The ABANCA’s Corporate Social Responsibility involves a commitment 365 days a year, and its objective is to improve society and promote the comprehensive development of all who are part of it.

#365diasocialmenteresponsables
**DEFINITION AND OBJECTIVES**

This Sustainability Policy aims to gather the entity’s strategy and basic principles of action and commitments in order to promote sustainability, evaluate its strategic impact and promote and manage initiatives designed to respond to the challenges put forward by climate change from the environmental, social and governance point of view.

Its objective is to contribute to being a high-performance organization that pursues to be profitable in a sustainable, responsible and innovative way, by creating value, analyzing, preventing and mitigating the negative impacts that our decisions and activities have on the environment and society, and also ensuring that our governance structures contribute in a valuable way to sustainable and inclusive development, which will be always supported by the actions of their people involved therein and guided by social interest.

**SCOPE OF THE POLICY**

This policy shall apply to ABANCA Corporación Bancaria, S.A. (hereinafter ABANCA), constituting a reference document for all companies of the ABANCA Group.

The Governing and Management Bodies of said companies shall adopt the appropriate decisions in order to incorporate the provisions of this Policy, depending on the nature of their business activities and in any case meeting proportionality criteria, either by approving their own Policy in accordance with the principles established in this document or by adhering to that of ABANCA duly adapted in their case.

ABANCA will also promote that all participants in the value chain are governed by behavior patterns and values similar to those established in this Policy.

**REGULATIONS and other policies**

The drafting of the general guidelines of action of ABANCA’s Sustainability Policy has involved the study and analysis of a broad set of laws, standards and reports.

All of the above complying with the law and applicable regulations in each of the countries in which ABANCA operates.

The Sustainability Policy is complemented by the rest of the ABANCA’s Policies.

For the preparation of the Policy, the documents included in Appendix I have been taken into account.
ABANCA has drafted this Policy with a threefold target: to live up to the expectations of its stakeholders, a Policy tailored to meet their needs by establishing principles of action that can be developed with specific and measurable actions, avoiding “Green washing”.

As the main tool to guide all the strategic development necessary for a responsible business and management model, our own internal Code of Ethics and Conduct and mainly the United Nations Sustainable Development Goals, the Principles of Responsible Banking (PRB) and the Principles of Responsible Investment of the United Nations have been chosen for such purpose, as could not be otherwise since ABANCA is one of the founding signatories of these UN initiatives.

ABANCA, within its transversal strategy of sustainable development based on the premise of local action, without forgetting that its impact is global, has made an initial prioritization of a total of 4 + 4 direct action objectives due to their high impact, on which the entity’s lines of action and projects in the economic, social and environmental fields will have an effect.

All SDGs and goals are correlated, so there will always be an impact, and therefore a readiness for action on each of them.

The prioritization and contribution to the objectives will be subject to annual updating in line with ABANCA’s strategy and its corresponding activity. Its review and subsequent update will be carried out annually.

One of the main aspects of sustainable development is acting locally, where we can have a greater contribution and influence, without forgetting that the impact of our actions and responsibility are, nowadays, global.

#abancavisiónatlántica
As a guide in this priority SDG, ABANCA, as a signatory entity, follows the instructions set by the Sustainable Ocean Principles, an initiative of the United Nations Global Compact Network that constitutes a framework of good commercial practices responsible in the ocean, common for all kinds of business industries and locations.
PRINCIPLES FOR RESPONSIBLE BANKING

ABANCA undertakes to guide all its actions based on the following development of the Principles of Responsible Banking (PRB):

1. Alignment
   • To align the strategy and ensure that the contribution the ABANCA GROUP makes as a provider of financial services is aimed at the achievement of the SDGs and the Paris Agreement or other commitments signed in this regard.
   • To carry out the materiality analysis on an annual basis and whenever the prudence criterion against the possible appearance of new risks affecting sustainability of decisions and actions so requires.
   • Derived from an adequate evaluation of the impacts on the SDGs vs recognized standards, to establish public objectives by providing them with the necessary resources to achieve them.

2. Impact
   • To systematize the assessment and management of transitional and physical risks for ABANCA regarding sustainability and climate risks in assessing the risk of different products, customers and own portfolio, taking into account sectors, geographical areas and technologies used.
   • To identify, assess and disclose all positive and negative impacts.
   • To build the capabilities, create specific tools and generate the necessary knowledge so that the risks on sustainability are understood, performing a correct evaluation of impacts and appropriately allocating resources for mitigating the latter or strengthening those capabilities effectively.

