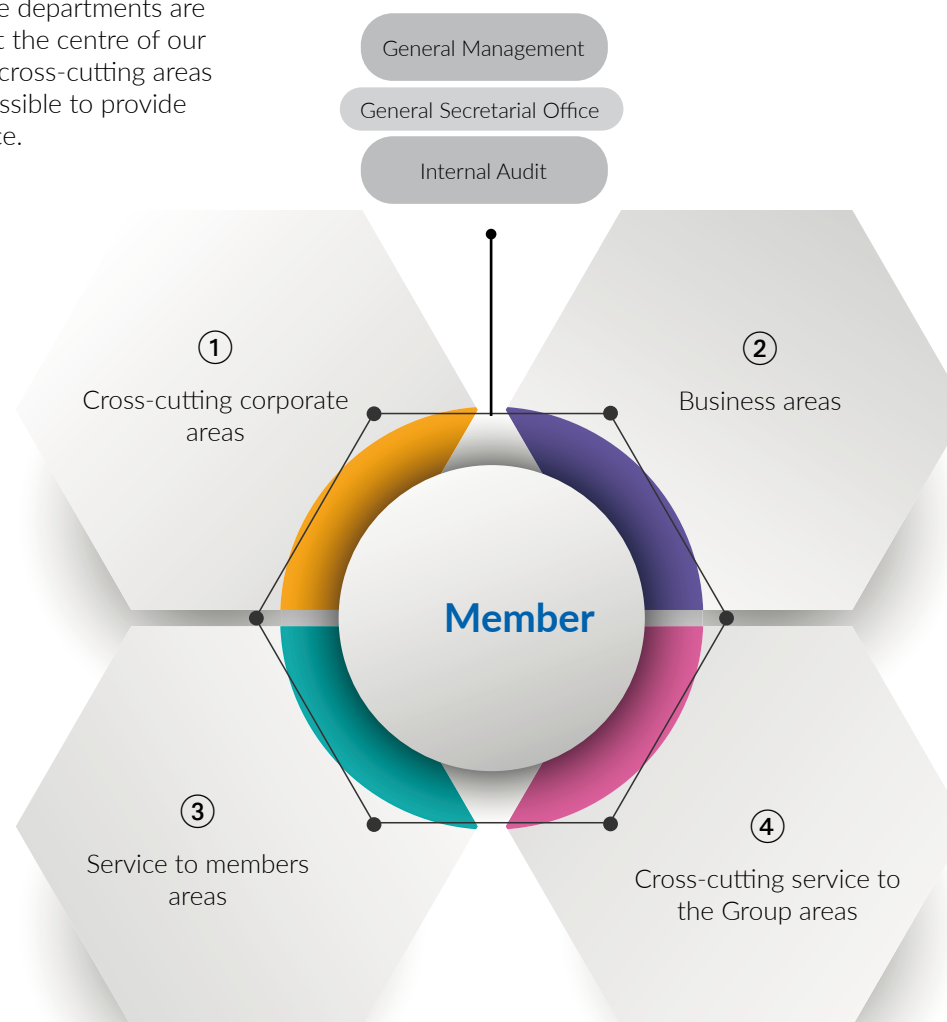
③ Services to members area: combines professionals with the utmost training to give the best service.

Management segments:

- Retail Banking
- Personal Banking and Premium Banking
- Institutional Banking
- Corporate Banking
- Wholesale Banking

Departments:

- Business Intelligence and Planning
- Marketing
- Services to Members and Digital Strategy



② Business areas: these head the constant reviewing and updating of the entire range of products and services according to the needs of our members.

- Insurance and social welfare (Caja Ingenieros Vida and Caja Ingenieros Operador de Bancaseguros)
- Management and distribution of investment products and services
- Banking business

④ Cross-cutting service to the Group areas: these offer overall and inter-disciplinary support to the entire organisation.

- Centralised Back Office
- Information Systems and Technology
- Personnel management
- Global Risk Management
- Financial Area

5.3 GOOD GOVERNANCE

The Caja de Ingenieros Group has internal policies and regulations that are in line with the standards of good corporate governance. The main policies and procedures implemented in the Caja de Ingenieros Group are included below, in line with our commitment towards good practices in corporate governance.

■ CODE OF ETHICS: VALUES, PRINCIPLES AND RULES OF ACTION

The Caja de Ingenieros Group provides its main stakeholders with a **Code of Ethics** in which the **values, principles and rules** governing the bank and its professionals are established. Despite conducting business exclusively in Spain, the foundations of the Code of Ethics involve inevitable respect for human and fundamental rights.

The Code of Ethics is a tool that promotes the performing of professional work by employees, management, and members of the governing bodies in line with criteria of honesty, integrity, excellence, responsibility and transparency. The contents of the Code of Ethics are regularly reviewed and are explained in further detail in the Code of Ethics Regulation.

As well as the contents of the Code of Ethics, the Bank also drafts and implements rules of action that prevent offences from being committed.

- The **Criminal Risk Prevention Policy** lays out a structure to prevent illegal behaviour and response procedures to risky situations. Therefore, the Code of Ethics acts as a framework on which specific policies are based, which also form part of the *compliance* system.

- La **Money Laundering and Funding of Terrorism Prevention Policy**, approved by the Governing Board and harmonised in accordance with European regulations and requirements, includes measures to prevent and/or detect and report suspicious transactions related to money laundering and/or the funding of terrorism.



The Caja de Ingenieros Group provides its employees with an internal communications channel (Ethics Channel) that can be used to notify any breaches of the Code of Ethics or of the rules implementing it. This channel guarantees confidentiality, includes the option by which employees can make anonymous communications, and enables them to select addressees from different areas of responsibility.

Remuneration Policy

Our Remuneration Policy defines the principles that promote consistent remuneration in line with the sound and prudent management of the Bank and with current regulations. The Governing Board is the top decision-making body and responsible for ensuring the Remuneration Policy is applied.

Along these lines, the Governing Board or the Executive Committee (to which this power is delegated) approves the Remuneration Policy, and the Appointments and Remuneration Committee is responsible for assessing the degree of compliance with this policy at least once a year.

The Articles of Association of the Caja de Ingenieros Group indicate that the members of the Governing Board only receive the total expenses associated to their jobs, and that they may be paid for any activity attributable to their position by way of allowances, which are set and authorised by the General Meeting.

The Caja de Ingenieros Group publishes the *prudential relevance report* every year, which provides stakeholders with data on the remunerations accrued in favour of the Board members and of key and internal control positions, among others.

Managing conflicts of interest

The rules of conduct offer a framework for the prevention, management and, where applicable, solving of any conflicts of interest that may arise within the Governing Board, its delegate committees, the General Management and its related personnel, as well as the remaining employees.

Suitability of the Governing Bodies

The **Selection and Appointments Policy** approved by the Governing Board indicates that, when assessing the suitability of applicants, relevant aspects such as background, professional honour, experience and knowledge must be considered, as well as the degree of adaptation to the duties to be performed, and avoid any bias that might generate any type of discrimination. Applying the policy guarantees that the members of the governing bodies have the appropriate skills for good governance of the Bank.



THE CAJA DE INGENIEROS GROUP PROVIDES ITS MAIN STAKEHOLDERS WITH A CODE OF ETHICS IN WHICH THE VALUES, PRINCIPLES AND RULES GOVERNING THE BANK AND ITS PROFESSIONALS ARE ESTABLISHED.

■ THREE LINES OF DEFENCE MODEL

The Caja de Ingenieros Group has a risk management and control model established: the three lines of defence (3LD) model.

The model identifies three groups that participate in effective risk management:

• **First line of defence (1LD):** the functions owning and managing the risks. They are responsible for ensuring the effective control these risks. They are formed by the business and operational areas.

• **Second line of defence (2LD):** the functions supervising the risks. These implement risk and compliance management policies, and monitor the controls of the first line of defence. The 2LD is made up of the functions of:

- Risk management
- Compliance
- Security
- Control of financial information

• **Third line of defence (3LD):** this is the entire responsibility of Internal Audit. it provides the governing bodies and Senior Management with comprehensive assurance based on the highest level of independence within Caja de Ingenieros.



THE CAJA DE INGENIEROS GROUP HAS A RISK MANAGEMENT AND CONTROL MODEL ESTABLISHED: THE THREE LINES OF DEFENCE MODEL (3LD) MODEL.

The background features a blue-tinted image of financial documents, stacks of coins, and several pens. A large white circle is positioned on the left side of the slide. The title 'RISK MANAGEMENT' is written in large, bold, white capital letters in the upper right quadrant.

RISK MANAGEMENT

THE RISK PROFILE OF THE CAJA DE INGENIEROS GROUP IS MAINLY CHARACTERISED BY THE PRUDENT MANAGEMENT OF CREDIT RISK BASED ON A STRICT LENDING PROCESS.

6.1 RISK MANAGEMENT MODEL



THE IDENTIFICATION, MEASURING AND MANAGEMENT, AS WELL AS THE CONTROL AND MONITORING OF THE RISKS INHERENT TO GROUP ACTIVITY ARE ESTABLISHED AS FUNDAMENTAL GOALS.

Changes in the financial sector in recent years have highlighted the crucial importance for financial institutions to properly manage their risks. For the Caja de Ingenieros Group, risk management is an essential cornerstone of our competitive strategy, with the goal of preserving our solvency levels and, in turn, driving business development.

The risk profile of the Caja de Ingenieros Group is mainly characterised by the prudent management of credit risk based on a strict lending process. It also maintains a comfortable capital and liquidity position, and a proper balance in the management of interest rate risk.

The same resources present to successful face the financial crisis, strong capitalisation following the capital increase and extremely high liquidity, are factors that must enable us to appropriately manage the crisis resulting from the COVID-19 coronavirus with the necessary serenity.

In a environment influenced by economic uncertainty, it is important to highlight the benefits of the Caja de Ingenieros Group business model for supporting future profitability. Over recent years, Caja de Ingenieros has made great investment efforts in infrastructures and digital technologies, enabling us to provide members with an extensive range of financial services. Our Group stands out for its stable, constant growth, even in adverse economic situations in which we prioritise the quality of service, diversification in sources of revenues, and prudence when taking risks.

The Governing Board of the Bank establishes the risk management framework of Group activity through the defining of internal control policies, systems and procedures, and monitoring their compliance. The coordination of these prudent policies and the use of uniform and effective management and control methods and techniques enables us to obtain recurring and sustainable results, and to enjoy a comfortable position of solvency.

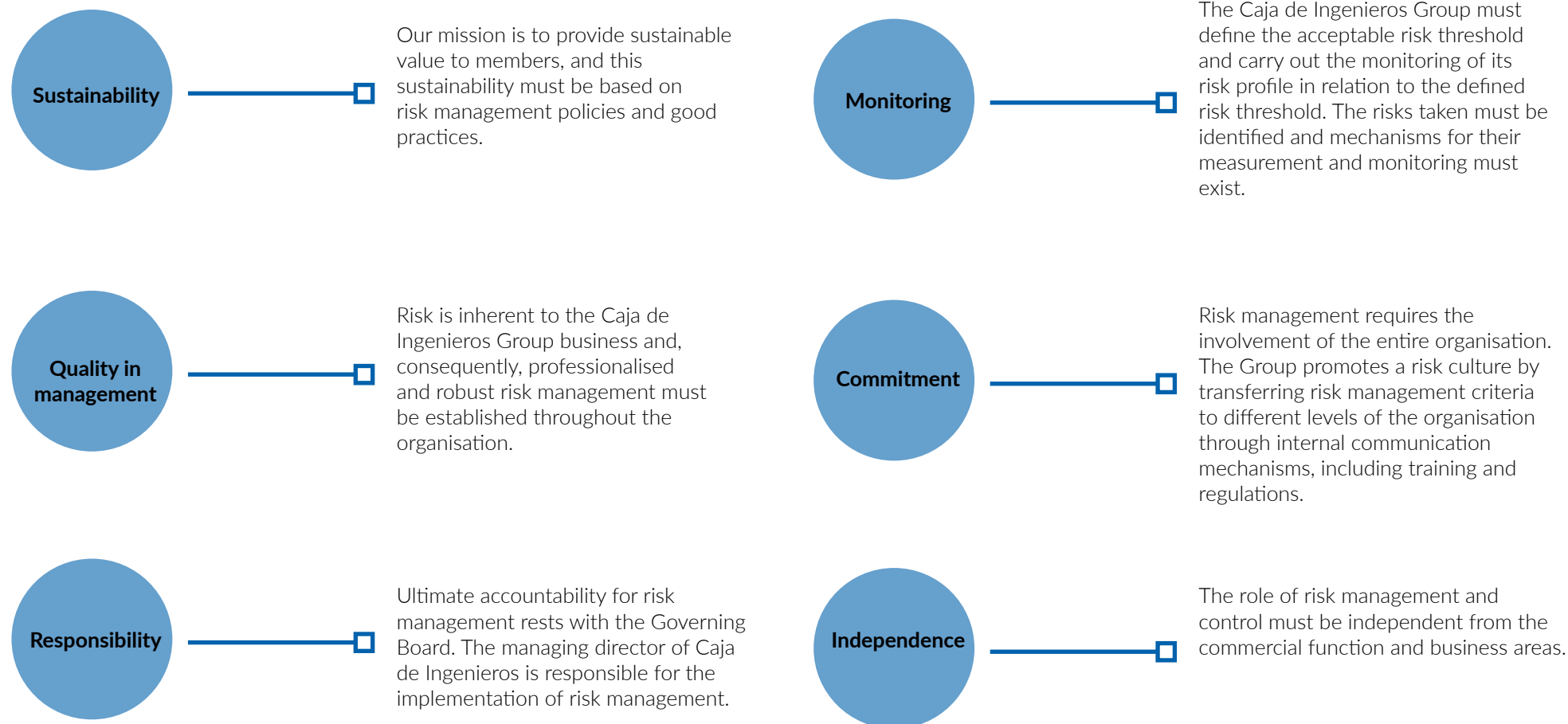
The identification, measuring and management, as well as the control and monitoring of the risks inherent to Group activity are established as fundamental goals, within a framework of global risk management optimisation, primarily including the following:

- Credit and counterparty risk
- Structural interest rate risk
- Liquidity risk
- Market risk
- Operational risk
- Compliance and money laundering risk⁵
- Reputational risk
- Climate change risk

5. This risk is described in the following section, in "6.2. Types of risk, in Reputational risk".

■ GENERAL PRINCIPLES

The Governing Board states in the Risk Management Policy that the Risk Management System requires the application of principles that facilitate effective risk management. The following are considered fundamental:



■ RISK MANAGEMENT SYSTEM

The Caja de Ingenieros Group has a Risk Management System established that consists of the following aspects:

- A **system of governance and organisation** of the risk function that has an adequate definition of roles and responsibilities, committees and delegation structures, a model of three lines of defence and an internal control system consistent with the nature and magnitude of the risks.
- A **risk appetite framework**, incorporated into the Risk Management Policy and approved by the Governing Board, which determines the nature and degree of risk that the Group is willing to take in order to achieve its business goals.
- A **management model** that includes self-assessment and comprehensive monitoring of risk, risk and solvency planning, internal and public communication, and a regulatory body that regulates risk management.

- An adequate **assignment** of human and technological resources to manage and supervise the model effectively.

The risk appetite framework

The risk appetite framework is the overall framework used to set, communicate and monitor the risk appetite. This requires policies, procedures, systems and controls. This framework explicitly defines the limits to which the Bank managers can operate. Our risk appetite framework has the following characteristics:

- Alignment with the mission, vision, values and strategic principles of Caja de Ingenieros
- Alignment with the Strategic Plan and the Business Plan
- Search for a low to medium risk profile
- Clear, concise, *forward-looking* and manageable formulation
- Explicit definition of the limits to which managers can operate
- Maintenance of a reasonable excess of capital and liquidity



6.2 TYPES OF RISK

■ CREDIT AND COUNTERPARTY RISK

Credit risk refers to losses that the Group would suffer if debtors, either members or other counterparties, fail to fulfil their contractual obligations. That is to say, it is risk associated with non-payment by the customer of credit, loan or guarantee transactions, as regards traditional financial products, or by the counterparty or issuer of other financial assets such as those included in the fixed income portfolio.

In accordance with current solvency regulations, credit risk is covered by the existence and control of certain own funds capable of absorbing the risks assumed, as well as the establishment of provisions intended to cover insolvencies. These hedges are separated into specific hedges for doubtful risks, whose purpose is to cover exposures with defaults or doubts in relation to full repayment, and normal risk hedges. They are classified as normal risk hedges and normal risk hedges in special surveillance, the latter

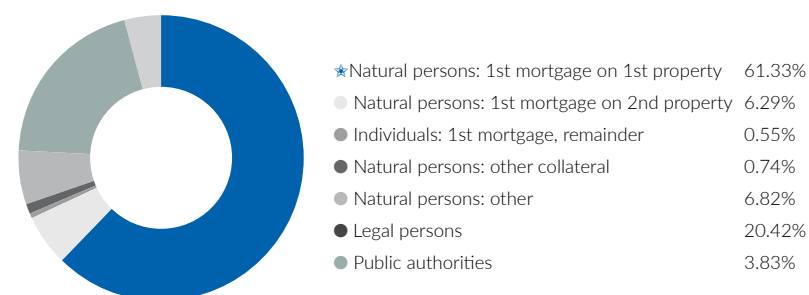
referring to hedges for transactions that have solvency weaknesses, but do not raise doubts about full repayment.

It should be noted that the Group's entire lending portfolio is highly collateralised, which contributes to improving its management ratios. As of the end of 2019, 76.24% of lending to customers was collateralised, thus maintaining our high historical levels of collateral.

Following the line of diversification and collateralisation in the granting of mortgage loans typical of the Bank, it should be noted that in 2019, 1,063 transactions (962 in 2018) were granted for an average sum of 173 thousand euros (183 thousand euros in 2018) and an average *loan to value* 66.45% (62.38% in 2018). The calculation used the appraisals in financial 2019, appropriately updated, as a reference.

At 31 December 2019, the delinquency rate of Caja de Ingenieros stood at 2.84%, substantially below the delinquency level of the sector of 4.79%.

Breakdown of lending to customers by type of guarantee and borrower



At the end of 2019, the total provisions of the Group to hedge bad debts by customers and debt securities stood at 25,589 thousand euros, of which 3,311 thousand euros related to normal risk provisions, 4,039 thousand euros to provisions of normal risk in special surveillance, and 18,787 thousand euros to specific provisions for doubtful assets.

Total provisions relating to the lending portfolio held at 31 December 2019, which amounted to 24,540 thousand euros, represented a hedge ratio of

47.86%, which is significant given the solid guarantees of the loan portfolio.

In addition, interbank transactions, fixed income, derivatives and other financial instruments were also exposed to credit risk. The Group has a Financial Investment Policy which establishes a system of limits, according to risk profile, and enables concentrations of credit risk to be avoided. Investments are made in assets with lending rating, and the *high yield* positions are negligible. Furthermore, most investments are in public debt.

Below is a breakdown of the financial investment portfolio of the consolidated Group at prudential level, excluding the trading portfolio, at 31 December 2019, by *rating* level and type of debt.

The credit risk includes the **counterparty risk**, which is the risk that counterparties incur in non-compliance with the Group prior to final settlement of transactions with derivative instruments, repurchase transactions, securities lending transactions, deferred settlement transactions and collateral financing transactions.

Caja de Ingenieros reviews compliance with counterparty limits in the interbank market, simultaneous transactions and derivative transactions, as well as issuer credit rating limits in the fixed Income market. Monitoring of and compliance with the limits structure make it possible to avoid concentrations of risk that may affect the own funds of the Bank.

It should be noted that the counterparty risk taken by the Group is highly insignificant in relation to total credit risk.

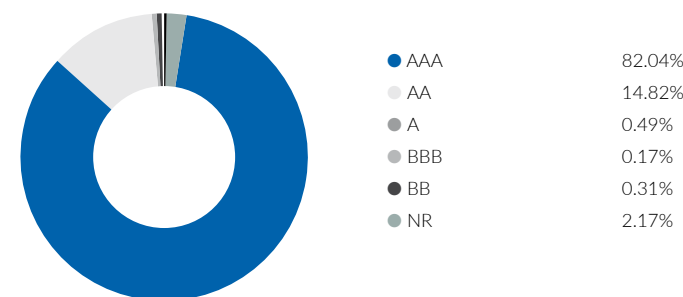
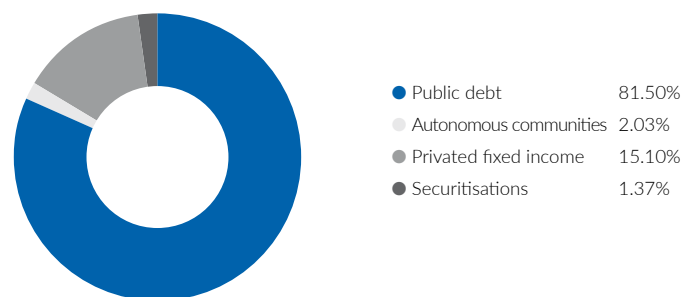
In addition, credit concentration risk, which is associated with the possibility of significant losses as a consequence of the concentration of risk in a small group of creditors, in a group of creditors with similar behaviour, or in financial assets that are particularly correlated, is an essential element in credit risk management.

In order to limit sectoral concentration, Caja de Ingenieros has adopted a two-fold approach: a policy of prudent lending (which results in a portfolio of high-quality and well diversified lending)

and a Group-wide financial investment policy, which establishes limits on all investments in each economic sector.

The breakdown of credit risk exposure has an adequate sector-based level of diversification in which the most significant weights correspond to the following economic activities: business and professional services (19.13%), real estate (16.28%), processing and manufacturing industries (12.73%), non-basic or discretionary consumer goods (11.30%), telecommunications and information technology services (8.71%), essential goods (7.92%), and public utilities (7.11%).

Breakdown of the investment portfolio



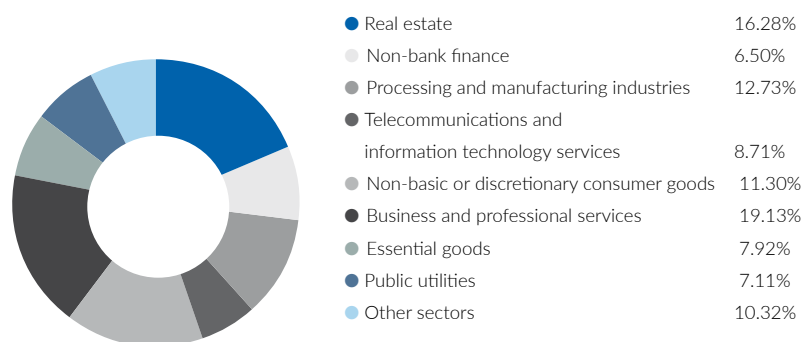
In addition, the aforementioned credit granting and financial investment policies establish limits of amount and hierarchy in decision-making that enable individual or business group concentration to be controlled.

In accordance with EU Regulation 575/2013, all risks that a bank incurs with a single physical or legal counterparty or economic group are considered major risks if their aggregate value exceeds 10% of the own funds of the Group.

Regarding the fixed-income securities portfolios of the Group, these are well diversified and are distributed among 81 issuing groups of good credit quality.



Sector-based concentration



The other sectors, individually, do not account for 5% of total exposure.

■ STRUCTURAL INTEREST RATE RISK

Structural interest rate risk is the possibility of losses due to the potential impact of changes in interest rates on the profits of the Bank or on the net value of its assets. The interest rate risk of the trading portfolio is excluded.

The structural interest rate risk is also known as the balance sheet interest rate risk, as it includes the risks arising from differences in the expiries and renewal of interest rates for the assets and liabilities on the balance sheet. For example, credits and loans, which are included in the assets of credit institutions, tend to reprice their interest rate at different times to deposits, which are included in liabilities.

The **Asset Liability Management Committee**, known internally as the ALM Committee, analyses the hedging needs arising from the management of assets and liabilities and makes the corresponding investment decisions in compliance with the limits set for the Group.

Caja de Ingenieros uses the **Ambit Focus ALM** tool to asset exposure to interest rate risks. The tool enables us to statically analysis, i.e. Based on the current balance sheet with its maturity and repricing times, the maturity or repricing gaps between assets and liabilities. We also calculate the economic value of the balance sheet, which is the current net value of all the foreseen balance sheet flows considering the the expiry is not renewed. Based on the economic value calculated, we analyse the sensitivity of the economic value to different scenarios of changing interest rates. We also perform dynamic analyses that, as the name indicates, go beyond that of the current balance sheet to calculate future simulations. This enables us to simulate the interest margin and the future economic value, along with its sensitivities to interest rate variations.

The structural balance sheet interest rate risk, measured in terms of *gap* between assets and liabilities distributed by maturity or repricing, allows for concentrations of interest rate risk to be detected in the different periods.

At 31 December 2019, the sensitivity of the economic value of the Bank to a parallel movement of the interest rate curve of -200 basis points was below 0.80%, significantly below the regulatory limit of 20%.⁶

These figures indicate that interest rate changes would have a low adverse impact on economic value and minimum own funds.

6. According to Bank of Spain Circular 3/2008, Regulation 106.3.a), and the technical applications of regulatory reporting, a floor is established on the displaced curve in a scenario with a drop in rates of -100 basis points for instant maturities, and a floor that increases 5 basis points per year until it reaches 0% for maturities at 20 years or over. This is an absolute floor, which is applied to the resulting rates curve after the displacement. Where the rates observed in the basic scenario are below these minimum rates, the lower interest rate observed will be applied, despite it being below the absolute floor.



AT 31 DECEMBER 2019, THE SENSITIVITY OF THE ECONOMIC VALUE OF THE BANK TO A PARALLEL MOVEMENT OF THE INTEREST RATE CURVE OF -200 BASIS POINTS WAS BELOW 0.80%, SIGNIFICANTLY BELOW THE REGULATORY LIMIT OF 20%.

■ STRUCTURAL LIQUIDITY RISK

Liquidity risk means possible losses to the Group in the event of a situation where it is impossible to obtain reasonably priced funds to promptly fulfil payment obligations, either for the reimbursement of funds or use of available credit transactions by customers or the settlement of market transactions.

The liquidity management policies of the Group are aimed at securing the funds required to meet business needs diversifying funding sources and minimising their cost. The Group, through Caja de Ingenieros, monitors its liquidity position and financing strategies on an ongoing basis. In addition, it has a Liquidity Contingency Plan that allows management of possible unexpected events caused by economic or market conditions, or other situations outside the direct control of Caja de Ingenieros which could cause short- or long-term liquidity difficulties.

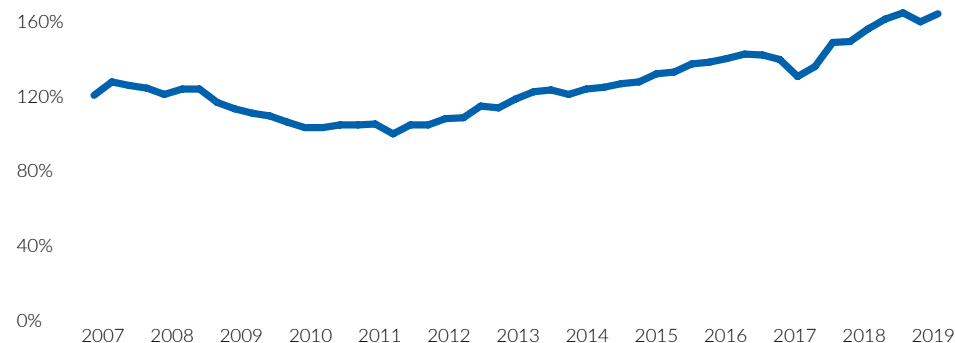
The liquidity coverage ratio (LCR) seeks to ensure that the Bank has sufficiently high-quality liquid assets to face cash outflows arising in a scenario of acute stress lasting for one month. In line with the evolution of recent years,

this has increased to give very high short-term liquidity availability. More specifically at 31 December 2019, the LCR ratio stood at 382% (the regulatory requirement is 100%).

The net stable funding ratio (NSFR) provides information on the resistance capacity over one year, measuring the proportion of stable funding in relation to the assets requiring funding. As in prior years, this has remained at high levels. At 31 December 2019, the NSFR ratio stood at 165% (after approval of the Capital Requirements Regulation II, the regulatory requirement of 100% will be applied as of 2021).

Finally, it should be noted that the Caja de Ingenieros Group has historically maintained a favourable structural liquidity ratio (defined as the quotient between customer deposits and credit). This stood at 166.66% at 31 December 2019.

Evolution of the structural liquidity ratio



IT SHOULD BE NOTED THAT THE CAJA DE INGENIEROS GROUP HAS HISTORICALLY MAINTAINED A FAVOURABLE STRUCTURAL LIQUIDITY RATIO (DEFINED AS THE QUOTIENT BETWEEN CUSTOMER DEPOSITS AND CREDIT). THIS STOOD AT 166.66% AT 31 DECEMBER 2019.

■ MARKET RISK

Market risk is the risk associated with the possibility of losses in trading portfolio positions caused by adverse movements in market variables.

For the management of market risk, in addition to measures of duration, convexity and sensitivity, a triple limit structure is applied daily. First, different scenarios are calculated to ascertain potential trading portfolio losses in the event of situations of severe stress in the financial system. Secondly, the portfolio's one-day value at risk (VaR) is obtained using Monte Carlo simulations and a confidence interval of 99%. Finally, on a daily basis, the trading portfolio's market risk capital consumption is determined to check, as in the other cases, whether it meets the limit established by the Governing Board. In addition, the trading portfolio is included in the monitoring of counterparty risk limits valid for the financial investments of the Group.

