

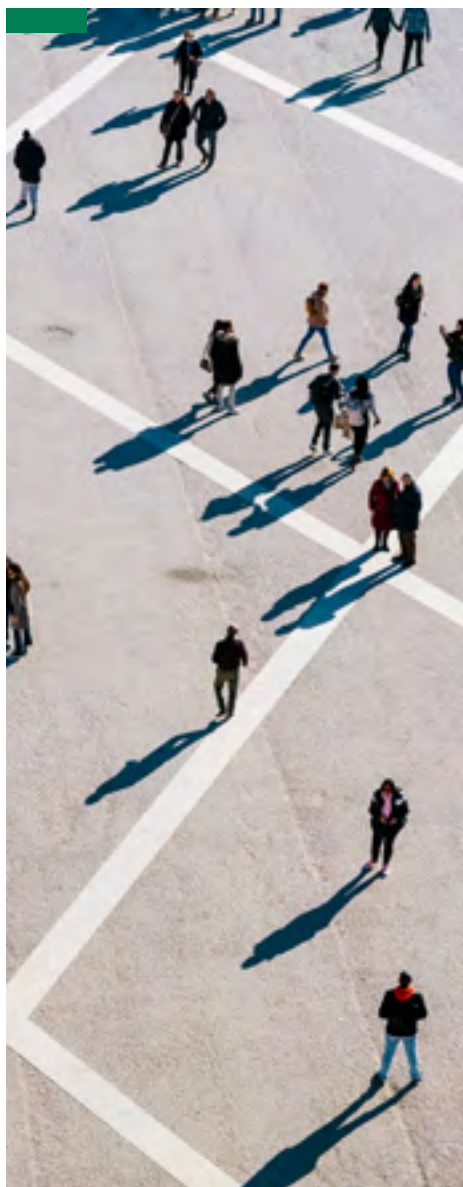
CSR REPORT AND NON- FINANCIAL STATEMENTS 2019

**CORPORATE SOCIAL RESPONSIBILITY REPORT
OF CAJA RURAL DE NAVARRA AND CONSOLIDATED NON-FINANCIAL
STATEMENTS OF THE CAJA RURAL DE NAVARRA GROUP 2019**

External verification date 27 may 2020 - www.cajaruraldenavarra.com

**This report has been prepared in accordance with the GRI Standards: Comprehensive option.
The Corporate Social Responsibility Report has been verified by Aenor as external assurer.**

Annex II contains the 2019 Non-Financial Statements in accordance with Law 11/2019 of 28 December.



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We present the Corporate Social Responsibility Report and Non-Financial Statements for 2019 in a single report containing all the relevant information about Caja Rural de Navarra. We see this as an exercise in transparency and a way to explain to our stakeholders how we interact with our environment. The report also explains how we contribute to the local region and generate value. This is our third annual CSR report and this year we have been able to expand on the financial information it contains, giving details of our sources and how figures are arrived at.

We have once again followed the Global Reporting Initiative (GRI) standards. These give us a structure that helps us continuously refine our reporting of impacts and improvement actions in the four areas where we measure sustainability: economic, social, environmental and corporate governance.

2019 saw completion of the 2016-2019 Strategic Plan with all targets met, an achievement that should inspire us to keep up the good work, pursuing our continuous transformation into a robust, modern and sustainable business. Specifically, the Plan's success shows we can trust our people, technology, experience and knowledge to build a cooperative model for the future, a model that grows in step with its community.

We live in a technological world, where society moves at a vertiginous pace and the pressure for instant gratification is constant. The Bank must react constantly to meet these new needs with local, personalised and high-quality services that put the customer experience first. Equally, in an ever more concentrated financial sector, the Bank remains committed to its on-your-doorstep banking model, where decisions are made

locally and customers still feel important. All this while continuing to exploit new communication channels and offering new digital transactions with maximum security and simplicity.

Our banking model must continue to deliver value to society, not only through our financial business but also socially, so we can build a fairer and more coherent society with greater well-being and progress.

True to our origins, we remain committed to the environment, notably through our green investment programme. One example is the Cavar complex of four wind-farms in the municipalities of Cadreita and Valtierra (Navarre), currently under construction in collaboration with Iberdrola.

We are confident this report will answer any questions for those who see Caja Rural de Navarra as a financial institution with a difference, a customer-focused institution with people-centric values. It should also give readers a flavour of the passion we bring to our work.

IGNACIO TERÉS LOS ARCOS | President

CHAPTER 2

ABOUT THE REPORT

2.1 ABOUT THE REPORT

2.2 DIALOGUE WITH STAKEHOLDERS

2.3 EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION

2.4 MANAGEMENT FOCUS

2.5 STRATEGY

2.6 CAJA RURAL DE NAVARRA STRATEGIC PLAN



**CAJA RURAL
DE NAVARRA**

2.1 ABOUT THE REPORT

This is the third Corporate Social Responsibility Report, based on data at 31 December 2019 and compiled in accordance with GRI standards with a closely drawn focus on the most significant disclosures and the same scope as the first two reports.

In Annex II Caja Rural de Navarra publishes the Non-Financial Statements for the consolidated Group in accordance with Law 11/2018 of 28 December, on non-financial information and diversity, including European Commission Communications 2017/EC/215/01 on Guidelines for the presentation of non-financial reports.

The report seeks to give an overall view of Caja Rural de Navarra's progress in 2019, its management model, its place in the Spanish financial system and its exercise of corporate social responsibility in the various areas where it applies.

The report contains the most relevant economic and financial and corporate governance information, as well as information on the social and environmental issues that have been judged relevant for our stakeholders.

As for the **reporting scope**, we report on Caja Rural de Navarra, as a financial institution, and in Annex II we also report on the set of companies in which it invests and those included in its scope of consolidation.

Regarding **dissemination of the report**, we plan to issue it through the following channels:

Made available to people and agents who contributed to its preparation.

Publication on
> www.cajaruraldenavarra.com

Request for information:

Information that is not included in this report can be found at www.cajaruraldenavarra.com, or requested by applying to the contact addresses below:

E-mail:

The Customer Service section of the website:

cajaruraldenavarra.com/atención-cliente

Email: buzon.crnararra@cajarural.com

Mail:

Customer Services Department
CAJA RURAL DE NAVARRA
Plaza de los Fueros 1
31003 Pamplona.

Caja Rural de Navarra prepared its first CSR report in 2017. In 2018, it published its section plus the Non-financial Statements for the Caja Rural de Navarra Consolidated Group, with external assurance by Aenor. Aynor has also assured the 2019 report and non-financial statements for Caja Rural de Navarra.



2.2 DIALOGUE WITH STAKEHOLDERS

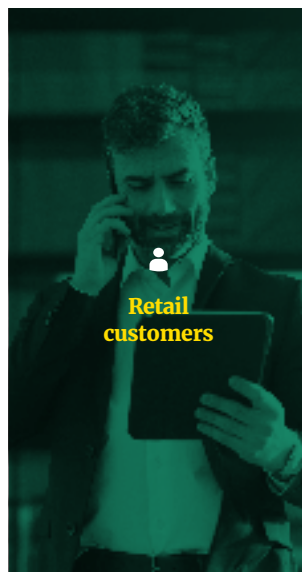
Dialogue with stakeholders is seen not only as an essential tool to determine what should be included in the report but also as a channel through which the Bank's **different stakeholders could play an active part** in its CSR strategy.

Caja Rural de Navarra has identified the people or groups that impact or are affected by its activities, products and services and which therefore have a stake in Caja Rural de Navarra.

It is important to embed a commitment to stakeholders. This means initiating a range of actions and efforts to understand and involve these groups in the Bank's activities and decision-making.



Dialogue with stakeholders has been the essential tool to determine what should be included in these report.




**Retail
customers**



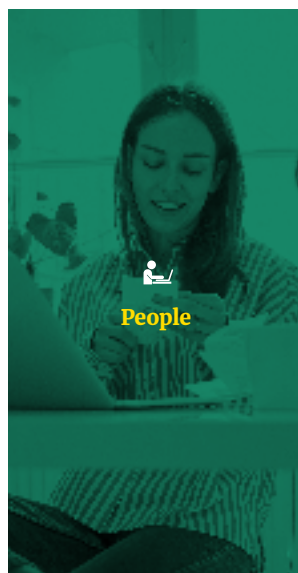

**Private banking
customers**




**Corporate
customers**




**Institutional
customers**




People




Suppliers

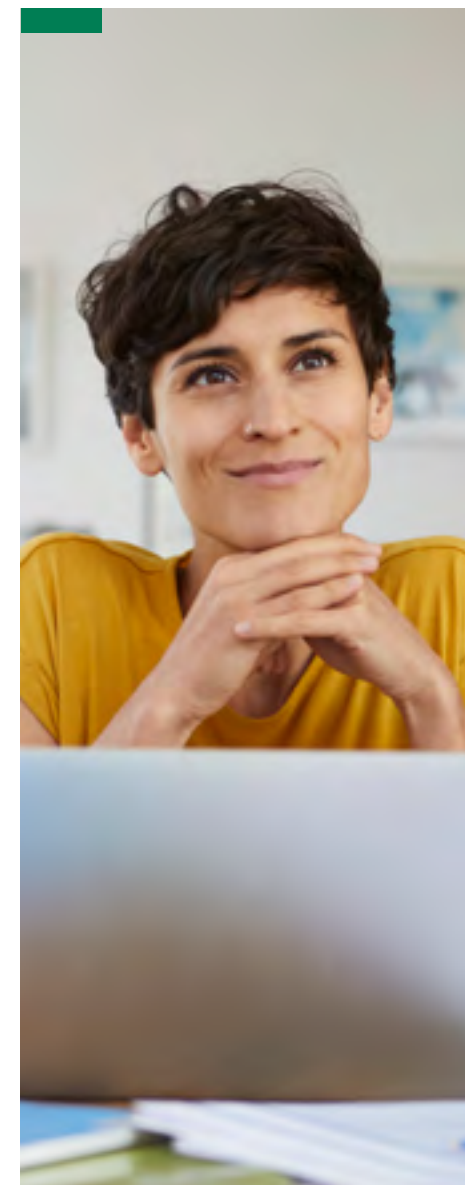
Caja Rural de Navarra's management of its stakeholders is based on **trust and open dialogue**, which allows us to forge close relationships with each group, **understand their needs and expectations and make commitments to improve.**

Caja Rural de Navarra has conducted a consultation with all these groups to determine **which CSR issues they see as most pressing** for the Bank. The results have been distilled into a single priority list of relevant material issues for the stakeholders consulted.

Channels for communication with stakeholders:

Caja Rural de Navarra has set up a number of channels and mechanisms to foment dialogue with its stakeholders. All the information collected and analysed through these dialogue processes feeds into future CSR guidelines and initiatives.

| STAKEHOLDERS | COMMUNICATION CHANNELS |
|------------------|--|
| CUSTOMERS | Customer services - Social networks Quality reviews – <i>Te escuchamos</i> Customer satisfaction assessment Suggestion box cajaruraldenavarra.com website General commercial relationships Materiality Survey for this report Personal materiality interviews for this report Materiality Focus Group with corporate customers for this report |
| EMPLOYEES | Caja Rural de Navarra intranet Internal website: ideas and experiences Comité de Empresa (works council) Internal Communication Group Materiality Focus Group for this report Materiality survey of Caja Rural de Navarra employees for this report |
| SUPPLIERS | Commercial and contractual relationships Quality surveys Materiality survey of Caja Rural de Navarra's main suppliers for this report |





2.3 EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION

As part of the process of preparing the CSR report in accordance with GRI standards (<https://www.globalreporting.org/standards>), Rural de Navarra drew up a materiality analysis of the 2018 CSR report, at Bank (Caja Rural de Navarra) scope only.

The aim is to identify those issues that most impact the organization and its stakeholders and which it is therefore essential to report on.

The guidelines state that sustainability reporting should be based on the following principles: **stakeholder inclusiveness, sustainability context, materiality and completeness.**

In applying these principles to report content, Caja Rural de Navarra has defined and applied a number of methodologies to identify which issues are material.

This document summarises the main conclusions of Caja Rural de Navarra's materiality analysis, which was carried out between December 2017 and March 2018 and updated in March 2019. It is planned to conduct this review tri-annually so the next materiality analysis will be in 2020.

| EXTERNAL VIEW | CONSULTANCY METHODS | SAMPLE/RESPONSES |
|---------------------------|--|------------------|
| Retail customers | Online questionnaire | 2.633 |
| Private banking customers | Focus group with managers | 24 |
| | Face-to-face interviews with customers | |
| | Written questionnaire | |
| Corporate customers | Focus group with managers | 33 |
| | Focus Group with customers | |
| | Face-to-face interviews with customers | |
| | Written questionnaire | |
| Institutional customers | Online questionnaire | 27 |
| Employees | Focus Group with the Internal Communications Committee | |
| | Questionnaire 2018 | 20 |
| | Questionnaire 2019 | 468 |
| Suppliers | Questionnaire 2018 | 2 |
| | Questionnaire 2019 | 6 |

| INTERNAL VIEW | CONSULTANCY METHODS | RESPONSES |
|----------------------|----------------------|-----------|
| Management Committee | Online questionnaire | 31 |

After analysing the consultations with stakeholders, the areas of information considered a priority by each stakeholder group and on which Caja Rural de Navarra should therefore report were found to be as follows:



RETAIL CUSTOMERS

- Caja Rural de Navarra's CSR policy and social engagement
- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.
- Corporate information: strategy, corporate structure and organization, etc.



INSTITUTIONAL CUSTOMERS

- Caja Rural de Navarra's CSR policy and social engagement.
- Corporate information: strategy, corporate structure and organization, etc.
- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.



PRIVATE BANKING CUSTOMERS

- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.
- Corporate information: strategy, corporate structure and organization, etc.
- Caja Rural de Navarra's CSR policy and social engagement.



PEOPLE

- Financial strength of the Bank and global risk management.
- Caja Rural de Navarra's CSR policy and social engagement.
- Marketing transparency.
- Quality of service and customer satisfaction.
- Work-life balance.



