


Principles for Responsible Banking Reporting and Self-Assessment



Caja de Ingenieros

November 2021

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
 <p>Principle 1: Alignment We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>		
<p>1.1 <i>Describe</i> (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Caja de Ingenieros is a Spanish credit cooperative that offers personal, commercial and institutional banking services. Its vocation is to provide a service to professionals and their families, whether engineers or other professions.</p> <p>Our cooperative credit society means that any profits directly revert back to all of our members, resulting in numerous additional advantages and services, both professional and personal. The cooperative model, which is the foundation of the 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</p> <p>The Annual Report and Non-Financial Information Statement provide a more extensive, detailed response to our business and management model.</p>	<p>Section. 4. About us: Strategy (p. 34) Products and services (p.44 a p.53)</p> <p>Section. 08. The members/ Responsibility in our products (p113 a 124)</p> <p>Section. 9: Social and environment development Responsible banking and investment (p.158 a p. 163)</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>During the last quarter of 2018, the Caja de Ingenieros Group became a signatory member of the United Nations Global Compact, which it used to defined an action plan to help meet the Sustainable Development Goals (SDG).</p> <p>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 the Caja de Ingenieros Group performs its function: social and commercial. In accordance with our sustainability strategy, we continued to progress in 2019 in the three SDGs that are in line with the Bank's strategic goals and upon which it has greatest potential impact. These three SDGs are decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9), and climate action (SDG 13). Further information in the Annual Report.</p>	<p>Section. 4. About us: Sustainability strategy, Sustainable Horizon and SDG (p.52 a p.57)</p> <p>Section. 6. Risk Management Climate change risk (p.85 a p.89)</p> <p>Section. 9: Social and environment development (p.139 a p. 147)</p>



Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) **Scope:** The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) **Scale of Exposure:** In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) **Context & Relevance:** Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) **Scale and intensity/salience of impact:** In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.
(your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has

- Identified and disclosed its areas of most significant (potential) positive and negative impact
- Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts

Caja de Ingenieros has analysed the transition risk of the companies in its portfolio by assessing the exposure to the sectors that the 2 Degrees Investing Initiative, by way of the Paris Agreement Capital Transition Assessment (PACTA), deems relevant for climate change. These emission-intensive sectors are the energy sector, the mining of fossil fuels, the automotive industry, cement, steel, sea transport, and air transport, which account for 75 % of global emissions.¹⁹ For each emission-intensive sector, metrics are used to set goals for suitable climate transition.

Analysis of the credit portfolio according to the emission-intensive sectors established by PACTA provides the weight of these sectors in credit investment. In our case, they account for 3.0% of exposures in the company, including large corporations and SMEs, which accounts for 15 million euros of the total 494 million euros granted to companies. 81 % of the exposures are instrumentalised through loans, 12% through credit, and the remainder are guarantees and, to a lesser extent, overdrafts in liability accounts. The average term for the positions in these sectors is 5.5 years. Among the operations to relevant sectors for the transition risk, there are no credit exposures to mining industries, including coal, oil, and natural gas.

[Section. 6. Risk Management. Climate change risk \(p.85 a p.89\)](#)

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

In 2021, an agreement has been reached to reinforce the information available regarding the climate for financial investments by including an external measuring tool. The different tools available in the market have been analysed to provide data on the sustainability of financial investment portfolios and investment products managed in the Group. The goal is to incorporate the new measurement into the next Report.