As well as measuring VaR, conditional VaR (or TailVaR), which measures the average loss that would occur in cases where the VaR level was exceeded, and the Component VaR, which measures the contribution of a sub-portfolio to the total VaR of the portfolio, are calculated.



FOR THE MANAGEMENT OF MARKET RISK, IN ADDITION TO MEASURES OF DURATION, CONVEXITY AND SENSITIVITY, A TRIPLE LIMIT STRUCTURE IS APPLIED DAILY.

	Trading portfolio		
	VaR	Conditional VaR	Component VaR
(In thousands of Euros)			
Asset type	90.98	110.58	446
Fixed income	200.37	257.74	44.87
Equities	55.97	69.37	46.11
Sum of VaR and Conditional VaR	256.34	327.12	
Diversification effect	165.36	216.54	

VaR calculated with a confidence interval of 99% and time frame of one day. Annualised results.

■ OPERATIONAL RISK

Operational risk is defined as all events that could cause losses as a result of inadequate internal processes, human error, malfunctioning of information systems or external events. This risk is inherent to the daily operation of any bank, so it must be monitored closely in all areas.

This definition includes legal risk, but excludes strategic risk and image or reputational risk.

Legal risk includes the possibility of being penalised, fined or required to pay punitive damages as a result of actions of the supervisor or private agreements between parties.

The organisational model adopted by the Caja de Ingenieros Group is based on the three lines of defence model that distinguishes between (1) the functions that own the risks and manage them, (2) the functions that control the risks and (3) the functions that provide independent assurance.

Regarding operational risk, the organisational model adopted by the Caja de Ingenieros Group based on the three lines of defence identifies the following pillars or levels of

independent responsibility:

- **Business and Support Functions:** these are responsible for identifying, assessing, managing, controlling and reporting the operational risks associated with their activities.
- **Operational Risk Function:** responsible for defining the methodology and solutions for correct identification, measurement, control and management of the operational risk of the Group and controlling correct deployment. This supports the Business and Support Functions and consolidates the information on the operational risk of the entire Group for *reporting* to the Global Risk Sub-Head Office and Head Office, and to the risk management committees involved.

- **Internal Audit Function:** in relation to operational risk, this is the area responsible for reviewing compliance with the established operational risk identification, measurement, control and management model.

The Operational Risk Function analyses, informs and advises the Business and Support Functions on the best way to assess operational risk. Its daily management falls to the different areas and departments of the Bank, which maintain lines of communication with the Operational Risk function. This works with them to obtain information and implement actions, where applicable to manage the risk. To ensure correct interaction between the Operational Risk function and the aforementioned areas and departments, the role of process expert has been defined within them.

In addition, it should be noted that the Bank has a comprehensive banking insurance policy that essentially covers losses that could occur as a result of eventualities related to operational risks (computer fraud, employee infidelity, etc.).



THE ORGANISATIONAL MODEL ADOPTED BY THE CAJA DE INGENIEROS GROUP IS BASED ON THE THREE LINES OF DEFENCE MODEL THAT DISTINGUISHES BETWEEN (1) THE FUNCTIONS THAT OWN THE RISKS AND MANAGE THEM, (2) THE FUNCTIONS THAT CONTROL THE RISKS AND (3) THE FUNCTIONS THAT PROVIDE INDEPENDENT ASSURANCE.

■ REPUTATIONAL RISK

Reputational risk is the possibility of the Group sustaining damage as a result of negative information or publicity, whether true or not, about its business practices, which could affect its customer base, litigation costs or income. It is associated with the repercussions that we could suffer as a result of being discredited or becoming distrusted by our current and potential customers.

This risk is particularly linked to the compliance function, given the strong reputational impact of receiving financial penalties or other disciplinary action by supervisory bodies. It also includes conduct risk, which seeks to measure and manage the risk of harm to members and the integrity of the market.

It is also particularly important to appropriately manage the following aspects:

- **Marketing of complex financial products.** We have drawn up specific policies to design and launch new products.

- **Actions related to money laundering.**

The Money Laundering and Funding of Terrorism Prevention Policy approved by the Governing Board includes measures to prevent or detect and report suspicious transactions related to money laundering or the funding of terrorism.

- **Transparency with customers in relation to banking transactions.**

The Member/Customer Service Department is the area through which members can address their complaints or claims. The service has the necessary independence to issue its decision, and has an operating regulation that describes the functions and responsibilities of the department. There is also a banking ombudsman, external to the Bank, to which users of the Bank's banking services can make complaints or claims. It should be noted that official and supervisory bodies deal with very few complaints and claims regarding the Bank.

■ CLIMATE CHANGE RISK

The Group promotes the capacities to assess and measure energy transition risks. These risks might be due to the process of adaptation to an economy with fewer emissions, and might be conveyed to the credit risk associated to loans granted and to the fixed income acquired in the Bank's portfolio, as well as the value of the collateral if they do not meet the new emissions standards. By monitoring the metrics, the investment can be oriented towards sectors, companies and activities with less exposure to climate-related risk.



WE HAVE A MEMBER/CUSTOMER SERVICE DEPARTMENT THROUGH WHICH USERS OF OUR BANKING SERVICES CAN ADDRESS THEIR COMPLAINTS OR CLAIMS.

6.3 SOLVENCY

The low default rate, high collateralisation of credit, strength of provisions and reduced exposure to other risks, together with an adequate structure of own funds, result in a high degree of **solvency** for the Group.

The total capital ratio at the end of 2019 was 15.48% (14.69% including earnings attributable to reserves), substantially higher than the legally required minimum.

The total capital ratio measures the ratio of capital requirements to own funds and, in accordance with Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR), Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV), and Pillar 1, this ratio must be higher than 10.5%, including the capital preservation cushion. Following the

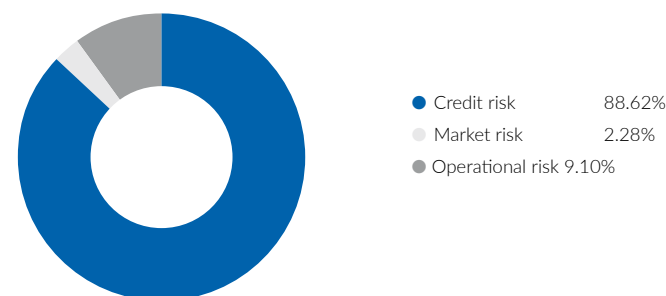
COVID-19 coronavirus crisis, the Single Supervisory Mechanism established that the capital requirement will not include the capital preservation cushion (2.5%) and, therefore, meeting an 8% Pillar 1 requirement is sufficient. The Pillar 2 regulatory requirement must also be met.

In addition, with regard to the minimum 8% capital ratio, the consolidated total capital surplus at 2019 end stood at 90 million euros.

According to data from the end of financial year 2019, the CET1 of the Caja de Ingenieros Group amounted to 186,394 thousand euros, and its ratio stands at 15.48% (14.69% without including earnings attributable to reserves), with a capital surplus in relation to the required 4.5% CET1 minimum of 132 million euros.

Given that the Caja de Ingenieros Group chooses not to apply temporary adjustments to mitigate the impact of

Capital requirement by type of risk

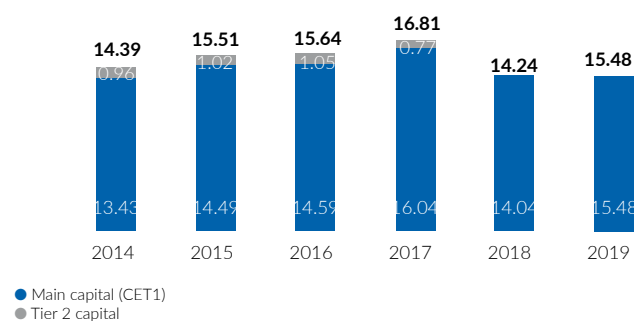


THE TOTAL CAPITAL RATIO AT THE END OF 2019 WAS 15.48% (14.69% INCLUDING EARNINGS ATTRIBUTABLE TO RESERVES), SUBSTANTIALLY HIGHER THAN THE LEGALLY REQUIRED MINIMUM.

IFRS 9 on the capital, as set forth in Regulation (EU) 575/2013, regarding temporary provisions to mitigate the impact of IFRS 9 on own funds, there is no difference between the *fully loaded* ratio and the *phased-in* ratio. Therefore, with regards to the minimum Pillar 1 required *fully loaded* CET1 of 7%, which includes the 2.5% capital preservation

cushion, the capital surplus amounts to 102 million euros.

Consolidated solvency ratio





THE PEOPLE



ALL THOSE FORMING OUR TEAM ARE PART OF THE ESSENTIAL INGREDIENT
OF THE BUSINESS.

In the Personnel Area of the Caja de Ingenieros Group we place special emphasis on caring for the following aspects, which will be discussed further throughout this section.




Personnel selection

Analysing the suitability of applicants in order to ensure the best fit between the employee and the company using personnel selection procedures to meet the expectations of both parties, ensuring applicants are in line with corporate values.



Promoting and training of talent

The Group offers leading training programmes to professionals in order to retain talent in the organisation and to ensure it employs highly trained and experienced personnel. Ongoing learning and talent is therefore fostered, along with the different areas of skills and abilities, of the professionals employed.



Diversity and equal opportunities

Equality and diversity are considered from the preliminary identification stage of applicants. The Caja de Ingenieros Group accepts no kind of discrimination in the workplace and we celebrate the existence of diversity among our professionals as an essential part of the Group's identity.



Employee-Management relations

There are different channels of communication between the Management and the workforce to encourage the participation of employees through specific actions as a priority aspect of the Group's working dynamic.



Safety in the workplace

The Group ensures that the professionals it employs perform their work in a safe environment, and it fosters health and wellbeing.

7.1 ATTRACTING AND PROMOTING TALENT



■ QUALITY EMPLOYMENT

The Caja de Ingenieros Group encourages the workforce to be made up of a consolidated group of professionals who are committed to the values, have the ability to provide the services we offer our members, and enable us to continue with the sustained growth of the business.

The ongoing development of our professionals is fundamental, which is why we guarantee a working environment in which people can develop their skills, provide their knowledge, and have a positive impact on the Caja de Ingenieros Group and society in general. Our personnel management therefore focuses on:

- Creating quality jobs.
- Supporting people in the development of their careers.
- Establishing permanent dialogue with and between the professionals forming part of the Group.

Promoting the talent of the team of professionals is the basis of our innovation model. Our personnel management therefore promotes entrepreneurship among professionals, offering them the independence to implement their ideas. There are many different initiatives available to the workforce.

Some of the most relevant include:

- Suggestion box.
- Participation in working groups.
- Target-based management.

In the professional environment, we have created and promoted new cross-cutting working groups to encourage innovation and improved processes while promoting collaboration and commitment among those forming these groups.

In line with the commitment of our professionals following the values of the Group, in 2019 we promoted corporate volunteering and have collaborated in projects such as the Oxfam Intermón Trailwalker and with organisations



such as Arrels Fundació or the Soñar Despierto Foundation. The “Social Commitment” section includes details of the work of these organisations.

■ ■ ■
PROMOTING TALENT IS THE
BASIS OF OUR INNOVATION
MODEL.

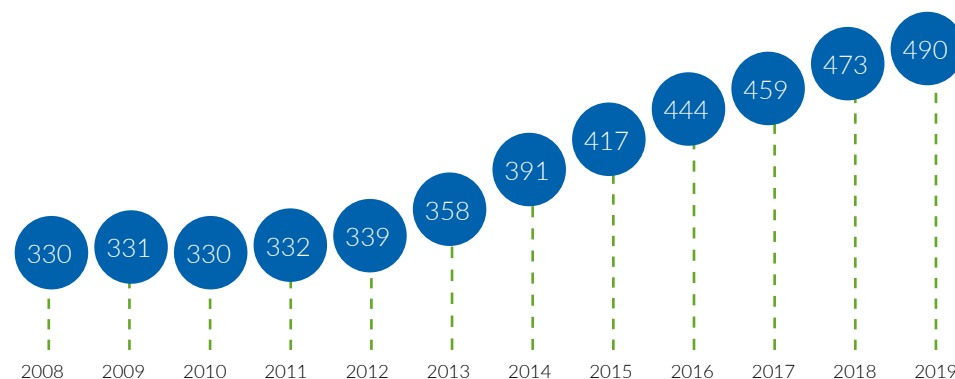
Professional profile

The Caja de Ingenieros Group has experienced the continuous growth of the workforce in line with the increase in our business. By 2019, we employed **490 professionals**, which is 3.6% up on 2018. Over the past eleven years, the workforce has grown by 48.5%, making the Caja de Ingenieros Group a social agent with a leading role in the creation of quality employment.

As well as its continuous growth, the commitment of the Group strives to provide stable jobs. This can be seen by the fact that 96% of the workforce has a permanent contract, and almost all the jobs are full time (99%).

Through the IMPULSA 2019 Strategic Plan, we are strengthening the personnel management model and are more involved in the development of talent and careers. At 2019 end, the workforce was formed by 58% men and 42% women.

Evolution of the workforce, 2008-2019



Permanent contract

472
people

+20
compared
to 2018

Temporary contract

18
people

-2
compared
to 2018

■ ■ ■
OUR WORKFORCE HAS
INCREASED BY 48.5% SINCE
2008.

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	251	195	446	261	191	452	271	201	472
Temporary contract	9	4	13	13	8	21	13	5	18
Total	260	199	459	274	199	473	284	206	490

The banking and insurance sector is characterised by the great professionalism and skills of its professionals, which can be seen in the significant number of people in the “managers and technicians” categories of professionals and is shown in the table below. At present 56% of the workforce are managers and technicians.

Our team of personnel includes relatively young talent: 88% of the professionals forming part of the Group are below the age of 50. More specifically, the average age in 2019 was 40.86 years of age, and the average seniority was 8.93 years. This data just goes to show that the Caja de Ingenieros Group offers its employees a place in which to develop a long-term career.

The team of professionals in the Caja de Ingenieros Group is attached to its corresponding Collective Bargaining Agreement.

Professionals by professional category and gender

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees with commercial, technical and administrative duties	48%	52%	44%	50%	50%	44%	47%	53%	44%
Managers and technicians	64%	36%	56%	64%	36%	56%	67%	33%	56%
Total	57%	43%	100%	58%	42%	100%	58%	42%	100%

Professionals by age group and gender

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	21	10	31	10	7	17	33	21	54
Between 30 and 50	205	183	388	152	123	275	202	175	377
Over 50	34	6	40	112	69	181	49	10	59
Total	260	199	459	274	199	473	284	206	490

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	68%	32%	7%	70%	30%	9%	61%	39%	11%
Between 30 and 50	53%	47%	84%	53%	47%	80%	54%	46%	77%
Over 50	85%	15%	9%	87%	13%	11%	83%	17%	12%
Total	57%	43%	100%	58%	42%	100%	58%	42%	100%

■ REMUNERATION

Salaries in the Caja de Ingenieros Group are made up of headings that are established by collective bargaining agreement, as well as voluntary headings and a variable part. The variable part of the remuneration is based on the meeting of individual, area and Group targets.

There is a **Performance Assessment Policy** through which each area manager defines the individual targets and skills of each member of his or her team, and assesses whether they have been met at the end of the year. The variable remuneration depends on whether the individual targets are met.

Part of our commitment to the wellbeing of our professionals involves offering a competitive remuneration. In 2019, the standard starting category wage was almost double the minimum interprofessional wage for both men and women.

In the Caja de Ingenieros Group we do not differentiate between degrees of remuneration according to gender, age, ethnicity or any other circumstance. This is why the basic salary ratio between women and men is almost 1 (0.998 for employees with commercial, technical and administrative duties, and 1.04 for managers and technicians).

Furthermore, we offer our professionals a series of advantages, such as study benefits for the team of professionals and for their children, life-accident insurance, health insurance, annual contribution to the employment pension plan and special conditions for banking services and products, which complete a very competitive remuneration package.

Our contribution to society is also seen through our support for future generations. The Group offers employment programmes with special conditions for young graduates (*Talent Graduate Program*), to encourage their incorporation into the labour market. In 2019, ten young talents joined the company as interns, of whom six joined the workforce at the end of the year.

Standard starting category wage ratio by gender compared to the local minimum wage

	2017	2018	2019
Minimum interprofessional wage in Spain	8,492.4	8,830.8	12,600
Starting salary for men on a split shift ¹	23,599.32	24,012.36	24,392.36
Starting salary for women on a split shift ¹	23,599.32	24,012.36	24,392.36

1. Does not include seniority, overtime, incentives, etc.



WE ARE AWARE THAT OUR PROFESSIONALS ARE ONE OF OUR COMPETITIVE ADVANTAGES AND WE WANT TO ENSURE THEIR WELLBEING IN THE WORKPLACE IS GUARANTEED.

■ PERSONNEL SELECTION

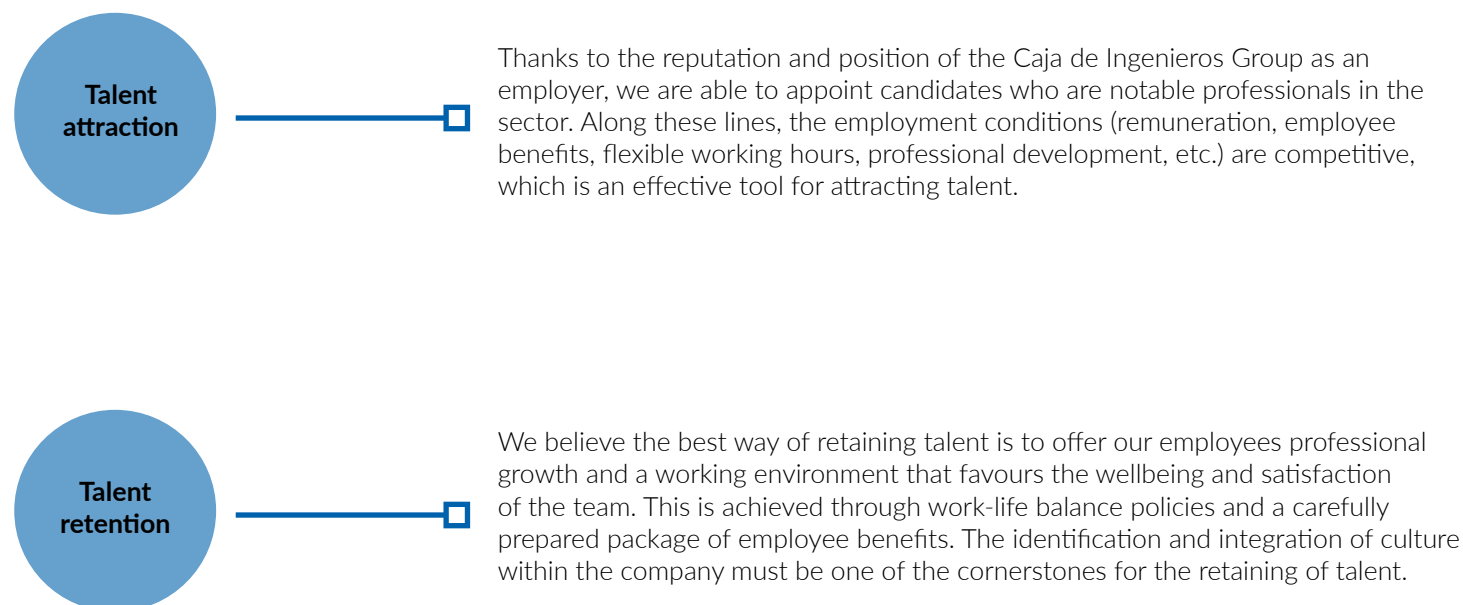
The effective election of personnel is key to the good performance of Caja de Ingenieros Group activity. There is a specific personnel selection procedure for the Group in which the entire selection from is explained: from the first time a need for personnel in the workforce is identified, until the final appointment of the applicant, including an affinity analysis between the company and the applicant.

We believe it essential for applicants to be in line with our corporate values and with what this project represents. The profiles identified therefore meet expectations, and development and performed plans are established to guarantee business sustainability.

New appointments of professionals by age group and gender

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Under 30	11	4	15	20	11	31	17	13	30
Between 30 and 50	23	20	43	26	17	43	19	19	38
Over 50	4	1	5	0	1	1	1	1	2
Appointments	38	25	63	46	29	75	37	33	70

The attracting and retaining of talent consists of the following stages



As a result of the solid growth of the Bank over recent years, the volume of new appointments has increased by 11.1% since 2017. The notable increase in the under-30s segment must be highlighted, which has grown by 100% in comparison to 2017 as a result of applying young graduate appointment programmes (*Talent Graduate Program*).

In general, we published a total of forty-five job vacancies in 2019, which we viewed at total of 39,260 times, with a total 7,386 applications representing a 19% job-to-applicant ratio.

The rotation ratio shown in the table lists the new hires and terminations in relation to the average workforce. This ratio has remained stable over the past three years in terms of both the general ratio and the voluntary rotation ratio.

Rotation ratio

	2017	2018	2019
New hires	60	69	70
Terminations	52 (27 voluntary)	55 (33 voluntary)	49 (33 voluntary)
Rotation ratio ¹	12.25%	13.28%	12.22%
Voluntary rotation ratio	9.52%	10.92%	10.58%

1. Rotation has been calculated by dividing the total new hires and terminations by two, then multiplying by one hundred before dividing the result by the average workforce figure.



■ TRAINING OF TALENT

The goal of the Caja de Ingenieros Group is to employ highly trained professionals in the different business areas. Knowledge of products and services, digital skills, and an enterprising and collaborative capacity must structure the new environment in which the company operates.

The Group also promotes the talent of the professionals forming our workforce. The **Training Plan** covers the areas considered priority in the training of teams of professionals: banking and finance, and insurance. These areas are valued through performance assessment to learn of the needs in each area (see details of the areas on the next page).

When preparing the Training Plan, the training needs detected are combined and the training arising from regulatory compliance and that of a cross-cutting nature are determined to promote professional skills and abilities. There are also development programmes for people with great potential and the instructions of the Bank's Strategic Plan. Once all these needs have been analysed, they are prioritised and allocated a calendar.

2019 saw the approval of Law 5/2019 on property credit contracts. This Property Credit Contract Law (LCCI) governs different aspects relating to mortgage loan contracts, including the training of professionals who inform and advise on this type of product. **In the Caja de Ingenieros Group we have trained and certified a total of 203 professionals involved in mortgage loan services.** The training related to the certificate accrediting our professionals to advise and inform on mortgage loans has involved a total of 7,821 hours.



IN 2019, OUR COMMITMENT TO PROMOTING TALENT LED TO A 58% INCREASE IN THE TRAINING GIVEN.



Training indicators

32,177 hours of training was given to the team of professionals in 2019, 58% up on the previous year. The different training programmes involved a total of 3,428 participants.

As can be seen, the main areas included in the 2019 Training Plan were those related to finance and banking (34%), insurance (20%), and languages (9%).

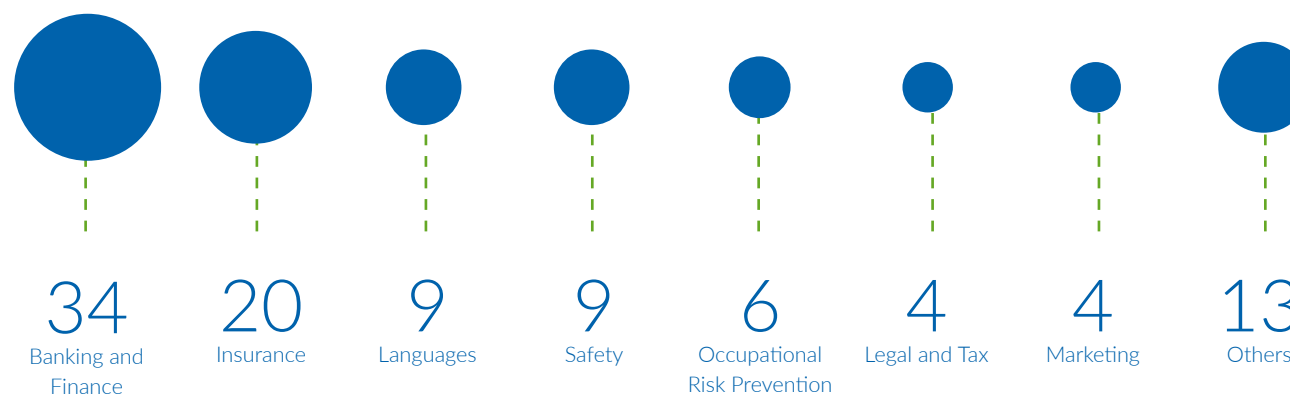
	2017	2018	2019
Total hours of training	30,002	20,259	32,177
Hours of training per employee	69.95	49.10	66.11
Number of participants	2,101	2,345	3,428
Investment/Payroll	1.55%	0.93%	1.16%
Average investment per employee	942.98 euros	535.18 euros	680.16 euros

Percentage of class hours in 2019

Hours of training

32,177
hours

680.16
euros
invested per
employee



7.2 WELLBEING, DIVERSITY AND INCLUSION



■ WELLBEING AND SATISFACTION OF OUR PROFESSIONALS

As part of the performance assessment regarding the management of professionals, we produce a commitment assessment survey twice a year, which elaborates on key aspects relating to performance in the workplace and the employee's emotion ties with the Bank, while assessing the satisfaction of our professionals.

This survey was produced for the first time in 2018 and is to be updated in 2020. 313 people took part in the survey produced in 2018, which accounts for 72% of the workforce that year. The results indicated that 44% of those surveyed were committed and 45% showed less commitment that could, however, be easily improved with the appropriate action.

This data is above the average of Spanish companies, in which only 39% are committed, 42% are potentially committed, and 19% are unattached.



ALMOST HALF THOSE SURVEYED ARE COMMITTED TO THE MISSION OF THE GROUP, WHICH IS ABOVE THE AVERAGE OF SPANISH COMPANIES.

■ DIVERSITY AND EQUAL OPPORTUNITIES

According to the corporate commitments accepted through corporate social responsibility, the Sustainable Development Goals and the Code of Ethics, and due to the special significance of ethical values in the banking sector, as a cooperative bank the Caja de Ingenieros Group is aware of the importance of encouraging equal opportunities in order to implement a consistent project as a comparable phase of the activities shared with the professionals working in the Group.

The Quality Plan Committed was established in 2019, which strives to implement the new Equality Plan that involves updating the current plan during 2020 and monitoring its implementation. The first phase of drafting the new plan has also begun with the equality diagnosis.

The Equality Plan Committee is a two-party team of a total of eight members, four of whom are appointed by the Bank and four by the legal representation of the employees.

The Equal Opportunities Plan is to be produced in line with Royal Decree-Law 6/2019 of 1 March on urgent measures to guarantee equal treatment and opportunities between men and women in employment and occupation. Our Equality Plan aims to identify and establish policies that favour treatment between men and women without direct or indirect discrimination due to gender, and is applied strictly and under all circumstances.

To guarantee equality in each and every area of personnel management of the Group, from selection to promotion and including the salary policy, training, conditions of work and employment, occupational health, the arranging of working times and the work-life balance, we accept and promote the principle of equal opportunities between men and

women, particularly highlighting the elimination of stereotypes, attitudes and obstacles hindering an adequate balance between both genders.

Measures are constantly being encouraged that strive to meet the equality goals in the Caja de Ingenieros Group. There are also protocols that guarantee the issuing of egalitarian messages in internal communications.

Key elements in the organisation:

- Equality agents
- Management Commitment
- Presentation of the Equality Plan
- Protocol for the protection of pregnant and breastfeeding employees
- Protocol for the prevention of harassment



THE EQUALITY DIAGNOSIS WAS PERFORMED IN 2019

■ FIGHT AGAINST DISCRIMINATION

The figure of the equality agents is worth noting, the duties of whom including acting as liaison and intermediary between the Bank and the workforce in issues relating to equality, as well as being aware of the particular situation of the professionals and ensuring compliance with the equality policies established. They are also active in the design and implementation of equality measures. Their duties also include analysing cases of discrimination and proposing corrective measures where appropriate.

The Caja de Ingenieros Group has a protocol for the prevention of sexual and occupational harassment in order to prevent cases of sexual harassment, gender-based harassment, and harassment in the workplace.

■ INCLUSION OF PEOPLE WITH DISABILITIES

The Group encourages the inclusion of people with different disabilities and is compliant with the main laws in this area, especially Law 13/1982 of 7 April on the social integration of people with disabilities (LISMI). We employ eight people with functional diversity, which represent 2% of the total workforce of the Caja de Ingenieros Group.

Beyond legal compliance, Caja de Ingenieros collaborates with the Adecco Foundation, the goal of which is the integration into the workplace of people with functional diversity. The different programmes they manage together include the “Plan Familia”, which is



aimed at improving the possibilities of integration into the workplace by the relatives of employees who have some kind of functional diversity.

Professionals with disabilities

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of professionals	3	4	7	4	4	8	3	5	8
Percentage of the total	1%	2%	2%	1%	2%	2%	1%	2%	2%

■ MEASURES FOR THE WORK-LIFE BALANCE

The Caja de Ingenieros Group promotes different measures to improve conditions in the working environment.

■ ■ ■
WE CARE FOR OUR
PROFESSIONALS THROUGH
INITIATIVES TO BALANCE
THEIR PERSONAL, FAMILY AND
PROFESSIONAL LIVES.