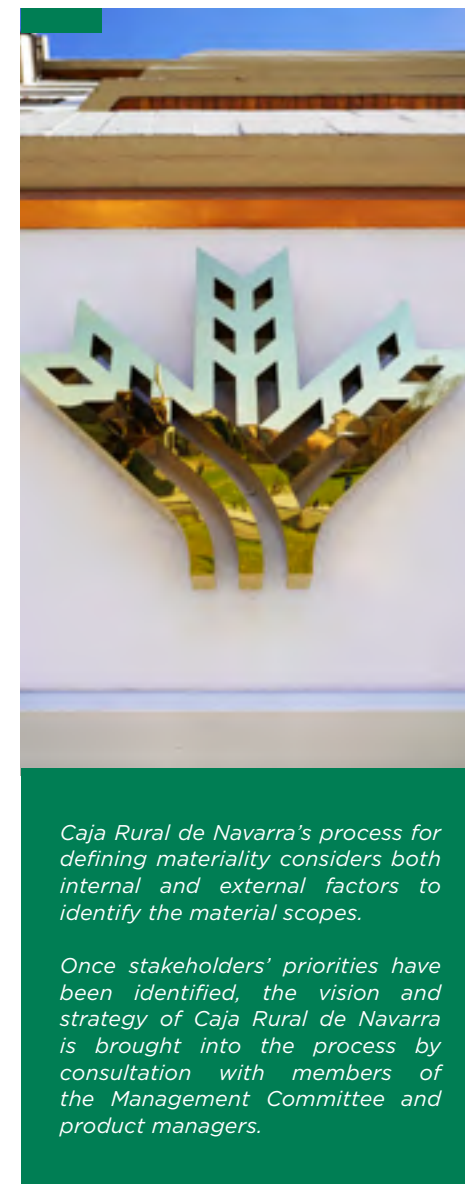
CORPORATE CLIENTS

- Information about the Commercial Model: transparency, marketing channels, ethical behaviour, etc.
- Corporate information: strategy, corporate structure and organization, etc.
- Caja Rural de Navarra's CSR policy and social engagement.



SUPPLIERS

- Strategy of the organization.
- Corporate structure and organization.
- Quality of service and customer satisfaction.



STAKEHOLDER PRIORITIES **EXTERNAL VIEW**

| ASPECTS | |
|---------------|---|
| HIGH | <ul style="list-style-type: none"> Quality of service and customer satisfaction Corporate information: strategy, corporate structure and organization, etc. Caja Rural de Navarra's CSR policy and social engagement Financial strength of the Bank and global risk management Strategy of the organization Corporate culture Commercial model Handling of suggestions, claims and complaints Corporate structure and organization Marketing channels |
| MEDIUM | <ul style="list-style-type: none"> Personal development Work-life balance Equality and diversity Education and environmental awareness Code of conduct |
| LOW | <ul style="list-style-type: none"> Reduction of consumables Payment systems Contracting criteria |

STAKEHOLDER PRIORITIES **INTERNAL VIEW**

| ASPECTS | |
|---------------|---|
| HIGH | <ul style="list-style-type: none"> Financial strength of the Bank and global risk management Strategy of the organization Caja Rural de Navarra's CSR policy and social engagement Marketing transparency |
| MEDIUM | <ul style="list-style-type: none"> Quality of service and customer satisfaction Corporate culture Corporate structure and organization Code of conduct |
| LOW | <ul style="list-style-type: none"> Marketing channels Commercial model Personal development Equality and diversity Work-life balance Handling of suggestions, claims and complaints Contracting criteria Payment systems Reduction of consumables Environmental education and awareness |

STAKEHOLDER PRIORITIES **GLOBAL VIEW**

| ASPECTS | |
|---------------|--|
| HIGH | <ul style="list-style-type: none"> Financial strength of the Bank and global risk management Caja Rural de Navarra's CSR policy and social engagement Strategy of the organization Marketing transparency Quality of service and customer satisfaction Corporate culture |
| MEDIUM | <ul style="list-style-type: none"> Corporate structure and organization Commercial model Marketing channels Handling of suggestions, claims and complaints Code of conduct Personal development |
| LOW | <ul style="list-style-type: none"> Equality and diversity Work-life balance Environmental education and awareness Reduction of consumables Payment systems Contracting criteria |

IMPORTANCE OF ISSUES ASSESSED TO THE BANK AND ITS STAKEHOLDERS



Caja Rural de Navarra's materiality analysis identified the following issues for inclusion in the **CSR Report**, as follows:



ECONOMIC

Financial strength of the Bank and global risk management.

Strategy of the organization.

Marketing transparency.

Quality of service and customer satisfaction.

The materiality analysis also yielded interesting information on our stakeholders which will feed back into the design of our **Corporate Social Responsibility Plan** during the next few years.

The **materiality analysis** carried out between December 2017 and March 2018 was updated in 2019 to incorporate enhanced consultation with employee and supplier stakeholders. The issues considered material did not change as a result.

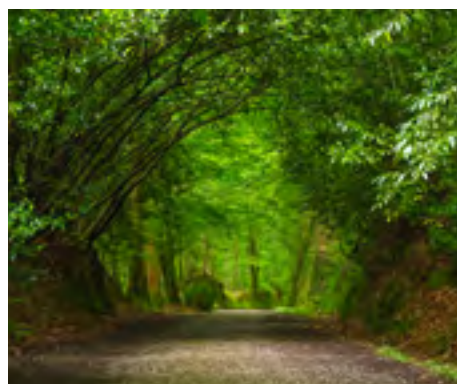


SOCIAL

Caja Rural de Navarra's CSR policy and social engagement.

Corporate culture.

Employee issues were not identified as material. Nevertheless, this report sets out the organization's measures in this field and its management focus.



ENVIRONMENTAL

No environmental issues were identified as material. Unsurprising, given the nature of Caja Rural de Navarra's activity.

Nevertheless, this report sets out the organization's measures in the environmental field as testimony to the company's commitment to the environment.

2.4 MANAGEMENT FOCUS

Guided by the conclusions of the materiality analysis and following consultation with our stakeholders, Caja Rural de Navarra bases its relationships with stakeholders on the following criteria:

1. CUSTOMERS

The Bank focuses overwhelmingly on local and retail banking. Little surprise then that the main points identified in our materiality matrix have to do with **how we relate to our customers** (retail, private banking, corporate and institutional).

The Bank prioritises responsible banking with a long-term view of its customers' needs regarding products (transparency and advice on investment and financing products) and in its marketing processes, emphasising local connections and quality of service.

See the "Customers" section below for further details of the Bank's activities in this area.

2. THE TEAM

Regarding **employees**, the materiality analysis identified a number of key points to which the Bank is paying special attention. Particularly important were the issues of **involving the team in strategy, career management plans, training and a policy of professional selection and development** based on merit and effort.

All this is being implemented over a long-term horizon, something we believe is fundamental to avoid conflicts of interest and make sure the work being done by our teams aligns with the aims of our different stakeholder groups,

a crucial point for a services company if it is to flourish over the long term.

3. SOCIETY

Our relationship with **wider society** is a differentiating factor for Caja Rural de Navarra. Our structure as a regional cooperative bank inevitably implies **a close relationship with the region where we operate** and a longer term vision. This reflects its cooperative ownership and business structure and **helps limit the risk of taking decisions on too short term a basis** or prioritising the interests of one group too strongly over the rest.

On this point, **it is essential for the Bank that society** in the regions where we operate **continues to see us as a local institution**, supporting local initiatives with detailed direct knowledge of the economic and social realities of the towns and cities in our regions. They must see us as supporting key social groups essential to the long-term development of the community, such as SMEs, entrepreneurs, grass-roots sport, educational and cultural activities, etc. with an inclusive focus on different social groups that is sustained over the long term.

4. ENVIRONMENT

As a financial services institution, the Bank has limited direct material impact on **environmental issues**. Nonetheless, **the Bank is developing multiple initiatives** not only by reducing the negative impact of its own activities but also by supporting initiatives designed to improve the environment in our regions through **training, awareness-raising, direct investment in environmental business projects** (forest development, renewable energy, etc.) and by supporting projects to improve the environment through

its financing lines (sustainable farming, sustainable forest management, waste management, renewable energy and energy efficiency).

5. SUPPLIERS

Caja Rural de Navarra seeks to maintain a **close, respectful, trusting and transparent relationship** with its **suppliers** and partner companies which fosters in-depth knowledge of the companies we contract with and confidence in the quality of the services provided, as we explain in greater detail below.

In its listing processes, the Bank measures suppliers against its own set of ethical principles, which besides including quality and financial costs also requires that companies respect workers' rights, behave transparently and have a clean record on social and environmental issues.



2.5 STRATEGY

Caja Rural de Navarra is a cooperative institution specialising in retail and regional banking, which serves its customers through a network of 253 branches in the regions of the Comunidad Foral de Navarra, the Basque Autonomous Region and La Rioja as well as through its virtual channels.

The Bank takes a strategic approach to planning. 2019 marked the end of the 2016-19 Plan. A new 3-year Strategic Plan will be launched in 2020 running from 2020-2022. All plans are backed by detailed annual plans.

The strategic planning is based on the principle of balanced growth, which allows the Bank to keep growing market share in all areas where it operates while maintaining its differentiating model of a regional retail cooperative bank.

To achieve this, it is essential to maintain the levels of profit, efficiency, solvency and liquidity set out in the Strategic Plan, as well as to develop a marketing approach that meets the needs of customers and adapts as necessary to the needs of each segment and type of demand. An important tool for this is the digital customer service that the Bank offers its customers through Ruralvía, its e-banking facility, accessible through a range of devices including computers, smart phone, tablet. Customers can also access services via its other IT apps (Ruralvía pay, etc.) as well as the ATM network.

The Bank belongs to the Caja Rural Group, a financial group based on a federal banking model. This overcomes the limitations of its member Rural Credit Cooperatives regarding scale and the geographical reach



The Caja Rural de Navarra network has grown to 253 branches in Navarre, Basque Country and La Rioja.

of their business while safeguarding their full autonomy and the essential requirement of banking effectiveness and business efficiency.

To run its business, the Caja Rural Group draws on shared central services provided by specialist companies set up by the group to meet the needs of the member Rural Credit Cooperatives. The Banco Cooperativo Español (wholesale banking), Seguros RGA (insurance) and Rural Servicios Informáticos (IT services) give the group a competitive edge in meeting the challenges of an increasingly innovative and demanding market.

The main challenges and strategies of the Bank can be summed up as achieving the profitability to guarantee its future sustainability through a high-quality financial offer and a cost structure that provides the necessary competitiveness.

The strategy is to be a leader, or a point of reference, in its natural market. The Bank is an integral part of society and, by virtue of its origins and deep roots in the local community, is an important and energizing contributor to social development.

It is fully committed to its environment, on which the Bank is completely dependent for its own development, while always taking a long-term view.

The Caja Rural de Navarra network has grown to 253 branches in Navarre, the Basque Autonomous Region and La Rioja.



2.6 CAJA RURAL DE NAVARRA STRATEGIC PLAN

Strategic planning has long been one of the Bank's key management tools, with a series of plans over several years. The four-year plan drawn up in 2015 ended in 2019. Now that 2019 is over we can say that we are meeting the targets planned. Key targets included:

LOANS AND ADVANCES

Loans and advances performed slightly below expectations. Total lending grew 1.5% below the budget projections in the Strategic Plan, a shortfall of EUR 100 million each year except 2018, which was only EUR 8 million short. In regions outside Navarre, growth exceeded 9% in every year except 2019, when it was 4.71%, beating all targets. Across the whole period of the Plan, growth in branches outside Navarre contributed more than 50% of total new lending.

LIABILITIES

Liabilities outperformed their target budgeted in the Strategic Plan. The Plan expected branches to be holding EUR 8,323 million of funds from customers at end-2019. The actual figures was EUR 8,692 million (growth of 8.10%) beating the full-period growth target of 7% annually. In regions outside Navarre, annual growth over the course of the Plan averaged 8%, which meant that by the end of the Plan non-Navarre branches were servicing over 38% of total liabilities.

NEW CUSTOMERS

The Bank hit its growth target in deposit-taking from retail customers in every year of the Plan and over the full four-year period beat its target of 105,283 new customers by more than 13,000. However, we fell short of our target for legal entities of 15,992, attracting just over 13,000 during the period. In both metrics, around 60% of new customers came through branches outside Navarre.

NON-PERFORMING LOANS

NPL volume was better than budget in all years except for an spike in 2019 that took it EUR 35 million above the EUR 145 million target. Foreclosures were close to a third of those envisaged in the Plan, ending on EUR 51 million rather than the EUR 138 million we had budgeted for.

PROFIT

Once again, profit targets were beaten in all years of the Plan. Total earnings over the lifetime of the Plan were EUR 43.5 million higher than budget: EUR 6 million in 2016, EUR 13 million in 2017, EUR 20 million in 2018 and EUR 5 million in 2019.

SOLVENCY

The definitive solvency ratio - measured by its Common Equity Tier 1 (CET1) ratio, the highest-quality capital - at 31 December 2019 was 16.74%. The end-Plan objective was 17.66%. Despite falling short of its budgeted ratio, the Bank still

enjoys a very robust level of solvency. All capital is of the highest quality. No other instruments are counted toward capital.

Overall, we can report that we hit most of the economic targets set out in the Plan, improved market share and expanded our network in the markets of Vizcaya (7 new branches over the life of the Plan) and Álava (1 new branch).

Other strategic targets included the Digital Transformation Plan which will help us improve productivity and multi-channel banking to better compete in the market.



CHAPTER 3

ABOUT US – STRUCTURE OF THE BANK

3.1 ABOUT US

3.2 FILE OF THE ORGANIZATION

3.3 GOVERNING BOODIES

3.4 CORPORATE CULTURE

3.5 EQUITY INVESTMENTS

3.6 KEY FIGURES



**CAJA RURAL
DE NAVARRA**

3.1 ABOUT US

Caja Rural de Navarra is a credit institution that operates in Spain. Although its origins date back to 1910 as the central body for several Navarre cooperatives, Caja Rural de Navarra was founded in its current legal form in 1946. It is subject to the laws and regulations on credit institutions operating in Spain including Act 13/1989, of 26 May, on Cooperative Credit Institutions, Royal Decree 84/1993, of 22 January, and Act 27/1999, of 16 July, on Cooperatives. The Bank is governed by its articles of association, as officially amended to comply with Act 27/1999.

It is a member of the Deposit Guarantee Fund and registered in the Special Register of Banks and Bankers under number 3008.

Caja Rural de Navarra has 169,507 members (at 31 December 2019) representing a wide diversity of sectors and society. The Company has no majority or controlling members.

Its business originally focused on the agribusiness and fisheries sector but developed over the years as the region became increasingly industrialised. Now, Caja Rural de Navarra operates a universal banking model, with a culture based on transparency, responsibility, austerity and risk management.