3. Customers
   • To establish and disclose a series of actions that allows customers to be informed on how to reduce their negative impacts and enhance the positive ones.
   • To identify for each customer the actions that improve their performance in sustainability.
   • To perform communication and education activities on sustainability that improve the learning and financial information for customers.
   • To establish alliances with the academic, scientific community and relevant organizations to increase the awareness of different customers towards sustainability.

4. Stakeholders
   • To get involved proactively with those organizations and stakeholders that seek to improve the contribution of finance to sustainable and inclusive growth by financing long-term actions, and to strengthen financial stability by including environmental, social and governance factors to the decision making on investments.
   • To build alliances that increase intellectual capital and the capability to provide solutions to stakeholders in sustainability.
   • To work together with regulators and financial authorities in those actions and forums that seek sustainable development of the financial industry.

5. Governance and establishment of objectives
   • To establish a leadership model at all task levels aiming at undertaking sustainability challenges with the speed, scope and intensity required.
   • To establish all the necessary management structure.
   • To perform an annual assessment of ABANCA’s activity on the SDGs.
   • To train the staff in order they can contribute over the cause, at all levels, so that they can have the necessary capabilities that allow them to understand the impact of financial activity on the SDGs, the importance of creating a sustainable and inclusive society and how to contribute to welfare projects.

6. Transparency and accountability
   • To establish a communication policy that supports the achievement of strategic sustainability objectives and the achievement of the SDGs.
   • To disclose the methods and tools (qualitative and quantitative) used in the establishment, implementation and review of organizational structures that allow to achieve the SDGs.
   • In this regard, sustainability information must be: public, complete, understandable, accurate, appropriate, accessible.
PRINCIPLES FOR RESPONSIBLE INVESTMENT

ABANCA is a signatory to the United Nations Principles for Responsible Investment, which are integrated as a basic pillar in the investment management model. This integration allows better informed decisions both for equity and fixed income assets of the different own portfolios, as well as for the offer of financial products and services to customers.

More information on how actions are developed and implemented for each of the principles can be found in the ABANCA’s Responsible Investment Policy, which complements it.

CODE OF ETHICS AND CONDUCT

The principles of the Policy are aligned with the organizational culture, included in the ABANCA Code of Ethics, which promotes respect for human rights, transparency and professional ethics, and is based on the four values that govern internal behavior: responsibility, reliability, quality and innovation.

IMPLEMENTATION OF THE PRINCIPLES AND COMMITMENTS TO OUR STAKEHOLDERS

It is a priority to progressively integrate sustainability into daily activities and involve all stakeholders in order to meet their expectations. In this way, we will become a lever of support to carry out an orderly and planned transition towards sustainability, complying with the commitments undertaken to mitigate and adapt to climate change.

We also measure our performance and report on it proactively and regularly: we publish in the progress report of the Non-Financial Information Statement information on our progress in the alignment with the commitments undertaken and regulations, and with regard ABANCA’s performance in relation to the SGDs, we publish information in the annual Corporate Report, and our progress as to the climate emergency in the Climate Action Report.

Non-financial indicators are established in accordance with current trade regulations and following the criteria of the Standards of the Sustainability Report of the Global Reporting Initiative.
Human rights

The commitment of ABANCA and its Group with regard to Human Rights is contained in the Code of Ethics and Conduct: respect in all cases for the rights to unionize, associate and collective bargaining as well as individual or collective activities that are carried out by the union sections according to the legally assigned functions.

ESG Risk Management and Integration

In this regard, the General Management of Corporate Control and Risk department shall work in the interests of implementing processes for their identification, assessment and evaluation in order to reduce exposure to risk.

Among them, this department has defined an Environmental and Climate Risk Management Policy, which is included in the Manual on Credit Risk Policies, and which aims to limit and mitigate the impact of climate change and the potential harmful effects on the environment derived from the activity of granting credit to customers. Considering that some sectors in which we operate could have a significant social and environmental impact, and within the framework of an ethical, responsible decision-making process committed to the environment and to society as a whole, the entity considers essential to identify, assess and manage the environmental and climatic risk linked to these exposures.

Responsible Investment

The strategy and basic principles of action in this matter are included in ABANCA’s Responsible Investment Policy, which aims to obtain a return on investments that are consistent with the objectives of our customers, while seeking to maximize social welfare.

Environment

Since 2018, the entity has had an Energy and Environmental Policy that provides a common reference framework for the establishment of objectives and for the undertaking of actions based on ABANCA’s commitment to consume energy in an efficient way, reduce its gas emissions from greenhouse effect and establish adequate environmental management mechanisms.

ABANCA signed the United Nations Collective Commitment to Climate Action. In this sense, the entity develops initiatives and actions that favour adequate protection and conservation of the Environment.