TIME MANAGEMENT

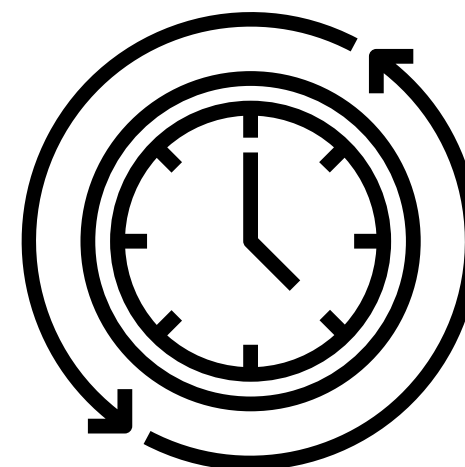
Flexible working hours. Shorter working hours to look after children under the age of 12 who are in their care is an individual right of both men and women. With a proportional decrease in salary, between a minimum of one hour a day and a maximum of half the working day. Furthermore:

- Flexible starting (8 a.m. to 11 a.m.) and leaving (4.30 p.m. to 8.00 p.m.) time for split shifts.
- Facilities to deal with personal matters.
- Continuous working day in August and on the days before bank holidays.
- Possibility of continuous working days on Fridays in July.
- Continuous working day during the week of local festivities (branches).

Lights-out policy. We have established a lights-out policy as of 8.00 p.m. to avoid any extension of the working day.

Holidays. The holiday period (twenty-two working days) can be enjoyed at any time throughout the calendar year. The Caja de Ingenieros Group facilitates its adaptation and adjustment to the needs of the workforce and increase the time during which it can be enjoyed.

Leave. We also offer the possibility of enjoying another two days of unpaid leave per year.



FAMILY

The professionals have a series of measures to favour their family situation that are adapted to each circumstance.

- **Leave of absence.** Leave of absence is possible for specific reasons, such as caring for children below the age of 3 or special voluntary leave of absence.
- **Lactation breaks.** The right to specific breaks exists, depending on the situation, to breastfeed children below the age of 9 months.
- **Shorter working day.** Due to childcare reasons.
- **Study benefit for children.** Our professionals with children in their care who are below the age of 25 are entitled to an annual benefit per child for their studies.
- **Life-Accident insurance.** We offer our professionals life-accident insurance.

• **Maternity and paternity leave.** Our professionals are legally entitled to maternity and paternity leave.

As can be seen in the table, all those professionals entitled to leave have exercised this right without exception. In 2019, thirty-three people from the workforce exercised their right to maternity and paternity leave. Furthermore, almost all professionals returned to work once the leave had ended. Only a few decided to request leave of absence to look after the children in their care.

Professionals

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Entitled to leave*	9	14	23	9	10	19	20	13	33
Took the leave**	9	14	23	9	10	19	20	13	33
Returned to work after the leave***	9	14	23	9	5	14	20	11	31
Still work for the Bank twelve months after the leave has ended****	9	14	23	9	8	17	20	11	31

*Number of professionals entitled to parental leave, by gender.

**Number of professionals to have taken parental leave, by gender.

***Number of professionals to have returned to work once parental leave ended, by gender.

****Number of professionals to have returned to work once parental leave ended and who still work for the Bank twelve months after returning to work, by gender.

THE FUTURE

We value the development and commitment of the workforce and, therefore, look out for their future in essential aspects such as training, which is used as a basic tool to meet each of their professional goals.

Study benefits for professionals of the Caja de Ingenieros Group.

Members of the Caja de Ingenieros Group workforce who are currently taking regulated studies from among a specific list of subjects will be entitled to benefits that are equivalent to 90% the total sum of the text books and enrolment fees.

We also provide benefits for the studies of the children of our employees. A total of 373 benefits were given in 2019, which is 10.4% higher than in 2018.

Special training offers. The Caja de Ingenieros Group expands its range of training activities with special conditions in different training centres.

Employment Pension Plan. As part of our commitment to the future of our team of professionals, and aware of the challenges of social welfare for all professionals, we also offer an Employment Pension Plan to all our employees.

The Caja de Ingenieros Group makes an annual contribution aimed at the entire workforce through its own Employment Pension Plan.

	2017	2018	2019
Number of study benefits for employees	10	7	4
Number of study benefits for children	223	338	373
Total number of benefits	333	345	377
Number of employees receiving benefits	226	224	228

HEALTH

Health Insurance. The Caja de Ingenieros Group has taken out health insurance for its employees, with the option of them being able to add relatives (spouse and children).

Responsible Preventive Behaviour. This project was designed to improve the working conditions of the professionals forming part of the Caja de Ingenieros Group. As a result of this initiative, health-oriented activities have been carried out such as *mindfulness* workshops to manage stress, discount on gym fees, etc.

THE ECONOMY

The Caja de Ingenieros Group offers its professionals preferential conditions on banking products and services in order to meet their needs in this area. The products with a special discount for employees are:

- Debit and credit cards
- VIA T (electronic toll system device)
- Banker's cheques
- PIAS (Systematic Individual Savings Plan)
- Securities Account
- Personal loans
- Mortgage loans
- Insurance

Employees also have the assistance of the Personal Manager for Professionals, the goal of whom is to offer financial device to Group professionals.

■ RELATIONSHIP BETWEEN PROFESSIONALS AND MANAGEMENT

We strive to guarantee open, direct communications between the entire workforce and the General Management, offering people the chance to convey their concerns, ideas and suggestions, and providing the appropriate mechanisms to do so. Along these lines, we have established several internal communication channels to strengthen ties.

- **Workers' committees.** The three workers' committees in the Bank act as representation for the employees with the governing bodies. They also form a mechanism for participation and dialogue with the Management and both parties meet every quarter.
- **Breakfasts with the General Management.** A small group of professionals chosen at random meet with the General Management every month. The aim is to encourage debate in an informal, relaxed environment to exchange ideas, share opinions, and learn about different outlooks of the situation.

- **Suggestion box.** This is a channel through which the innovative proposals for improvement made by the workforce are collected.
- **Network of innovation promoters.** Created in 2016, this network forms cross-cutting working groups every quarter to implement specific projects. We currently have fourteen working groups that, focusing on different areas, promote innovation and encourage the participation of employees.

- **Welcome days for new professionals.** Each year, welcome and induction days are held for new professionals, with the participation of the General Management and the Personnel Area Management. Their goal is to elaborate on the corporate values of the Caja de Ingenieros Group, which are to guide their everyday professional activity. During the days, the Management has the chance to welcome each

new professional in first person in an informal environment that encourages their incorporation into the Bank.

- **Management Committee News.** The main decisions and agreements of the Management Committee are regularly reported over the internet to make its management more transparent to all Group employees.



7.3 SAFETY IN THE WORKPLACE



We make sure our employees work in a safe working environment and in suitable working conditions. The Group therefore promotes all measures of prevention, giving all accidents in the workplace its utmost attention, and investigating and implementing the appropriate corrective action in each case.

The Caja de Ingenieros risk management system has been implemented in line with the requirements of the Occupational Risk Prevention Law, and is applied to all employees and workplaces.

We have a Prevention Department to analyse safety in the workplace. For preventive purposes, we also offer annual medical examinations to the entire workforce and providing training in Occupational risk Prevention and in Emergencies to all our employees.

Other preventive measures include on-line training in emergencies, as well as in first aid, and the performing of evacuation drills in the larger workplaces.

A total of eighteen accidents were recorded in 2019, of which twelve led to sick leave. Most of the accidents recorded took place on the way to or from work and, given their nature, it is extremely difficult to have a direct impact on them.



Accidents

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of accidents	5	4	9	5	6	11	10	8	18
Accidents with sick leave	2	2	4	3	4	7	8	4	12
Days lost	201	66	267	32	6	38	252	25	277
Frequency rate*	0.90	1.20	1.03	1.30	2.40	1.76	3.33	2.30	2.90
Severity rate**	0.45	0.20	0.34	0.07	0.02	0.05	0.53	0.07	0.33
Incidence rate***	7.69	10.05	8.71	10.95	20.10	14.80	28.07	19.51	24.49

*Frequency rate: this is calculated by dividing the number of accidents with sick leave by the number of hours worked and then multiplying the result by 200,000.

**Severity rate: this is calculated by dividing the number of days lost by the number of hours worked and then multiplying the result by 1,000.

***Incidence rate: this is calculated by dividing the number of accidents with sick leave by the number of professionals and then multiplying the result by 1,000.

As can be seen in the table on the previous page, a total of eighteen accidents were recorded in 2019, which involved a total of 277 days lost. All occupational accidents are investigated and corrective actions are introduced to reduce the risk and guarantee the safety of our professionals in the workplace. No professional illness was recorded in 2019.

We want to make sure that the working conditions are the best for the health and wellbeing of our professionals. We also encourage good habits and provide specific information and training on occupational risks to provide our workforce with useful tools and procedures.



WE WANT TO MAKE SURE THAT
THE WORKING CONDITIONS
ARE THE BEST FOR THE HEALTH
AND WELLBEING OF OUR
PROFESSIONALS

Absenteeism

	2017			2018			2019		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Absenteeism rate due to occupational accident	0.35%	0.15%	0.26%	0.05%	0.01%	0.04%	0.39%	0.05%	0.25%
	Units			2017			2018		
Number of professionals covered by a health and safety management system	Professionals			459			473		
Percentage of professionals are covered by a health and safety management system	Professionals			100%			100%		

All professionals in the workforce are covered by the health and safety management system.



Occupational health and safety management is structured through the Health and Safety Committee, the Prevention Department, and application of the risk management policies.

Health and Safety Committee

We have a Health and Safety Committee that ensures compliance with occupational risk prevention laws and internal regulations. This committee is formed by three company representatives and three employee representatives, who act as prevention officers and meet every quarter.

Any employee can also report and make suggestions regarding occupational risk prevention and health via e-mail to the Health and Safety Committee.

Prevention Department

We believe prevention plays a fundamental role in guaranteeing the safety of our professionals. We therefore have a senior technician in Occupational Risk Prevention who is constantly assessing the different jobs in the various workplaces. We also perform external occupational risk prevention audits every four years.

The Prevention Department is formed by technicians specialising in occupational risk prevention who are completely independent to the Bank and provide support on preventive measures. In collaboration with the Personnel Area, they also take part in campaigns and initiatives to promote healthy life habits among employees.

In 2017, we held a **psychosocial risk survey** in which the working conditions were assessed and a series of aspects were covered, such as working hours, independence, participation, workload, etc. 284 employees were surveyed and good results obtained in all areas, with only participation and workload being the only areas in which there was room for improvement. To promote these points, we produced an action plan that consists of improving the forms of participation of employees and of encouraging the automation and digitisation of tasks, leading to a reduced workload.

Risk management: risk of robbery

The most relevant risk in our sector is the risk of robbery, which is regularly assessed and for which we have response criteria for the main purposes of protecting people and guaranteeing the safety of customers and employees. The Security Department is responsible for defining the regulations and procedures, and the Personnel Area for training and raising awareness through the workforce. The protocol and directive system, along with specific training, prepares the workforce to act effectively in the event of a robbery.



THE MEMBERS

— — — — —
THE MEMBERS ARE THE CORNERSTONE OF THE
CAJA DE INGENIEROS GROUP.

8.1 QUALITY AND PROXIMITY IN OUR SERVICE

■ MEMBER RELATIONS MODEL

The members are the cornerstone of the Caja de Ingenieros Group. Our cooperative banking model guarantees access to banking and credit products and promotes the growth of family, professional and SME economies, thus generating long-term value for society as a whole. It is this exercise of **responsibility to society** that has enabled us to overcome economic, political and social risks since we were established.

Cooperative banking focuses its attention on the needs of professional communities, families and small and medium enterprises, and prioritises general interest and common good over private interests, thereby contributing to territorial and sectoral development.

Our member relations model therefore seeks to generate long-term value and a relationship of trust, which is a far cry from the simple approach of maximising short-term profits. This relations

model is based on the **principles of proximity, transparency and integrity** that guide the Caja de Ingenieros Group throughout the entire value chain of its products and services: from design, marketing and after-sales service to the management of claims and complaints.

Preserving the equity of our members is essential to the Bank. This is achieved thanks to **prudent management** of assets, which guarantees the necessary financial stability through adequate solvency and liquidity ratios and maintains **long-term relationships of trust**.

One of the priorities of the Bank is to present a range of products that meets the real needs of our members and that are suited to their risk profile, characteristics, and goals. Along these lines, the Group has policies relating to the European Markets in Financial Instruments Directive (MiFID), responsible credit policy, approved by the Governing Board, which establishes all the criteria and processes for service quality and the protection of the rights of all members. They also establish

procedures to ensure they always act in benefit of the member in terms of reporting, goals, costs and protection.

Policy of Better Execution

Through this policy, a high quality service must be provided to members when executing their orders, either directly or through any intermediary.

Conflict of interest Management Policy

This policy seeks to prevent and manage any conflicts of interest that may arise when providing any investment or ancillary service or activity between the Bank and its members, or between different members.

Asset Safeguarding Policy

This establishes the obligation to adopt appropriate measures to protect the financial instruments and the funds entrusted to it by its members to avoid undue use.

Incentive Policy

This establishes the principles and procedures to avoid general conflicts regarding incentives that may be received from others.

Number of members

204,112
members

+9%
compared to
2018

Turnover

7.1
million euros

+15.39%
compared to
2018

2019 evolution, increasingly close and accessible banking

In 2019, membership increased by 9%, by 11% in Catalonia specifically and 2% in the rest of Spain, providing us with a total of over 204,000 members. This figure shows society's increasing approval of and engagement with the social economy and cooperative banking model.

During this period, we managed a turnover of over 7.1 millions of euros, which represents a 15.39% rise in comparison with 2018. Products in which an advisory component is important produced excellent results: the volume managed in savings and pensions rose by 14.4% and the volume managed in investment by 14.4%. Similarly, the number of Discretionary Portfolio Management Service contracts increased by 4.3%; and the volume managed in this service for our members exceeded 267 million euros (13.6% higher). For its part, financing was another key element and the number of mortgages formalised by our members rose by 11.7%.

Insofar as branches, we have continued to expand our network to reach all our associates. The Caja de Ingenieros Group has opened two AVANT branches in Granollers (Calle de Alfons IV, 36) and Vilanova i la Geltrú (Calle de La Habana, 22) as a result of the strategic agreement with MGC Mutua, which was signed in December 2017.

Both branches are personal assistance and advisory centres and share office space in the MGC Mutua facilities. These branches have a professional team from Caja de Ingenieros who are specially qualified for advisory activities (investments, financing or risk hedging-insurance), and are also involved in conventional banking activity. There is also a cashier service provided exclusively by ATM.

The **AVANT branch** is the response by Caja de Ingenieros to the growing demand for service that the Bank has recorded, but also to the **desire to provide a personal and quality service, promoting the multi-channel nature of service to members** thanks to the extensive digitisation of banking transactions. This new format also avoids the costs of traditional branches and promotes the digitisation of the service without ruling out the necessary services of value provided by professionals in direct contact with members.

In 2019, we also transferred **Branch 2 of Barcelona**, located for the past twenty-eight years at Calle **Torrent de l'Olla (Gràcia Nova)**, to a new location at **Calle Còrsega, 410** (Gràcia-Verdaguer) to offer members a proximity service in a larger, more central place. The new branch has two floors and offers a refreshed, modern image. There is a room seating fifty people, where workshops, meetings and other events of interest to members can be organised.

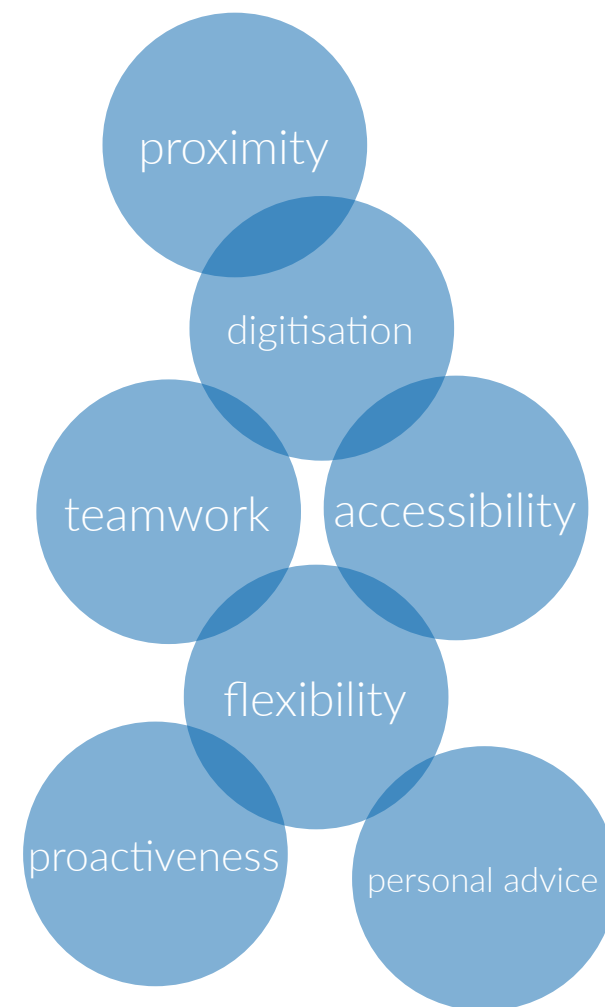
On the top floor of this new branch we have placed the **Agile Center**, a space in which technology, multi-channel services, digitisation and valuable specialist advice are the foundations for placing the member at the centre of the service, as an advanced phase of the concept of a branch seen as a physical space.

This is a new initiative to continue growing and evolving in our service to members, and that offers new professional profiles that will lead the way towards a modern model of assistance that provides greater value and service quality. It will also improve quality and effectiveness, and the professional development of the Caja de Ingenieros team.

Flexibility is the quality any company needs to successfully face the new economic situation. At Caja de Ingenieros we are enthusiastically making every effort on a new path along with the *Agile* Managers and our members.

Being an *Agile* Manager

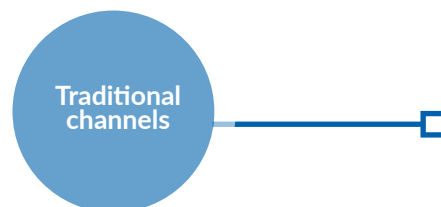
- We are more agile, flexible, proactive and close to members.
- We offer an exclusive management service adapted to the needs of members: on-site visits anywhere, remote management and video conferences, always with highly qualified professionals to give the best advice.
- The team is formed by managers specialising in Corporate Banking located in Barcelona, Madrid and Seville, and managers specialising Personal Banking in Barcelona, who have the mobility and flexibility to adapt to the needs of members, regardless of the branch to which they are attached and, in turn provide proactive advice.
- The goal is to promote the digital operability and transactionality of members at a time when the Bank is supporting and progressing in the incorporation of new member relations functions.



■ CHANNELS OF COMMUNICATION

As indicated previously, our member relations model is based on the principles of proximity, transparency and integrity. We therefore have different communication channels to ensure our proximity to a large, diverse audience.

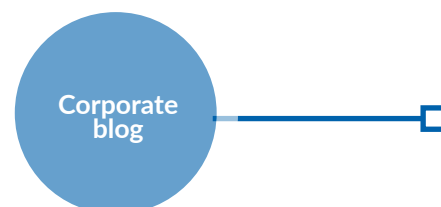
We remained alongside our members in 2019, and communicated with them directly.



Eight workshops in different cities in Spain.
Six training courses by the Caja de Ingenieros Foundation in Barcelona and Madrid.
Five institutional events in Barcelona and Madrid.

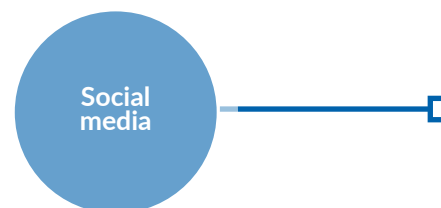


One issue of **Ingenieros INFO**.
 Six issues of **Gestion@**.
 Two issues of **Letter to the Investor**.



In 2017, we created the **Caja de Ingenieros blog** as one of our on-line channels. By 2019 it had become one of the most relevant corporate channels and had a total of 105,000 visits over the year, 70% more than in the previous year.

In total, we have published **126 posts**. The most popular article was entitled "How to change habits to improve your savings", by Francisco José Sánchez Utgé, a professional from the Capital Market Department.



Our social networks are a remote channel for relations with members that not only provide information on corporate and commercial content but also act as a direct and instant communication channel with them.



Twitter and Facebook. These are the channels most often used by members to communicate quickly, instantly and effectively. In 2019, we observed a natural growth in the Twitter community in the Caja de Ingenieros accounts (4% up on 2018) and in the Foundation's profiles (17% up on 2018), considering the profiles in Spanish and Catalan. In terms of Facebook, the community increased by 7% in the Foundation's profile.

Twitter

36,360 13,008

Caja de Ingenieros

Caja de Ingenieros Foundation

FaceBook

16,767 900

Caja de Ingenieros

Caja de Ingenieros Foundation



Instagram. What started as an experiment in 2018 with the profile @economiasostenible has become a channel of reference in 2019 to chat about sustainability, social action, and the CSR of the Group. We have successfully completed the first marketing activity involving *influencers* of major impact and reached a relatively young target audience (between the ages of 18 and 25), who we do not normally reach through traditional media. The activity performed with six selected *microinfluencers* is also worth noting. The hits for their posts were in excess of one million among their followers.

Caja de Ingenieros Instagram

6,287

followers



LinkedIn. This social professional channel is becoming more and more significant in the labour environment. We have a professional profile and four sub-pages that correspond to our subsidiaries (Ingenium Shopping, Caja de Ingenieros Foundation, Caja Ingenieros Vida and Caja Ingenieros Gestión). The channel has reflected the significant growth in followers during 2019 in comparison to 2018, who now stand at 10,600, which is a 54% increase.

Caja de Ingenieros LinkedIn

10,632

followers



YouTube and audio-visual material. We published seven videos over audio-visual channels such as YouTube in 2019 in order to reach a wider audience. The video by the young activist Carlota Bruna, who took part in the plastic collection we organised on La Barceloneta beach, had 41,000 views.

■ SATISFACTION-ORIENTED

It is precisely this way of doing things that has resulting in a Net Promoter Score (NPS) according to STIGA -which measures the degree of average satisfaction of customers- of **49.9%** in 2019 in comparison with the sector average of 4%. This figure reflects the high degree of commitment and satisfaction of members with our Bank.

A new way of connecting with members

Transparency in the reporting and marketing of our products and services is key to communicating with our members.

In 2019, we implemented a new way of connecting with members in order to seek greater clarity, precision and transparency to convey our main values simply and without technicalities. This enables us to remain close to our members, talking to them on the same level and showing that we are interested in their specific needs.

As well as the traditional channels such as the branches and telephone service, we have innovated in the digital channels, the main way of reaching our members, increasing the security of the

internet and mobile environments and improving their user experience.

Along with push notifications and text messages, customised e-mails, in which we use an informal languages and supporting images, are some of the channels providing clear, more direct and more effective communications with our members. They facilitate communications relating to new products and services, as well as relevant news, or enable them to manage their accounts.

A set of new innovations has also been established that was developed using financial analysis and reporting tools, which is now available for sale, and an advisory service. These improve not only protection and transparency for members but also the market services and financial instruments.

In 2019, 85% of our professionals in the sales network were certified as being able to provide advice according to MiFID II. The remaining professionals are generally newcomers who are currently obtaining the certificate, but who are able to provide advice with due supervision.

Advice

The advisory and marketing processes provide members with the necessary information at all times for the efficient management of their financial resources and the appropriate use of our services.

Personal, individual assistance

The Bank's team of professionals offer personal assistance adapted to the needs of each individual requiring our services.

Transparent information

The Caja de Ingenieros Group provides its members with a catalogue of products that are classified according to their nature, inherent risks, and complexity. The aim is to provide transparent information for adequate knowledge by contracting products or services. Our goal is to protect our members by offering them enough information for them to select the most appropriate investment product.

Complaint and claim management

The Group provides its members with different channels to manage any complaint, claim or suggestion. The Member/Customer Service Department, which collects the complaints or claims from the official bodies or network of branches, has the necessary independence to make the corresponding decision, by which the Bank must abide. Claims are analysed according to their type in order to design preventive and corrective action.

In order to detect areas of improvement regarding policies, regulations and internal processes, we have monitored and analysed the complaints and claims in detail, along with the reports issued by the claims departments of the official bodies. Along these lines, different improvements have been implemented in 2019 regarding communications with members in order to provide clearer, more transparent information on the contracting of products.



The following table shows a comparative breakdown between 2018 and 2019 of the complaints and claims received by the Member/Customer Service Department, in which the drop in the number of claims regarding mortgage expenses in 2019 must be noted.

The Caja de Ingenieros Group has been subject to no administrative penalties from official bodies regarding the distribution of its products and services, or due to a breach of regulations or of the voluntary internal codes of the Bank.

	2018	2019
Complaints and claims managed by the department	167	147
Accepted for processing by the Member/Customer Service Department	164	136
Rejected by the Member/Customer Service Department ¹	3	11
Complaints and claims solved during the financial year	159	112
In favour of members	17	10
In favour of the Group	134	68
Other concepts ²	8	34
Awaiting a solution during the financial year	5	24
Solved during the financial year but from previous years	12	5

¹ These complaints and claims were rejected by the Member/Customer Service Department either because they did not meet the requirements of their Regulations when presented, or because they were previously solved in favour of the member after being accepted by the Bank.

² The complaints or claims were solved in favour of the member after being accepted by the Bank.

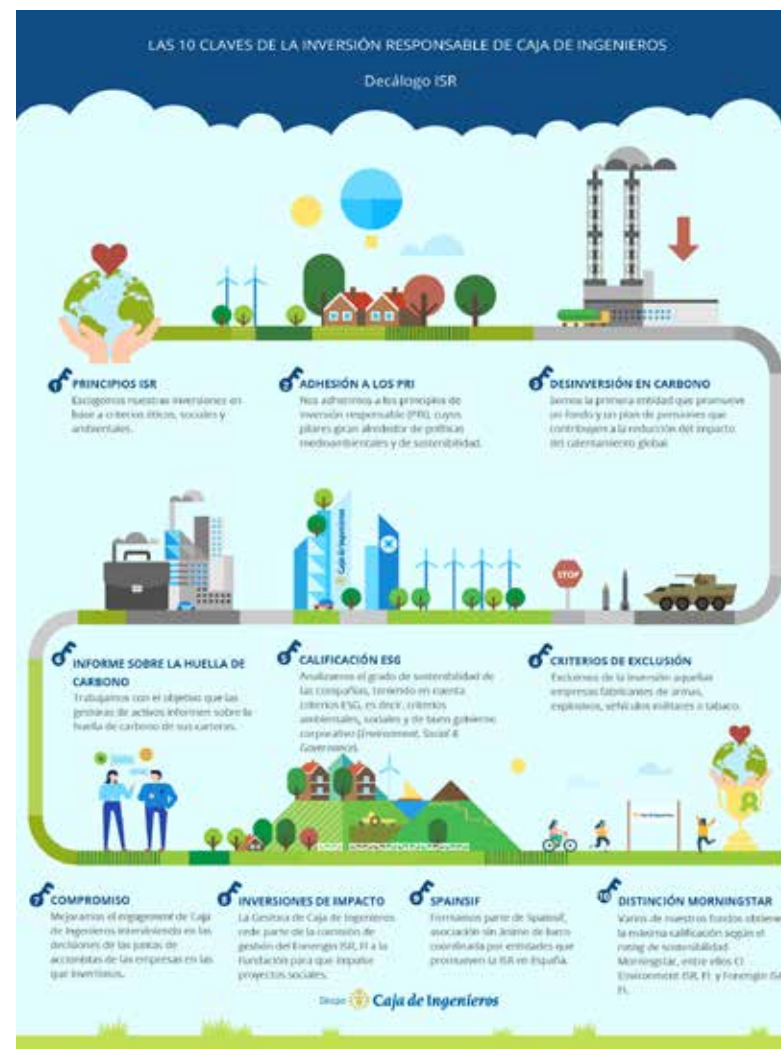
8.2 RESPONSIBILITY IN OUR PRODUCTS AND SERVICES

■ RESPONSIBLE PRODUCTS AND SERVICES

The Caja de Ingenieros Group is highly committed to the integration of environmental, social and good governance (ESG) criteria into the management of its different products and services. Furthermore, in accordance with the cooperative values (integrity, commitment, excellence, professionalism and proximity), the Bank contributes in ten of the seventeen Sustainable Development

Goals (SDG) promoted by the United Nations (UN) within the framework of the 2030 Agenda for Sustainable Development. We also believe that financial investments can be made responsibly and, therefore, were one of the first banks nationwide to register a fund with the Socially Responsible Investment (SRI) label in 2006.

The ten keys showing the different socially responsible activities carried out regarding financial information are shown below.



THE BANK CONTRIBUTES IN FOURTEEN OF THE SEVENTEEN SUSTAINABLE DEVELOPMENT GOALS.

1. The main SRI are key to choosing our investments.

As a cooperative bank, we have always advocated responsible investment through collective investment institutions (CII). Therefore, before commencing an investment process in a company, the traditional financial analysis and a series of environmental, social and corporate governance (ESG) criteria are considered. In 2019, socially responsible investment increased by 80 million euros, with a total of 364 million managed between SRI investment funds and pension plans.

2. Membership to the PRI initiative has been guaranteeing our responsible investment policies since 2014.

There are six principles of commitment to the PRIs, promoted by the UNEP Finance Initiative and the United Nations Global Compact (two organisations linked to the United Nations):

- To incorporate ESG (environmental, social and governance) issues into investment analysis and decision-making processes.
- To be active owners and incorporate ESG issues into the ownership policies and practices of the company.
- To seek appropriate disclosure on ESG issues by the entities in which we invest.
- To promote these principles within the investment industry.
- To work to enhance the effectiveness of the principles.
- To report on the activities and progress towards implementing the principles.