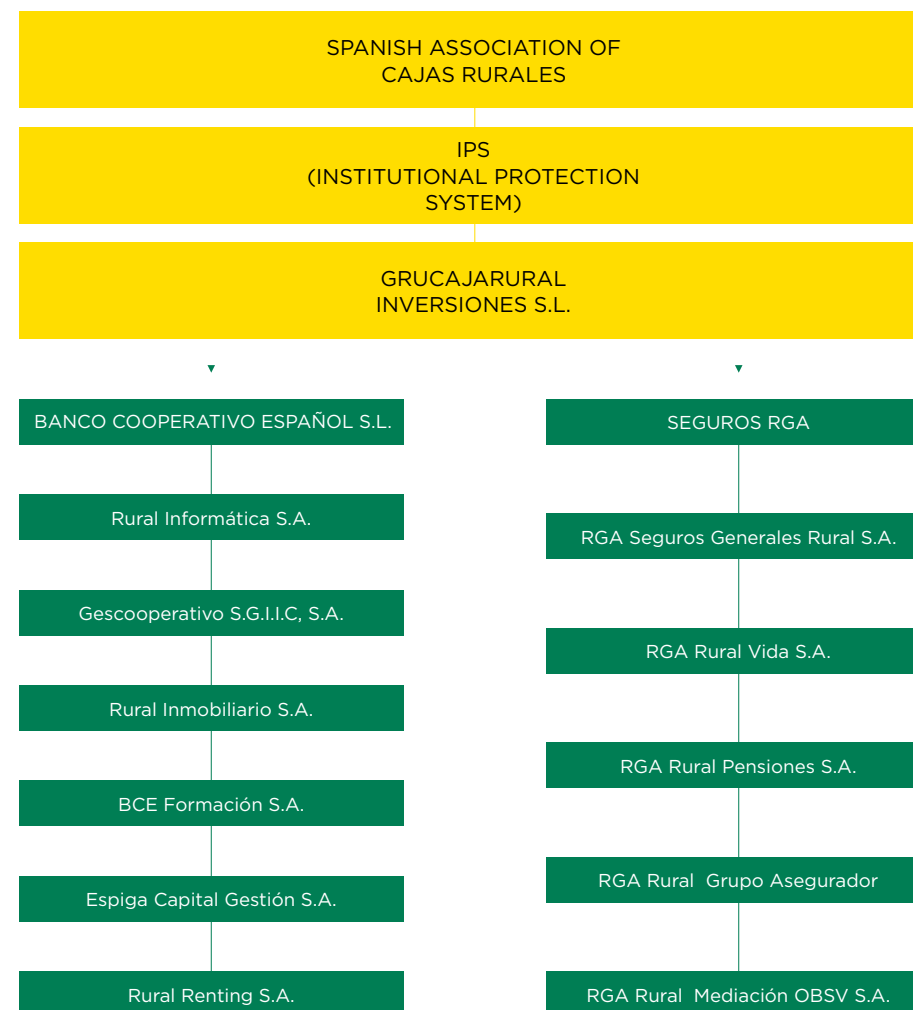
It retains its local focus and, following the tradition of the European cooperative model, its financial activities serve all retail banking segments (individuals, corporate, the self-employed, institutions, etc.) through a network of 253 branches in the regions of the Comunidad Foral de Navarra, Basque Country and La Rioja. This is one more branch than last year. None closed in 2019.

Its strategy is local growth. Despite the radical changes that have redrawn the map of Spanish banking in recent years, it has been neither the object nor protagonist of any mergers and has retained its name and the historical brand of Caja Rural de Navarra. The Bank has maintained its business model of pursuing continued growth over time and has proved successful in improving its market position, financial statements, solvency and liquidity, having emerged stronger from the 2008 financial crisis.

Caja Rural de Navarra has been, since the early 1990s, a founding member of the “Grupo Caja Rural” (the “Group” or “Caja Rural Group”) in which regional cooperative banks came together as a way to generate synergies and economies of scale. This association is not however a “Group” in the sense of Article 42 of the Spanish Commercial Code. The system of association based on a federated banking model means members can retain their autonomy, provided they adhere to the essential prerequisites of banking activity and business efficiency, while overcoming the limitations of small scale and regional scope they would otherwise have to confront.

Currently, the Group’s corporate structure looks as follows:

CORPORATE STRUCTURE OF THE GROUP



This model is typical of European cooperative banking (Crédit Agricole in France, DZ Bank in Germany, Rabobank in the Netherlands, etc.) and provides greater security and stability to its member institutions. Its core principles are strong regional roots and collaboration in the economic and social development of the local communities where member institutions operate.

This system of integration based on a federated banking model means members can retain their autonomy, provided they adhere to the essential prerequisites of banking activity and business efficiency, while overcoming the limitations of small scale and regional scope they would otherwise have to confront

1. SPANISH ASSOCIATION OF CAJAS RURALES

An association constituted under Organic Act 1/2002 of 22 March regulating the Right of Association in Spain and additional regulations, with its own legal personality and authorised to work, on a not-for-profit basis, for the fulfilment of the corporate purposes for which it is founded, these generally being to foment cooperation between its member institutions, so strengthening their solvency and stability and improving their functioning and financial results.

The Association was created in 1989 and currently includes 29 Rural Credit Cooperatives, all of which are independent of each other. It is governed by its articles of association and, in matters not covered by these, by applicable regulations. These include as an integral part the Regulations and Disciplinary procedures of the IPS (Institutional Protection Scheme).

The governing bodies of the Association are the General assembly, attended by all member banks, and the Management Board, which statutorily has between 6 and 12 members. Caja Rural de Navarra, because of its size, has always been a part of the Association's Management Board since its creation. These bodies also exercise governance over the IPS.

A. The IPS, constituted in 2018, is an intercooperative mutual support and defence scheme created within the Association for the benefit of its members. It is an Institutional Protection Scheme in the sense of Article 113.7 of Regulation (EU) no. 575/2013 of the European Parliament and Council of 26 June 2013.

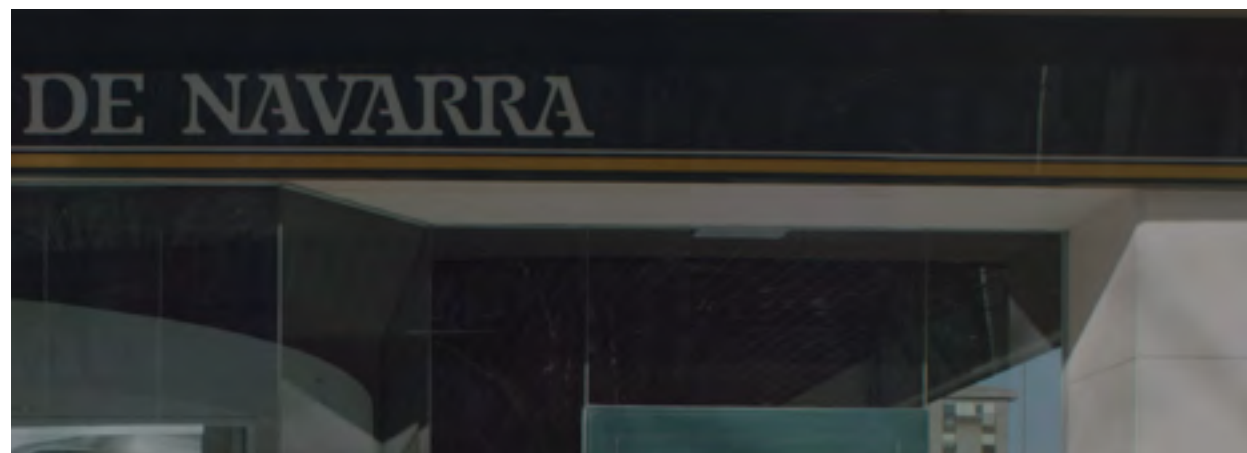
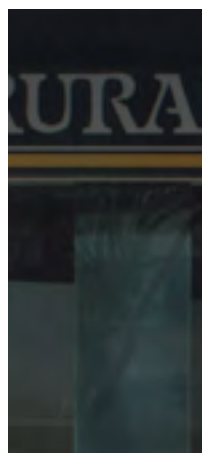
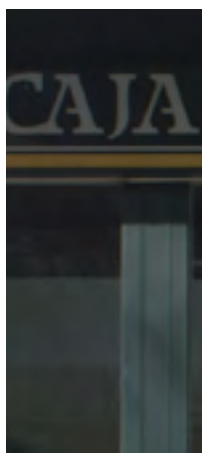
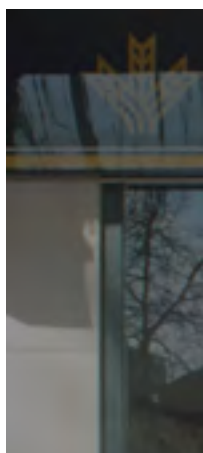
The IPS has no legal personality and is understood as the complex set of assets, rights, obligations and commitments included in the Association's articles of association and its protocols. The purpose

of the IPS is to help sustain the financial stability of its members individually and as a whole and help reduce the risk profile of its members.

The IPS's membership is made up of banks belonging to the Spanish Association of Cajas Rurales (the "Association"), the Banco Cooperativo Español and the Holding Company.

The IPS has a Management Committee, constituted as a delegated committee of the Association's Management Board, which is responsible for day-to-day management of the IPS and acts as its main management body. Caja Rural de Navarra, due to its weight in the Group, is a member of the Management Committee.

B. The Holding Company is owned by the member Rural Credit Cooperatives pro rata their Average Total Assets (ATA) in the Group. The Caja Rural de Navarra currently



has a 20.35% stake. The Holding Company's name is "Grucajural Inversiones S.L.". It also owns the shares in the following companies belonging to the Caja Rural Group:

- Seguros RGA, which is composed of the following companies:

RGA Seguros Generales Rural S.A. de Seguros y Reaseguros

RGA Rural Vida S.A. de Seguros y Reaseguros

RGA Rural Pensiones S.A.

RGA Mediación OBSV S.A.

RGA Rural Grupo Asegurador

- Banco Cooperativo Español

Caja Rural de Navarra, because of its weighting within the Group, sits on the Board of Directors of this company, which it also currently chairs.

2. BANCO COOPERATIVO ESPAÑOL S.A.

BCE is an equity investment of the Caja Rural Group, whose capital is 84.73% owned by the member Banks – either directly or indirectly via Grucajural Inversiones S.L. – and 12% owned by DZ Bank, a similarly inspired German cooperative banking group. Since being set up, BCE has contributed considerable know-how and experience to the Group and given it an international dimension.

The main purpose of Banco Cooperativo Español, set up in 1990, is to help the Group's banks achieve an appropriate market position and exploit the synergies and competitive advantages offered by their association. To achieve this, the bank is segmented into different specialist areas,

responsible for dealing efficiently with shareholders and customers. These are: Retail, Corporate, Private Banking, Treasury and Capital Markets, International, Human Resources, Organization and Legal Affairs and Tax.

The board of directors has 13 members, mostly drawn from Caja Rural Group companies. Caja Rural de Navarra, because of its weighting within the Group, sits on the Board of Directors of BCE. It also currently chairs the Board.

The Group has its own fund manager, Gescooperativo S.G.I.I.C, SA, whose management is controlled by BCE, which is responsible for managing and marketing its in-house investment funds.

BCE is also supported in specific aspects of its business by the following companies: Rural Informática S.A., Rural Inmobiliaria S.L., BCE Formación S.A., Espiga Capital Riesgo S.A. and Rural Renting S.A.

Caja Rural de Navarra has no presence on any of these companies' governing bodies as they are operating companies of the bank itself.

Links:

> www.ruralvia.com/bancocooperativo/inicio.html

> www.gescooperativo.es

> www.grupocajarural.es





3. SEGUROS RGA

Seguros RGA was founded in 1986 with the aim of allowing Rural Credit Cooperatives to offer their customers a broad range of insurance and comprehensive provident solutions.

Members of Caja Rural Group own 100% of the company's capital.

The component companies of Seguros RGA are as follows:

RGA SEGUROS GENERALES RURAL, SA de Seguros y Reaseguros.

RGA RURAL VIDA, S.A. de Seguros y Reaseguros.

RGA Rural Pensiones, S.A. Entidad Gestora de Fondos de Pensiones.

RGA MEDIACIÓN, Operador de Banca-Seguros Vinculado, S.A.

RGA GRUPO ASEGURADOR, Agrupación de Interés Económico.

Caja Rural de Navarra is represented on the Boards of Directors of **RGA SEGUROS GENERALES RURAL, SA** and **RGA RURAL VIDA, SA**. The Board of Directors has 12 members mostly drawn from Caja Rural Group companies. Links:

> www.seguosrga.es

4. RURAL SERVICIOS INFORMÁTICOS S.L. (RSI)

Rural Servicios Informáticos, founded in 1986, is Caja Rural Group's vehicle for defining and implementing the shared strategy for automated data processing at the Caja Rural Group. It is a banking IT firm that designs, develops and manages solutions and services for Caja Rural Group Banks and now also for other customers.

RSI's share capital is wholly owned by the Caja Rural Group Banks. The Board of Directors has 12 members, all representatives of Group entities. Caja Rural de Navarra, because of its weighting within the Group has always had a seat on the Board. It currently has an 18.22% stake in the company.

A. [Nessa Global Banking Solutions](#)

Created in 2011, Nessa Global Banking Solutions is the vehicle through which RSI does business in international markets with companies outside the Caja Rural Group. It gives RSI a presence in four continents: Asia, America, Africa and Europe.

At the moment, it is governed by a Sole Director who acts as its chief representative and management body. It currently has a 14.43% stake in the company.

B. [Docalia S.L.](#)

Docalia was created in 2003 when it was spun out of RSI's Post-Production Services Area. It is now a benchmark in Spain for integrated management and personalization of documents and cheques.

At the moment, it is governed by a Sole Director who acts as its top representative and management body. It currently has an 18.23% stake in the company. Links:

> www.ruralserviciosinformaticos.com

> www.nessagbs.com

> www.docalia.com

5. UNACC

Rural de Navarra is also a member of UNACC (the National Union of Cooperative Credit Institutions). UNACC was created in 1970 as the trade body for cooperative credit institutions representing the sector at institutional level.

It is a free association and its membership includes all the Cooperative Credit Institutions in Spain. Its core purpose is to represent and defend the interests of its members, promote the credit cooperative model and act as interlocutors and representatives with public authorities and other bodies.

Its governance bodies are: The General assembly of the 43 cooperatives that are currently members and a 15-strong Governing Board, which Caja Rural de Navarra currently sits on and vice-chairs.