On the occasion of the United Nations Conference on Climate Change (COP25), the main Spanish banks, including ABANCA, presented a joint commitment to proceed within a certain period to reduce the carbon footprint in their credit portfolios, in a way that could be measured with internationally approved criteria and in line with the objectives set in the Paris Agreement.

Tax accountability

ABANCA’s tax strategy is aligned with the principles that govern its corporate culture and that have a more direct impact on its tax practice, such as transparency, honesty, responsibility, reliability and quality.

ABANCA considers that the payment of taxes, in accordance with applicable regulations, is an especially relevant part of its contribution to the economies of those countries and jurisdictions in which it operates. Therefore, it undertakes the responsible payment of taxes in those countries where it operates, as well as the collection of taxes from third parties generated by economic activity.

ADVANCES IN THE IMPLEMENTATION OF THE PRINCIPLES

At ABANCA, we consider environmental, social and governance aspects (ESG) to be key in the decision making process in our regular activity.
COMMITMENTS
to our stakeholders

Employees
The people management model in ABANCA is to guarantee their well-being, attract, develop and engage the best talent. To do so, we offer development opportunities through multiple training programs.

Customers
Providing the best and most complete service to customers is the main focus of ABANCA’s activity with a specific approach on retail business, trying to reach the highest satisfaction level in each of our products and services.
Accompany our customers to create a new value offer in their transition and transformation towards a sustainable business model.

Shareholders and investors
The generation of long-term value and ensure maximum information transparency are the keystones of ABANCA’s relationship with its shareholders.

Suppliers
ABANCA has a close and transparent relationship with each of them, always based on the values of reliability, expertise, quality certification, relationship and degree of supplier concentration.
Always maintain the rationalization in the consumption of resources and in the acquisition of products and services that respect the environment, as well as transmit these principles to our collaborators and suppliers.

Society
ABANCA has a management model consistent with the commitment to the socio-economic development of the territory.
As sponsor of Afundación Welfare Projects, ABANCA promotes and supports programs that contribute to educational, social and cultural development in our operational sphere.

In ABANCA, we work in favor of a sustainable economic model that contributes to the economic, social and environmental balance of our environment.
#ABANCAsostenible
One of the priority elements of ABANCA is the maintenance of a fluid and permanent dialogue with all stakeholders through different communication channels, which allow identifying, within the framework of their Social Responsibility, its material aspects and the associated risks and opportunities.

In this way, it is ensured that the lines of action of the Bank are aligned with the stakeholders’ expectations.

These channels are included in detail and updated in the Corporate and Social Responsibility Annual Report that ABANCA publishes annually on the corporate website.

https://www.abancacorporacionbancaria.com/es/rsc/banca-responsable/

**Board of directors**

The approval of the Sustainability Policy corresponds to the Board of Directors, which will adopt the necessary measures for the implementation and supervision of the development and application of the Policy, being the recipient of the annual reports prepared for this purpose on its application and results.

**Communication, Sustainability and Corporate Social Responsibility Committee**

Likewise, to ensure an adequate decision-making process, ABANCA has a Communication, Sustainability and Corporate Social Responsibility Committee with the function of proposing to the corresponding governing bodies, and to the Steering Committee the Policy, the strategic lines of reputation management, to establish management and control measures in the field of social responsibility, to select and review the key performance indicators and to review and approve corporate responsibility programs.

**The General Management Department of Corporate Social Responsibility, Sustainability and Communication**

The General Management Department of Corporate Social Responsibility, Sustainability and Communication has among its functions those of implementing the social responsibility strategy and executing the action plans in this area agreed by the governing bodies.

The holder of this Policy is the Board of Directors of ABANCA Corporación Bancaria, S.A. Any subsequent substantial revision and modification shall be approved by the Board of Directors.

The responsibility for the annual review falls on the General Management of the Corporate Social Responsibility and Communication department, as well as the proposal of the amendments that may correspond.

The Sustainability Policy was approved and published in December 2019.
For the preparation of the Policy, the following documents have been taken into account, among others:

- The United Nations Sustainable Development Goals (SDGs).
- The Ten Principles of the United Nations Global Compact.
- The Action Plan on financing the sustainable development of the European Commission and the regulations that develop it: Transparency, Taxonomy and Reference Indices.
- The Principles of Responsible Banking.
- The Principles for Responsible Investment.
- The Equator Principles.
- The Carbon Disclosure Project Initiative.
- The Paris Agreement on climate change.
- The ISO 26,000 standard of the International Organization for Standardization.
- The Global Reporting Initiative (GRI).