This initiative promotes environmental policies in favour of environmental sustainability, commitment to the fight against climate change, and energy efficiency. It also considers fundamental social aspects, such as respect for human rights, gender equality, and occupational risk prevention policies. Finally, it advocates the maintaining of fair working relationships with customers and suppliers and the fight against fraud, corruption, and the independence of Management.

The **UN Principles for Responsible Investment** (PRI) believe that it is necessary to work on a good global financial system that is fully efficient and sustainable from an economic viewpoint in order to create long-term value. If good management is in place, these actions will be beneficial to the environment and to our society.



3. Contribution to the decarbonisation of the economy.

The Caja de Ingenieros Group is aware that the consequences of global warming not only affect the environment but also harm all sectors of the economy.

Therefore, as a financial group, we take action to reduce this damage, such as measuring the carbon footprint of our investment portfolios and informing our members of the risks of climate change. Another activity involves adopting responsible asset management policies that consider the impact of the investments on the environment and, therefore, their repercussions on climate change. Along these lines, we are the first financial institution nationwide to promote a fund, the CI Environment ISR, FI, and a pension plan, the CI Climate Sustainability ISR, PP, which, as well as the traditional financial analysis, focus their activity on investment in companies with a positive impact on the environment.



CAJA INGENIEROS GESTIÓN HAS BEEN PUBLISHING ITS CARBON FOOTPRINT EVERY YEAR SINCE 2017 TO PROMOTE INVESTMENT IN COMPANIES WITH A LOWER IMPACT ON THE CLIMATE AND, THEREFORE, REDUCE THE CARBON FOOTPRINT OF INVESTMENT FUND INVESTMENTS.

4. Beyond exclusions, integration.

We became a member of the PRI initiative in 2019 to exclude controversial weapons (anti-personnel mines, biological and chemical weapons, among others) from the mainstream stock indexes. Our Bank is therefore extending its commitment to exclude manufacturers of weapons, explosive and military vehicles, as well as those dealing in tobacco production, from our investment portfolio. Neither do we invest in companies with a debt classified as having a medium or low Human Development Index (HDI), according to the UN. As well as excluding economic sector and companies with weak social sustainability indexes, we apply innovative integration methods in our approach to sustainable investments as a strategy defining the investment policies of the instruments managed.

5. Caja de Ingenieros Gestión has specific socially responsible investment (SRI) policies.

The SRI label involves investing in companies with a higher ESG rating, which considers the selection of better positioned companies in environmental, social and good governance aspects.

6. Carbon footprint.

The *Montreal Pledge Report* was published by Caja Ingenieros Gestión in February 2019. This agreement came about on the initiative of the PRI and seeks to ensure asset management companies report the carbon footprint of their portfolios. The idea is to promote a reduction in carbon emissions caused by investment activity. Caja Ingenieros Gestión has been publishing the carbon footprint every year since 2017 in order to promote investment in companies with a lower impact on the climate.



7. Actions to improve engagement and shareholder activism.

In collaboration with the Higher School of Business Administration and Management (ESADE), a report is published every year on the transition towards a low-carbon economy. This report proposes more environment-friendly alternatives and analyses the challenges and opportunities associated to the sustainable development of different sectors.

Caja de Ingenieros Gestión also modified the shareholder voting policy in order to improve its analysis and expand delegated voting analysis and management to the companies of the CdE ODS Impact ISR, FI (CI Environment ISR, FI, and Fonengin ISR, FI already included in 2018 and 2017, respectively).

8. Impact investing.

The management company of the Caja de Ingenieros Group provides part of the management fee of the Fonengin ISR (0.03% a year on equity) to the Caja de Ingenieros Foundation to promote social action, such as environmental protection, improving quality of life, the integration of people at risk of exclusion, volunteering and welfare cooperation, encouraging research for employment and business training, support for academic and professional training, and corporate values. The goal of the Foundation is to contribute towards the good social, economic and cultural development of our members and of society through our commitment.

9. Promoting and encouraging SRI.

In 2013, Caja de Ingenieros joined Spainsif, a non-profit association promoting socially responsible investment in Spain. Among other activities, every year the Caja de Ingenieros Group takes part and sponsors some of the events included in the SRI week, which provide training and information on what socially responsible investment involves. The main challenges of SRI at national level are listed, particularly the need for investment savings activities following SRI criteria with rapprochement strategies.



10. Distinction in sustainability from Morningstar.

All our SRI funds (CdE ODS Impact ISR, FI, CI Environment ISR, FI, and Fonengin ISR, FI) have the highest Morningstar sustainability rating and assert environmental, social and corporate governance values in the investment process. The Morningstar Sustainability Rating measures the degree of ESG risks and opportunities of the companies included in the investment funds or pension plans.

“IF WE ACT HOLISTICALLY AND INCORPORATE CLIMATE CHANGE OR SOCIAL RISKS, WE WILL BE ABLE TO IMPROVE THE FEATURES OF OUR PORTFOLIO IN TERMS OF YIELD-RISK, FOR EXAMPLE”.

Xavier Fàbregas, managing director of Caja Ingenieros Gestión

– *El Economista*, 2019

■ INNOVATION AND PERSONALISATION, THE DRIVING FORCES OF OUR PRODUCTS

Our commitment to social responsibility also applies to innovation. The creation and management of socially responsible investment products that take into account financial criteria as well as non-financial criteria, such as sustainability and the environment, with a major focus on fighting climate change.

Member orientation represents a radical change in our relationship processes with members. Greater knowledge of the needs of our members is required to offer them the high quality service we have proposed.

The Strategic Plan IMPULSA 2016-2019 promotes action based on segments of members to enable us to improve and better personalise the services we offer them.

We personalise the advice and services we offer, monitoring to provide a fast, flexible response to the changes in the demand for services and to anticipate their needs.

New products and services are created in line with a protocol that ensures the interests and security of our members, so that the cooperative principles and values of the Bank are respected. This means that all our products have been assessed to guarantee their suitability, transparency and adaptation.

Each of our products and services has a date and a manual that includes the marketing processes, as well as their entering and maintaining in our services. The commercial activity guides combine the quality of the service during the pre- and after-sales stages.

The challenge is to personalise the services we offer through flexible, global solutions (financial, insurance and welfare) so that they give a guarantee of transparency, consistency and convenience.

PERSONAL AND PREMIUM BANKING

Members of the Personal and Premium Banking segment have a Personal Manager who is highly qualified and certified by at least the European Financial Planning Association (EFPA).

This manager coordinates his or her activity with the different areas of business and offers comprehensive advice to help correctly adapt financial investments, savings and/or financing plans, or hedging in the member insurance area, depending on their needs and in line with their risk profile.

Through this contact, our teams of professionals help members from this segment discover their financial needs by analysing determining variables such as past, present and future circumstances, age, available equity, professional and personal situation, and other aspects of interest.

Once the profile and needs of the investor have been determined, the Personal Manager prepares the proposed service in close collaboration with the different business management teams of the Group, in line with the current situation and the economic-financial expectations.

Among the services we offer are financing, social welfare, asset management, insurance, and hedging.

- **Advice in selecting financial assets:** investment funds, pension plans, variable income, fixed income, savings-life insurance, ETF and monetary market.
- **Advice on the design of personalised investment portfolios,** both overall and by financial asset.
- **Discretionary Portfolio Management.**
- **Measuring risk management and control.**
- **Economic and financial monitoring reports.**
- **As well as other services such as financing, social welfare, asset management, insurance and risks.**



PERSONAL AND PREMIUM BANKING

The most relevant features of the **Asset Management Advice** model are:

- Capital preservation goals (through portfolio value generation, diversification and optimisation processes).
- Delegating management: discretionary portfolio management.
- Financial-fiscal optimisation.
- Detailed and personalised monitoring of the managed portfolio.
- Optimisation of financial asset structures, taking into account the situation and asset and personal needs Member.
- Personalised design of investment portfolios based on the financial perspective of our investment management team.
- Risk management.

Providing value is extremely relevant to Caja de Ingenieros. We therefore

produce publications on the macroeconomic situation and on the evolution and forecasts of the financial markets. We also publish strategic financial asset allocation reports, model portfolios, and special reports on important events in the markets.

- Personal Banking Services Guide.
- Finance and insurance logs: Investment guide.
- Defining of risk profiles - Strategic Asset Allocation according to the investor profile.

In terms of **Insurance Advice**, personalised solutions are incorporated for the management of the different risks.

- Overall view. We prepare an individualised proposal, providing the risk analysis, recommendations for suitable management, and a hedging proposal adapted to the needs.
- Streamlining management. We incorporate all the risks and assess

the advantages of hedging and price in an easy-to-understand format in a single document.

- Ongoing service. Our commitment is to adequately manage all the risks and regularly review them. We monitor them to keep members informed of the progress of any procedure or claim through the service and support department.

And in the area of **Welfare**, we assist members in their decision making, analysing retirement pension goals.

- We produce a simulation of their retirement and a forecast of their state pension.
- We determine the target income to supplement the pension.
- Depending on the savings goal, the member's risk profile, and his or her investment preferences, we produce different investment scenarios to meet the target.
- We regularly monitor their savings

plan to adapt it whenever necessary, without losing sight of the target set.

All advisory services follow a correct, appropriate philosophy and a method based on:

- Knowledge of needs.
- Definition of the risk profile.
- Dynamic adjustment.
- Social responsibility

RETAIL BANKING

YOUNG PEOPLE

The new digital generations have specific needs regarding service and financing, with special emphasis on their training, the start of their career, or their enterprise projects.

IMAGINA is a Caja de Ingenieros programme aimed at providing young people with access to the financial and insurance services they need. With this programme, they can start managing their money, make and receive transfers, deposit their first pay cheque, obtain discounts on purchases with Ingenium Shopping Joven, secure financing for their university and postgraduate studies, buy their first car or motorcycle, travel abroad and take out insurance for young people, among many other possibilities. They are also provided with access to the entire digital environment 24 hours a day, from any part of the world, which enables them to enjoy highly advantageous terms for overseas travel, accident coverage, digital payments with IngenierosPAY, etc.



IMAGINA IS A CAJA DE INGENIEROS PROGRAMME AIMED AT PROVIDING YOUNG PEOPLE WITH ACCESS TO THE FINANCIAL AND INSURANCE SERVICES THEY NEED.

MOVE Card

The debit/credit card for the under-26 that enables its users to withdraw cash free of charge both nationwide and internationally, and that is made of a substitute plastic material to reduce its environmental impact as much as possible.

The card is made of a plastic substitute called polylactic acid (PLA), which is produced from renewable sources such as maize. This material can be recycled to generate its initial resin without losing quality. It is also biodegradable, generates no carbon emissions, and is not toxic if incinerated.



RETAIL BANKING

FAMILIES

Caja de Ingenieros accompanies families throughout their lives, sharing projects and dreams with them and providing them with the financial and insurance products and services they need at any time. Our services cover all types of family: those that start a project in common, those that grow, those that find their home, those that seek the best education and even those that see their children start their own projects far from home.

The products and services aimed at the family segment are focused on the day-to-day management of finances, and include advantages in relation to receiving pay cheques and making direct debits, applying for debit and credit cards, gaining easy access to their accounts and carrying out transactions through mobile and Internet channels.

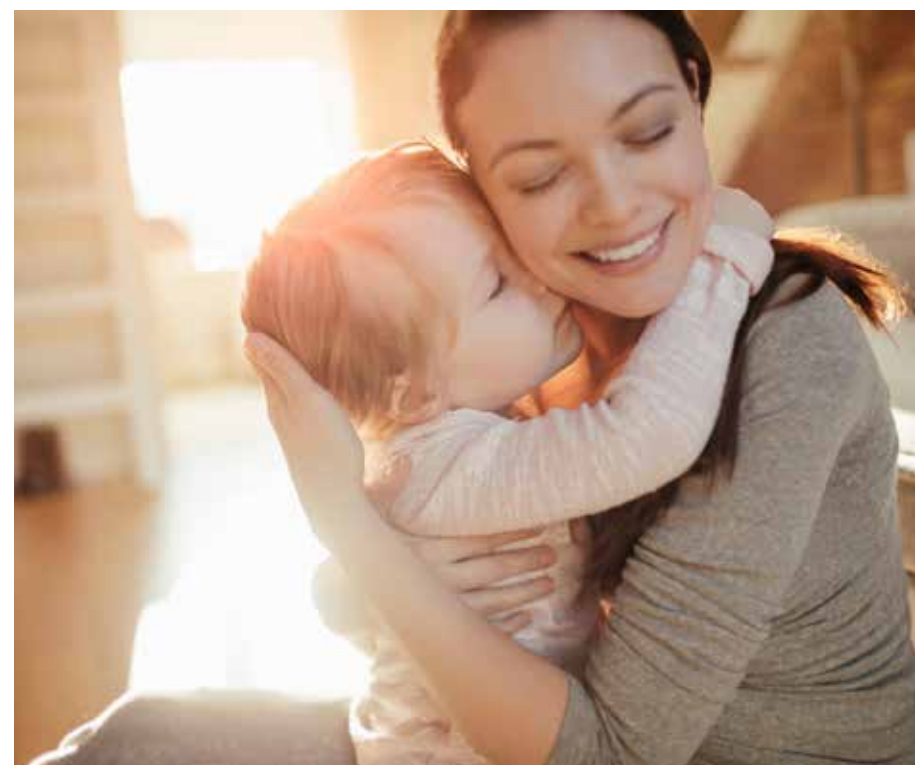
At the asset creation stage, we provide the necessary financing for purchasing homes and cars.

Our professionals have the utmost experience to advise and channel savings towards instruments that best suit different risk profiles and goals. We also offer advice on savings plans to complement retirement pensions.

Similarly, we can advise on the most appropriate insurance to protect against personal, family and asset risks. We assess the risks that are particularly important for families, analyse personal circumstances and make an individualised proposal with the best solutions and coverage for each particular case.



WE RESPOND TO THE FINANCIAL
NEEDS OF FAMILIES.



RETAIL BANKING

PROFESSIONALS

Professionals evolve continuously throughout their working lives. Financial services therefore require different proposals depending on their time of life.

Our aim is to make the daily lives of professionals as easy as possible,, enabling them to focus on their projects by providing them with the necessary tools to manage their business through the Professional Account.

At Caja de Ingenieros, we believe in the projects of our members and we support them in the development of their businesses or professional activities. To do so, we prepare a personalised study of their proposals and provide them with a wide range of financing methods that suit their personal characteristics. We also provide comprehensive advice for savings surpluses and seek the best investment instruments.

Through an individualised insurance advisory service, we analyse all risks inherent to their activities (premises, personal, civil liability, computer-related) to offer them proposals tailored to their needs. We also offer personal protection plans for self-employed professionals.

In addition, we can provide advice on supplementing retirement pensions and help plan savings for this purpose. Through our Pension Simulator, we can carry out financial projections for retirement and even take into account possible life contingencies (temporary incapacity, disability, widow/widowerhood and death) to provide a future planning proposal.

+65

At Caja de Ingenieros, we want to accompany our members throughout their life. We provide products and services especially designed for those over the age of 65, in order to help:

- **Live comfortably**, with enough income to face all projects.

With this in mind, we offer the Equity Advisory Service and adapt to the needs and interests of each individual, for example investing in environment-friendly companies or providing a service fully delegated to our experts through Discretionary Investment Portfolio Management so that they do not have to worry about the evolution of the financial markets. We can also study whether they have any property and supplement the pension with a Reverse Mortgage. We also offer financing for projects.

- **Live with peace of mind**: we take care of everything when we are needed the most.

Tax advice: we plan the redemption of pension plans, seeking the highest profit and making the most of tax benefits.

Death Insurance: we make sure the procedures and services are covered in the event of death, with no additional payments, and with the best assistance for relatives.

Insurance Advice Service: overall study of all the risks by our experts with the best after-sales service.

- **Live happily**: we effectively manage everyday life in line with each person's pace.

Current account with all the services and a free credit card.

CORPORATE BANKING



Every business needs appropriate management of the different types of risk, whether they be financial, civil liability, corporate, asset or personal. Risk management is not just an essential activity for large companies, it is vital for all companies, regardless of their size. In the Caja de Ingenieros Group, we help identify risks and propose solutions that suit the activities of each company and are aimed at reducing and minimising their possible impact.

To support and give stability to their daily activities, we recommend the most practical and advanced personalised options: credit accounts to facilitate business financing, invoice advance payment policies and grants that are linked to increased company activity and complement the financing of investments in fixed assets, financial, economic and technical guarantees, medium- and long-term hedging for multiple purposes.

Companies are a highly differentiated segment that requires specific attention. Specialist managers provide the most appropriate services with the most appropriate financial and personalised solution according to the business.



THE CORPORATE BANKING
ACCOUNT MANAGERS CAN
PROVIDE THE MOST APPROPRIATE
SERVICES AND FINANCIAL
SOLUTIONS ACCORDING TO THE
BUSINESS, WHETHER IN THE SHORT,
MEDIUM OR LONG TERM.

WHOLESALE BANKING

Large companies, the authorities, SMEs and mutual welfare companies have a space at Caja de Ingenieros through the managers who specialise in the wholesale segment.

This segment requires special personalisation in their proposed services, which is provided in collaboration with the Group's business areas. The proposed value we offer is aimed at:

- Minimising risks.
- Maximising operational efficiency.
- Making optimum use of available resources.
- Supporting growth.
- Improving the experience of stakeholders.



■ PERSONALISED SOLUTIONS

We advise and guide our members in their decisions by providing high quality, personalised financial services that meet their needs.

The following are the three areas in which advice forms the basis of the service:

- Asset management
- Personal risks (insurance)
- Project financing
- Social welfare

ASSET MANAGEMENT

Within the specialist advice offered to its members, Caja de Ingenieros also provides asset management services:



Our services include:

- Capital preservation (generation of value, optimisation of portfolios, diversification).
- Personalised design of investment portfolios based on the financial perspective of our investment management team.
- Financial-fiscal optimisation.
- Optimisation of financial asset structures taking into account the situation and asset and personal needs.
- Delegation of management through the Discretionary Portfolio Management Service, a tool exclusive to Caja de Ingenieros.
- Detailed and personalised monitoring of the managed portfolio.

In all cases, investment profiles and investment portfolio compositions are determined through suitability and advisability tests, as well as other requirements requested by members.

INSURANCE ADVISORY SERVICE (IAS)

In 2019, we implemented a new service with a 360° view to thoroughly meet all our members' insurance needs.

Our service is based on the analysis and assessment of risks derived from personal circumstances, and on the review of insurance positions and their coverage, comparing them with their needs to provide at a personalised proposal.

The service includes a selection of trusted companies, valued for their excellence of service, price, solvency, reputation and performance in the event of loss.

We provide comprehensive and continuous day-to-day management of insurance portfolios, supervision of the quality of coverage and services they offer and our own claims service to ensure appropriate and prompt processing.

■ ■ ■ ■ ■ ■ ■ ■ ■ ■

OUR COMMITMENT IS TO SIMPLIFY THE MANAGEMENT OF
INSURANCE THROUGH A GLOBAL SERVICE THAT ALSO ENABLES US TO
OBTAIN THE BEST PRICE FOR MEMBERS FROM THE COMPANIES TO
WHICH RISK IS TRANSFERRED.



FINANCING

We want to offer the best financing solution for the projects of our members throughout their lives. We adapt to the individual needs of each family, professional, company, public sector body and institution, with a personalised and differentiated service based on an investment policy aligned with the principles of responsible banking management, which means professional and prudent management of risks and incorporates criteria of sustainability and preservation of the environment.

The range of products includes:

- **Mortgage loans for the purchase or refurbishment of homes, retail property, or industrial units.**

Different instruments at variable, fixed or mixed interest rates can be chosen, along with terms that enable financial commitments to be adapted to the ability to pay.

- **Personal loans for the financing of current investments, studies and consumer goods.**

For example, the ECO Loan offers

favourable conditions for the financing of investments in relation to the improvement of energy efficiency for families, professionals and companies.

- **Subrogation** of mortgages from other banks.

- **Overdrafts** to meet the short-term financing requirements of companies.

- **Guarantees** to guarantee future commitments.

We have also reached agreements with institutions such as the Official Credit Institute (ICO), European Investment Fund (EIF) and Reciprocal Guarantee Companies (SGR), which supplement our range and enable us to provide companies and professionals with products and guarantees to facilitate their investment projects and/or cover their working capital financing needs.



WE ADAPT TO THE FINANCING
NEEDS OF EVERY FAMILY,
PROFESSIONAL, COMPANY, PUBLIC
SECTOR BODY AND INSTITUTION,
WITH A PERSONALISED SERVICE.

We apply active management and continuous follow-up to our exposures to ensure their proper evolution and implement measures or corrections for those that require them. In addition, our Code of Good Practice reinforces the protection of mortgage debtors without resources, and regulates and limits certain conditions for the restructuring of mortgage loans.

SOCIAL WELFARE

In line with the advice and personalisation model, we support members in their decisions to meet their **retirement pension goals**. We provide all our experience and knowledge, with an in-house model that follows the line of service commitment and responsibility we have with our members and with society. Through our Welfare Model:

- We produce a simulation of their retirement and a forecast of their state pension.
- We determine the target income to supplement the pension.
- Depending on the savings goal, the member's risk profile, and his or her investment preferences, we produce different investment scenarios to meet the target.
- We regularly monitor their savings plan to adapt it whenever necessary, without losing sight of the target set.

8.3 DIGITISATION AND MULTI-CHANNEL SERVICES



We remain committed to the digital transformation and are constantly evolving our technical architecture and strengthening the cultural and organisational change it involves. The dual personalised advice and multi-channel service model has been studied in a great more detail during 2019.

Remaining close to our members, despite the fact that interactions are increasingly remote, is a significant challenge that Caja de Ingenieros takes on with great enthusiasm. This is why we created the new position of the **Agile Manager**, who will combine the best of each model, providing personalised assistance remotely. Hence, Caja de Ingenieros is supporting the continuous improvement of the customer experience and homogenises their experience regardless of the channel used. And this is always done responsibly, prioritising the security of the service and the appropriate management of our members' data.



THE NEW POSITION OF THE AGILE MANAGER IS THE SUPPORT TO PROMOTE PROXIMITY IN THE SERVICE TO MEMBERS AS WE TRANSFORM DIGITALLY.

■ 2019 DATA

The Bank's support for comprehensive digitisation, leading to a more relatable, efficient service, has meant that the goals set by the Strategic Plan (IMPULSA 2016-2019 Plan) have mostly been met. We obtained a growth of over 12 percent and the number of **digital members stood at 69.12%**, with over 110,000 members in total.

Furthermore, the number of members using MOBILE Banking increased by 72.2%, and transactions through remote channels (over 129 million) increased by 37%.

The public website grew by more than 1.5 million visits, which is 23% up on 2018.

As well as the good results in relation to the goals of the IMPULSA Plan, the significant growth in digital transactions must be underlined, which reached **129 million transactions and was 37% higher than in 2018**. This growth was primarily due to **MOBILE Banking, which doubled its number of transactions** (52 million transactions) and grew by 70% in terms of the number of users, with almost 100,000 members connected to MOBILE Banking in 2019.

The growth in the **volume managed** in the digital channels must also be noted. We exceeded 3.5 billion euros, which is a **growth of 38%** in the past year and of 155% since the start of the IMPULSA Plan.

Lastly, the **significant marketing drive over the digital channels** during 2019 must be highlighted. We recorded over 30,000 sales through these channels, which is **52% up on 2018**.

Number of digital members

110,000
members

69.12%
of all
members

Digital transactions

129
million transactions

+37%
up on 2018

Website visits

1.5
million visits

+23%
up on 2018

Volume managed on digital channels

3,500
million euros

+38%
up on 2018

■ PROJECTS

In line with the digital transformation defined in the Strategic Plan, Caja de Ingenieros provided its members with significant improvements to the user experience and the functions available over its digital channels in 2019. All this along with its compliance with the important regulatory challenges of 2019, primarily related to the entering into force of the European regulation on electronic payment services, the PSD2.

In terms of this latter point, the establishing of **strengthened authentication for all members,**

regardless of the digital channel through which they operate must be highlighted. This means increased security for digital operations and a significant improvement in the user experience thanks to the elimination of the coordinates card. We now make the operations of our members easier by way of an OTP (*one time password*) code sent by text message.

The Caja de Ingenieros Group has also published its Api Market to offer different services to third parties, taking another step on the *openbanking* path in line with the requirements of the PSD2 regulation.

Insofar as improvements to the user experience are concerned, we must mention the **launch of the new Caja de Ingenieros Group website.** We have built a portal with a new design, a renewed image, and **adapted to all devices,** resulting in another leap forwards in the Bank's brand positioning in the digital environment.

Along these lines, the number of operations available over the digital channel has been increased substantially. For example, we have included a **personal loan simulator** and, in relation to investment funds, we have developed new wide-ranging operations such as yield, fund transfers, or multi-channel trading.

In terms of mobility, Caja de Ingenieros has incorporated payment via **Apple Pay and Google Pay,** offering access to mobile payment to all members, regardless of the operating system they use.

Lastly, in the ATM search engine of the **MOBILE Banking app,** we have included the Ingenium Shopping stores that provide special offers and discounts to Group members.



8.4 PRIORITISING SECURITY



NEW ONLINE ANALYSIS AND FINANCIAL REPORTING TOOLS, NEW PRODUCTS AVAILABLE FOR CONTRACTING AND A NEW ADVISORY SERVICE ARE THE NEW DEVELOPMENTS.

■ TRANSPARENCY AND PROTECTION IN THE AREAS OF FINANCIAL INVESTMENT: MiFID II

In line with the implementation of the new MiFID II regulation, we have set in motion a set of innovations that improve not only the protection and transparency of members, but also the services of markets and financial instruments. New online analysis and financial reporting tools, new products available for contracting and a new advisory service are the new developments.

All investment products marketed will incorporate, in accordance with the objective of improving transparency and investor protection, the following attributes:

- **Specialised and certified training of our professional team.** The Services to Members team has the highest professional qualifications and official certification to inform on financial instruments and provide investment services.
- **Adoption of a dependent advisory model** to support members in their investment decisions. Investment recommendations will be adjusted exclusively to investment objectives, taking into account the degree of risk aversion, taxation and member time horizons.
- **Better execution.** Caja de Ingenieros has a policy of better execution of orders made by Bank members and carried out through Caja de Ingenieros or intermediaries.
- **Total transparency of fees, expenses and incentives.** Information about the costs and expenses associated with each service and financial instrument, as well as any incentives that Caja de Ingenieros might obtain for the marketing of third-party products, will be communicated in detail.
- **Corporate governance.** The goal is to increase the level of protection for investors through greater transparency in the information provided and greater adaptation of the products to each member profile.

■ DATA PROTECTION

Member privacy and data protection is our main priority regarding security, especially on the road towards digitisation and multi-channel services.

Privacy is included in our Security Policy and meets all the requirements of the law.

The Group's security strategy aligns all its efforts with the ISO27001 Information Security Management Systems standard. In 2011, the Bank was certified by the company BSI in a public commitment to protect the information of Group members.

The appropriate identification of legal and control requirements to prove that the information and, therefore, privacy is protected forms part of this adaptation to the standard. The audits that are regularly planned help detect and redirect inefficiencies.

There are also procedures in place to report, collect and deal with the rights of members that are included in the current General Data Protection Regulation.

The position of the Data Protection Officer (DPO) is defined as the senior manager in the organisational chart and can be contacted by anyone with any doubts. The DPO participates actively in all projects including the processing of personal data within his or her scope.

The public website informs of the way in which the Caja de Ingenieros Group processes personal data, with the explicitly commitment not to transfer them to anyone unless legally obliged to do so. We recorded no types of justified claim in 2019 relating to violations of privacy and/or loss of member data.



PRIVACY AND DATA PROTECTION IS
OUR MAIN PRIORITY IN TERMS OF
SECURITY.





SOCIAL AND ENVIRONMENTAL COMMITMENT



OUR ACTIVITY IS CONSISTENT WITH THE NEEDS OF SOCIETY AND SUSTAINABLE IN THE WAY IT IS CONDUCTED.

9.1 ENVIRONMENTAL COMMITMENT



■ OUR CONTRIBUTION TO PROTECTING THE PLANET

In order to minimise our impact on the environment, Caja de Ingenieros promotes the transition towards a low-carbon economy. This commitment goes beyond our impact as an organisation, and includes our financing and investment operations. There are sectors that represent an environmental opportunity for our business, such as sustainable finances.

We seek continuous improvement in our environmental management and promote initiatives that reduce the environmental impact of our activities. Therefore, in line with our **Corporate Social Responsibility (CSR) Policy**, protecting the environment and sustainable development are essential in acting as a responsible member of society.

We have established a series of priority goals in order to reflect our environmental commitment:

- Incorporating actions regarding **climate change** and sustainable development through corporate policies and strategies.
- **Supporting and financing** projects related to the environment and sustainability that have a positive impact on preventing climate change.
- Implementing **efficiency measures in the use of materials** and generating of waste in our central offices and branches.

We have a specific governance department for social responsibility aspects in order to promote sustainability within the Group. The

General Sub-Head Office/Global Risk Management Area heads the Sustainable Horizon Plan, which reports to the Management Committee, the governing body approving this type of policy. We also have a Sustainable Finance Working Group that is represented by the deputy managing director/Global Risk Management Area, and by the directors of the Group's business areas and CSR Management.