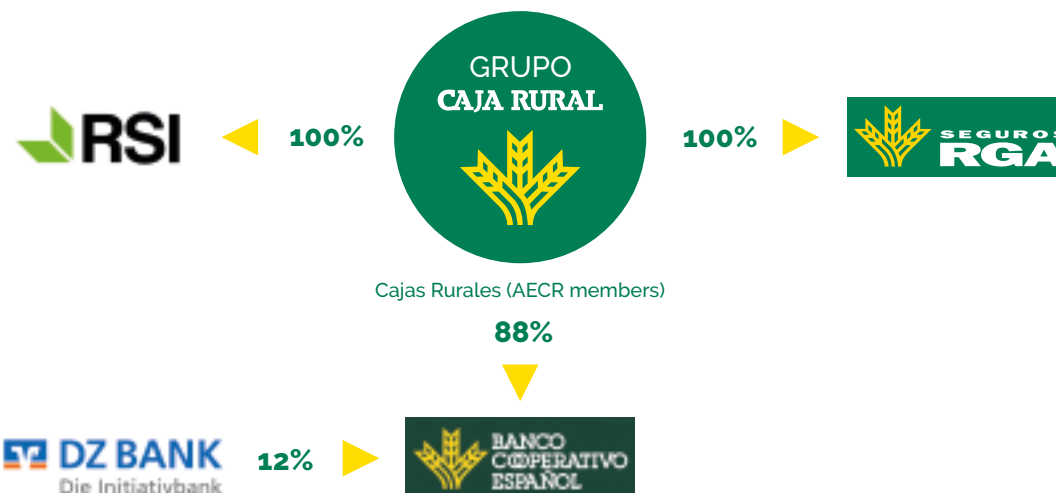
UNACC has an international presence through the EACB (European Association of Cooperative Banks) an umbrella organization for Europe's cooperative credit institutions, which, with a market share of 20%, play an important role in the continent's economic and financial system. The association represents the interests of its 27 members, with their 3,100 affiliated cooperative banks and 80.5 million members, in European institutions.

Links:

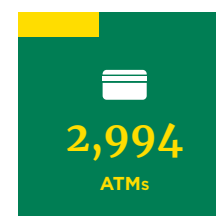
> www.unacc.com

> www.eacb.coop

COMPOSITION OF CAJA RURAL GROUP



CAJA RURAL GROUP - KEY FIGURES



3.2 FILE OF THE ORGANIZATION

1. NAME

CAJA RURAL DE NAVARRA, Sociedad Cooperativa de Crédito.

2. LEGAL PERSONALITY (FORM)

Credit Cooperative.

3. CORPORATE PURPOSE

To engage in all types of lending and deposit-taking operations and provide services typical of the financial institutions that comprise the Spanish Financial System.

4. REGISTERED OFFICE

Its registered office is in Pamplona, Navarre. Plaza de los Fueros, 1.

5. REGISTRATION AND LICENSES

Registered in the Register of Cooperatives and Limited Partnerships of the Directorate General for the Spanish Labour and Social Security Ministry with number 2163/344.

S.M.T., in the Bank of Spain with number 3008 and the Navarra Companies Register with volume 11, page 175, sheet NA 183.

6. TAX IDENTIFICATION NO.

F/31021611

7. CORPORATE BODIES

A. General Assembly.

B. Governing Board.

8. SCOPE OF OPERATIONS

Caja Rural de Navarra's territorial scope of operation covers the whole of Spain, although the bank currently operates in the regions of Navarre, La Rioja, Guipúzcoa, Álava and Vizcaya.



3.3 GOVERNING BODIES

EBA guidelines on internal governance [EBA/GL/2017/11] empower Caja Rural's Governing Board to set up and oversee an appropriate and effective internal control and governance framework which defines an organizational structure which, among other points, governs the internal functions of risk management, compliance and audit, ensuring they have the independence, authority, range and resources to properly fulfil their duties.

In line with the Company's permanent commitment to best corporate governance practice, the Governing Board of Caja Rural de Navarra, approved this System for Internal Governance of Caja Rural de Navarra (the "System"). Its implementation and development will be overseen by the Governing Board with the support of its delegated committees.

The System has the following aims:

1. To promote transparent, independent, effective and prudent management of the Company and its Group, in compliance with the requirements of regulators and supervisors;
2. To clearly attribute responsibilities and competences for internal control, including defining audit and internal control units and functions;
3. To make sure that decisions are taken in an appropriately informed manner and in the interest of the Bank and hence its shareholders and to look after the interests of investors, customers, employees and other stakeholders.

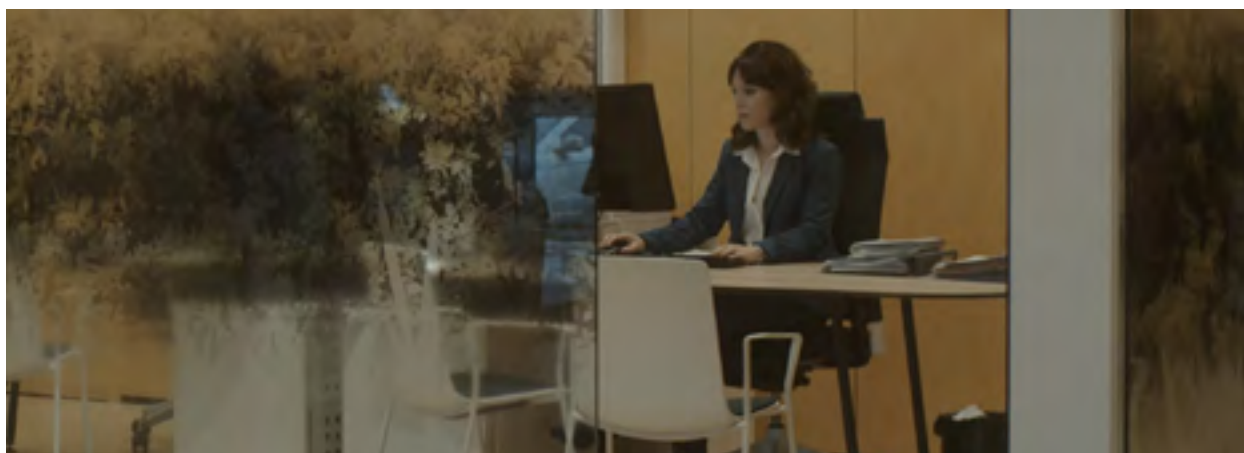
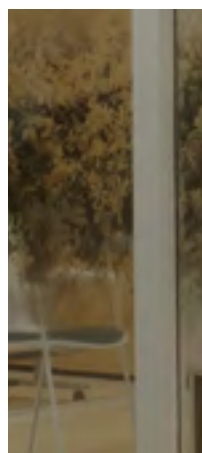
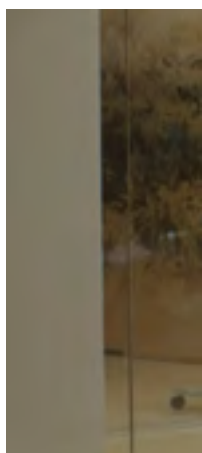
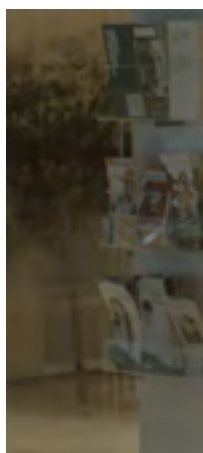
GENERAL PRINCIPLES

To comply with its aim of ensuring sound and prudent management of the Company, the System and the policies and procedures for its development are based on a number of principles, including the following:

- A. Promoting efficient and organized functioning of the Governing Board in coordination with its Committees.
- B. Defining appropriately the essential bases of the structure, organization and functioning of Caja Rural de Navarra, guaranteeing efficient strategic coordination.
- C. Establishing a robust system of supervision and internal control.
- D. Implementing a commitment to transparency, fulfilled by defining a System based on clear, transparent and documented decision-making processes.

E. Embedding a corporate culture based on ethical and sustainable action by the Company's governing bodies, control units, management and employees.

F. Overseeing appropriate compliance, ensuring the entity complies at all times with applicable legal regulations and best practice in corporate governance.



3.3.1 GOVERNING BODIES

Caja Rural de Navarra has an appropriate and transparent corporate structure and operating model for management and control that ensures it can act efficiently and comply with the principles of good corporate governance. It is a core function of the Governing Board to make sure the Company's structure is aligned with its business and risk model. It therefore regularly reviews its organization and how any changes affect the Company, adjusting structure and functioning where necessary.

The Company's corporate governance model also includes internal management bodies. At the highest level are the Managing Director supported by the Management Committee. The former is the permanent channel for relations and communications between the Governing Board and the Company's executive operations as represented by its senior management.

[The corporate structure](#) of Caja Rural de Navarra is as follows:

CORPORATE STRUCTURE OF CAJA RURAL DE NAVARRA

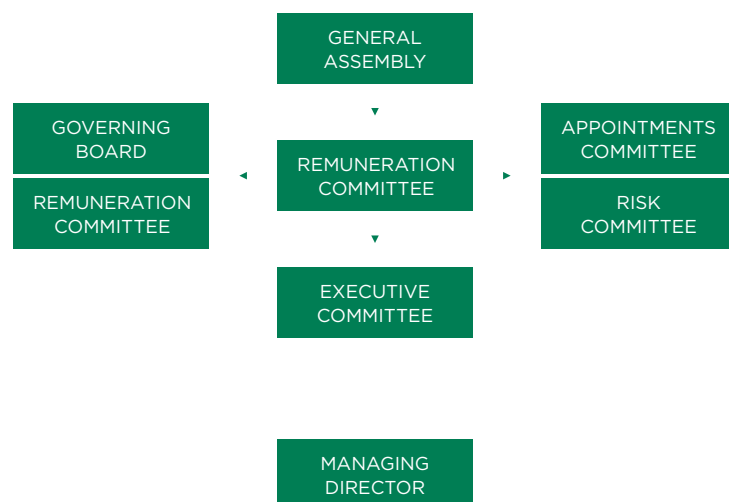


Image from Caja Rural de Navarra's photography contest.
Author Luis Fernando Lopez Lorente

GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE

1. MEMBERS

Caja Rural de Navarra is a cooperative bank with 169,507 members at 31 December 2019, contributing EUR 167.6 million to the Bank's share capital. The number of members rose by 4,607 since the previous year and the contribution to capital rose by EUR 279.2 thousand.

2. GENERAL ASSEMBLY

The General assembly, constituted by the members or their representatives, is the supreme decision-making body for the Bank. The General assembly is held following a system of Preparatory Meetings. Members, whether individuals or legal entities, take part in Meetings via delegates appointed at the Preparatory Meetings and cannot reserve the right to attend the General assembly in person.

3. GOVERNING BOARD

The Governing Board is the collegiate body responsible for governance, management and representation of the Bank. Its responsibilities include as a minimum the oversight of executives and representing the cooperative. Its representative powers cover all actions relating to the activities constituting its corporate purpose. It is competent to set general guidelines for actions and to exercise all powers that are not reserved by law or by the articles of association to other corporate bodies. It conducts its business in accordance with the law, the articles of association and the general policy set by the General assembly.

Members of the Governing Board are chosen from among the cooperative's members

according to the procedure set out in articles 44 and 45 of the Bank's articles of association. These can be found (in Spanish) at:

> www.cajaruraldenavarra.com/cms/estatico/rvia/navarra/ruralvia/es/particulares/informacion_institucional/galeria_descargas/Estatutos_Caja_Rural_de_Navarra.pdf

The Board is made up of a minimum of 5 and a maximum of 15 members: Chairman, Vice-Chairman and Secretary and up to twelve other Board members. Up to 14 members are chosen from among the members by the General assembly, by secret ballot based on the greatest number of votes. The remaining member is an employee of the Bank appointed by its permanent-contract employees.

The eleven other Board seats, excluding those for corporate officers and the employee representative, are assigned to the different regions where the Bank operates so that all have a member representing their region on the Governing Board.

The Chairman, Vice-Chairman and Secretary can come from any of the regions where the Bank operates.

All Board members must be fit and proper persons who have the knowledge, competences and experience to carry out their functions and can act with honesty, integrity and independence of ideas and dedicate sufficient time to fulfil their functions in the Bank.

The Bank's Appointments Committee assesses whether each Board member meets these criteria both when a person first presents themselves for a seat on the Board and when they seek re-election at the

General assembly. The Bank has a suitability policy and internal regulations on assessing the suitability of senior management and key staff. If the Committee gives its approval, the Bank of Spain must then confirm its decision on suitability and authorize the Board member's registration in the Register of Senior Officers kept by its supervisor.

Also, each year, the Appointments Committee assesses the suitability of the members of the Governing Board as a whole to verify that this body has the knowledge and experience to understand the Bank's business, including the main risks, and confirm that there is nothing to prevent the free expression of opinion and decision-making by any of its members with complete independence.

The Governing Board has rules of procedure setting out measures and guidance for its actions and basic organizational and functional rules and codes of conduct for its members, to improve efficiency, transparency and unity of criteria in the management of Caja Rural de Navarra (the "Bank" or "CRN"). For full rules of procedure see:

> <https://www.cajaruraldenavarra.com/es/gobierno-corporativo>



Image from Caja Rural de Navarra's photography contest.
 Author: Unai Huici Alejandro

4. GOVERNING BOARD DELEGATED COMMITTEES

The Governing Board can designate from among its members, subject to prior or subsequent ratification by the General Assembly, whatever Delegated Committees it considers necessary or that regulations require. These committees can have executive or informative powers. Organizationally, they must have a Chairman and Secretary.

Caja Rural de Navarra currently has the following Delegated Committees:

- Executive Committee
- Audit Committee
- Appointments Committee
- Remuneration Committee
- Risk Committee

These committees are made up of 4 directors except the Executive Committee and the Remuneration Committee which are made up of 5 members of the Bank's Board. The functions of the Caja Rural de Navarra's governing bodies mentioned above are:



GOVERNING BOARD

Representation of the Bank, high-level management and management supervision. Each year it analyses issues relating to CSR and regularly reviews economic and social impacts, risks and opportunities.



EXECUTIVE COMMITTEE

A statutory body delegated by the Governing Board to provide more agile decision-making on any matter within the Board's remit except where these cannot be delegated by law.



AUDIT COMMITTEE

A statutory body delegated by the Governing Board to oversee the internal audit services, understand the financial reporting process and internal control systems and oversee compliance with codes of conduct and the Bank's Regulatory Compliance.



APPOINTMENTS COMMITTEE

A delegated body of the Governing Board. It identifies candidates for the Governing Board, assesses the suitability of its members and the balance of expertise, capacities, diversity and experience of the Board as a whole. It defines targets for improving representation of the gender least represented on the Board.



REMUNERATION COMMITTEE

A delegated body of the Governing Board. It proposes the general remuneration policy to the Governing Board, carries out an independent annual review of its application and reports on the remuneration policy for executives classed as "identified staff"



RISK COMMITTEE

A delegated body of the Governing Board. It advises the Board on management and supervision of all relevant risks and on correct application of the global risk appetite in light of the Bank's strategy.