<p>2.2 Target Setting</p> <p><i>Show</i> that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p><i>Show</i> that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>We launched the Conecta 2023 plan in February 2020. This is a strategic plan structured around 9 focal points, one of which is the Financing of the transition towards a CO2-neutral economy. This has its own action plan, the Sustainable Horizon Plan, in which we have set the following goals:</p> <ul style="list-style-type: none"> - To mobilise 500 million euros in investment and financing for sustainability - To reduce the CO2 emissions of the Group by 20 %. - To align the business with the UN Principles of Responsible Investment and Banking <p>To monitor this plan, three macro groups of indicators have been defined: financial, social, and sustainability-related.</p> <p>In line with the goals:</p> <p>We joined the UN Global Compact in 2018 and have integrated the Agenda 2030 into the Group’s strategy. Every year we report our contribution to the 3 SDGs we have identified as a priority for the Group.</p> <p>We joined the TCFD initiative in 2020 and have implemented the recommendations of incorporating climate risk management into our policies, metrics and goals, reporting and monitoring, as can be seen in the 2020 Report.</p>	<p>Section. 4. About us: Strategy (p.50 a p.52)</p> <p>Section. 9: Social and environment development (p.139 a p. 147)</p> <p>Section. 4. About us: Sustainable Development Goals (SDG) (p.54 a p.57)</p> <p>Annex IV. TCFD (p.236 a p.237)</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>We have established qualitative and quantitative goals over a 4-year time frame. These goals have been met in 2021, and we plan to set new goals that we will make public in the next Report.</p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show</i> that your bank has defined actions and milestones to meet the set targets.</p> <p><i>Show</i> that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>The Conecta 23 Strategic Plan is headed and coordinated by the Deputy General Management and the General Assistant Management for Global Risk, which reports the progress of the plan to the Management Committee and the Governing Board.</p> <p>The Sustainable Horizon plan that forms part of the Strategic Plan is also monitored by a governance structure. The Sustainable Finance Working Group is responsible for setting, measuring and controlling the goals of the plan.</p> <p>The Sustainable Finance Working Group was set up in 2018, headed by the Subdirector General of the Global Risk Management Area, which is formed by the general management teams of Caja Ingenieros Gestión and Caja Ingenieros Vida, the coordinator of the Caja de Ingenieros Foundation, the Subdirector General for the Business Area, the CSR and Communications Management, and the Marketing Management. This group reports the progress directly to the Management Committee, which then reports through the General Management to the Governing Board. In addition, the Caja de Ingenieros Group includes all those working for the Group in its commitment. Therefore, within the training plan framework, climate-related risk and its financial implications form part of the programme established by the Governing Board and Senior Management.</p> <p>CLIMATE RISK GOVERNANCE</p> <p>The risk management policy, supervised by the Audit and Risk Committee and approved by the Governing Board, includes the climate change risk within the risk appetite framework. The relationship in governance between the climate change risk and the credit investment risks and financial investment risks is seen in the credit investment policy and the financial investment policy, respectively. The credit investment policy includes the development of products, measuring methods, and granting criteria to reduce greenhouse gas emissions and for transition to an emission-free economy. The financial investment policy limits exposures to companies according to ESG criteria, in line with an external score that incorporates the principles of good climate management. The capital and liquidity self-assessment report, submitted to the Audit and Risk Committee for analysis and approved by the Governing Board, includes a report on the risk profile of energy transition of the financial investment portfolio and the credit investment portfolio, on which sufficient information is available. In its absence, this information is obtained according to the branches of activity potentially affected by the energy transition.</p>	<p>Section. 6. Risk Management (p.85)</p> <p>Section. 9: Social and environment development (p.140)</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>The goals of the Sustainable finance plan form part of the organisation's Strategic Plan, the progress and results of which are reported and monitored by the highest governing body of the organisation, the Governing Board. The Sustainable Finance Working Group also ensures the Plan is correctly implemented and reports its monitoring to the Management Committee through the Deputy Managing Director and Director of Global Risk Management.</p>		

<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show</i> that your bank has implemented the actions it had previously defined to meet the set target.</p> <p><i>Or explain</i> why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p><i>Report</i> on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures)</p>	<ul style="list-style-type: none"> - We have increased SRI equity management by 12%, which accounted for 37% of all INVESTMENT FUNDS AND PENSION FUNDS MANAGED BY THE GROUP in 2020. This increase led to the mobilisation of €402 million in Managed Equity under criteria of Socially Responsible Investment with the PRI label. - We have reduced the emissions generated by our business by 32% in comparison with 2018. - We have been a carbon-neutral organisation since 2018. - We have contributed towards the Sustainable Development Goals, primarily SDGs 8, 9 and 13. - We have incorporated climate risks into our strategy 	<p>2020 in figures (P.17)</p> <p>Section 4. About us: Sustainable Development Goals (SDG) (p.54 a p.57)</p> <p>Annex IV. TCFD (p.236 a p.237)</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p>		
<p>The goals set were met in 2021, and we plan to set new goals that we will make public in the next Report.</p>		



Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>The Bank's member relations model is therefore aimed at generating 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 and all its members at the centre of the Caja de Ingenieros Group's business, throughout the entire value chain of its products and services: from design, marketing and after-sales service to the management of claims and complaints.</p> <p>Transparency in the reporting and marketing of the Caja de Ingenieros Group's products and services is key to communicating with our members.</p> <p>We provide our 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 of contracting products or services. All the investment proposals are made in line with the member profile and its associated risk. The aim is to provide members with enough information to ensure the investment product chosen is the most suitable for their profile.</p>	<p>Section. 08.The Members (p.113 a p.119)</p>
<p>3.2 <i>Describe</i> how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>An assessment of the interest of our members in sustainably financed products has been included in the Suitability Test.</p> <p>Every year since 2020, within the programme of events for members, two digital meetings have been organised regarding sustainable finance: "Socially responsible investment and return during COVID-19" and "Socially responsible investment, a wealth reserve during COVID-19". We also take part in the annual meeting during the Socially Responsible Investment Week organised by Spainsif, with our members as guests.</p> <p>In 2021, all our members were provided with an online tool to measure the socio-environmental impact of the Caja de Ingenieros investment funds. This is an environmental calculator that uses 6 indicators to show environmental, social and governance-related impact.</p> <p>In 4Q 2021, we launched a training programme for SMEs on managing the carbon footprint. The programme seeks to train SMEs on how to calculate, analyse and define a plan to reduce their CO2 emissions.</p> <p>We are working on offering an advisory service for companies in relation to the new Taxonomy, to provide support in investments and sustainability plans to reduce emissions and negative impacts.</p>	<p>Section. 08.The Members (p.120 a p.124)</p> <p>Section. 9: Social and environment development (p. 164-165)</p> <p>https://www.caixaenginyers.com/es/web/fondosinversion/calculadora-medioambiental</p>



Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 *Describe* which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

We train some of the main cross-sectoral committees on the promotion of sustainable finance. See details in Annual Report.

[Section 9: Social and environment development \(p.141\)](#)



Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking

<p>5.1 <i>Describe</i> the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>The Sustainable Finance Working Group is responsible for defining, implementing and monitoring the Sustainable Horizon Plan, reporting to the Management Committee, and the General Management reports to the Governing Board.</p> <p>The Risk Management Policy, supervised by the Audit and Risk Committee and approved by the Governing Board, includes the climate change risk within the Risk Appetite Framework. The relationship in governance between the Climate Change Risk and the credit investment risks and financial investment risks is seen in the Credit Investment Policy and the Financial Investment Policy, respectively.</p> <p>The Credit Investment Policy includes the development of products, measuring methods, and granting criteria to reduce greenhouse gas emissions and for transition to an emission-free economy. The financial investment policy limits exposures to companies according to ESG criteria, based on an external score that incorporates the principles of good climate management. The Capital and Liquidity Self-assessment Report, submitted to the Audit and Risk Committee for analysis and approved by the Governing Board, includes a report on the risk profile of energy transition of the financial investment portfolio and the credit investment portfolio, on which sufficient information is available or, in its absence, according to the branches of activity that could be affected by the energy transition.</p>	<p>Section. 6. Risk Management (p.85)</p> <p>Section. 9: Social and environment development (p.140)</p>
<p>5.2 <i>Describe</i> the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.</p>	<p>During 2021:</p> <ul style="list-style-type: none"> - The team of professionals at Caja de Ingenieros have been trained and certified in sustainable finance through EFPA ESG Advisor certification. By the end of 2021, 80% of the sales network will be trained and certified. - The Governing Board of Caja de Ingenieros has receive training in Climate Risk, legislation and taxonomy - The workforce has received training on the “Sustainability and responsible investment plan”, the contents of which focused on offering basic concepts in sustainable finance (origins+ legislation + taxonomy), SRI strategies, Advantages or the Caja de Ingenieros SRI model, dispute management, and case studies. 	

<p>5.3 Governance Structure for Implementation of the Principles</p> <p><i>Show</i> that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The Sustainable Horizon plan that forms part of the Strategic Plan is monitored by a governance structure. The Sustainable Finance Working Group is responsible for setting, measuring and controlling the goals of the plan.</p> <p>See Point 5.1, 5.2 of the Assessment</p>	<p>Section. 6. Risk Management (p.85)</p> <p>Section. 9: Social and environment development (p.140)</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p>		
<p>Caja de Ingenieros has defined and made public the responsible governance structure for the Sustainable Finance Plan, which is in turn responsible for implementing the goals and lining up our business with the Principles for Responsible Banking</p>		



Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Progress on Implementing the Principles

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

In 2020 Non-Financial Information Statement, we have followed the recommendations of the Task Force on Climate-related Financial Disclosures in our commitment towards the analysis and disclosure of climate risks.

In early 2021, we also released information on the integration of sustainability risks, which describes the risk integration criteria and ESG factors in our services. https://www.caixaenginyers.com/es/tablon-de-anuncios#c_1471345-feature-tab5

In 2021, we signed different initiatives related to sustainable finance:

- Tobacco-Free Finance Pledge Initiative <https://www.unepfi.org/psi/tobacco-free-finance-signatories/>
- 2021 Global Investor Statement to Governments on the Climate Crisis <https://www.iigcc.org/media/2019/12/191201-GISGCC-FINAL-for-COP25-007.pdf>

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking

We have applied standards and the recommendations of international bodies for the Reporting of non-financial information regarding the climate and social and governance issues. We have become members of international initiatives and remain committed to promoting sustainable finance through them.