We want our commitment to spread to all Group employees. Therefore, within the Training Plan, climate-related risk and its financial implications form

■ ■ ■
OUR MISSION IS TO ACT AS A RESPONSIBLE MEMBER OF SOCIETY.

	2018	2019	Variation
Paper consumption (kg)	44,145	36,488	-17.3%
Water consumption (m ³)	2,874	2,677	-6.9%
Electricity consumption (kWh)	1,888,813	1,954,966	3.5%
Travel to and from work by the workforce(km)	3,369,699.7	3,481,437.8	3.3%



CAJA DE INGENIEROS PARTICIPATES ACTIVELY IN TECHNICAL WORKING GROUPS THAT PROMOTE FINANCES FOR SUSTAINABILITY IN THE SECTOR AND/OR IN EUROPE.

part of the programme established by our Governing Board and Senior Management. We also conduct awareness activities for members and support them towards sustainability through a cycle of workshops on socially responsible investments (SRI).

Our environmental commitment is channelled through the Caja de Ingenieros Foundation, one of the cornerstones of which is the environment and sustainability. In 2019, 15% of the budget allocated to the Foundation was reserved for this cornerstone. Please see Section “9.2. Social commitment” for further details.

PARTNERSHIPS FOR SUSTAINABILITY

Caja de Ingenieros participates actively in technical working groups that promote finances for sustainability in the sector and/or in Europe. Some of these include **Barcelona Centre Financer Europeu (BCFE) for Sustainability**, which forms part of the International Network of Financial Centres for Sustainability (FC4S), and the ESG (climate) Group of Experts of the European Association of Cooperative Banks.

The Caja de Ingenieros Group is also a member of the following leading sustainability networks and organisations both generally and in the banking sector:

- **Carbon Disclosure Project (CDP).** An independent non-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impact.

- **Climate Action 100+.** An investor initiative launched in 2017 to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

- **UN Principles for Responsible Investment (PRI).**

- **United Nations Global Compact.**

ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

We highly value the fact that our suppliers have certificates and/or commitments regarding the improvement of the environment, governance and/or the social environment. Our Purchasing Policy includes our preference for suppliers that are neutral in their greenhouse gas emissions, which we value highly when assessing our purchasing decisions.



■ ■ ■
CAJA DE INGENIEROS HAS A RANGE
OF PRODUCTS AND SERVICES
THAT INCLUDE ENVIRONMENTAL,
SOCIAL AND GOOD GOVERNANCE
(ESG) CRITERIA IN ALL AREAS OF
DISTRIBUTION OF THE GROUP

WE SUPPORT AND FINANCE PROJECTS RELATED TO THE ENVIRONMENT AND SUSTAINABILITY

We want to streamline the transition of members to an economy free of greenhouse gas (GHG) emissions. Therefore, Caja de Ingenieros has been taking action for some time now that is aimed at developing products and services that include sustainability criteria. This has been possible thanks to the strengthening of our skills and abilities in this area.

We have a range of products and services that include environment, social and good governance (ESG) criteria in all areas of distribution of the Group to support our members towards sustainability (see Section “9.3. Responsible investment as part of our bloodline”).

We have a range of socially responsible investment products that include ethical, social and environmental criteria in the investment decision-making process. Investment funds and pension plans that contribute towards sustainable development, all PRI-certified.

ECO LOAN

We have defined the ECO Loan to promote improved energy efficiency in three different lines that help in the transition towards a more sustainable model.

The product was designed in 2016 to improve the contribution of members to sustainability. It is a financing product to promote the improved energy efficiency of homes and premises (heat insulation, heating, low-consumption lighting, renewable energy sources, etc.) or to purchase eco-friendly vehicles or energy class A or higher electrical appliances. This loan reduces the consumption of non-renewable energy and improves the output of the facilities.

The ECO Loan allows for investment in all areas in the customers' environment.

- **Improvements to energy efficiency in homes or premises.** Heat insulation, efficient heating, low-consumption lighting, renewable energy sources, among others.
- **Purchase of an eco-friendly vehicle.** New electric, hybrid, LPG or natural gas-powered vehicle.
- **Purchase of electrical appliances.** For the purchase of energy class A or higher electrical appliances.

INGENIUM RENTING

We offer a *renting* system in which we have selected a variety of vehicles with low environmental impact.

- **100% electric.** This is the most ambitious and environment-friendly option in terms of emissions.
- **Hybrid.** Thanks to the combination between an electric engine and an optimised conventional engine, consumption and emissions are significantly reduced to provide a truly sustainable option.
- **Gas.** There is an increasing number of vehicles using LPG, a more environment-friendly version than conventional fuel. The Caja de Ingenieros Group has therefore included it in the options to be selected by its customers.



■ WE IMPLEMENT EFFICIENCY MEASURES INTO OUR USE OF RESOURCES

We want to minimise our impact on the environment. To do so, we have implemented measures to improve efficiency in our use of the necessary resources for our business. The way in which we have progressed in the use of our main resources: water and paper, is shown below.

WATER

In 2019, our consumption stood at 2,677 m³, which is a reduction in consumption in relation to 2018 of around 200 m³, 6.9% less despite the increase in the number of branches (6.7%, from 30 to 32 branches) and the Group workforce (3.6%, from 473 to 490 employees).

Furthermore, we were able to reduce our overall consumption despite part of this consumption having increased due to the installation of drinking water fountains for the workforce. These fountains were installed in our branches in 2018 to cut back on the purchase of plastic bottles. We provided our employees with a reusable glass bottle.

Water consumption

2,677
m³

6.9%
less than
in 2018





IN OUR COMMITMENT TO USE LESS PAPER, WE HAVE IMPLEMENTED A DOCUMENT MANAGEMENT PROJECT THAT CUTS BACK ON THE PRINTING OF INTERNAL DOCUMENTS.

PAPER

Paper is one of the most highly used materials in our work, which is why several initiatives are in place to promote responsible use among our workforce.

In 2019, we reduced our paper consumption by more than seven tons, 7,600 kg in comparison to 2018, and reached the figure of 36,488 kg. This figure is also lower than the 2017 paper consumption, which was 38,600 kg.

The reduction in paper is also due to the document management project implemented in 2019, which cuts back on the printing of internal document, and raising awareness in professionals to reduce their printing and paper consumption.

Aware of the extensive use of paper in our business, the Caja de Ingenieros Group has implemented the following initiatives to promote responsible use:

- **Eco-design criteria.** Environmental criteria are applied in the design of operating documents in order to guarantee efficiency in the use of paper and saving on coloured ink.
- **FSC eco-label.** A high percentage of the paper purchased has the FSC (forestry certification) label, which proves that the paper used is from forests managed responsibly.
- **Digital banking.** Promoting digital banking avoids the use of considerable amounts of paper. Through this channel, members can conduct their business and make their enquiries on a computer or mobile device and receive any correspondence by e-mail.

In 2019 we also highlighted the use of recycled paper to replace some of the virgin paper used in the branches. More specifically, this year recycled paper accounted for 27% of all the paper used.

Paper consumption

36,488
kg



■ MINIMISING OUR WASTE GENERATION



MOVE CARDS

We know that respect for the environment is also one of the concerns of our members. We therefore decided to develop the first biodegradable *contactless* card in the Spanish market, the MOVE card. For all other cards we have provided cardboard boxes in each of our branches where those that are no longer valid can be deposited. These cards are regularly collected and enter a recycling cycle.

Respecting the environment

- Non-pollutant production
- Biodegradable
- Recyclable

Exclusive conditions abroad

- Free of charge
- No fees on the first five withdrawals of cash from ATMs each month
- No currency exchange fees

WASTE MANAGEMENT

In terms of paper waste, in 2019 we generated a total of 18,182 kg, 18.7% less than in 2018. This reduction is mostly due to the drop in our paper consumption, as explained previously in the resources section. We work with a supplier, the Trinijove Foundation, to eliminate any paper waste, and this same foundation is also responsible for its recycling and employs people at risk of social exclusion. The foundation is responsible for recovering and recycling waste.

Furthermore, given our type of business and the number of confidential documents we use each day, we have a specific collection service for all confidential documents that are to be destroyed. This is commissioned to the social welfare enterprise Junan Serveis Solidaris, SL, which generates opportunities for groups at risk of social exclusion.



WE HAVE DEVELOPED THE FIRST
BIODEGRADABLE CONTACTLESS
CARD IN THE SPANISH MARKET: THE
MOVE CARD



CAJA DE INGENIEROS ENSURES MORE EFFICIENT ENERGY CONSUMPTION BY INTRODUCING MEASURES IN OUR FACILITIES AND BRANCHES WHERE THE MAIN ENERGY EXPENSE OF THE BANK OCCURS, ENERGY CONSUMPTION.

■ OUR COMMITMENT TO THE FIGHT AGAINST CLIMATE CHANGE

ENERGY

As a result of Group activity, the greatest impact on climate change involves energy consumption and business travel. Caja de Ingenieros therefore ensures more efficient energy consumption by introducing measures in our facilities and branches where the main energy expense of the Bank occurs, energy consumption.

In order to reduce the environmental impact of our business and consolidate our fight against climate change throughout 2020, we plan to install solar panels on our office building in Calle Potosí. This will ensure the self-consumption of the building in a closed, clean energy system.

Through the four energy distributors that supply Caja de Ingenieros, 2019 consumption stood at the final figure of 1,954,966 kWh, all with the guarantee

of renewable and green energy. Bearing in mind that electricity consumption in 2018 was 1,888,813 kWh and that the number of branches has increased from 30 to 32, electricity consumption (kWh per branch) dropped by 3%.

To maximise energy efficiency in our branches, we have centralised temperature control that is also restricted to the opening hours of our branches.

We presented the 2019 Innovative Ideas Award to the start-up The Predictive Company, an up-and-coming companies responsible for studying the behaviour of buildings and identifying their consumption based on the weather, the time of year, etc. The solutions proposed by The Predictive Company provide significant energy savings.

In its support for innovation, Caja de Ingenieros decided that this *start-up* should implement its third pilot project in our offices in Calle Potosí. This began in 2019 with a study of our office building and they prepared an initial diagnosis stage to predict our consumption. An action plan to reduce energy consumption and, therefore, our impact on the environment is to be developed and implemented throughout 2020.

Our greenhouse gas emissions are being reduced through our drop in energy consumption.

- **Automation.** The branches have automation and control equipment and systems to reduce energy consumption, such as the installation of automatic on/off mechanisms in transitory areas.
- **Building automation technology.** We have building automation systems installed to effectively control the HVAC, lighting and other installations using energy.
- **Low-consumption bulbs.** Since 2014, we have a process in place in the lighting system to replace rather inefficient bulbs with low-consumption bulbs.

OUR CARBON FOOTPRINT CALCULATION

The fight against climate change is everyone's responsibility. Caja de Ingenieros wants to form part of the transition towards a low-carbon economy by reducing greenhouse gas (GHG) emissions and by offsetting the emissions resulting from our business.

In 2019, we calculated our carbon footprint for the second year running by rating the GHG emissions generated through the business of the Group over the year (scope 1, 2 and 3). The calculation is made according to ISO Standard 14064:1-2012, based on the "Greenhouse Gas Protocol Corporate Accounting and Reporting Standard", developed in the World Business Council for Sustainable Development.

The analysis was performed based on 2019, and widely recognised and standardised conversion factors in analyses of this kind were used. The scopes are as follows:

- Scope 1: fleet fuel consumption.
- Scope 2: consumption of electricity.

- Scope 3: purchase of products and services, waste generation, business travel and travel *to and from work* by the workforce.

The results of the carbon footprint were calculated considering all possible direct and indirect impact, and a margin of uncertainty was established to guarantee the high reliability of the results. The results of the carbon footprint are described in the table.

Unlike 2018, the energy supplied by one of our suppliers in 2019 was from high-efficiency cogeneration, known as green energy, instead of renewable energy. This meant an increase in CO₂ emissions compared to 2018. However, we continue in our search for continuous improvement and, therefore, will amend the energy supply agreement so that the amount we consume and that is supplied in 2020 is 100% renewable and not from high-efficiency cogeneration.

Travel to and from work by the workforce. The environmental impact of travel by the workforce was analysed based on the different methods of travel. In total, an internal survey

Scope	Source	tCO ₂ eq 2019
Scope 1	Own fleet	2.97
Total scope 1		2.97
Scope 2	Electricity	472.73
Total scope 2		472.73
Scope 3	3.1. Purchase of goods and services	283.47
	3.5. Waste generation	1.03
	3.6. Business travel	24.52
	3.7. Travel <i>to and from work</i>	352.75
Total scope 3		661.77
Total		1,137.47

To calculate the estimated greenhouse gas emissions expressed in tons of CO₂eq, the fugitive emissions of fluorinated gases from refrigeration equipment, the emissions from fleet transport and fuel (direct emissions, scope 1), electricity consumption (indirect emissions, scope 2), the purchase of goods and services, the processing of municipal waste (paper), business travel by Group employees using means of transport that do not belong to the organisation, and travel to and from work by all employees (other indirect emissions, scope 3) were considered.

In general, the emission factors used are those published in the Practical guide for the calculation of GHG emissions by the Catalan Climate Change Office (March 2020 version). The energy mixes of the electricity retailers published in the April 2020 report of the National Commission on Financial Markets and Competition were also used. Finally, for the purchase of goods and services, the Environmental Paper Network: Paper Calculator 4.0 factors were used for paper consumption and the Ecoinvent 3.5 database for all other materials.

gathered the results of the total distance travelled in 2019, which was 3,481,437.8 km divided into fifteen different means of transport, from intercity bus or private vehicle or bicycle or electric scooter, as can be seen in the last part of the previous row.

■ ■ ■
WE OFFSET 100% OF OUR
EMISSIONS.



OFFSETTING EMISSIONS

Within the carbon management strategy that started in 2011, the Caja de Ingenieros Group offsets the carbon emissions generated by the activity of the Foundation by financing projects that help reduce greenhouse gases (GHG). More specifically, we offset the emissions generated by the activity during the period between 2014 and 2017 through Clean CO₂ Certified.

This offsetting generates a commitment by Caja de Ingenieros not only to society, but also to the environment. Through projects to replace fuel with biomass or the rehabilitation of the well for a community in Malawi, providing access to drinking water for 450,000 people, the emissions generated by its activity were offset and there was a positive impact on society during the 2014-2017 cycle.

We took another step forwards in 2018 and offset 100% of the carbon footprint generated by the Group. In 2019, in line with this commitment, we calculated our carbon footprint again in order to offset all emissions related directly and indirectly with our activity once again. As in 2018, we decided to offset these emissions through the solar farm project called Sarako, which was built in the Republic of Mauritius to generate electricity with a minimum impact on the environment and to provide access to energy for the local community.

We want to go even further in this commitment. Therefore, Caja Ingenieros Gestión calculates the GHG emissions of the investment portfolio for the SRI funds we manage.

RISKS AND OPPORTUNITIES ASSOCIATED TO CLIMATE CHANGE

In terms of managing the ESG risk and the risks associated to climate change, the Risk Management Policy includes climate change within the context of the risk appetite, as indicated in Section "6. Risk management". Along these lines, we promote the skills to assess and measure energy transition risks associated to a process of adaptation towards a low-carbon economy.

9.2 SOCIAL COMMITMENT



The creation of shared value among the different players, including society in general and the business network, is in the bloodline of the Caja de Ingenieros Group as a model of cooperative banking. Commitment to and responsibility for the social and economic environment form part of its essence. The Sustainable Development Goals (SDG) approved by the United Nations within the 2030 Agenda for Sustainable Development are a way of creating shared value. As indicated in previous chapters, the Caja de Ingenieros Group is aware of its potential in meeting these goals as part of the financial system. Given the nature of our business, the impact capacity of the Caja de Ingenieros Group focuses specifically on two SDGs: SDG number 8, Decent work and economic growth, and SDG number 9, Industry, innovation and infrastructure.

The Caja de Ingenieros Group is committed to:

- **Achieving full, productive and decent employment for all women and men**, including for young people and persons with disabilities, and equal pay for work of equal value.
- **Promoting the growth of SMEs through access to financial services, entrepreneurship and microcompanies**. Along these lines, we are also committed to encouraging access to financial services by SMEs to promote inclusive, sustainable industrialisation.
- **Significantly increasing the contribution of industry to employment and to the gross domestic product**.
- **Contributing to local development** by prioritising the hiring of local suppliers.

As well as creating value through our cooperative model, we channel our commitment to society and social action through our Caja de Ingenieros Foundation, which devotes its resources to improving quality of life and wellbeing, to facilitating social and workplace reintegration by the more vulnerable groups, and to fostering innovation, training and professional excellence.

(In thousands of Euros)	2018	2019
GENERATED ECONOMIC VALUE	60,011	69,029
Interest margin	34,106	33,784
Fees for services, net	21,338	28,362
Other revenues, net	4,567	6,883
DISTRIBUTED ECONOMIC VALUE	49,381	53,101
Public authorities - Corporate income tax and other taxes and encumbrances	11,329	13,175
Suppliers - General administration expenses	12,699	12,411
Personnel - Personnel expenses	22,422	24,357
Members - Interest	2,930	3,158
RETAINED ECONOMIC VALUE	10,630	15,928
Social welfare fund and Foundation	710	558
Amortisation and provisions	1,688	5,706
Reserves	8,232	9,664

Number of transactions

2,852
transactions

381,000
thousand
euros

■ SOCIOECONOMIC IMPACT

WE CONTRIBUTE TOWARDS THE BUSINESS NETWORK AND TO FAMILIES

Through corporate and member financing, we help generate more jobs and support a dynamic economy with greater financial capacity to do business and create value. In 2019, total financing granted amounted to 381,000 thousand euros, corresponding to 2,852 transactions.

Among others, the company offers:

- **Mortgage loans** for the purchase or renovation of retail premises or industrial units, adapting the conditions to the ability to pay.
- **Personal loans** for the financing of current investments, studies and consumer goods. For example, the ECO Loan offers favourable conditions for the financing of investments in relation to the improvement of energy efficiency for families, professionals and companies.



- **Overdrafts** to meet the short-term financing requirements of companies.
- **Guarantees** to guarantee future commitments.

In 2019, we also granted loans to companies and professionals to the sum of 110,000 thousand euros.

BACKING THE FUTURE BY SUPPORTING YOUNG PEOPLE

The new generations have specific needs regarding service and financing, with special emphasis on their training, the start of their career, or their enterprise projects.

With this in mind, we have a programme called IMAGINA that is aimed at providing young people with access to the financial and insurance services they need. Through this programme, they can start managing their money, make and receive transfers, deposit their first pay cheque, obtain discounts on purchases with Ingenium Shopping Joven, secure financing for their university and postgraduate studies, buy their first car or motorcycle, travel abroad and take out insurance for young people. In 2019, the study loans we offered amounted to a total of 1.9 million euros.

They are also provided with access to the entire digital environment 24 hours a day, from any part of the world, which enables them to enjoy highly advantageous terms for overseas travel, accident coverage, digital payments with IngenierosPAY, etc.

TAX PAYMENTS

We help create jobs through our tax payments, and boost the local and national economy by complying with our suppliers. Our business therefore has a direct and indirect impact on our economy.

IMAGINA
El programa joven de Caja de Ingenieros



ACTION TO SUPPORT GROUPS OF PROFESSIONALS AND YOUNG PEOPLE

Institutional banking establishes partnerships with education beyond the work performed by the Caja de Ingenieros Foundation, which is described below. Included in this work are initiatives such as relations with universities and professional training schools. In 2019, a total of 295,000 euros was allocated to these projects.

The following can be highlighted from the list of initiatives:

- Collaboration agreements to foster activities in the groups of professionals, students and families.

- Contribution through these collaboration agreements and/or sponsorship in Educational Institutions (mostly Universities) to support talent, with the presenting of awards to the best grades and grants for the continued education of young people. Presence in employment forums and events promoting the proximity of Caja de Ingenieros with this segment.
- Strengthening our commitment to institutions through financial and insurance services to meet any needs they might have, working on values that identify us as a cooperative bank.



■ SOCIAL ACTION

CAJA DE INGENIEROS FOUNDATION

Initially, the Caja de Ingenieros Group channelled its social activities through the "Asociación Sociocultural y Tecnológica de los Ingenieros". After more than forty years, this became the current Caja de Ingenieros Foundation, which has been working constantly since 2011 on helping improve the quality of life of people and achieving better social, educational and environmental development.

The Foundation is a private, non-profile organisation with the commitment

to help improve society through the incorporation of a socially responsible ethical management model that is characterised by the cross-cutting nature of the strategy, the processes, and the activities. Along with the encouragement of the collaborators and with the goal of creating value for society, the Foundation acts in three main areas:

- The environment and sustainability
- Re-incorporation into the workplace and social action
- Education, professional excellence and engineering



THE FOUNDATION IS AN EXPRESSION OF THE DRIVE FOR CORPORATE SOCIAL RESPONSIBILITY OF THE CAJA DE INGENIEROS GROUP.

Projects implemented

84



Beneficiaries of grants, awards and training

601



Applications submitted for the enterprise projects

210



Channelled social investment

527,385

€2M over
the past
4 years

Each euro that the Foundation socially invests multiplies its social impact by 3.8

x3.8

The environment and sustainability

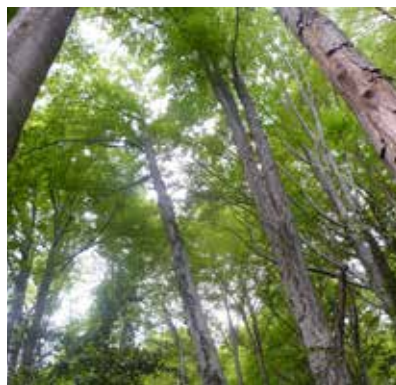
Environmental presentation and sustainability are priorities to the Group. We are therefore working on raising awareness on the importance of caring for the planet and to seek solutions and alternatives that help mitigate the effects of climate change.

Some of our more noteworthy initiatives in this area, related to each of the corresponding Sustainable Development Goals, are indicated below.



PROTECTION OF BIODIVERSITY

- **SÈLVANS.** Conservation and safekeeping of the terrestrial ecosystem richest in biodiversity, mature forests, and of a high ecological value.
- **Ocean Initiatives.** Partnership with the Surfrider Foundation to protect the oceans from marine debris. A programme to raise awareness involving activities to collect waste on the beaches of the Mediterranean Sea.



REDUCTION IN CO₂

- **Greennova Foundation.** Capta CO₂ Project: CO₂ trap to decrease the greenhouse effect.
- **ESADE Foundation.** "Transition to a low-carbon economy" study to raise awareness in the population of the carbon footprint and its effects on climate change.
- **AA Visiting School Barcelona.** "Vertical Winery" project for the development of vertical vine production that generates the smallest carbon footprint possible and that is, in turn, efficient and sustainable.



ACCESS TO WATER

- **Vicente Ferrer Foundation.** Construction of a water purification plant that has provided the supply of drinking water to 1,805 people in the area of Anantapur (India).
- **ONGAWA.** Promotion of human rights to water and sewerage by improving the management skills of communities and municipalities with the ultimate goal of reducing the incidence of diarrhoea illnesses in the rural areas of Sololá (Guatemala).



Re-incorporation into the workplace and social action

We support activities for the incorporation of people at risk of exclusion and those that benefit society as a whole.



MICROLOANS

- **Acció Solidària Contra l'Atur (ASCA).** Fund of 35,000 euros to finance zero-cost projects by entrepreneurs in the field of science, innovation and technology.



SOCIAL INCLUSION

- **Fundación Autónoma Solidaria (FAS).** Refugee integration programme for their full incorporation and involvement in the university population through integration and support activities.
- **Fundació Privada de l'Auditori i l'Orquestra Simfònica de Barcelona i Nacional de Catalunya (OBC).** The "Et toca a tu" project uses music as a tool for social integration and works on technical concepts and individual aspects, such as motivation, self-improvement or respect.
- **Palau de la Música-Orfeó Català.** "Clavé XXI" programme, which fosters social inclusion using musical education and training for children and youngsters. The programme has over three hundred beneficiaries.
- **Fundación IReS.** The "Haz Click en YouTube" course is aimed at training youngsters from vulnerable groups in new information and communication technologies.
- **Banc dels Aliments.** The "FRED" project transports and distributes chilled and frozen food in chiller cabinets and deep freezers to guarantee they reach their recipients in optimum conditions.





INSERTION INTO THE WORKPLACE

- **Cáritas.** The “Feina amb Cor” project provides access to jobs for over nine hundred people a year who have been unemployed for a long period.
- **Fundació Lacetània.** Six-month training and professional integration project for youngsters at risk of exclusion and in a situation of great vulnerability.
- **Arrels Fundació.** The “La Troballa” workshop fosters social and professional re-integration with the design and creation of craft items.
- **Grup Sant Pere Claver.** The “Apoyo a la Vida Independiente” project offers aid for over fifteen youngsters at risk of exclusion, with disabilities and mental health problems for their personal development and social-professional re-integration.
- **Caja de Ingenieros Foundation training courses.** Training programme in professional skills to foster the abilities of Caja de Ingenieros members seeking to enter employment.



TRAINING AND DEVELOPMENT

- **Fundación IC-LI, Ingeniería para la Cooperación.** Training and empowerment programme for women with few resources in more disadvantaged countries.
- **Ingeniería Sin Fronteras.** Improving the quality of remote technical training tools for easier access to online training aimed at cooperation for the technology base development.

Education, professional excellence and engineering

We promote academic training through donations for grants and awards, and professional development. We also foster research activities that help improve the employment and business world, and promote engineering.



Within this area, the following are some of the activities exemplifying the contribution by the Foundation to the SDGs in 2019:

- **Foundation training courses**

Promoting re-incorporation into the workplace of unemployed members and helping young people get a foothold in the employment market.

- **7th Enterprise Award**

The goal is to reward the talent and professional excellence of companies currently blossoming in our society in order to promote their business and help them develop in the area of science, technology, innovation and sustainability. More than sixty *start-ups* applied for the 7th edition

- **2nd Isabel P. Trabal Innovative Ideas Award**

The goal is to promote the transforming of business ideas into real companies. The award is aimed at promoting and development projects in their initiation stage that are related to science, technology, innovation and sustainability. More than one hundred and forty ideas were submitted in 2019.

- **Partnerships in education**

In order to promote talent, the Caja de Ingenieros Foundation has partnerships with different universities (UPC, UPM, UPV, IQS, ESADE, La Salle, UOC, UPF, Universidad de Zaragoza, Lleida, Vic, Seville, among others) to which it gives study grants.



Furthermore, the Caja de Ingenieros Foundation produces publications to provide our members with information on financial matters. Along these lines, we have published an Investment Guide so that members can expand their knowledge of investments.



ALL THE INVESTMENT IN THE COMMUNITY OF THE CAJA DE INGENIEROS GROUP IS CHANNELLED THROUGH THE FOUNDATION.

PARTNERSHIPS AND COLLABORATIONS WITH BANKS

The Foundation contributes to society in line with the annual plan prepared by the Board of Trustees. This is implemented through our own activities and supporting initiatives by other institutions, as indicated beforehand.

Investment in the community through contributions made to the Foundation stood at 527,385 euros in 2019.



	Description	2017	2018	2019
Investment 1	Environment and sustainability projects	76,000	58,500	73,500
Investment 2	Re-incorporation into the workplace and social action	106,000*	71,100	92,555
Investment 3	Education and professional excellence (grants and awards)	360,624	308,175	302,330
Investment 4	Support for entrepreneurs	44,100	67,000	59,000
Total		582,525	504,775	527,385

*In 2017, on the occasion of the Group's 50th anniversary, the Foundation made an extraordinary investment in the community, which led to a 14% increase in the average investment it makes each year.

■ EDUCATION AND PROMOTION FUND

We support the future and are working on the continuous improvement of our activity and also of society. We therefore allocates 10% of our annual net surplus to the Education and Promotion Fund (EPF), which is used for activities that benefit our members and employees, and the community in general, in the fields of education, society and promotion of the cooperative movement.

The fund was created in accordance with the requirements of Law 13/1989 of 26 May concerning Credit Societies, partially amended by Law 20/1990 of 19 December concerning the Tax Regime of Cooperatives.

The purpose of the EPF is the funding of activities with the following aims:

- Training and education of members and employees in cooperative principles and values or in specific areas that contribute to business activities.
- Publicising cooperatives and fostering inter-cooperative relations.
- Cultural, professional and social welfare promotion of the local environment and community in general, as well as improving quality of life, community development and environmental protection actions.

In 2019, our budget for the EPF amounted to 708 thousand euros, which was distributed as follows according to the previously defined goals.



10% OF THE ANNUAL NET SURPLUS IS ALLOCATED TO ACTIVITIES FOR EDUCATION, SOCIETY, AND PROMOTION OF THE COOPERATIVE MOVEMENT.

Thousands of euros	2019	2020
Description	Application	Budget
Member and employee training	235	400
Inter-cooperative relations promotion	23	35
Cultural promotion of the environment - Foundation	450	600
Total	708	1,035



■ SUPPLIERS

DIRECT IMPACT ON SUPPLIERS OF PRODUCTS AND SERVICES

Our activity has a positive indirect impact on society and helps generate employment and in the growth of small and medium-sized enterprises. In 2019, 55% of our suppliers of products and services were local, with an associated turnover of 12,957,949 euros.

We also want to extend the protection of labour rights and the promotion of a safe working environment throughout our chain of supply, and encourage the creation of decent work both directly and indirectly.

The main goal is to help improve the management of the impact arising from our relationship with suppliers. The purchase of goods and services is controlled by a set of criteria developed by the companies forming the Group.