The Bank's Operational structure is as follows

5. GENERAL MANAGEMENT

The Bank has a General Management structure, whose head will be appointed and contracted by the Governing Board from among persons who meet the conditions of professional capacity, technical preparation and experience to carry out the role.

The remit of the General Management shall include matters related to the ordinary business or dealings of the Credit Cooperative. It shall be free to exercise all powers and functions granted to it in pursuit of this aim. These powers and functions must be listed in the corresponding public deed of attorney which must be established. The General Management may, to this end, take whatever measures are in the Cooperative's interest in accordance with the guidelines indicated and within the powers conferred on it.

The Managing Director's duties shall be those set out in his/her contract and in the general guidelines for action defined by the Governing Board. Within three months of the end of each financial year, he/she must present the financial statements and management report on the company to the Governing Board, for its report and subsequent consideration by the General assembly.

He/she must also notify the Chairman of the Bank of any issue that he/she considers requires the convocation of the Governing Board and/or General assembly or whose importance requires that it be made known to the Governing Board.

As part of the Bank's Suitability Assessment, the Company's Appointments Committee identifies and conducts annual reviews of the key staff of Caja Rural de Navarra, who are also subject to the same requirements of commercial and professional reputation, knowledge and experience.

The governance structure is based on the mandatory framework governing relations between the Governing Board and exercise of their powers by members of the Company's ordinary and permanent management.

6. AREAS/INTERNAL DEPARTMENTS: OPERATIONAL STRUCTURE

The Bank's General Management has consultative and support body in the form of the Management Committee, a Committee with internal scope and no delegated or executive functions.

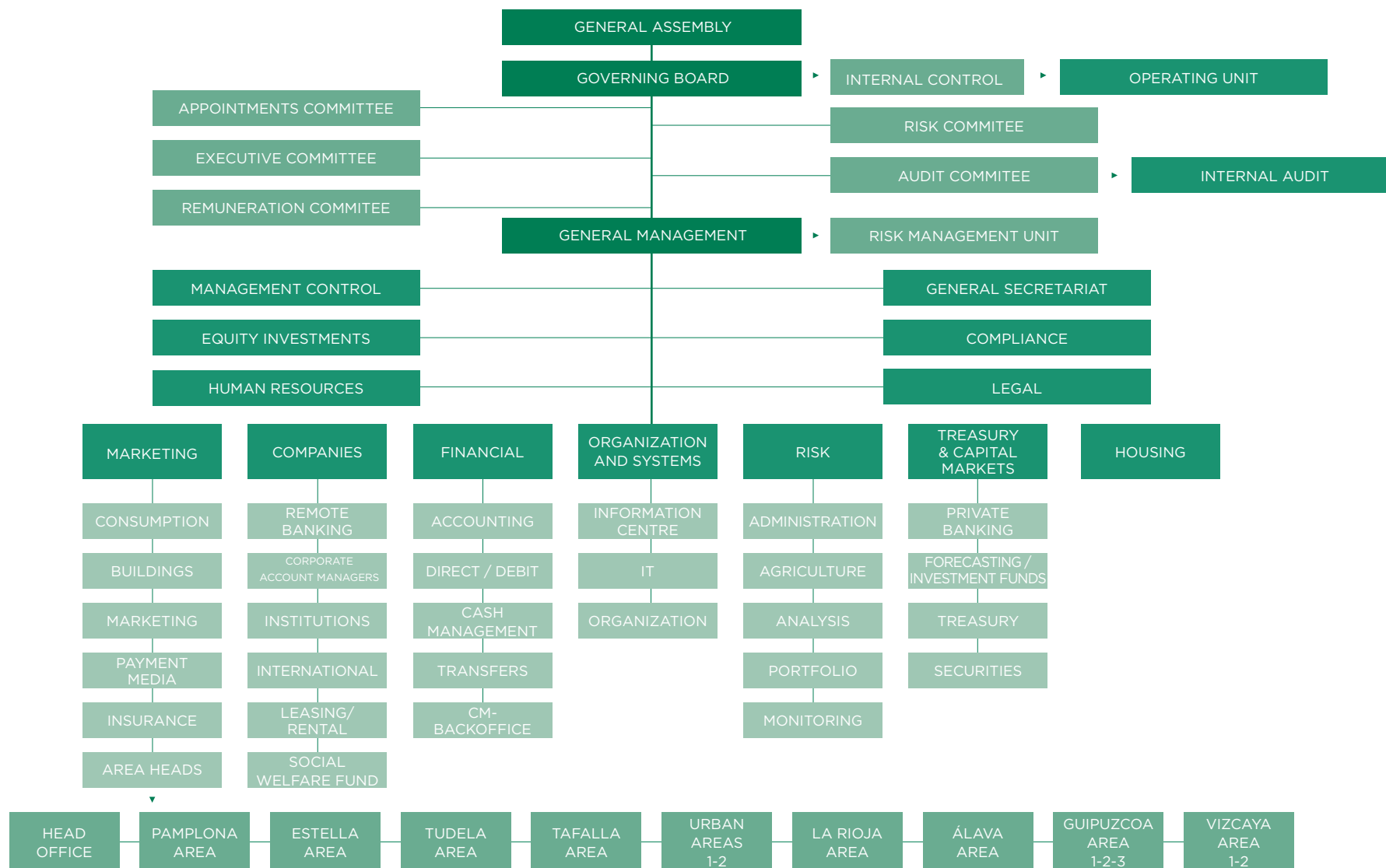
Under the supervision of the Managing Director, the Bank is structured into a number of Internal Areas/Departments which play a significant role in segmenting the Company's different functions and areas of responsibility, thereby contributing to effective internal governance. Within their fields of responsibility, these Internal Areas/Departments can decide, report on, consult, coordinate or propose on all issues within their fields of activity or relating to their internal or business areas.

Specifically, Caja Rural de Navarra has created Internal Areas/Departments with responsibilities appropriate to their fields of activity, such as corporate governance (Legal and Tax or Regulatory Compliance Departments), control and risk management (Department of General Intervention

and Risks and Internal Audit) or business (Corporate Banking, Sales, Companies and Private Banking Departments) among others.

The Bank also has separate internal units addressing these functional areas, such as Human Resources, Organization and Technology, Legal, Compliance, Internal Audit, General Intervention, Risk Management, Management Control, Equity Investments, Treasury and Markets and Housing and Property Assets.

STRUCTURE OF THE BANK



3.3.2 INTERNAL CONTROL

Caja Rural de Navarra has an appropriate organizational structure and operational management and control model.

1. PRINCIPLES AND RESPONSIBLE BODIES

Caja Rural de Navarra has a clear organizational structure which includes an appropriate distribution of functions with well-defined, transparent and coherent reporting lines and which permits sound and prudent management of the Bank.

Specifically, the Company's internal control framework is tailored to the specific features of Caja Rural de Navarra's business, its complexity and associated risks, and also takes into account its membership of the Caja Rural Group.

CRN's internal control framework is sustained, among other matters, by the following principles:

- A well-defined and appropriate organizational and operational structure with an efficient internal control and governance framework.
- The creation of appropriate procedures for exchanging information between the Governing Board and Managing Director on the different business lines and between the Governing Board and heads of internal control through the Board's Internal Committees.
- A risk management and control model based on three lines of defence with differentiated functions and responsibilities.

- Segregation of functions, establishing the information barriers needed to guarantee good governance.

- A comprehensive risk management framework covering all business lines and internal units.

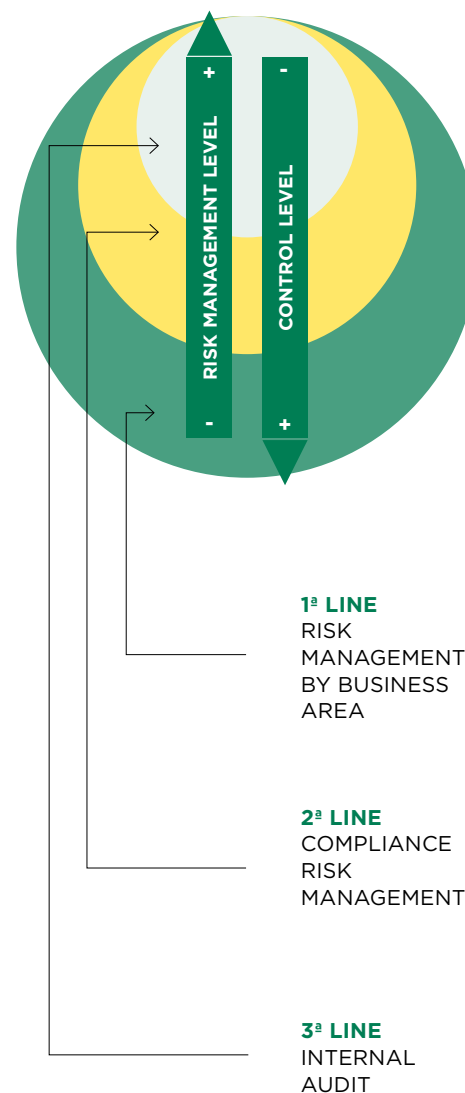
- Procedures to guarantee the monitoring and control of outsourcing of certain functions or services.

The Governing Board of Caja Rural de Navarra is the body responsible for defining the general framework for internal control and risk management. The Audit Committee supports the Board by overseeing the effectiveness of internal control, internal audit, compliance and other risk management systems and liaising with the auditor on material potential weaknesses in the internal control system identified in the course of the audit, without impairing its independence. To this end, the Committee can put recommendations or proposals to the Governing Board and conduct regular follow-ups where appropriate.

- The Risk Committee advises the Governing Board on the Bank's overall propensity to risk, current and future, and risk strategy.

2. THREE LINES OF DEFENCE

Caja Rural de Navarra's internal control model has a three-line defence system, structured around the activities and processes that give rise to the risks and so determine who is responsible for them.



FIRST LINE OF DEFENCE

The first line of defence lies with the business units. They are responsible for control within their field of activity and for implementing the measures decided by higher management.

SECOND LINE OF DEFENCE

The second line is the Control units, particularly the compliance and risk management units. They oversee control of all units throughout the group that affect their area of responsibility, define mitigation and improvement measures where necessary and make sure these are properly implemented.

THIRD LINE OF DEFENCE

The third line is the Internal Audit unit, which conducts independent reviews, verifying the compliance and effectiveness of corporate policies and providing independent information on the control model. Internal Audit's principle functions include:

- Assessing the effectiveness and efficiency of the Internal Control Systems, overseeing compliance with applicable law and internal policies and regulations.
- Issuing recommendations to resolve weaknesses identified in the review processes and following these up.

3. INTERNAL CONTROL FUNCTIONS

Caja Rural de Navarra's internal control functions (Risk Management, Regulatory Compliance and Internal Audit) act separately and independently. Functionally they report to the Bank Governing Board's Internal Committees as a guarantee of their independence. Their role is to make sure that the policies, mechanisms and procedures laid down in the internal control framework are being correctly applied in their areas of competence.

For this purpose, the Governing Board ensures, with the help of the Audit and Risk Committees, that the heads of internal control functions can act independently and present recommendations or proposals.

Notwithstanding their reporting obligations within each business area or to other areas, internal control functions must also immediately report any significant case of regulatory non-compliance, incident or anomaly that they identify to the Governing Board, its Committees and the Managing Director.

THE RISK MANAGEMENT FUNCTION

The quality of our risk management is one of the Bank's hallmarks and a priority area of action. It is a differentiating factor in the running of the Bank which, through a combination of prudent policies and the use of different methodologies and procedures, helps generate sound and recurrent profits and a robust solvency position.

Note that the Bank is also a member of an Institutional Protection Scheme (as defined by EU Regulations), created as a tool for mutual support and defence between cooperatives in the Spanish Association of

Cajas Rurales for the benefit of its members. Risk Management is conducted by the Risk Management unit which, reporting functionally to the Bank's Risk Committee as a guarantee of its independence, is charged with implementing all actions and procedures required to fulfil its functions. The unit is headed by a senior independent director of the Bank whose operational functions do not conflict with proper risk management.

The function head supports the Risk Committee, which advises the Governing Board on the Bank's overall propensity to risk, current and future, and risk strategy and also helps oversee the application of this strategy. Specifically, it supports the Governing Board in drawing up, approving, updating and monitoring the Bank's Risk Appetite Framework and Recoveries Plan.

The Committee determines, alongside the Governing Board, the nature, quantity, format and frequency of the risk information that the Committee and Governing Board should receive.

To maintain its modest and prudent risk profile Caja Rural de Navarra monitors a set of key metrics based on different risks, the quality and recurrence of earnings, liquidity and solvency. Specific risk tolerance levels are defined for each of these metrics. The most important metrics also include long-term targets. These targets and levels are updated and approved at least annually by the Governing Board on proposal of the Risk Committee.

All metrics come with an assigned target, tolerance and limit. In each metric, the target is the value achieved at a defined risk appetite. Tolerance is the (alert)



threshold at which the Bank starts taking additional management, control and monitoring measures to get back onto target. The limit is the level that the Bank never wants to breach and, if attained, triggers decisive measures to get back to the Board's guidelines.

Regular reports are prepared for the Governing Board on risks taken and their breakdown, Caja Rural de Navarra's capitalization, risk measurement and control and the internal control system and whether it can guarantee orderly and prudent management of the Company's business and risks, with special focus on indicators and metrics approved under the Risk Appetite Framework and Recoveries Plan.

COMPLIANCE FUNCTION

Caja Rural de Navarra is committed to strict compliance with all national and international regulations governing its activities and proper conduct and development of its business.

To this end, it has a permanent and effective Compliance Function. The aim of the Regulatory Compliance Function is to manage prevention and, where applicable, mitigate risks including financial, criminal and reputational risks arising from regulatory compliance if they do not meet the standards required of a credit institution.

Compliance is conducted by the Compliance unit which, reporting functionally to the Bank's Audit Committee as a guarantee of its independence, is charged with implementing all actions and procedures required to oversee fulfilment of its obligations under regulations in force that apply to areas defined as within the Function's scope of action, acting independently of the services and activities it controls.

To this end, the unit has a Procedural Handbook and follows an Annual Action Plan approved by the Bank's Audit

Committee. Also, the unit designs and maintains systems to identify the degree of compliance with different regulations, continually assessing the Company's regulatory compliance using "compliance engine" software and reporting on its work quarterly to the Audit Committee and annually to the Governing Board.

The Compliance Function also supports the Governing Board on upcoming regulations to ensure compliance with applicable laws, regulations and standards. Certain activities to guarantee regulatory compliance within the Function's defined scope of action are directly managed through specialist units, with Compliance taking a coordination and monitoring role. These include Combating Money Laundering and Terrorist Financing through Internal Control, personal data protection through the Data Protection Officer (DPO), customer protection in the distribution of banking and investment products through the Product Committee

and criminal liability through Corporate Compliance.

INTERNAL AUDIT

Caja Rural de Navarra has an independent and effective internal audit function, with the scope and resources to properly carry out its remit.

This function is fulfilled by the Bank's Internal Audit Department which reports functionally to the Audit Committee. To this end, an annual working plan is drawn up in coordination with the Audit Committee. Its principle aims are to verify the existence and maintenance of an adequate and effective system of internal control, a system for measuring the different risks affecting the Company's activities and appropriate procedures to oversee compliance with law, regulations and internal supervisory policies.





The Internal Audit Department reports regularly to the Audit Committee on the effectiveness of Group risk management policies, methods and procedures, ensuring that these are appropriate, implemented effectively and regularly reviewed.

OPERATIONAL RISK COMMITTEE

The three main internal control functions described above are notably supported by the Operational Risk Committee, which is responsible for analyzing and minimising risks incurred due to the Bank's own trading and operational activities. The Committee is composed of the executives of the Bank responsible for the areas handling the highest volume and most sensitive transactions, and is coordinated by the Organization area.

3.3.3 CORPORATE CULTURE

1. RULES OF CONDUCT

The Bank's Governing Board defines the Bank's corporate principles and values. These are then set out in the Company's internal procedures and rules of conduct, which include:

- The Internal Rules of Conduct for dealing on securities markets drawn up by UNACC (the National Union of Cooperative Credit Institutions) and agreed with the CNMV which oversees banks dealing on securities markets.
- The Code of Conduct for executives and employees whose purpose is to instil confidence in members, customers, employees and the wider community by ensuring the Company at all times acts in an ethical manner that meets their expectations and deepens existing relationships.
- The Anti-Corruption Policy Handbook based on the Bank's commitment in its Code of conduct, which forms an integral part of the institution's crime-prevention programme.
- The Suppliers Handbook, which sets out guidelines for selecting suppliers and other procedures for the control and evidencing of the Bank's expenses.

2. MODEL FOR PREVENTION OF CRIMINAL RISKS

Caja Rural de Navarra has drawn up a model for prevention of criminal risks, whose main aim is to define the controls in place to prevent or, if necessary, mitigate



the effects of any crimes committed in the course of the Bank's business which might give rise to criminal liability on its part.

The model includes a Criminal Compliance Policy Handbook, whose main purposes are to:

- Transmit to the Governing Board, Management Committee and all employees of the Bank, as well as to its other stakeholders and business partners, compliance with law and regulations in force and lay out and defend the fundamental values and principles underlying the Bank's actions as well as its Code of Conduct.
- Create a Criminal Compliance Management System in line with the requirements of regulation UNE 19601. The system includes a range of crime prevention measures. These basically consist of identifying activities where crimes are likely to occur, analysing the associated risks and controls and monitoring the implementation of a risk management plan agreed with and approved by the Bank's Governing Board.
- Guarantee to all stakeholders - shareholders, customers, suppliers, legal bodies and wider society - that Caja Rural de Navarra SCC is compliant with its duties of oversight and control of its business and has in place adequate measures to mitigate risks of criminal activity.

3. POLICY ON CONFLICTS OF INTEREST

Caja Rural de Navarra's Governing Board is obliged to define a system for corporate governance that guarantees sound and prudent management of the Company

and, among other matters, addresses the issue of conflicts of interest.

Caja Rural de Navarra has put in place a series of measures to identify those types of conflict of interest that could potentially arise in the course of its relationships and put in place procedures to manage them and ensure business is conducted independently and without harming the interests of the customers or the Bank itself.

The measures apply to three areas:

- Article 48 of the Bank's Articles of association and Article 24 of the Governing Board's rules of procedure, both of which can be found on the website:

> www.cajaruraldenavarra.com/es/gobierno-corporativo

- The Bank's Policy on conflicts of interest, approved by the Governing Board.

- Internal procedures created by the Bank to comply with Royal-Decree 84/2015 regarding limits on loans, pledges and Guarantees to the senior managers of the Bank.

In this way, the organizational and functional structure of the Bank provides appropriate segregation of functions which allows it to conduct activities that could potentially give rise to conflicts of interest, by persons or different areas, while avoiding undue interference.

This segregation is complemented by barriers to information between the functional departments or areas vulnerable to the potential conflicts of interest identified.

The main areas where it was felt likeliest conflicts of interest could occur are as follows:

- Relationships of Governing Board members with the Bank. To address this risk, the Governing Board's Rules of Procedure specify the duties and prohibitions that Board members must comply with to exercise their role in accordance with the Bank's good governance guidelines.

- Employees and Executives with the interests of customers and the Bank. Both groups must tailor their actions to the policies and procedures that govern the different areas/departments and comply with the principles in the Code of Conduct for Executives and Employees referred to in section A above and section 5 of the Bank's Policy on Conflicts of Interest. The same Code of Conduct contains the principles of action and rules to prevent employees acting in ways likely to produce conflicts of interest, whether with customers or with the Bank itself, especially in the area of targets and variables.

- Related Party finance. Caja Rural de Navarra has policies and procedures on Credit Risk, including definitions and reporting and control requirements for such financing transactions, which in any case must be arranged on an arm's length basis.





3.4 CORPORATE CULTURE

Staff and governance bodies in Caja Rural de Navarra share a **Mission**, a **Vision** and **Corporate Values** that lend coherence to the organization's behaviour.

The Corporate Social Responsibility Code of Conduct is a guide to the principles and duties that must govern all actions by employees and the Bank itself, forming part of the corporate culture.



MISSION

To generate sustainable confidence among customers, involving them through our team, to contribute to the economic and social development of our community.



CORPORATE VALUES

Our aim is to support the personal development of the people we work with on our corporate project, as well as that of our customers and the communities where we operate.

The values of Caja Rural de Navarra form the basis for progress and achievement and are spread through its wide network of branches, which is complemented by advanced virtual access systems. This makes possible a close and trusting relationship with all customers and a teamwork approach that brings everyone together and considers the needs of its surrounding community in the pursuit of progress.



VISION

Caja Rural de Navarra's vision is to be one of the leading groups in Spain, with an international presence, while maintaining the Caja Rural style (human qualities, personal treatment, professionalism and modernity), and to be a benchmark for our community..



ACTION PRINCIPLES

Everyone at Caja Rural de Navarra draws inspiration from the action principles below:

Commitment: we inspire people to be part of our project.

Professionalism/responsibility: we seek to make things better every day to achieve our objectives.

Localism: we care for and strengthen relationships based on trust and commitment.

3.5 EQUITY INVESTMENTS

1. EQUITY INVESTMENT POLICY

Traditionally, Caja Rural de Navarra has maintained a portfolio of equity investments in the field of finance and in other business sectors.

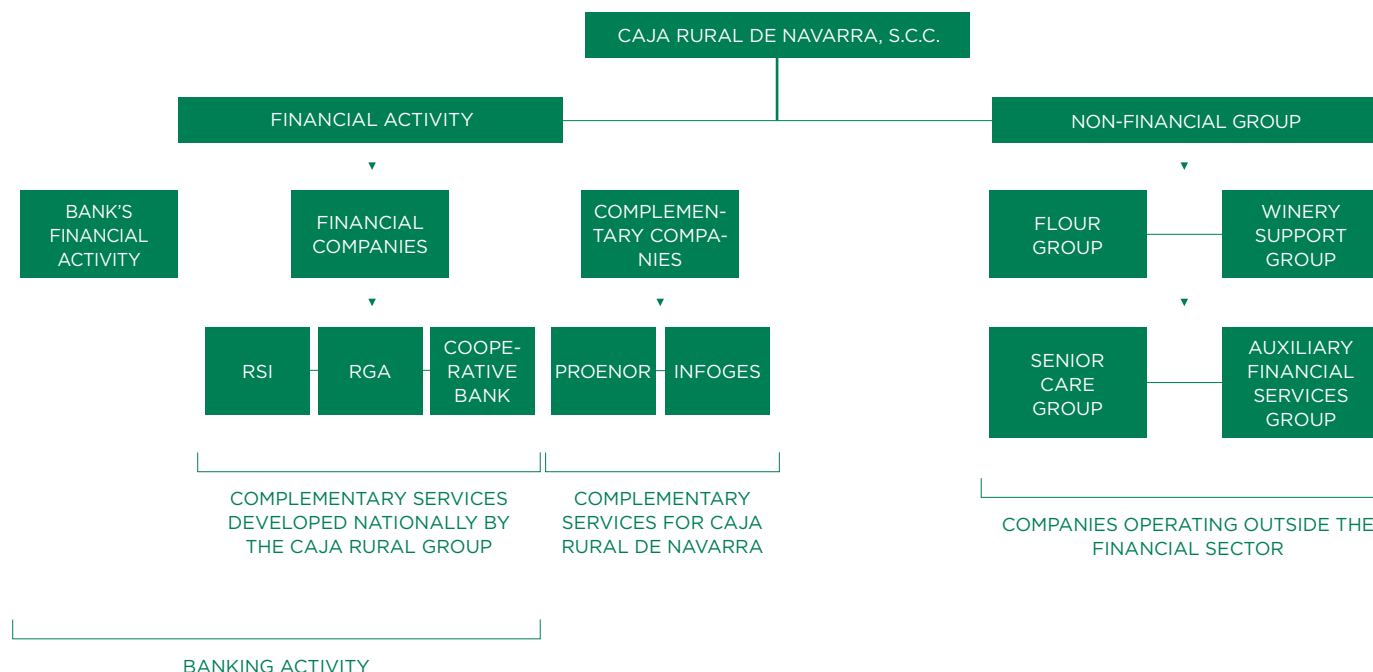
One of Caja Rural de Navarra's defining features is the rooting of its financial activities in its regional environment, with its proximity to cooperative members and customers as the nucleus of its operations.

Every day, Caja Rural de Navarra receives requests to invest in companies in various sectors and, through its activity and that of its equity investments, also analyses opportunities for innovation and/or growth.

As a financial entity with a dense presence in its community, **Caja Rural de Navarra bases its investment or divestment decisions on the following fundamental criteria:** (i) avoid any distortion of sector competition and recurrent activities of its cooperative members and customers; (ii) support the regional economy in an omnidirectional form, but with special relevance to the agribusiness and agri-industrial sector reflecting its historical origins; (iii) viability and profitability of the business being analysed, and, (iv) synergies with the operations of Caja Rural de Navarra and/or its equity investments.

Caja Rural de Navarra carries on its **financial business** in the **Basque Country, La Rioja and Navarre**. But the **industrial or services activities of its equity investments are global in reach** and some of these companies export very significant percentages of their output.

We divide the activities of Caja Rural de Navarra's equity investments into companies in the financial sphere, support companies for the financial business and non-financial business groups (see chart):



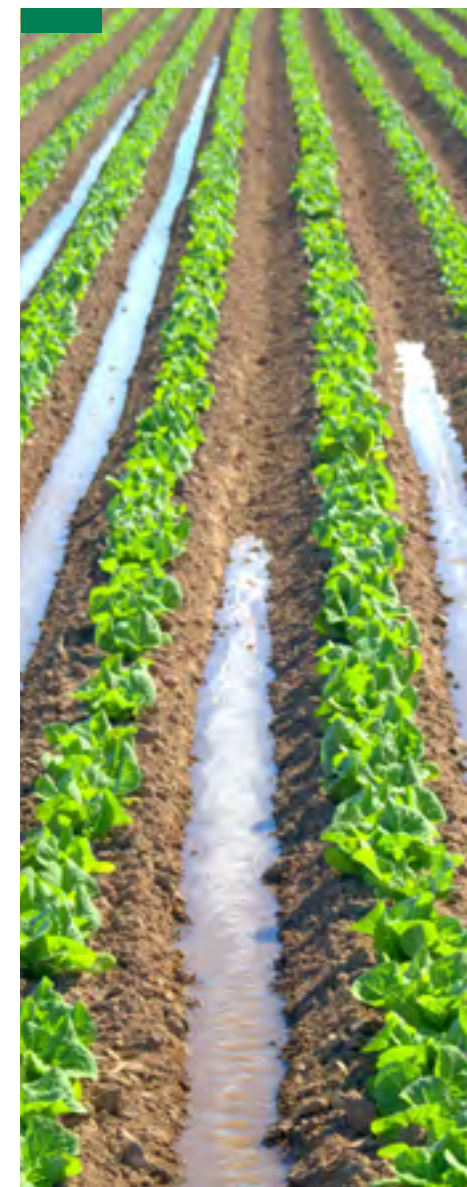
According to the Bank of Spain circular, for a company to qualify as an equity investment an institution must own at least 10% of its capital or voting rights. Exercising significant influence over management is defined as appointing at least 20% of the Board. Caja Rural de Navarra has equity investments in different percentages. But its investments in its complementary services and non-financial businesses are usually controlling. Exceptions to this rule are made when the Bank has a policy to support a newly emerging area.

Companies offering complementary services at national level **provide the Caja Rural Group with a way to act efficiently despite the regional size of each of its member banks individually**. They also often offer their services to other small-scale or foreign financial firms.

The companies provide non-financial but related services to Caja Rural de Navarra or its customers across the same regional footprint as Caja Rural de Navarra.