These criteria seek to guarantee the plurality of suppliers and to ensure the purchases in each transaction are made under advantageous conditions for the Group, while maintaining the value and guaranteeing the objectivity and transparency of the decision-making processes.



PURCHASE PRACTICES

We are working to ensure a reciprocal ethical commitment that has a positive impact on both parties and on the most immediate environment. Hence, in the search for socially responsible suppliers that share the values and are in line with the strategy of the Bank, in 2017 and 2018 we included a declaration of intent in the service agreements that includes ethical, business, labour-related and environmental commitments.

Over recent years, the tendency has swung towards purchasing from local suppliers, in the same manner as total purchases from suppliers. In 2019, the Caja de Ingenieros Group collaborated with a total of 625 suppliers, with purchases amounting to a total of almost 30 million euros.

In 2017, we modified the internal criteria used to identify a local supplier to anyone less than 150 km from our central offices. The reported figures are shown below.

	2017	2018	2019	Variation
Total number of suppliers	600	615	625	2%
Number of local suppliers	332	355	346	-3%
	2017	2018	2019	Variation
Total purchases from suppliers (€)	31,217,859	29,199,711	29,760,024	2%
Purchases from local suppliers (€)	15,232,421	16,645,669	12,957,949	-22%
	2017	2018	2019	Variation
Percentage of local suppliers	55%	58%	55%	-4%
	2017	2018	2019	Variation
Percentage of products and services purchased locally in locations with significant operations	49%	57%	44%	-24%

In 2019, we had a total of 144 new suppliers, all of which were assessed with social criteria wherever possible, despite the fact that we often use unique suppliers that cannot be freely chosen, with councils or suppliers that are unique in their field.



9.3 RESPONSIBLE INVESTMENT AS PART OF OUR BLOODLINE



WE WERE THE FIRST BANK IN SPAIN TO REGISTER A SOCIALLY RESPONSIBLE INVESTMENT FUND.

spainSIF

PRI | Principles for Responsible Investment

Socially responsible investments (SRI) have been a priority for many years in the Caja de Ingenieros Group. By the end of 2019, the volume managed in SRI stood at 364 million, bearing in mind that almost 80 million euros were attracted over the year, along with the investment funds and pension plans managed under this investment philosophy.

We have prioritised responsible investment since our business began. We registered an SRI fund in 2006, and were one of the first banks to do so, and the first in Spain.

Socially responsible investment incorporates ethical, social and environmental criteria into the investment decision-making process, in addition to the traditional financial criteria. This criteria provides a qualitative view of the companies and, therefore, not only are their economic and financial results or their growth expectations considered, but also their policies of good governance, their activities with society and the degree of integration of measures to preserve the surroundings and the environment.

This analysis allows for investment risks to be reduced, and helps ensure the impact of the investment is positive.

Since 2014, Caja Ingenieros Gestión has been a member of the United Nations Principles for Responsible Investment (PRI) initiative, an organisation that promotes the principles for responsible investment under the supervision of the UNEP Finance Initiative and the United Nations Global Compact, two organisations linked to the United Nations.

More than one third of the managed equity in funds and plans follow socially responsible investment criteria and are certified by AENOR as socially responsible financial products. The aim is for this percentage to reach 50% in the coming four years. For all the funds managed by the Group, the investment policy follows the principles of the PRI promoted by the United Nations Environment Programme Finance Initiative (UNEP FI) and the United Nations Global Compact.

In order to form part of the organisations supporting SRI and sustainability, we have been members of Spainsif since 2016. This is a non-profit association that fosters the integration of environmental, social and good governance criteria into investment policies in order to promote SRI in Spain.

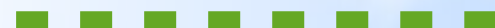
Therefore, and in the aim of promoting SRI, we offer members different products, such as the Fonengin ISR, FI investment fund and the CI Global Sustainability ISR, PP pension plan.

The CI Climate Sustainability ISR, PP (first climate-related pension plan in Spain) was developed in 2016, and the CI Environment ISR, FI (first environment-focused fund) in 2017.

We took a final step forwards in improving the living conditions on the planet in 2019 through the creation of the CdE ODS Impact ISR, FI fund, which seeks to implement SDGs into its investments.

■ RESPONSIBLE INVESTMENT

FUNDS AND PLANS



“OUR SRI FUNDS HAVE A MEASURABLE IMPACT. IN FACT, IT CAN BE SAID THAT OVER 70% OF THE COMPANIES CURRENTLY IN THE PORTFOLIO OF OUR SRI STRATEGIES HELP MEET THE SDGS. FURTHERMORE, FOR MORE TANGIBLE INFORMATION, WE HAVE STARTED TO DETERMINE IN THE SHORT/MEDIUM TERM HOW MANY MILLIONS OF EUROS OF SALES BY EACH COMPANY HAVE REPERCUSSIONS ON EACH SDG”.

XOSÉ GARRIDO, CURRENT MANAGER OF FONENGIN ISR, FI.

Investment funds (FI)	Pension Plans (PP)
CI Environment ISR, FI	CI Climate Sustainability ISR, PP
Fonengin ISR, FI	CI Global Sustainability ISR, PP
CdE ODS Impact ISR, FI	

THE CI ENVIRONMENT ISR, FI FUND WAS THE FIRST ENVIRONMENT-FOCUSED FUND

The criteria used by the CI Environment ISR, FI are managed using an investment model that is aimed at obtaining "sustainable" yield from the following perspectives:

Environmental

Investment in leading companies in the fight against climate change and that invest in R&D provide a better position with regard to environmental risks.

Socially responsible investment (SRI)

The Caja Ingenieros Gestión model also includes the management of the social and good governance aspects of companies and integrates them into the selection of investments.

Financial

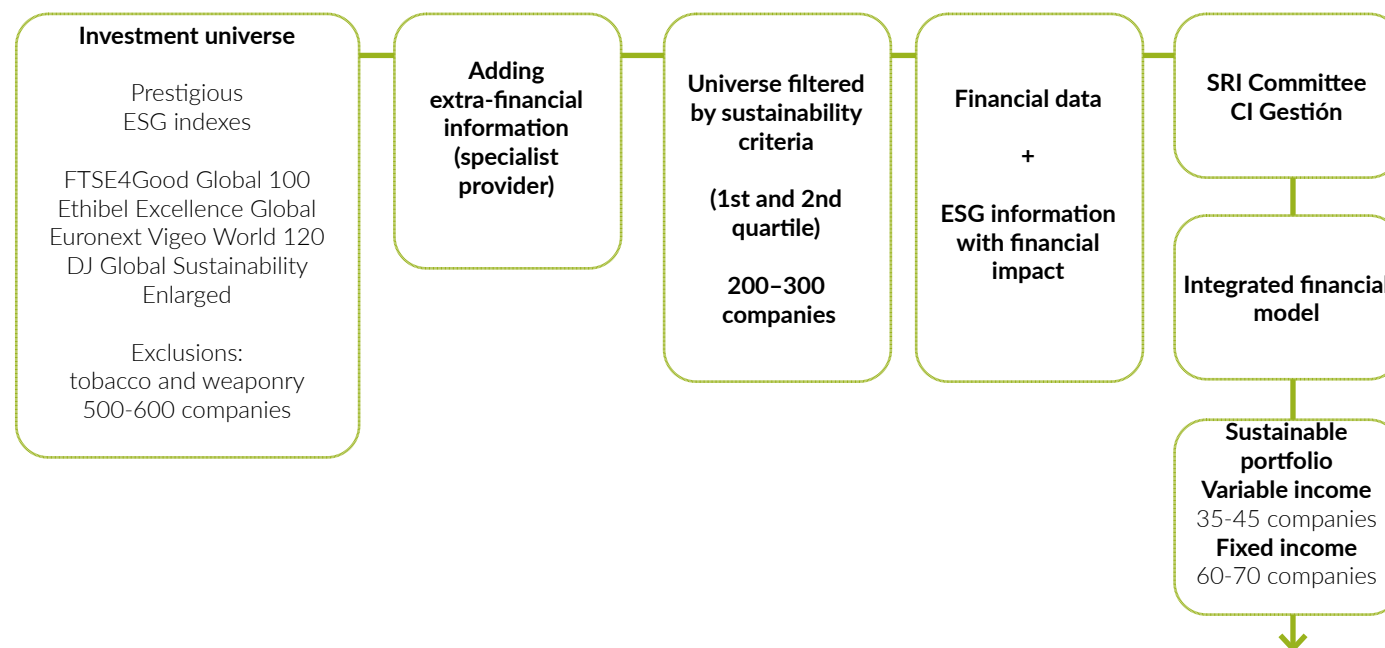
Integration of the financial analysis allows for a portfolio of companies to be built with solid balance sheets, high cashflow, and significant yields on resources used, with great long-term appreciation potential.



FONENGIN ISR, FI

Fonengin ISR, FI is the first socially responsible investment fund of the Caja de Ingenieros Group has has the highest Sustainability *Ranking* by Morningstar. This is a mixed International Fixed Income fund that promotes socially responsible investments by integrating environmental, social and governance (ESG) criteria in traditional financial analysis and favouring sustainable long-term investments.

Fonengin ISR, FI monitors the repercussions generated by its socially responsible investment through *reporting* to analyse the impact of its investment portfolio.






Generating positive impact	Fonengin ISR	MSCI World	Difference
Percentage of revenues by companies in the portfolio that contribute towards sustainable impact solutions during financial year 2019.	11.40%	5.90%	+5.5%
Annual revenues generated by the companies in the products and services portfolio that provide sustainable impact solutions for every million dollars of investment in Fonengin ISR or in the index during financial year 2019.	\$ 70,483	\$ 22,747	+\$47,736 (three times more in relation to MSCI World)

CDE ODS IMPACT ISR, FI

The CdE ODS Impact ISR, FI has a positive impact on meeting the SDGs and gives priority to companies involved in business that is contributing towards meeting the Sustainable Development Goals. This achieves:

- **Sustainable goal.** The companies in which the fund invest not only practice responsible management but are also innovators in their sector and promote the change in the current economic model to one that is more sustainable and responsible.
- **Measurable impact.** Investment in the fund is measurable and, therefore, the meeting of goals can be monitored. For example, using the percentage of sales with an impact on the SDGs in relation to the total sales made.

This fund invests using the 2030 Agenda for Sustainable Development as a reference, and has an impact on three of these goals.

	EDUCATION	Gender equality in access to education, free access to primary and secondary education and increase in the number of grants in developing countries. When people access quality education, their possibilities of escaping poverty increase. Education also helps reduce social inequalities and helps ensure gender equality.
	WATER	Efficient use of water resources, universal and easy access to drinking water, improvement to the quality of water, and reduction in pollution.
	INFRASTRUCTURE	Development of sustainable infrastructures that support economic development, transition to clean and sustainable industrial processes, and increased access to the internet and to technology in developing countries.

CI CLIMATE SUSTAINABILITY ISR, PP

We believe that support for the decarbonisation of the economy is of great strategic importance and, therefore, the Caja de Ingenieros Group promotes projects and investments that contribute towards a relatively non-intensive society in the use of coal.

With the CI Climate Sustainability ISR, PP, a sustainable footprint is left on the path towards retirement through responsible investment in companies that are committed to respecting the environment. Through the welfare advisory model of the Caja de Ingenieros Group, we assist members in their decisions to meet the pension goals for their retirement. We provide all our experience and knowledge, with an in-house model that follows the line of service commitment and responsibility we have with our members.

The criteria for this pension plan are divided into the following areas:

- **Environmental.** Investment in leading companies in innovation and the fight against climate change.
- **Socially responsible investment (SRI).** The Caja Ingenieros Vida y Pensiones model also includes the management of the social and good governance aspects of companies and integrates them into the selection of investments.
- **Financial.** Integration of the financial analysis allows for a portfolio of companies to be built with solid balance sheets, high cashflow, and significant yields on resources used, with great long-term appreciation potential.



THE FIRST CLIMATE-RELATED PENSION PLAN IN SPAIN IN WHICH UP TO 50% OF THE COMPANIES INVOLVED ARE LEADERS IN INNOVATION AND THE FIGHT AGAINST CLIMATE CHANGE.

CI GLOBAL SUSTAINABILITY ISR, PP

We invest up to 30% in variable income assets through the CI Global Sustainability ISR, selecting international companies included in indexes that use extra-financial criteria (ethical, social, environmental and corporate social responsibility).

The CI Global Sustainability ISR pension plan is certified by AENOR in Spain. This certification recognises the social and environmental approach of its investment.

■ SRI EVENTS

In order to announce our spirit of social and environmental responsibility, the Ingenieros Group organises different promotional activities. The following activities to promote the SRI practices underway are highlighted for 2019.

PUBLICATION OF THE MONTREAL PLEDGE REPORT

In February 2019, Caja Ingenieros Gestión collaborated in the *Montreal Pledge Report* –arising on initiative by PRI– to promote a reduction in the carbon footprint in investments.

Caja Ingenieros Gestión acquired the commitment to publish the carbon footprint of the investments we manage through investment funds each year.

XAVIER FÀBREGAS, SPEAKER AT THE CONFERENCE 'ESG: SUSTAINABILITY IS THE FUTURE'

Xavier Fàbregas, managing director of Caja Ingenieros Gestión, took part as a speaker in the conference 'ESG: sustainability of the future', organised in Barcelona by CFA Society Spain, which was attended by leading professionals in the area of socially responsible investment.

During the conference, several challenges were posed that society in general and the asset management industry in particular must face if the goal is truly to align the goals of industry with the general goals.

PARTICIPATION IN LEADING EVENTS IN THE WIND POWER SECTOR

In early April, our manager of the investment fund CI Environment ISR, FI, Arnau Guardia, attended the 2019 WindEurope Conference & Exhibition held in Bilbao from 2nd to 4th April 2019.

This is the largest event on the continent related to the wind sector, and it was attended by around seven thousand, three hundred participants distributed around two hundred and eighty exhibition.

SPAINSIF EVENT: CAJA DE INGENIEROS AND THE SDGS IN THE WORLD OF COLLECTIVE INVESTMENT

In June 2019, Spainsif organised a new edition of the SRI Week, a series of events held in different cities of Spain to discuss issues relating to sustainable and responsible investment and ESG criteria in investment decision making.

During the week, as a leading bank in the support for investment products with SRI criteria, we organised an event in Barcelona along with Spainsif on the contribution of collective investment to the Sustainable Development Goals (SDGs) promoted by the United Nations.

The event was attended by Xosé Garrido, the current manager of Fonengin ISR, FI; Antoni Fernández, managing director of Caja Ingenieros Vida y Pensiones; Iñaki Irisarri, sustainability advisor for the Caja de Ingenieros Grupo; Francisco Javier Garayoa, director of Spainsif; Xavier Bellavista, director of Mercer Investments; and Domingo Torres, executive director in Spain and Portugal for Lazard Fund Managers.

■ 2019 SRI COMMITMENTS

PRI - CONTROVERSIAL WEAPONS

The classification of controversial weapons includes cluster bombs, anti-personnel mines, and biological and chemical weapons, along with nuclear weapons produced for countries that have not signed the Treaty on the Non-Proliferation of Nuclear Weapons. Through the PRI, we signed the petition to exclude controversial weapons from mainstream stock indexes.

Several international pacts forbid or restrict the development, production and use of controversial weapons. Some countries have gone every further by implementing laws against the direct and indirect funding of this type of weapons. For institutional and individual investors, excluding the companies involved in controversial weapons has become standard practice or expectation. However, the main indexes continue to include these companies, which is a problem for active and passive investors who might be subject to an additional monitoring error or are unable to invest in investment solutions without weapons.

Index providers respond to controversial weapons campaign

BY SUSANNA RUST | 14 FEBRUARY 2019

More than one hundred and forty organisations committed to the cause and the news was published in the Financial Times.

PRI - CLIMATE ACTION 100+

Climate Action 100+ is an initiative by investors to ensure the world's largest corporate greenhouse gas (GHG) emitters take necessary action on climate change. The companies include one hundred "systemically important emitters", accounting for two-thirds of annual global industrial emissions, alongside another sixty others with significant opportunity to drive the clean energy transition.

Climate Action 100+ requires investors sign the commitment statement. The public statement expounds the commitment and expectations of the signatories who, in turn, might be shareholders of the companies at the centre of the initiative. To date, it has been signed by more than three hundred and twenty organisations from dozens of countries, managing over 33 billion US dollars as a whole.

The signatories of Climate Action 100+ are asking the boards of directors and senior management of the companies to:

1. Implement a framework of solid governance that clearly structures the responsibility and supervision of the board of directors on the risks and opportunities of climate change.
2. Take measures to reduce GHG emissions along the value chain.
3. Provide better quality corporate information with the final recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) and, where appropriate, of the Global Investor Coalition on Climate Change.

2019 FINANCIAL INFORMATION



The background image is a collage of financial documents. A hand is visible writing on a document with a pen. There are various charts, including a pie chart and a bar chart. The text '2019 FINANCIAL INFORMATION' is prominently displayed in white. A large white number '1' is on the left side, and a large white circular graphic is on the right side. The overall color scheme is blue and white.

10.1 ACTIVITY REPORT

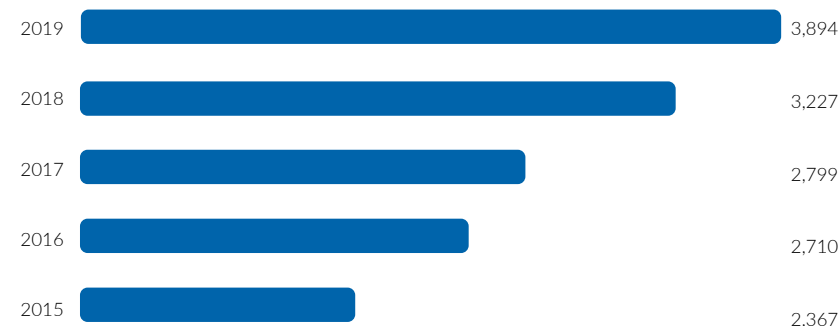


IN 2019, IN A COMPLEX ECONOMIC ENVIRONMENT CHARACTERISED BY GEOPOLITICAL CONFLICTS, TRADE TENSION, LOW INTEREST RATES, MARKET UNCERTAINTY AND GREATER NEEDS FOR CAPITAL DUE TO STRICT REGULATORY DEMANDS, THE GROUP HAS CONTINUED TO MAINTAIN AN OPTIMAL LEVEL OF ITS MAIN INDICATORS AND HAS INCREASED ITS TURNOVER.

■ ASSETS

The total assets of the Group, at 31 December 2019, stood at 3,894,425 thousand euros, which represented an increase of 20.68% in relative terms and 667,314 thousand euros in absolute terms compared to the end of 2018. This increase basically responds to the increase in cash balances, cash balances in central banks and other demand deposits by 347,907 thousand euros, as a result of the improved net liquidity position of Caja de Ingenieros (hereinafter known as the Bank), basically thanks to the increase in customer deposits and the financing strategy of the Bank in the monetary market (see “Liabilities and other managed resources” of this report), the increase in debt securities by 178,576 thousand euros, and the increase in lending to customers by 117,283 thousand euros.

Evolution of assets (in millions of euros)

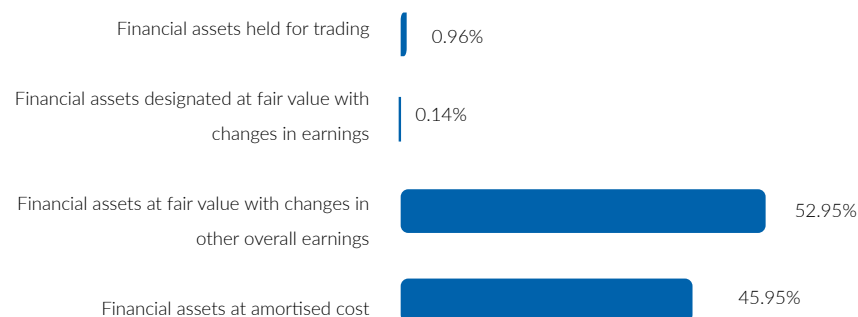


Debt securities

Investments in **debt securities**, which form part of the portfolios of financial assets held for negotiating, financial assets designated at fair value with changes in results, financial assets at fair value with changes in other overall results and financial assets at amortised cost, increased from 1,338,755 thousand euros to 1,517,331 thousand euros at 31 December 2018 and 2019, respectively, which is an increase of 178,576 thousand euros (13.34% in relative terms). These positions mostly include sovereign debt securities, primarily Spanish.

The distribution of investments in debt securities by portfolio type at 31 December 2019 can be seen below.

Distribution of investments in debt securities by portfolio type (%)



Lending to customers

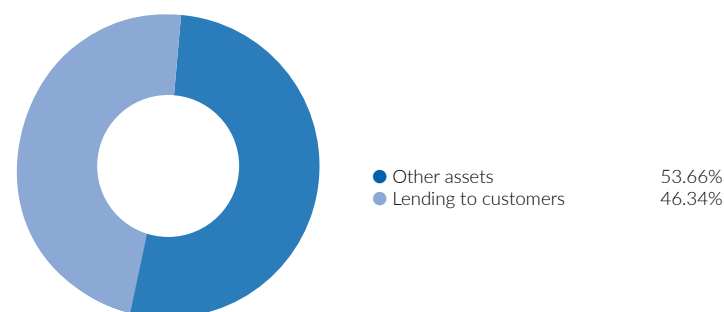
Lending to customers, which is recorded under the loans and prepayments heading, forming part of the financial assets at amortised cost portfolio increased by 117,283 thousand euros (6.95% in relative terms) to reach the figure of 1,804,508 thousand euros at the end of 2019, compared with the 1,687,225 thousand euros of the previous year.

Evolution of lending to customers (in millions of euros)



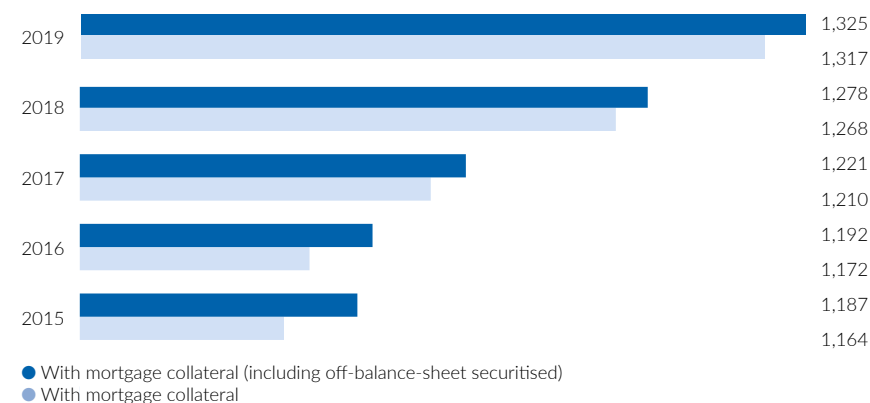
Lending to customers at 31 December 2019 accounted for 71.85% of the financial assets at amortised cost portfolio, and 46.34% of total assets.

Lending to customers and other assets in relation to total assets (%)



Within lending to customers, **mortgage loans** increased by 49,236 thousand euros (3.88% in relative terms) to stand at 1,317,488 thousand euros at 31 December 2019. This portfolio represented 73.01% of total lending to customers, and 33.83% of total assets on said date.

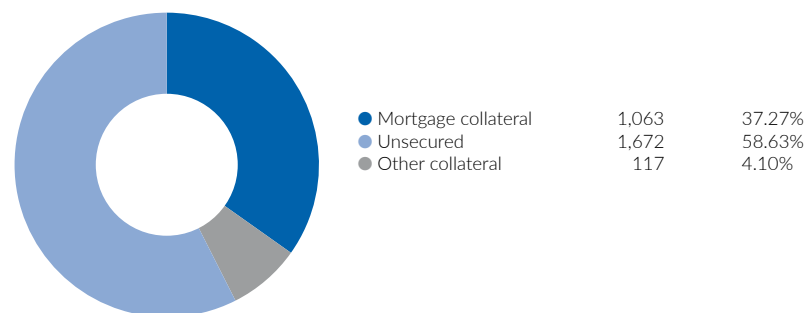
Evolution of mortgage loans to customers (in millions of euros)



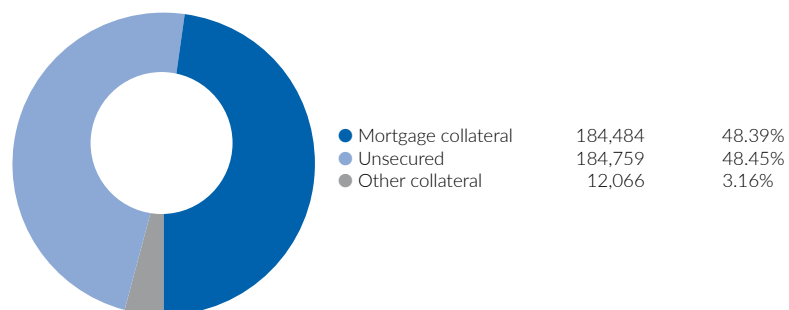
The number of mortgage loan transactions signed during 2019 amounted to 1,063, with the total sum of new financing granted standing at 184,484 thousand euros.

The 42,160 thousand euro increase (13.35% in relative terms) recorded in **unsecured** lending to customers must be noted, which amounted to 357,933 thousand euros at 2019 end compared with the 315,773 thousand euros of the previous year. The number of unsecured loan transactions signed during 2019 amounted to 1,672, with the total sum of new financing granted standing at 184,759 thousand euros.

Breakdown of the number of new loans and credit transactions (number of transactions and %)



Breakdown of the sum of new loans and credit transactions (amount in thousands of euros and %)

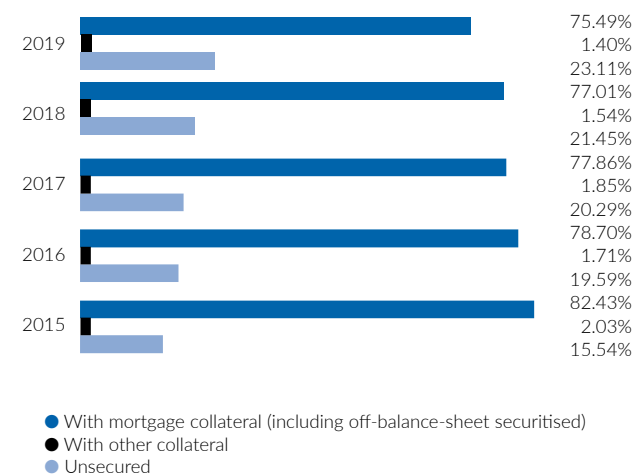


Along these lines, the number of transactions, if lending to customers **with other collateral** is also considered, amounted to 2,852, with the total sum of financing granted standing at 381,309 thousand euros.

The **distribution and evolution of lending to customers** shows that good lending quality is maintained, supported primarily by collateral, mostly mortgage.

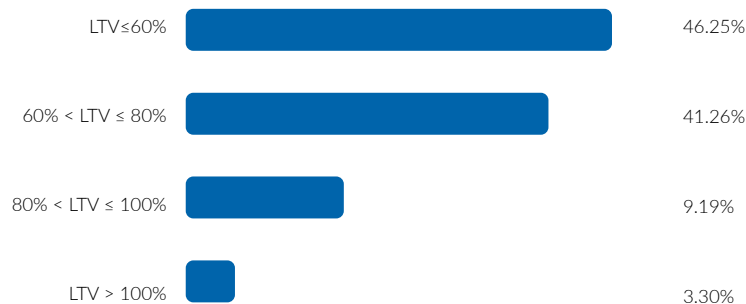
The following table shows the distribution of the collateral supporting lending to customers at normal risk and normal risk under special surveillance.

Evolution of the breakdown of lending to customers with normal risk and normal risk under surveillance by type of guarantee (%)



Mortgage loans to households for the purchase of homes accounts for 80% of all mortgage loans. 87.51% of this lending had a loan to value (LTV) lower than or equal to 80%, using appropriately updated appraisals at 31 December 2019 as a reference for calculation, according to the breakdown by LTV shown below.

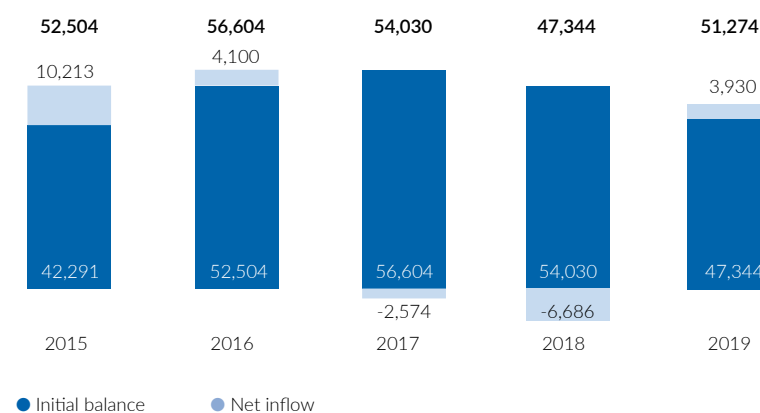
LTV breakdown of mortgage lending to households for home purchases (%)



In addition, **refinancing and restructuring transactions** at the end of financial year 2019 stood at 18,156 thousand euros, which accounts for 1.01% of total lending to customers, and 1,929 thousand euros was refinanced or restructured during financial year 2019.