Companies comprising the **Caja Rural de Navarra Group**, which are wholly owned by the Bank and **consolidated in the financial statements**:

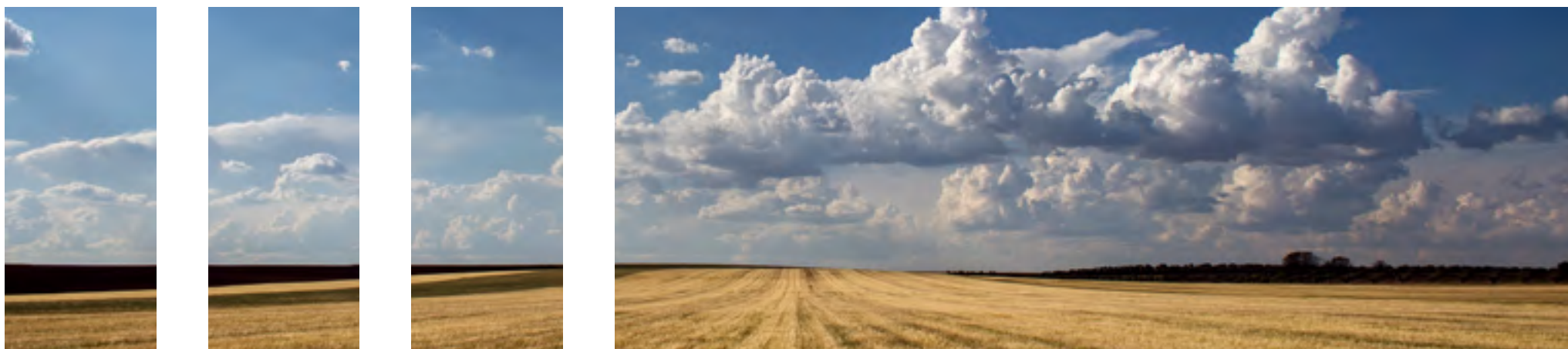
| GROUP COMPANY | ID | SECTOR OF ACTIVITY | % INVESTMENT | CRN DIRECT HOLDING |
|--|---------------|---------------------------|--------------|--------------------|
| HARIVASA 2000 S.A | A31013402 | Flour | 100% | Yes |
| Transnoain S.A | A31870058 | Flour | 100% | No |
| Cerelia I+D S.L | B71312888 | Flour | 100% | No |
| Cerelia S.L | B31949217 | Flour | 100% | No |
| Harinera de Tardienta S.A | A22001499 | Flour | 100% | Yes |
| Harinas Selectas S.A | A50107143 | Flour | 100% | No |
| Comercial Don Obrador, S.A. | B79410742 | Flour | 100% | No |
| Le Moulin de Navarre | FR25813803103 | Flour | 100% | No |
| Harántico, S.L. | B36562593 | Flour | 100% | Yes |
| Reyes Hermanos S.L | B36000818 | Flour | 100% | No |
| Harinera del Mar S.L | B97832232 | Flour | 100% | Yes |
| Haribéricas SXXI S.L | B64939341 | Flour | 100% | Yes |
| Harivenasa S.L | B71075774 | Flour | 100% | Yes |
| HRVS Eood | BG203420883 | Flour | 100% | No |
| Industria Tonelera de Navarra S.L | B31688336 | Winery supplies | 100% | Yes |
| Tonnellerie de L'Adour S.A.S | FR96425029972 | Winery supplies | 100% | Yes |
| Oroz Fils STE Exploitation ETS Oroz | FR94379700966 | Winery supplies | 100% | No |
| Tonnellerie de L'Adour USA Inc | C3886342 | Winery supplies | 100% | No |
| Bouquet Brands S.A | A31884000 | Winery supplies | 100% | Yes |
| Bahía de Cádiz S.L | B84996743 | Winery supplies | 100% | No |
| Solera Asistencial S.L | B71150866 | Senior care | 100% | Yes |
| Solera Navarra S.L | B71186654 | Senior care | 100% | No |
| Tarre Monreal S.L | B31872872 | Senior care | 100% | No |
| SERESGERNA S.A | A31697808 | Senior care | 100% | Yes |
| Preventia Sport S.L | B71008783 | Services to CRN customers | 100% | Yes |
| Promoción Estable del Norte S.A | A31663651 | Services to CRN customers | 100% | Yes |
| Informes y Gestiones Generales, S.A. | A31437635 | Services to CRN customers | 100% | Yes |
| Informes Técnicos y Valoraciones Generales, S.L. | B31917305 | Services to CRN customers | 100% | No |
| Administración De Fincas Informes Y Gestiones S.L. | B71054944 | Services to CRN customers | 100% | No |



Caja Rural de Navarra holds a **business portfolio**, both in financial companies and other activities. Here are the names and the percentage of its participation:

| GROUP COMPANY | ID | SECTOR OF ACTIVITY | % INVESTMENT | CRN DIRECT HOLDING |
|---|-------------|---------------------------------------|--------------|--------------------|
| Bodegas Príncipe de Viana, S.L. | A31013402 | Winery | 50% | Yes |
| Rioja Vega, S.A. | A31870058 | Winery | 50% | Direct & indirect |
| Iparlat, S.A. | B71312888 | Dairy | 23.60% | Yes |
| OmegaGeo, S.L. | B31949217 | Geotechnical and engineering services | 50% | Yes |
| Igeo 2 S.L. | A22001499 | Geotechnical and engineering services | 50% | No |
| Laboratorios Entecsa, S.A. | A50107143 | Geotechnical and engineering services | 50% | No |
| Entecsa Bilbao, S.L. | B79410742 | Geotechnical and engineering services | 42.50% | No |
| Bosqalia, S.L. | FR258138031 | Timber growing and exploitation | 48.60% | Yes |
| Errotabidea, S.L. | B36562593 | Real estate | 46.01% | Yes |
| Servicios empresariaes Agroindustriales, S.A. | B36000818 | SAgroindustrial corporate services | 33.33% | Yes |
| Rural de Energías Aragonesas, S.A. | B97832232 | Energy | 25% | Yes |
| Compañía Eólica de Tierras Altas, S.A. | B64939341 | Energy | 25% | Yes |
| Rural de Energía de Tierras Altas, S.A. | B71075774 | Energy | 50% | Yes |
| Renovables de la Ribera, S.L. | BG203420883 | Energy | 50% | Yes |

Annex II contains details of the Non-Financial Statements for 2019, covering the Group scope, in accordance with Act 11/2018.



3.6 KEY FIGURES

CAJA RURAL DE NAVARRA KEY FIGURES

| (In thousands of euros) | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|-----------|------------|------------|------------|------------|
| TURNOVER | | | | | |
| Total assets | 9,860.147 | 11.085.569 | 11.726.238 | 12.202.865 | 13.133.114 |
| Shareholders' equity | 885.803 | 956.620 | 1.049.187 | 1.122.515 | 1.223.266 |
| Customer deposits | 6.480.414 | 7.054.214 | 7.524.305 | 8.011.914 | 8.729.469 |
| Loans and advances to customers | 6.370.613 | 6.849.057 | 7.334.762 | 7.789.185 | 8.176.553 |
| SERVICES | | | | | |
| Branches | 246 | 249 | 250 | 252 | 253 |
| ATMs | 291 | 299 | 302 | 312 | 316 |
| PEOPLE | | | | | |
| Number of employees | 1.440 | 1.532 | 1.608 | 1.766 | 1.792 |
| PROFIT | | | | | |
| Net interest income | 148,514 | 147,278 | 142,907 | 138,135 | 145,467 |
| Gross income | 208,396 | 210,704 | 217,372 | 206,911 | 222,115 |
| Administrative expenses | 81,783 | 83,299 | 86,322 | 88,971 | 87,389 |
| Income from operating activities | 75,159 | 79,125 | 90,557 | N/A (1) | N/A (1) |
| Profit before tax | 62,274 | 66,460 | 86,792 | 91,250 | 85,153 |

(1) This item was dropped from the income statement published in 2018.

Financial information used for key figures has been extracted from the audited annual financial statements, which can be found at: www.cajaruraldenavarra.com (Institutional information)

| (In thousands of euros) | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------|---------|---------|---------|---------|
| DISTRIBUTION OF WEALTH GENERATED | | | | | |
| 1. Directly generated economic value | 228,182 | 230,218 | 278,345 | 229,554 | 247,063 |
| Gross income (excluding other operating expenses) | 225,598 | 227,811 | 274,425 | 223,058 | 242,969 |
| Cost of sales, property and equipment and foreclosed assets | 2,584 | 2,407 | 3,920 | 6,496 | 4,094 |
| 2. Distributed economic value | 108,795 | 108,672 | 143,820 | 118,496 | 119,081 |
| Payments to suppliers (operating expenses) | 45,258 | 44,369 | 83,248 | 43,525 | 47,409 |
| - Other general administrative expenses | 34,717 | 34,418 | 35,620 | 37,340 | 35,831 |
| - Other operating expenses | 10,541 | 9,951 | 47,628 | 6,184 | 11,578 |
| Personnel expenses | 47,065 | 48,881 | 50,702 | 51,631 | 51,558 |
| Income tax | 7,485 | 6,212 | -1,518 | 11,793 | 9,163 |
| Interest on investment capital | 2,327 | 2,055 | 1,963 | 1,585 | 1,676 |
| Investment/Donations to the community | 6,661 | 7,156 | 9,425 | 9,963 | 9,275 |
| - Education and Development Fund (EDF) | 6,661 | 7,156 | 9,425 | 9,963 | 9,275 |
| 3. Retained economic value (1-2) | 119,386 | 121,546 | 134,525 | 111,058 | 127,981 |

CAJA RURAL DE NAVARRA CONSOLIDATED GROUP – KEY FIGURES

| (In thousands of euros) | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|-----------|------------|------------|------------|------------|
| TURNOVER | | | | | |
| Total assets | 9,728,120 | 10,952,597 | 11,557,130 | 12,038,254 | 12,945,945 |
| Shareholders' equity | 866,295 | 934,022 | 1,018,716 | 1,092,019 | 1,176,846 |
| Customer deposits | 6,493,935 | 7,080,743 | 7,533,517 | 8,020,973 | 8,741,063 |
| Loans and advances to customers | 6,351,615 | 6,832,108 | 7,315,406 | 7,781,407 | 8,127,188 |
| SERVICES | | | | | |
| Branches | 246 | 249 | 250 | 252 | 253 |
| ATMs | 291 | 299 | 302 | 312 | 316 |
| PEOPLE | | | | | |
| Number of employees | 918 | 933 | 959 | 965 | 963 |
| PROFIT | | | | | |
| Net interest income | 146,150 | 145,437 | 140,947 | 135,957 | 143,634 |
| Gross income | 259,652 | 266,741 | 278,719 | 276,758 | 293,966 |
| Administrative expenses | 126,796 | 132,190 | 141,274 | 150,334 | 151,605 |
| Income from operating activities | 75,820 | 79,788 | 89,304 | N/A (1) | N/A (1) |
| Profit before tax | 66,091 | 69,512 | 92,418 | 93,502 | 98,449 |

| (In thousands of euros) | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------|---------|---------|---------|---------|
| DISTRIBUTION OF WEALTH GENERATED | | | | | |
| 1. Directly generated economic value | 479,552 | 480,944 | 557,151 | 534,622 | 556,801 |
| Gross income (excluding other operating expenses) | 476,968 | 478,537 | 553,231 | 528,126 | 552,707 |
| Cost of sales, property and equipment and foreclosed assets | 2,584 | 2,407 | 3,920 | 6,496 | 4,094 |
| 2. Distributed economic value | 354,532 | 352,778 | 416,781 | 415,866 | 422,594 |
| Payments to suppliers (operating expenses) | 273,450 | 268,659 | 334,442 | 316,211 | 324,151 |
| - Other general administrative expenses | 62,795 | 64,019 | 69,355 | 74,806 | 74,685 |
| - Other operating expenses | 210,655 | 204,640 | 265,087 | 241,405 | 249,466 |
| Personnel expenses | 64,001 | 68,171 | 71,919 | 75,528 | 76,920 |
| Income tax | 8,093 | 6,737 | -968 | 12,579 | 10,571 |
| Interest on investment capital | 2,327 | 2,055 | 1,963 | 1,585 | 1,676 |
| Investment/Donations to the community | 6,661 | 7,156 | 9,425 | 9,963 | 9,275 |
| - Education and Development Fund (EDF) | 6,661 | 7,156 | 9,425 | 9,963 | 9,275 |
| 3. Retained economic value (1-2) | 125,020 | 128,166 | 140,370 | 118,756 | 134,207 |
| Public Grants Received | 526 | 648 | 920 | 1,068 | 1,067 |

(1) This item was dropped from the income statement published in 2018.

Companies comprising the Caja Rural de Navarra Group, which are wholly owned by the Bank and consolidated in the financial statements.



CHAPTER 4

OUR CUSTOMERS

4.1 CUSTOMERS

4.2 PROFILE AND DISTRIBUTION OF CUSTOMERS

4.3 DIALOGUE WITH CUSTOMERS

4.4 CUSTOMER RELATION CHANNELS

4.5 PRODUCTS AND SERVICES



**CAJA RURAL
DE NAVARRA**

4.1 CUSTOMERS

The focus of the Bank's corporate activity is the customer in general, and particularly the member in their dual role as both owner and customer. For this reason, one of the Bank's core principles that has always run through its business is customer focus.

Customers have financial needs that they seek to address with the products and services offered by the Bank, but also have expectations on the service they expect from the Bank. The Bank's response on both issues (needs and expectations) will differentiate us from the competition.

The **principles** underlying the Bank's relationships with its customers are as follows:

- To maintain a clear communications and information policy.
- Not to use publicity that might be misleading, ambiguous or insufficiently clear for customers.
- To promote a socially responsible investment policy, by giving the right advice on customers' investment decisions and maintaining a set of lending policies based on sustainability criteria.
- To improve quality and accessibility for customers to the Bank and vice versa, promoting the use of new channels and technologies, developing innovative products and services.
- To protect the confidentiality of all data collected on customers as a consequence of business relationships.

The Bank took **the following actions on this point in 2019:**

A. IMPROVED CHANNELS OF COMMUNICATION

One of Caja Rural de Navarra's priorities is continuously to improve our banking channels to offer a good customer experience which will help encourage the digitization of our customers' interactions. Standout improvement projects include:

Improving functionality:

- **Continuous improvement of our distance banking unit Ruralvía**, which now offers new services such as the C34 (payroll) files with the option to make immediate deposits, check currency forward lines or complete tax residence formalities online.

- **Updating our distance banking unit Rvía app**. In light of the rise of the mobile, we are providing ever more functionalities for mobile environments. A new search facility to locate ATMs, improved alerts to keep customers permanently informed about their accounts and a Bizum option (Ruralvía Pay) to transfer cash directly via the Ruralvía app.

- Access to **Ruralvía Pay and Ruralvía apps through facial recognition** depending on the handset).

- We will continue working on Ruralvía's signature capabilities so that customers can eventually sign up for any sort of product without needing to come into a branch.

- The **"Hágase Cliente" (become a customer) process through videoconferencing**. Customers can sign up online in just 8 minutes.

- A new public-facing website, **www.cajaruraldenavarra.com** which incorporates latest market trends **a bundle of functionalities to make everyday life easier for our customers** such as a loan simulator, home buying handbook, card recommendation function, etc.

- Partnerships with FinReach, allowing new customers to switch their direct debits online, and Google Pay, offering mobile payments through Google's app.

Improving communications:

- Work continued during the year on dissemination of digital articles through our media channels such as the blog and Ruralvía bulletin. **We want to become a source of digital know-how for our customers.**

- To improve our Ruralvía support service **we switched the call centre from a 902 number to a 91 number.**

- The banking product and services marketing policy was updated to comply with new regulations and ensure the Bank's communication was wholly transparent.



Improving security:

- Introduction of PSD2, **including OTP verification as from 14 September**, which tightens security when accessing Ruralvía or requesting movements of over 90 days.