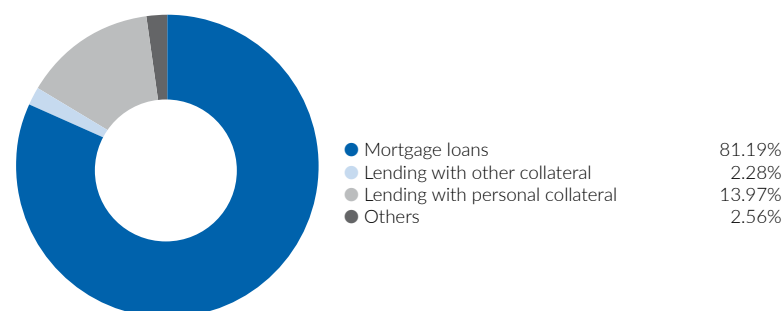
Doubtful credit at 31 December 2019 stood at 51,274 thousand euros in comparison with the 47,344 thousand euros at the end of the previous financial year.

Evolution of doubtful credit (in thousands of euros)



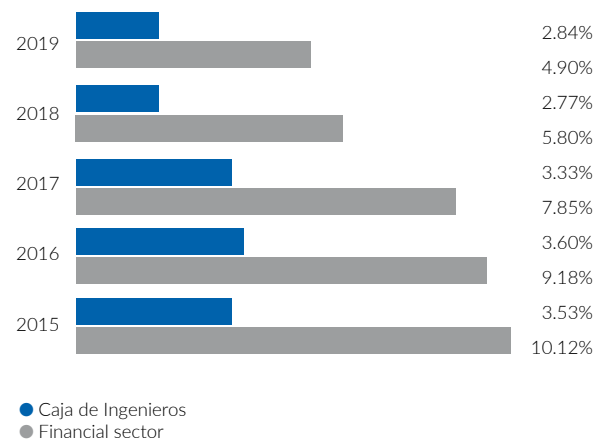
Doubtful credit at 31 December 2019 broke down as 41,631 thousand euros corresponding to the mortgage loans and lending portfolio and 9,643 thousand euros corresponding to other loans and lending, representing 81.19% and 18.81%, respectively.

Breakdown of doubtful credit by type of guarantee (%)



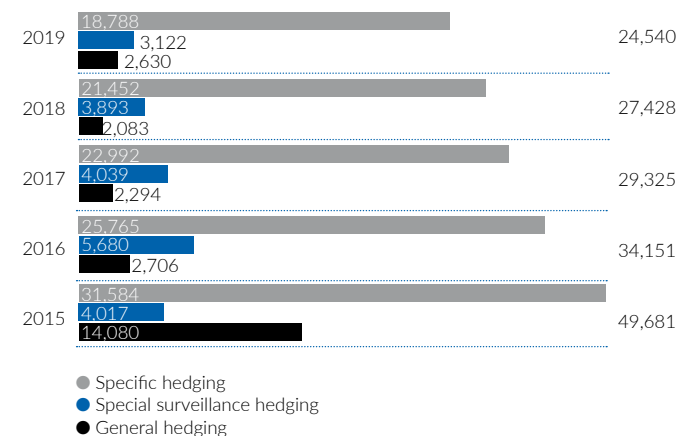
In addition, doubtful assets at 31 December 2019 corresponded to amounts classified by delinquency and for reasons other than delinquency at the sums of 32,015 and 19,259 thousand euros, respectively. The **default rate**, which includes all doubtful credit, at 31 December 2019 stood at 2.84% compared to the 2.77% at 31 December 2018. It must be noted that the Bank has kept the default rate considerably below the average of the financial sector, which stood at 4.9% at the end of financial year 2019, as a result of applying a strict policy on the granting of credit, the quality of assets, and their collateral.

Evolution of the delinquency ratio (%)

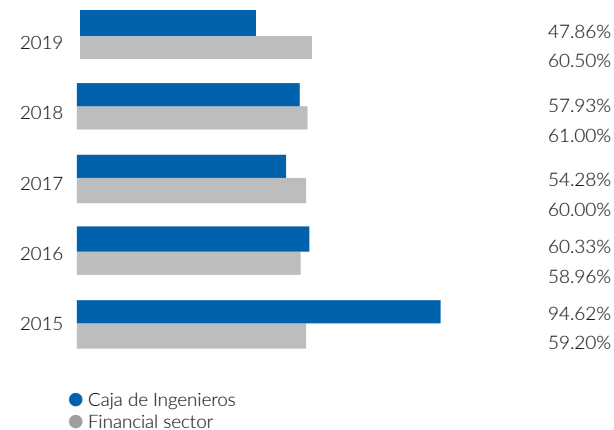


Credit loss hedging amounted to 24,540 thousand euros at 31 December 2019, and the hedging ratio associated to lending to customers stood at 47.86%.

Credit loss hedging (in thousands of euros)

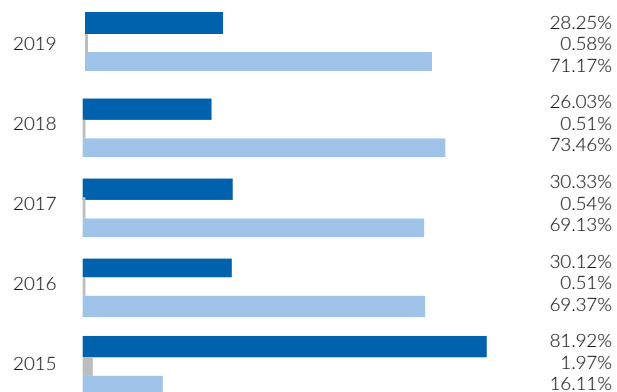


Evolution of the hedging ratio (%)



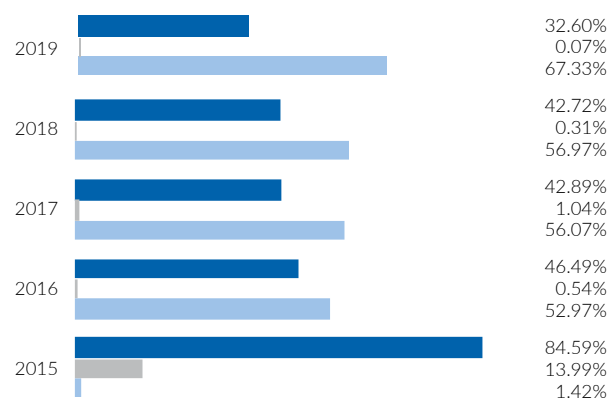
It should be noted that 28.25%, 32.60% and 64.59% of **hedging for normal risk, normal risk under special surveillance and doubtful risk**, respectively, are covering assets backed by mortgage collateral.

Evolution of the breakdown of hedging for normal risk (%)

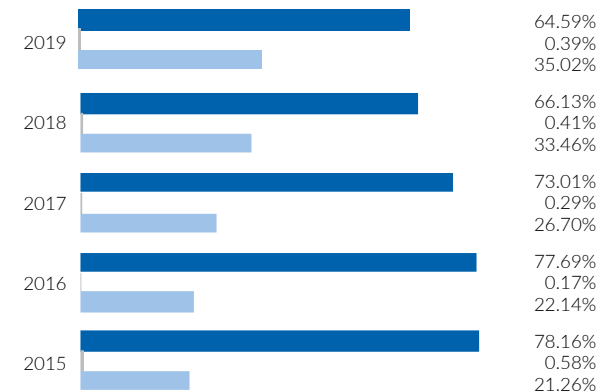


- Operations with collateral on a home
- Transactions with other collateral
- Unsecured transactions

Evolution of the breakdown of hedging for normal risk under special surveillance (%)



Evolution of the breakdown of hedging for doubtful risk (%)



The drop in credit investment portfolio provisions and, as a result, the evolution of the hedging ratio over the past five financial years is due to the prudent hedging management by the Bank, enabling it to maintain and even improve the delinquency ratio and maintain a portfolio with high effective collateral coverage and to the application of the new Annex IX that came into force on 1 October 2016, under

which the hedging of normal risks are calculated based on the net between the risk and the collateral, compared to the calculation of the gross risk according to the former Annex IX.

Foreclosed assets relating to assets received by the Bank in payment of debts, stood at 1,456 thousand euros at 31 December 2019, compared to 2,131 thousand euros at the end of the previous financial year. The volume of this portfolio at 31 December 2019 accounts for 0.04% of total assets. It should also be noted that foreclosed assets are managed by the Bank itself.

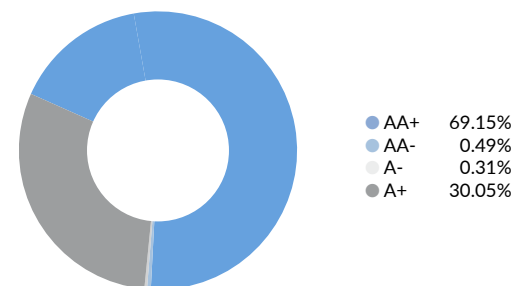
Mortgage securitisation is the process by which a financial institution transfers the mortgage credit rights it holds on the assets of its balance sheet and transforms them into tradable financial assets in organised markets. It is, therefore, a financing instrument in which illiquid credit rights are used as collateral in order to convert them into tradable liquid financial assets.

Caja de Ingenieros has participated in five multi-assignor mortgage securitisation programmes, of which three remain in force with an amount pending amortisation, at 31 December 2019, of 26,541 thousand euros, compared to an initial amount of 241 million euros.

The Bank has also carried out, as a single assignor, two securitisation programmes for mortgage assets, the Caja Ingenieros TDA 1 Asset Securitisation Fund and the Caja Ingenieros AyT Asset Securitisation Fund, for initial amounts of 270 and 450 millions of euros, respectively. At 31 December 2019, the aggregate amount pending amortisation for both securitisations stood at 363,970 thousand euros.

Below is a breakdown by credit rating of the bonds issued¹ through the current five asset securitisation programmes, which the Bank held in its portfolio at 31 December 2019 for a total sum of 391,548 thousand euros.

Breakdown of bonds by credit rating (%)



See Chapter “6. Risk management” in this report for a thorough analysis of the different risks taken by the Group.

¹ The assigned rating, in line with the criteria set forth in Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms in which it is indicated that, where two credit assessment from different rating agencies, corresponds to the lower of the ratings.

■ TURNOVER

Turnover, defined at management level as the sum of and (gross) lending to customers and managed (gross) third-party funds, amounted to 7,143,123 thousand euros at 31 December 2019, compared to 6,190,394 thousand euros at 31 December 2018, which represented an increase of 952,729 thousand euros (15.39% in relative terms).

Detailed below is a breakdown of turnover.

	2019	2018	Variation (abs)	Variation (%)
Gross lending to customers	1,799,885	1,697,104	102,781	6.06%
Gross managed liability funds	3,337,913	2,762,080	575,833	20.85%
Off-balance-sheet managed funds	2,005,325	1,731,210	274,115	15.83%
Total turnover	7,143,123	6,190,394	952,729	15.39%

In thousands of euros.

See the “Assets” and “Liabilities and other managed funds” in this report, in which a detailed analysis is provided of lending to customers and managed third-party funds, respectively.

■ LIABILITIES AND OTHER MANAGED FUNDS

Managed funds

Total **managed third-party funds** (gross) and **own funds** (without earnings) stood at 31 December 2019 at 5,543,338 thousand euros compared with 4,658,349 thousand euros at 31 December 2018, representing an increase of 884,989 thousand euros (19.00% in relative terms).

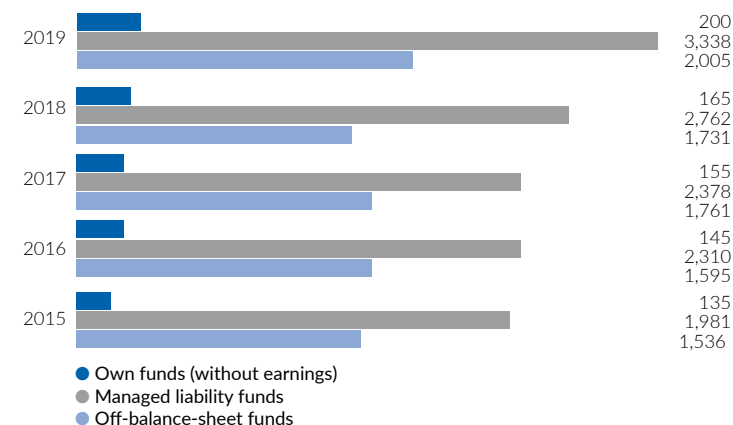
Detailed below is a breakdown of managed funds.

	2019	2018	Variation (abs)	Variation (%)
Own funds (without earnings)	200,100	165,059	35,041	21.23%
Gross managed liability funds	3,337,913	2,762,080	575,833	20.85%
Off-balance-sheet managed funds	2,005,325	1,731,210	274,115	15.83%
Total managed third-party and own funds	5,543,338	4,658,349	884,989	19.00%
Of which: Total managed customer funds	4,961,757	4,362,923	598,834	13.73%

In thousands of euros.

In addition, their evolution over the last five years according to their rating is shown below.

Managed funds and own funds (in millions of euros)



Managed liability funds

Managed liability funds (gross) stood at 3,337,913 thousand euros at 31 December 2019, compared to 2,762,080 thousand euros at 31 December 2018, which represented an increase of 575,833 thousand euros (20.85% in relative terms).

Customer deposits (net) increased by 567,088 thousand euros (21.55% in relative terms) at 31 December 2019, to stand at 3,199,133 thousand euros, compared to 2,632,045 thousand euros at the end of 2018.

Evolution of customer deposits (in millions of euros)



The composition of customer deposits, according to their nature, can be broken down as follows.

	2019	2018	Variation (abs)	Variation (%)
Demand deposits	2,351,999	2,042,480	309,519	15.15%
Term deposits	515,582	527,887	(12,305)	(2.33%)
Repos	331,270	61,210	270,060	441.20%
Valuation adjustments	282	468	(186)	(39.78%)
Total customer deposits	3,199,133	2,632,045	567,088	21.55%

In thousands of euros.

Financing from the European Central Bank increased by 27 million euros to stand at 127 million euros at year-end 2019. This volume of financing corresponds in its entirety to the liquidity obtained through the long-term financing programme of the ECB (TLTRO II and TLTRO III), which is being fully transferred to members through the granting of lending.

Finally, the Group had a **structural liquidity ratio** of 166.66% (an LTD, **loan To deposit**, of 60.00%) at 2019-end, more than 65 points higher than the financial sector average. This strengthens its excellent liquidity position and enables it to deal with changes in the financial environment, as well as episodes of stress in the financial markets. In turn, this optimum liquidity situation enables it to offer a wide range of financing to members and the economy (see Chapter "6. Risk management" of this report).

Off-balance-sheet managed funds

Off-balance-sheet managed funds stood at 2,005,325 thousand euros at 31 December 2019, compared to 1,731,210 thousand euros at 31 December 2018, which represented an increase of 15.83% in relative terms.

Below is a breakdown of off-balance-sheet managed funds.

	2019	2018	Variation (abs)	Variation (%)
Investment funds	989,538	845,281	144,257	17.07%
Internal investment funds	679,464	554,433	125,031	22.55%
External investment funds	310,074	290,848	19,226	6.61%
Insurance	568,178	460,238	107,940	23.45%
Internal pension funds	284,962	211,721	73,241	34.59%
External pension funds	8,932	8,522	410	4.81%
Insured pension plan	103,020	109,618	(6,598)	(6.02%)
Individual systematic savings plan	94,676	73,485	21,191	28.84%
Annuities	9,429	9,283	146	1.57%
Individual long-term savings insurance	64,064	46,192	17,872	38.69%
Life savings insurance	3,095	1,417	1,678	118.42%
Securities	447,609	425,691	21,918	5.15%
Equities	350,697	327,056	23,641	7.23%
Fixed income	96,912	98,635	(1,723)	(1.75%)
Total off-balance-sheet managed funds	2,005,325	1,731,210	274,115	15.83%
Discretionary Portfolio Management	301,653	248,313	53,340	21.48%
SGDC Fondos Insignia	137,224	112,838	24,386	21.61%
SGDC Fondos 70/30	159,278	131,393	27,885	21.22%
SGDC Bolsa Premium	5,151	4,082	1,069	26.19%

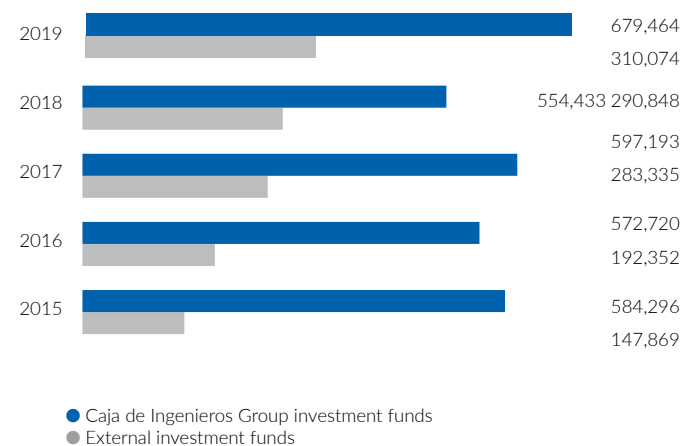
In thousands of euros.

Investment funds

The assets of **investment funds** managed by Caja de Ingenieros Gestión and the assets of **external investment funds** marketed by the Group, **which form part of the off-balance-sheet managed funds**, stood as a whole at 2019-end at 989,538 thousand euros, which is a 17.07% increase in relative terms, primarily due to the strategy adopted by the Bank to provide a wide range of investment services to members, the tax treatment of which is more favourable than that of traditional savings products, in a financial environments with low interest rates.

Below is the evolution of the investment funds marketed by the Group over the last five financial years.

Evolution of marketed investment funds (in thousands of euros)



The total assets of the investment funds managed by Caja de Ingenieros Gestión at 31 December 2019 amounted to 694,363 thousand euros, compared to 563,702 thousand euros for the previous financial year, representing an increase of 23.18% in relative terms.

Below is a breakdown of the investment funds managed by Caja de Ingenieros Gestión by type of fund.

	2019	2018	Variation (%)
Short-term Fixed-Income IF	24,092	13,498	78.49%
International Fixed-income IF	99,221	72,696	36.49%
Euro Variable-Income IF	64,486	64,824	(0.52%)
International Variable-Income IF	158,366	121,513	30.33%
International Mixed Fixed-income IF	205,678	134,720	52.67%
International Mixed Variable-Income IF	86,608	58,736	47.45%
Guaranteed Variable-Income IF	0	36,618	(100.00%)
Absolute Return IF	55,912	61,097	(8.49%)
Total investment funds	694,363	563,702	23.18%

In thousands of euros.

The total number of managed investment fund accounts stood at 35,398 and 32,928 at 31 December 2019 and 2018, respectively, representing an increase of 7.50%.

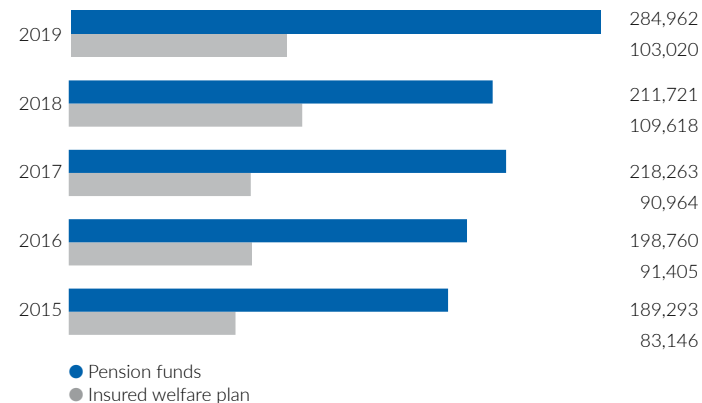
Supplementary social welfare

Supplementary social welfare, corresponding to the consolidated rights of the **pension funds** and the mathematical forecast of the **insured welfare plan**, managed by the subsidiary Caja de Ingenieros Vida, stood at 387,982 thousand euros at 31 December 2019 compared with 321,339 thousand euros at 31 December 2018, which was a 20.74% increase.

Below is the evolution of the pension funds and insured welfare plan over the last five financial years.

Evolution of pension funds and insured welfare plan

(in thousands of euros)



The breakdown by type of pension fund and insured welfare plan, both managed by Caja de Ingenieros Vida, is as follows.

	2019	2018	Variation (%)
Employment PF	9,748	8,739	11.55%
Fixed-income PF	18,385	11,258	63.31%
Equities PF	108,771	78,137	39.21%
Mixed Fixed-income PF	83,411	57,692	44.58%
Mixed Variable-Income PF	64,647	51,594	25.30%
Guaranteed PF	0	4,301	(100.00%)
IPP	103,020	109,618	(6.02%)
Total pension funds and IWP	387,982	321,339	20.74%

In thousands of euros.

In addition, the total number of pension fund accounts stood at 15,957 and 13,858 at 31 December 2019 and 2018, respectively, representing an increase of 15.15%.

Discretionary Portfolio Management

The Caja de Ingenieros **Discretionary Portfolio** services ended financial year 2019 with managed assets of 301,653 thousand euros, which represented an increase of 21.48% compared to the end of the previous financial year. This investment service offers an immediate and dynamic management response based on the succession of events occurring in the financial markets.

See Chapter “2. Strategy - We are Caja de Ingenieros” of this report, in which information relating to the products managed by the Group is expanded on.

OWN FUNDS

The **own funds** of the Group at 31 December 2019 stood at 212,831 thousand euros, compared to 176,283 thousand euros at the end of the previous financial year.

Evolution of own funds (in thousands of euros)



Capital stock at 31 December 2019 amounted to 100,353 thousand euros in comparison with the 73,865 thousand euros at the end of the previous financial year. This increase is due, by way of the authorisation given by the Ordinary General Meeting of Members of the Bank on 4 June 2019, to the Governing Board of the Bank approving an increase in capital stock on 25 July 2019 for the sum of 24,960 thousand euros. The issue was fully subscribed and paid up in case by the existing members.

Evolution of capital stock (in thousands of euros)



At 31 December 2019, the number of members with contributions to the capital stock stood at 25,872, with a total of 1,045,348 holdings in Caja de Ingenieros. The companies controlled by the Caja de Ingenieros Group possess 44,355 holdings for a face value of 96 euros each, which amounts to a total of 4,258 thousand euros in face value and 4.24% of the total capital stock of the Bank.

As a cooperative credit society, Caja de Ingenieros maintains a highly dispersed capital structure that complies at all times with the limits set by its Articles of Association, ensuring that no member holds cooperative shares for an amount greater than 2.50% of its capital stock in the case of natural persons, or 10% in the case of legal persons.

The most significant holdings in the Bank's capital stock held by legal persons belong to Fundación Privada de la Caja de Ingenieros and Consumidores y Usuarios de los Ingenieros, S. Coop. C. Ltda., with 3.28% and 0.74%, respectively, at 31 December 2019. Regarding holdings by natural persons, the high degree of dispersal of the Bank's members means that the highest individual holding, at 31 December 2019, was 1.96%.

Members of the Caja de Ingenieros Group increased by 16,702 in 2019, reaching a total of 204,112 at 31 December 2019.

Below is a breakdown of the evolution of the number of members over the past five financial years.

Evolution of membership



93.06% of the Group's members were natural persons and 6.94% were legal persons, with the number of members in terms of natural and legal persons standing at 189,955 and 14,157, respectively, at 31 December 2019.

The **reserves** of the Group at 31 December 2019 stood at 104,005 thousand euros, a figure that represented an increase of 8.96% compared to the previous financial year. Reserves account for 48.87% of own funds.

Evolution of reserves (in thousands of euros)



10.2 EARNINGS

■ CONSOLIDATED EARNINGS

The **Group's earnings for the financial year** at 31 December 2019 stood at 12,822 thousand euros, which is an increase of 14.87% compared to the 2018 figure of 11,162 thousand euros. This increase is basically due to an increase in turnover, combined with the good evolution of the markets and greater transactional activity by members, placing the earnings from the core business (interest margin and net fees minus operating expenses) at 9,495 thousand euros compared to the 7,012 thousand euros of the previous financial year, an increase of 35.41%.

Evolution of consolidated result

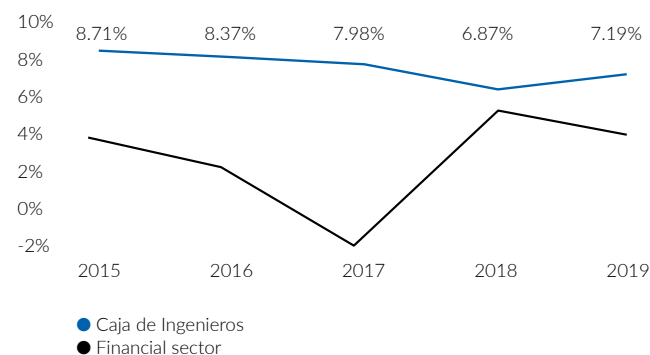
(in thousands of euros)

2019		12,822
2018		11,162
2017		12,240
2016		12,021
2015		11,637

The evolution of earnings, along with the growth in own funds that encouraged the financial strength of the Group (see the "Own funds" section of this report), placed

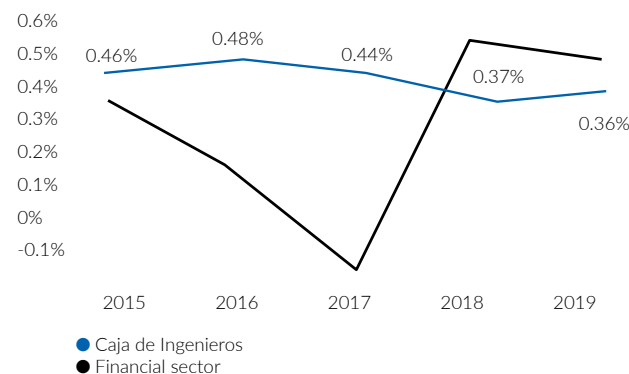
the **return on equity (ROE)** at 2019-end at 7.19% compared to the 6.87% of the previous financial year.

Evolution of return on equity (ROE)



Similarly, return on assets (ROA) stood at 0.36% at 31 December 2019, compared to the 0.37% of the previous financial year.

Evolution of return on assets (ROA)



The **interest margin** in 2019 was 33,728 thousand euros, down 378 thousand euros (-1.11% in relative terms) on 2018. This drop is basically due to the prolonged decline in interest rates, which fundamentally affected the yield from the renewed positions of the fixed-income portfolio.

Evolution of interest margin (in thousands of euros)



The **net between fees received and fees paid** was 28,362 thousand euros at 31 December 2019, compared to 21,338 thousand euros recorded at 31 December 2018, representing an increase of 7,024 thousand euros (32.92% in relative terms).

More specifically, **fees received** went from 23,846 thousand euros to 30,660 thousand euros at 31 December 2018 and 2019, respectively, which is an increase of 6,814 thousand euros (28.58% in relative terms). This was basically due to the increased turnover (see the "Turnover" section of this report), good market performance that mostly favoured the good evolution of investment funds and Discretionary Portfolio Management (see the "Liabilities and other managed funds - Off-balance-sheet managed funds" of this report), and greater activity by members, primarily through card transactions, direct deposits of wages, standing orders and other transactions.

Net earnings from financial transactions amounted to 7,506 thousand euros at the end of 2019, mainly as a result of the materialisation of latent capital gains from the portfolio of financial assets at fair value with changes in other overall earnings, taking advantage of the favourable market situation for these assets.

The **net between operating revenues and expenses** decreased by 1,227 thousand euros, primarily due to the 945 thousand-end increase in other operating expenses, mostly thanks to greater annual contribution to the Deposit Guarantee Fund for Credit Institutions (FGDEC) and a higher accrual of the Credit Institutions Deposits Tax (IDEC) of 623 and 175 thousand euros, respectively, as a result of the increase in deposits by members. It should be noted that total expenditure for financial year 2019 allocated to the FGDEC and IDEC, along with the Single Resolution Fund (SRF), stood at 4,874 thousand euros.

As a result of the different figures indicated, the **gross margin** at 31 December 2019 stood at 67,186 thousand euros compared to the 58,258 thousand euros at 2018-end, representing an increase of 15.32%. It should be noted that net interest and net fees accounted for 92.42% of gross margin at the end of 2019.

Evolution of gross margin (in thousands of euros)



Operating expenses (administration expenses and amortisation) increased by 8.60% compared to the previous financial year, partly as a result of the increase in administration expenses following the Group's support for organic growth with the opening of two new branches and the creation of an *Agile Center*, the goal of which is to offer a new version of the personalised service to our members through a new account management model, *Agile Manager*, and the increase in amortisation expenditure primarily because of the activation of office rental contracts for the current value of outstanding leasehold payments up to the end of each contract, which are amortised linearly during their lifecycle in line with the Bank of Spain Circular 2/2018 on leaseholds, which entered into force on 1 January 2019.

The result of the different figures indicated above led to a **performance ratio** in 2019 of 69.67% (compared to the 76.01% of the previous financial year).

The **net of provisions and the value impairment of financial assets** amounted to 218 thousand euros in financial year 2019. The low level of provisions in relation to the increase in lending to customers portfolio is basically due to the good evolution of the updated appraisals of assets provided as collateral for credit transactions, as well as the reclassification of certain transactions according to their risk level and the recovery of failed transactions.

■ INDIVIDUAL EARNINGS BY GROUP COMPANIES

Shown below is the evolution of the earnings of **Caja de Ingenieros** and of the Group **subsidiaries**, as well as those of the **associate company Norbolsa**, in which Caja de Ingenieros has a 10% holding to promoter the services currently provided to members in terms of the securities markets, the Group's strategic business line.

EARNINGS OF GROUP COMPANIES	2019	2018	Variation (abs)	Variation (%)
Caixa de Crèdit dels Enginyers - Caja de Crédito de los Ingenieros, S. Coop. de Crédito (*)	8,177	9,317	(1,140)	(12.24%)

Caja Ingenieros Gestión, SGIC, SAU	1,696	1,123	573	51.02%
Caixa Enginyers Vida - Caja Ingenieros Vida, Compañía de Seguros y Reaseguros, SAU	1,960	1,376	584	42.44%
Caja Ingenieros, Operador de Bancaseguros Vinculado, SLU	555	474	81	17.09%
Consumidors i Usuaris dels Enginyers, S. Coop. C. Ltda.	35	28	7	25.00%
Fundació Privada de la Caixa d'Enginyers - Fundación Privada de la Caja de Ingenieros	19	14	5	35.71%
EARNINGS OF ASSOCIATE COMPANIES	2019	2018	Variation (ABS)	Variation (%)
Norbolsa, SV, SA (*)	1,280	1,643	(363)	(22.09%)

In thousands of euros.

(*) The Controlling Company has a 10% holding in Norbolsa, SV, SA.

The earnings of **Caja de Crédito de los Ingenieros** stood at 8,177 thousand euros, which is 12.24% down on the 9,317 thousand euros at 2018 year-end. This was basically due to a small interest margin following the maintaining of interest rates at historic minimums, and an increase in hedging requirements and burdens associated to the higher turnover of the Bank in order to provide coverage for the credit activity and guarantee all the deposits acceptable by the Deposit Guarantee Fund for Credit Institutions (FGDEC). The increased turnover combined with the good market evolution and greater transactional activity by members led to earnings by the *core business* (interest margin and net fees minus operating expenses) of 6,671 thousand euros, which is 44.83% up on the 4,606 thousand euros of 2018 year-end.

The earnings of **Caja Ingenieros Gestión** in 2019 stood at 1,696 thousand euros, which is a 573 thousand-euro increase (51.02% in relative terms) due to the increase in assets in managed investment funds, which led to an increase in turnover from management fees. This increase in assets responds to the combination of an increase in net subscriptions and the positive yields from investment fund management.

The earnings of **Caja Ingenieros Vida** in 2019 stood at 1,960 thousand euros, which is an increase of 584 thousand euros (42.44% in relative terms) basically due to the growth in its managed funds and to the good performance of its technical-financial earnings.

■ REMUNERATION TO THE GOVERNING BODIES

All remuneration received by the Governing Board and the delegate committees of the Bank and by the respective governing bodies of the Group's subsidiaries correspond to allowances for attending meetings. The governing bodies do not receive any other remuneration for the performance of their duties as members of the aforementioned boards and committees.

Remuneration of members of the Governing Board of the Bank and the governing bodies of the subsidiaries amounted to 347 thousand euros, which represented an increase of 9.81% compared to the 316 thousand euros of the previous financial year.

The Group has no obligations with regard to the pensions or life insurance premium payments of the members of the above-mentioned governing bodies.

■ PROPOSED DISTRIBUTION OF PROFITS

At the present time of uncertainty due to the COVID-19 health crisis and its economic and social consequences published by international and regulatory bodies, and in order to follow the recommendations of the European Central Bank of 27 March, also adopted by the Bank of Spain, to restrict the payment of dividends (understood as cash payments) and the purchase of treasury stock in order to strengthen solvency and provide the utmost support for the economy during these uncertain times, and the new recommendation made by the European Central Bank on 27 July in which the aforementioned recommendation is ratified and extended until 1 January 2021, which was once again adopted by the Bank of Spain. This new recommendation explicitly indicates that it expects the banks under its supervision not to adopt any type of measure until 1 January 2021 to remunerate their shareholders. The Governing Board of Caja de Ingenieros, from a stance of financial prudence, has deemed it necessary to amend the proposal for the application of the surplus available and the distribution of financial year 2019 earnings from Caja de Ingenieros, as indicated in Note 3 of the statements of the individual annual accounts of the Bank and the consolidated annual accounts of the Group corresponding to financial year ending 31 December 2020, and renders said proposal null and void, replacing it with this one.

Given the tax treatment given to the interest paid by the contributions to the capital stock when calculating the taxable base for Corporate Income tax, the non-remuneration of the contributions to the capital involves a modification of the earnings for financial year 2019 that, in turn, affects the surplus available for the financial year and, therefore, the minimum contributions to be made to the obligatory reserve (50% of the available surplus from the financial year) and the Education and Promotion Fund (10% of said surplus), the latter once again modifying the earnings from financial year 2019. Given the immateriality of the modifications to 2019 earnings, the Governing Board has not deemed it appropriate to redraft the annual accounts for Caja de Ingenieros corresponding to financial year ending 31 December 2019, as produced on 31 March 2020.

Along these lines, the Governing Board has deemed it necessary to adopt the decision to offer a new proposal to the General Meeting of Members to apply the available surplus and to distribute earnings from financial year 2019, which consists of proposing a 0% interest rate payable by holdings and, therefore, not pay interest on the capital contributions charged to 2019 earnings, with the subsequent modification to 2019 earnings.

Pursuant to the agreement to not remunerate the capital contributions charged to the 2019 earnings, as indicated above, and its implications on earnings, the new proposal of applying the available surplus and distributing earnings adapts the distribution basis and eliminates application of part of the financial year earnings to remuneration for capital contributions, allocating the entire earnings to obligatory and voluntary reserves, thus strengthening the equity situation of the Bank according to the following details.

Distribution basis-	
Pre-tax earnings	8,307
<i>Of which: Education and Promotion Fund</i>	(840)
Corporate income tax	(743)
Total	7,564
Distribution-	
Interest payable to members for capital contributions	-
To obligatory reserves	4,202
To voluntary reserves	3,362
Total	7,564

In thousands of euros.

This new proposal for the distribution of earnings implicitly involves the following proposal to apply the available surplus, which is obtained by subtracting corporate income tax and interest payable to members for capital contributions from the pre-tax earnings and the Education and Promotion Fund.

Financial year surplus available	8,404
Legal application of surplus-	
Education and Promotion Fund	840
Obligatory reserves	4,202

In thousands of euros.

Capitalisation reserve:

The reclassification of part of the voluntary reserves to the sum of 284 thousand euros to an unavailable reserve for a period of 5 years as a capitalisation reserve is subject to approval by the General Meeting of Members, in order to apply the reduction to the taxable base of Corporate Income Tax, as set forth in Article 25 of the Corporate Income Tax Law 27/2014 of 27 November, which results in a tax profit of 71 thousand euros.

■ PROPOSED REVALUATION OF SHARES

The Governing Board subjects the revaluation of the face value of cooperative shares by 4.17% to the General Meeting of Members, placing it at 100 euros instead of the current 96 euros. The increase in face value of the cooperative share will require authorisation from the Bank of Spain. This share revaluation will not involve any disbursement by members and will be charged to reserves.

The image shows a person's hands typing on a laptop keyboard. The entire scene is covered with a semi-transparent blue filter. A large, white, stylized letter 'A' is positioned on the right side of the image, acting as a graphic element. The word 'ANNEX' is written in white, bold, sans-serif capital letters in the upper left quadrant.

ANNEX

A.1 REPORT INFORMATION AND MATERIALITY

■ STAKEHOLDER RELATIONS

We are aware that the integration of different stakeholders into the lines of action of the Caja de Ingenieros Group is one of the most important tools for socially responsible management.

The nature of our business means that the Caja de Ingenieros Group conducts its activities and integrates into current society and its environment. Aware of our presence, we make every effort to build solid relationships of trust with our different stakeholders, with which the Bank relates throughout its financial and social activities, and to create shared value through flowing and participative dialogue with them.

We have therefore identified our priority stakeholders using criteria such as dependence, responsibility towards them, proximity, and power of influence.

STAKEHOLDERS	DESCRIPTION AND MAIN CHANNELS OF COMMUNICATION AND DIALOGUE
Members	Members represent the centre of cooperative activity, which is committed to creating long-term value, guaranteeing equal rights, offering the utmost informative transparency, and encouraging continued dialogue. Communication channels: emails, website, ONLINE banking, MOBILE banking, Telephone banking, push notifications and text messages, social media (Twitter, Facebook, Instagram, Youtube, LinkedIn), Blog
Employees	Through a model of relationships and organisation among the professionals involved in the everyday business of the Group, people can enhance their professional development within a context that respects the principles of equal opportunities and work-life balance. Communication channels: emails, intranet, internal communications, surveys
Suppliers	The management of relationships with suppliers seeks to guarantee the best conditions in each transaction, as well as transparency in the processes. Communication channels: emails, corporate website
Society	Since the very start, we have always included commitment to the social environment as part of governance management. The initiatives we promote are a reflection of the principles based on the ethics and culture of the Bank's values. Social action takes place in three main areas, which reach a wide range of members of society. Communication channels: corporate website, Blog, social media (Twitter, Facebook, Instagram, Youtube, LinkedIn), media (press releases, presentations, interviews, etc.)

■ MATERIALITY ANALYSIS

We have conducted a materiality analysis to identify the most relevant aspects for our stakeholders, along with those with greatest impact on the business of the Caja de Ingenieros Group.

This definition process followed the “Principles for defining report content”, in line with Global Reporting Initiative (GRI) standards GRI 101: Foundation standards. The process was therefore organised into the phases listed below:

Identification

To determine the areas of greatest general interest, relevant issues for the sector in which Caja de Ingenieros operates have been identified through a sector-based benchmarking study.

This materiality analysis was performed for the 2017- 2018 Corporate Responsibility Report, and this is an update of the issues identified in the previous financial year using sources of information of reference for the Group.

As well as considering our IMPULSA 2019 Strategic Plan and analysing the sector leaders, it is worth noting other sources used, such as the Sustainability Accounting Standards Board, High-Level Expert Group on Sustainable Finance, the Sustainable Development Goals, and the Global Compact Principles.

Prioritisation

The material aspects were selected based on a double analysis (internal and external) to discover the degree of importance of the points identified to the Caja de Ingenieros Group and to the stakeholders.

- Internal (relevance to Caja de Ingenieros): Management positions in the organisation were consulted and each one provided their vision as to the relevance of the issues selected.
- External (relevance to stakeholders): the following processes were carried out to assess the external relevance given by investors and influencers:
 - Criteria and aspects assessed in the Dow Jones Sustainability Index questionnaire
 - Analysis of relevant issues for the stakeholders identified in the press
 - Analysis of material topics of competitors
 - Interviews carried out on institutions from the sector nationwide

As a result of this process, the priority topics for Caja de Ingenieros and its stakeholders were identified, considering those of significant relevance as material, as can be seen in the materiality matrix, which classifies these topics according to their internal and external relevance.

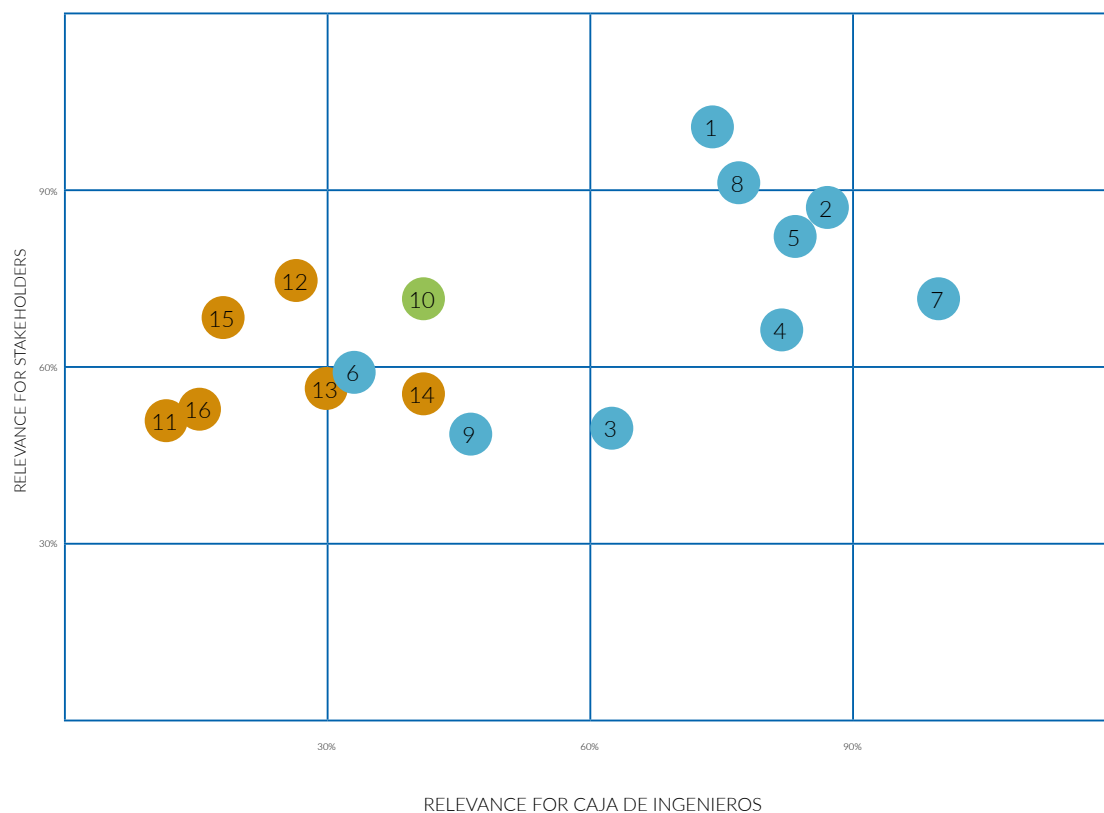
Review and validation

The results obtained from this process were analysed by the Caja de Ingenieros Management, which valued and validated their consistency in relation to company sustainability.

The following section (table of GRI contents) shows a list of the material topics, along with the associated GRI Standards and the coverage of each one.

Material topics

The materiality matrix and the most relevant material topics are shown below:



- 1 Integration of ESG criteria into the business
- 2 Risk management
- 3 Digital banking and multi-channel services
- 4 Transparent and fair products and services
- 5 Ethics and integrity
- 6 Generation of wealth and contribution to the development of the business network
- 7 Solvency and liquidity
- 8 Member/customer relations
- 9 Tax strategy and compliance
- 10 Eco-efficiency and climate change
- 11 Financial inclusion
- 12 Social action
- 13 Diversity and equal opportunities and work-life balance
- 14 Cybersecurity and data protection
- 15 Attracting and retaining talent
- 16 Training and education

A.2 ABOUT THIS REPORT

This 2019 Annual Report provides information for stakeholders on our business model and strategic lines, as well as the economic, environmental and social impact we have had over this past year on their chain of value.

The geographic scope of the data reported is restricted to Spain. The financial data includes the entire Caja de Ingenieros Group, which is formed by: Caja de Crédito de los Ingenieros, S. Coop. de Crédito; Caja Ingenieros Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, SAU; Caja Ingenieros Vida, Compañía de Seguros y Reaseguros, SAU; Cooperativa de Consumidores y Usuarios de los Ingenieros (Ingenium Shopping); Caja Ingenieros, Operador de Bancaseguros Vinculado, SLU; Fundación Caja de Ingenieros; Norbolsa.¹

Definition of the contents

The contents of this report involve the topics on which we have a capacity to generate value and that are material to our stakeholders, according to the materiality analysis included in the previous section.

Criteria and indicators

We followed the principles indicated below when producing this report:

- Core option of the GRI Standards.
- Commitment to the Ten Principles of the United Nations Global Compact.
- Sustainable Development Goals (SDG).

GRI principles relating to the defining of content	GRI principles relating to the defining of report quality
Inclusion of the stakeholders	Precision
Sustainability context	Balance
Materiality	Clarity
Thoroughness	Comparability
	Reliability
	Punctuality

1. The Caja de Ingenieros Group has a 10% holding in Norbolsa. The scope of this report does not include Norbolsa.

A.3 TABLE OF GRI CONTENTS

GRI STANDARD CONTENT			Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
GRI 101 Foundation standards 2016							
GRI 102 General disclosures 2016							
Organisational profile							
102-1	Name of the organisation	Caja de Crédito de los Ingenieros, Sociedad Cooperativa de Crédito					
102-2	Activities, products and services	31					
102-3	Location of headquarters	Via Laietana, 39, 08003 Barcelona					
102-4	Location of operations	Spain					
102-5	Ownership and legal form	24-25					
102-6	Market served	Spain					
102-7	Scale of the organisation	10-13					
102-8	Information on employees and other workers	71-72				Principle 6	SDG 8
102-9	Supply chain	42, 138-139					
102-10	Significant changes to the organisation and its supply chain	There have been no significant changes to the organisation or its supply chain.					
102-11	Precautionary principle or approach	40 55-57					
102-12	External initiatives	40, 135-136, 118, 140-145					
102-13	Membership of associations	118					
Strategy							
102-14	Statement from senior decision-makers	6-9					
102-15	Key impacts, risks and opportunities	55-65					
Ethics and integrity							
102-16	Values, principles, standards and norms of behaviour	32, 51-53				Principle 10	SDG 16

GRI STANDARD CONTENT			Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Governance							
102-18	Governance structure	45-49					
102-20	Executive-level responsibility for economic, environmental and social topics	45-49					
102-21	Consulting stakeholders on economic, environmental and social topics	169					SDG 16
Stakeholder engagement							
102-40	List of stakeholder groups	169					
102-41	Collective bargaining agreements	72				Principle 3	SDG 8
102-42	Identifying and selecting stakeholders	169-170					
102-43	Approach to stakeholder engagement	169-170					
102-44	Key topics and concerns raised	170-171					
Reporting practice							
102-45	Entities included in the consolidated financial statements	25, 172					
102-46	Defining report content and topic boundaries	172					
102-47	List of material topics	170-171					
102-48	Restatements of information	During financial year 2019, no restatement of information from previous reports was deemed necessary.					
102-49	Changes in reporting	There have been no changes.					
102-50	Reporting period	2019					
102-51	Date of most recent report	2017-2018					
102-52	Reporting cycle	Up to 2018, twice a year. As of 2019, once a year.					
102-53	Contact point for questions regarding the report	For any queries related to the contents of this report, you can contact the CSR and Communication director, Víctor Cardona, at victor.cardona@caixa-enginyers.com.					
102-54	Claims of reporting in accordance with the GRI Standards	This report has been drafted in accordance with the core option of the GRI Standards.					
102-55	GRI content index	173					
102-56	External verification	This report has not been assured by any independent external party.					

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Material topics						
GRI 200 Economic disclosures						
Economic performance						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components	33-40, 55-56, 127-139				
103-3	Evaluation of the management approach	39-43 The annual accounts are audited externally.				
GRI 201 Economic performance 2016						
201-1	Direct economic value generated and distributed	127				SDG 2 SDG 5 SDG 7 SDG 8 SDG 9
201-2	Financial implications and other risks and opportunities due to climate change	65, 126			Principle 7	SDG 13
Market presence						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components	79-83				
103-3	Evaluation of the management approach	39-43				
GRI 202 Market presence 2016						
202-1	Ratio of standard entry level wage by gender compared to local minimum wage	73				SDG 1 SDG 5 SDG 8

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Indirect economic impacts						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships.				
103-2	The management approach and its components	26-27				
103-3	Evaluation of the management approach	39-43				
GRI 203 Indirect economic impacts 2016						
203-1	Infrastructure investments and services supported	11, 60, 127, 136				SDG 2 SDG 5 SDG 7 SDG 9 SDG 11
Procurement practices						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships.				

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
103-2	The management approach and its components	127, 138-139				
103-3	Evaluation of the management approach	39-43				
GRI 204 Procurement practices 2016						
204-1	Proportion of spending on local suppliers	138-139				SDG 12
Anti-corruption						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships.			Principle 10	
103-2	The management approach and its components	51-53			Principle 10	
103-3	Evaluation of the management approach	39-43, 52			Principle 10	
GRI 205 Anti-corruption 2016						
205-2	Communication and training about anti-corruption policies and procedures	The Code of Ethics and its Regulations, the Criminal Risk Prevention Policy and the Money Laundering and Funding of Terrorism Prevention Policy are available to all members of the organisation.			Principle 10	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Anti-competitive behaviour						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships.				
103-2	The management approach and its components	51-53				
103-3	Evaluation of the management approach	39-43, 52				
GRI 206 Anti-competitive behaviour 2016						
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	There has been no action related to the topic.				
GRI 300 Environmental disclosures						
Materials						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principles 7, 8 and 9	
103-2	The management approach and its components	117-120			Principles 7, 8 and 9	
103-3	Evaluation of the management approach	39-43			Principles 7, 8 and 9	
GRI 301 Materials 2016						
301-1	Materials used by weight or volume	117, 122-123			Principles 7, 8 and 9	
Energy						
GRI 103 Management Approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principles 7, 8 and 9	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
103-2	The management approach and its components	97, 117-120, 124-126			Principles 7, 8 and 9	
103-3	Evaluation of the management approach	39-43			Principles 7, 8 and 9	
GRI 302 Energy 2016						
302-1	Energy consumption within the organisation	124			Principles 7, 8 and 9	SDG 7 SDG 8 SDG 12 SDG 13
Water						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principles 7, 8 and 9	
103-2	The management approach and its components	117-120			Principles 7, 8 and 9	
103-3	Evaluation of the management approach	39-43			Principles 7, 8 and 9	
GRI 303 Water 2018						
303-5	Water consumption	121			Principles 7, 8 and 9	SDG 6 SDG 12
Emissions						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principles 7, 8 and 9	
103-2	The management approach and its components	97, 117-120, 124-126			Principles 7, 8 and 9	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
103-3	Evaluation of the management approach	39-43			Principles 7, 8 and 9	
GRI 305 Emissions 2016						
305-1	Direct (scope 1) GHG emissions	125			Principles 7, 8 and 9	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15
305-2	Energy indirect (scope 2) GHG emissions	125			Principles 7, 8 and 9	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15
305-3	Other indirect (scope 3) GHG emissions	125			Principles 7, 8 and 9	SDG 3 SDG 12 SDG 13 SDG 14 SDG 15
305-5	Reduction of GHG emissions	125-126			Principles 7, 8 and 9	SDG 13 SDG 14 SDG 15
Effluents and waste						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principles 7, 8 and 9	
103-2	The management approach and its components	117-120			Principles 7, 8 and 9	
103-3	Evaluation of the management approach	39-43			Principles 7, 8 and 9	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
GRI 306 Effluents and waste 2016						
306-2	Waste by type and disposal method	123			Principles 7, 8 and 9	SDG 3 SDG 6 SDG 12
Supplier environmental assessment						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships (suppliers).			Principles 7, 8 and 9	
103-2	The management approach and its components	118			Principles 7, 8 and 9	
103-3	Evaluation of the management approach	39-43, 52			Principles 7, 8 and 9	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
GRI 308 Supplier environmental assessment 2016						
308-1	New suppliers have passed assessment and selection screening using environmental criteria	118	The precise number of suppliers assessed using this criteria is not available. This data is to be provided for future reports		Principles 7, 8 and 9	
GRI 400 Social disclosures						
Employment						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principle 6	
103-2	The management approach and its components	70-77			Principle 6	
103-3	Evaluation of the management approach	39-43, 70-71			Principle 6	
GRI 401 Employment						
401-1	New employee hires and employee turnover	74-75			Principle 6	SDG 5 SDG 8
401-3	Parental leave	82			Principle 6	SDG 5 SDG 8
Occupational health and safety						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principle 6	
103-2	The management approach and its components	85-87			Principle 6	
103-3	Evaluation of the management approach	39-43, 70-71			Principle 6	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
GRI 403 Occupational health and safety 2018						
403-8	Workers covered by an occupational health and safety management system	87 All employees in the workforce are covered by the occupational health and safety management system.			Principle 6	SDG 3 SDG 8
403-9	Work-related injuries	85-86			Principle 6	SDG 3 SDG 8
403-10	Work-related ill health	85-86			Principle 6	SDG 3 SDG 8

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Training and education						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principle 6	
103-2	The management approach and its components	68-69, 76-77			Principle 6	
103-3	Evaluation of the management approach	39-43, 76			Principle 6	
GRI 404 Training and education 2016						
404-1	Average hours of training per year per employee	77			Principle 6	SDG 4 SDG 5 SDG 8
404-2	Programmes for upgrading employee skills and transition assistance programmes	77, 83			Principle 6	SDG 8
404-3	Percentage of employees receiving regular performance and career development reviews	73, 78			Principle 6	SDG 5 SDG 8
Diversity and equal opportunity						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principle 6	
103-2	The management approach and its components	79-83			Principle 6	
103-3	Evaluation of the management approach	39-43			Principle 6	
GRI 405 Diversity and equal opportunity 2016						
405-1	Diversity of governance bodies and employees	72			Principle 6	SDG 5 SDG 8
405-2	Ratio of basic salary and remuneration of women to men	73			Principle 6	SDG 5 SDG 8 SDG 10
Non-discrimination						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.			Principles 1, 2 and 6	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
103-2	The management approach and its components	80-83			Principles 1, 2 and 6	
103-3	Evaluation of the management approach	39-43			Principles 1, 2 and 6	
GRI 406 Non-discrimination 2016						
406-1	Incidents of discrimination and corrective actions taken	No cases of discrimination have been received through the internal channels set up for this purpose.			Principles 1, 2 and 6	SDG 5 SDG 8 SDG 16
Human rights assessment						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships.			Principles 1 and 2	
103-2	The management approach and its components	40			Principles 1 and 2	
103-3	Evaluation of the management approach	39-43			Principles 1 and 2	
GRI 412 Human rights assessment 2016						
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	40, 140-145			Principles 1 and 2	
Local communities						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships (Foundation).			Principle 1	
103-2	The management approach and its components	32, 127-137			Principle 1	
103-3	Evaluation of the management approach	38-43			Principle 1	
GRI 413 Local communities 2016						
413-1	Operations with local community engagement, impact assessments, and development programmes	12, 127-137			Principle 1	

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Supplier social assessment						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships (suppliers).			Principles 1, 2 and 6	
103-2	The management approach and its components	139			Principles 1, 2 and 6	
103-3	Evaluation of the management approach	38-43			Principles 1, 2 and 6	
GRI 414 Supplier social assessment 2016						
414-1	New suppliers that were screened using social criteria	139			Principles 1, 2 and 6	
Marketing and labelling						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components	23, 32, 65, 89-90, 94				
103-3	Evaluation of the management approach	39-43, 95, 100				
GRI 417 Marketing and labelling 2016						
417-3	Incidents of non-compliance concerning marketing communications	95				
Customer privacy						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components	23, 115				

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
103-3	Evaluation of the management approach	39-43, 115				
GRI 418 Customer privacy 2016						
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	115				SDG 16
Socioeconomic compliance						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components	20-23				
103-3	Evaluation of the management approach	39-43, 95, 100				
GRI 419 Socioeconomic compliance 2016						
419-1	Non-compliance with laws and regulations in the social and economic area	95				SDG 16

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Integration of ESG criteria into the business						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components	26-27, 40, 96-99				
103-3	Evaluation of the management approach	39-43				
No GRI	Investment in programmes with ESG criteria	11, 96-110, 119-120, 140-146				SDG 12
Member (customer) relations						
GRI 103 Management approach 2016						
		170-171				
103-1	Explanation of the material topic and its boundaries	Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components	88-95				
103-3	Evaluation of the management approach	10, 94, 39-43				
No GRI	Number of complaints and claims received	95				SDG 12

GRI STANDARD CONTENT			Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Transparent and fair products and services							
GRI 103 Management approach 2016							
			170-171				
103-1	Explanation of the material topic and its boundaries		Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components		96-110				
103-3	Evaluation of the management approach		39-43				
No GRI	SDG number to which the organisation contributes through its activity		41-43				
Digital banking and multi-channel services							
GRI 103 Management approach 2016							
			170-171				
103-1	Explanation of the material topic and its boundaries		Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact.				
103-2	The management approach and its components		111-113				
103-3	Evaluation of the management approach		39-43				
No GRI	Percentage of transactions made through digital channels		112				SDG 9

GRI STANDARD CONTENT		Page/direct response	Omissions	External verification	Correlation with the Global Compact	Correlation with the SDGs
Financial inclusion						
GRI 103 Management approach 2016						
103-1	Explanation of the material topic and its boundaries	170-171 Coverage: inside and outside the organisation. Involvement: the organisation contributes directly to the impact and through its business relationships				
103-2	The management approach and its components	127-130				
103-3	Evaluation of the management approach	39-43				
No GRI	Initiatives fostering financial education	134, 137				SDG 1 SDG 10

CORRELATION TABLE OF MATERIAL TOPICS AND GRI STANDARDS

Material topic	GRI Standards
Solvency and liquidity	201 Economic performance
	205 Anti-corruption
	206 Anti-competitive behaviour
Ethics and integrity	308 Supplier environmental assessment
	412 Human rights assessment
	414 Supplier social assessment
Risk management	201 Economic performance
Integration of ESG criteria into the business	No GRI
Member (customer) relations	No GRI
Transparent and fair products and services	No GRI
Digital banking and multi-channel services	No GRI
	301 Materials
	302 Energy
Eco-efficiency and climate change	303 Water
	305 Emissions
	306 Effluents and waste
Social action	413 Local communities
Generation of wealth and contribution to the development of the business network	203 Indirect economic impacts
	204 Procurement practices
Cybersecurity and data protection	418 Customer privacy
Tax strategy and compliance	417 <i>Marketing</i> and labelling
	419 Socioeconomic compliance
	202 Market presence
Diversity and equal opportunities and work-life balance	405 Diversity and equal opportunity
	406 Non-discrimination
Attracting and retaining talent	401 Employment
	403 Occupational health and safety
Training and education	404 Training and education
Financial inclusion	No GRI



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