- The Bank has decided to **give customers regular reports on cyberfraud**, seeking to minimise the risks these activities pose.

In 2020, we will be doing further work on this front, the main projects in progress being:

- **“The wall”** facility available to some clients. **A new private communication channel within Ruralvía** so that customers can contact their customer manager/contact branch.

- Work is ongoing to roll out the **chatbot, available via the private section of the Ruralvía app and which successfully resolves most customer queries.**

- As required by PSD2 we have **the specific authorisation to provide services as payment initiators (PISP) or aggregators (AISP)** which we will be rolling out in 2020.

- Improved versions of Ruralvía (categorisation) will be included on the app and website so **customers can see itemised details of their accounts**, cash management, savings options for certain targets, etc.



B. DIGITAL TRANSFORMATION

The Bank's digital transformation has two aims: first, to make the banking system more accessible for customers by any channel as easily as possible, and, second, to combine this with the provision of personal advice services from its branch staff.

There is a specific Digital Transformation Committee to carry this through in a coordinated way across all areas of the Bank and with the companies of the Caja Rural Group which provide us with services, mainly the Banco Cooperativo and Rural Servicios Informáticos.

C. MARKETING TRANSPARENCY

Caja Rural de Navarra has been a member of Autocontrol since January 2011. Autocontrol is an association that seeks to promote responsible advertising that is true, legal, honest and fair. In 2019, Caja Rural de Navarra launched 374 new publicity items, of which 294 were approved by Autocontrol. The rest had been through the Bank's internal regulation process.

D. IMAGE

A campaign was run to reposition Caja Rural de Navarra's image. It sought to highlight the corporate traits that make us stand out from the competition, such as the dense branch network delivering better service to customers, the qualities of being close to customers, trust, direct personal relationships, efficiency, local decision-making and basically all the elements of corporate identity that we value in our day-to-day dealings with customers.



E. MARKETING

To improve transparency and clarity in the way the branch network markets products and services. Customer communications available in-branch were updated every two months.

F. PRODUCT COMMITTEE

The Product Committee continued its work in 2018. It was set up in 2016 to bring all the products and services offered by the Bank under a validation process.

A number of issues were addressed in 2019, including some from the continuous improvement programme such as:

- Definition and drafting of product brochures.
- Approval of marketing or distribution of new products such as guaranteed funds or structured products.
- Update of documents to bring them into line with the models issued by BCE's Compliance Department.
- Update and approval of standard documents such as the banking product and services marketing policy or the Product Committee's own handbook.
- Approval of points needed to correctly apply the new regulations, notably Act 5/2019 of 15 March, regulating property credit agreements in 2019.

The Committee held all its scheduled quarterly meetings but these were supplemented by 13 sessions of the permanent Committee to approve one-off

measures that were subsequently ratified in a full Product Committee meeting.

G. QUALITY SURVEYS AND MYSTERY SHOPPING

In January 2018, the Bank launched its "Measuring customer service in branches" project. The project covers all Banks in the Caja Rural Group and has two aims:

- **To comply with regulations** laid down by the European Banking Authority (EBA) and European Securities Markets Authority (ESMA) on criteria for defining and setting remuneration policies in the branch network so that they incorporate quality variables.
- **To improve the customer experience** by introducing procedures and methodologies to analyse contacts with new customers and set metrics for how to deal with existing customers.

The project is based on two methodologies, which run simultaneously:

- **Mystery Shopping:** The points tested and their weighting in the overall score are: physical aspects of the branch, speed, treatment, explanation of products, sales approach.
- **Satisfaction/Recommendation questionnaire:** The points tested and their weighting in the overall score are: Emotional value = 20% service + 20% explanations + 20% documentation + 40% NPS recommendation.

H. MIFID II TRAINING PROGRAMME

The training plan was launched in 2017 for employees providing financial advice. The Bank has a good starting level as 95.85% of its employees have university education. Accordingly, the Bank's training programme targets the top level of certification, that of investment advice. At the end of 2019, 100% of branches and 778 employees (80.79% of the total), were qualified to give advice.

I. CODE OF PRACTICE

As part of the policy of personalised negotiation when customers have difficulties paying their mortgage, the Bank applies Royal Decree-Law 6/2012 of 9 March on urgent measures to protect low-income mortgage debtors, for borrowers that meet the necessary requirements.

Caja Rural de Navarra signed up to the Royal Decree on March 2012 and has conducted 43 transactions since, all on people's guaranteed usual residence, for a total of EUR 4,691,835.30.

In 2019, 5 mortgages on homes guaranteed as usual residence were restructured for a total of EUR 248,940.91.

J. INVESTMENT

• We continued to develop marketing procedures for investment funds in 2019, with actions that added new or improved services to customers in all three modalities through which we offer these products:

- "Non-independent advisory service": this offers customers advice* on investment funds managed by Gescooperativo, with a view to recommending the investment best suited to the knowledge, experience, financial resources and investment aims of the client. We also offer our customers the opportunity to judge the suitability of the investment funds they have with us and decide whether they suit their investor profile. We have a continuous commitment to recommend the best product for them.

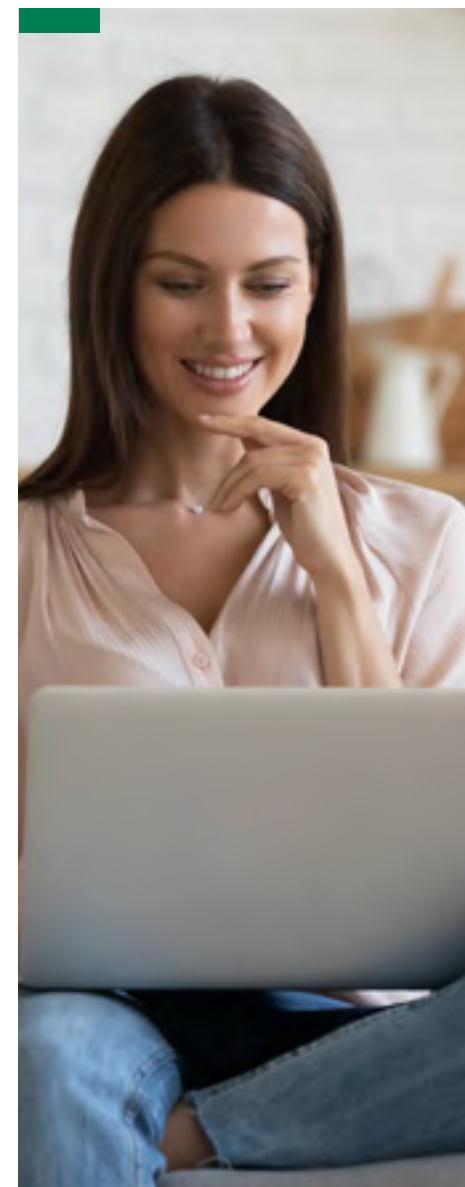
- "Discretionary portfolio management service": customers delegate management of their financial assets to the Bank, following an assessment of their investment profile by Caja Rural de Navarra professionals. They subsequently remain in permanent contact with the Bank so they can monitor their investments and make any changes to the instructions and limits set in the portfolio management contract.

- "Marketing service": since the start of 2018, Caja Rural de Navarra has offered its customers a wide range of investment funds, including different options from prominent and respected third-party investment managers unrelated to Caja Rural de Navarra, which allow customers to invest in different markets through a diverse set of investment vehicles managed by international leaders in the sector. We also make available to our customers straightforward tools that provide objective information and help them choose the funds that best suit their needs. Similarly, customers can compare various alternatives to see how they differ and take their own decisions.

** Based on the definitions in Directive 2014/65/EU such advice is given on a "non-independent" basis.*

Also, processes were improved and action taken to increase the amount of pre-contractual, contract and post-contractual information provided to our customers. This has improved the transparency of our marketing relationships with customers and means that customers are better protected when they make their investments.

We believe that in both areas (improved service quality, transparency and investment protection during fund marketing) Caja Rural de Navarra achieves a high level of compliance with regulations in force, matching that of the most compliant institutions in the sector.



K. SOCIALLY RESPONSIBLE INVESTMENT

Advances in Socially Responsible Investment (SRI) in Spain are being applied to asset management. The SRI policy helps manage the sustainability of the investments over their investment horizon, by factoring environmental, social and corporate governance (ESG) issues into investment decisions.

Issues of companies' sustainability are considered upstream of investment process, so as to identify a universe of securities that meet the requirements of the SRI policy - the investible universe.

At Caja Rural de Navarra, we have made progress in this area and all the pension plans we offer are managed through an SRI investment policy.

As part of its range, the Bank also continued to offer throughout the year two investment funds based on socially

responsible investment criteria - Rural Gestión Sostenible I and Rural Gestión Sostenible II. Income and capital growth on these funds has been positive.

These are balanced funds managed according to sustainability criteria. Managers select issuers and investments that apply good environmental, social and corporate governance policies. Companies that infringe human and labour rights, harm public health or manufacture arms etc. are excluded from the investment universe.

Finally, Caja Rural de Navarra in cooperation with Gescooperativo is looking into extending the range of sustainable investment funds and, when viable, managing the entire range in accordance with socially responsible investment criteria. Caja Rural de Navarra also applies a socially responsible investment policy to managing its cash on behalf of its portfolio of listed assets on organised markets (fixed income and equities).

The responsible investment strategy for the portfolio is based on the following practices: Companies involved in sectors or products considered controversial or in breach of widely accepted international ethical standards are excluded.

Companies are also liable to be excluded if they are found to engage in extraordinarily poor environmental, social and/or governance behaviour.

Specifically, we will not invest in companies who meet the following exclusion criteria:

- **Controversial sectors.** Arms, tobacco, gambling, pornography.
- **Serious environmental impacts.** Companies involved in major controversies on environmental issues such as water, soil, air or noise pollution or treatment of contaminated waste.

- **Serious social impacts.** Companies involved in controversies or incidents involving social considerations such as human rights, labour rights, occupational health and safety or projects with major negative impacts on communities.

- **Corporate governance practices.** Companies with a major involvement in controversies or incidents in the field of corporate governance, corruption and bribery,





Sustainability criteria of companies are considered before any investment decision is taken.”

In addition to these exclusions, the Bank is also drawing up a ranking of assets based on their overall sustainability behaviour, allowing it to identify those whose performance is above average which will then be included in the investible universe.

The security selection process also applies a best-in-class or best-in-sector criterion, based on high-quality and transparent global sustainability ratings, i.e. looking at financial and non-financial criteria. This encourages the inclusion of companies that are applying leading-edge sustainability strategies.

Security selection by ESG criteria takes account of the ratings awarded by sustainability ratings agency Sustainalytics. Sustainalytics, an independent global consultancy specialising in ESG issues, carries out qualitative and quantitative analyses on ESG factors to arrive at a universe of companies that meet these criteria.





4.2. PROFILE AND DISTRIBUTION OF CUSTOMERS

At 31 December 2019, Caja Rural de Navarra had a total of 599,094 customers. Of these 50,871 (8.49%) were classed as “Companies, institutions” and 548,223 (91.51%) were “Individuals”.

The table below shows the breakdown by customer type:

| SEGMENT | Customers |
|---|-----------|
| Individuals | 548,223 |
| Legal entities | 50,871 |
| COMPANIES | 40,434 |
| INSTITUTIONS | 10,174 |
| OTHER | 263 |
| TOTAL (individuals + legal entities) | 599,094 |

The distribution of customers between the different regions where the Bank operates and the associated business volumes is as follows:

| Geographical area | Loans And Advances | Deposits | Customers |
|-------------------|--------------------|----------|-----------|
| Navarre | 50.5% | 61.96% | 54.22% |
| Basque Country | 39.95% | 29.15% | 36.53% |
| Rioja | 9.86% | 8.88% | 9.25% |
| Madrid | 0.04% | 0.02% | - |
| TOTAL | 100% | 100% | 100% |

4.3 DIALOGUE WITH CUSTOMERS

LISTENING AND PARTICIPATING IN SOCIAL NETWORKS

Caja Rural de Navarra uses the following channels to communicate with its stakeholders:

-  cajaruraldenavarra.com/atencion-cliente
-  blog.cajaruraldenavarra.com
-  Facebook Caja Rural de Navarra
-  Facebook Joven IN page - CNR
-  Twitter Caja Rural de Navarra
-  Instagram Caja Rural de Navarra
-  Instagram Joven In - CRN
-  youtube.com/CajaRuralNavarra
-  Caja Rural de Navarra

CUSTOMER SERVICES DEPARTMENT

The Customer Services Department is responsible for resolving all complaints and claims received from Caja Rural de Navarra customers.

The Regulations governing Caja Rural de Navarra's Customer Services Department were created by Act 44/2002 of 22 November, on Measures to Reform the Financial System, and Ministerial Order ECO/734/2004 of 11 March, on customer services departments or services of financial institutions and other applicable rules.

There are several channels that customers can use to make submissions to this Service: post, burofax, fax, email, official forms of the Autonomous Regions in which Caja Rural de Navarra operates or through the Bank's official documents and online forms on its website.

In 2019, this Service received 1,255 complaints or claims. These were resolved as shown in the table below, which includes a comparison with the previous year.

RESOLUTION OF COMPLAINTS AND CLAIMS

| Form of resolution | 2019 | 2018 |
|--------------------------|-------------|-------------|
| Not accepted | 496 | 600 |
| Dismissed | 355 | 897 |
| Upheld in full | 318 | 324 |
| Upheld in part | 86 | 100 |
| Claims dealt with | 1255 | 1921 |

Unlike in 2018, complaints and claims received in 2019 fell sharply, due to a fall-off in the number of claims for "arrangement costs for mortgages". These had represented 60.85% of all claims in 2018, falling to 46.45% in 2019.

The Customer Services Department prepares an annual report for the Governing Board in accordance with Article 17 of Ministerial Order ECO/734/2004, including a summary of all complaints and claims received, the processes applied by the Bank following their reception, the general criteria applied when resolving complaints and claims and the recommendations and

suggestions made during the year. The report is available to the Supervisor.

In addition, any critical concerns identified in the year are brought to the attention of the Governing Board. In 2019, no critical complaint or claim was identified as having to be reported up to the Board.

Every four months, there is a meeting of the Quality Committee, which is the forum used to review how complaints and claims were dealt with, identify possible risks, decide on criteria to apply and make appropriate recommendations. The Committee is attended by people from a range of departments.



We analyse a number of specific issues below:

1. Fraudulent use of payment media, phishing and product security

The Customer Services Department received 15 claims for fraudulent use of payment media, 12 relating to credit or debit cards and 3 to fraudulent transfers via the remote banking service. 12 of these were ultimately resolved in the customers' favour.

Those that were not upheld were rejected on the grounds either that the transactions in question had been authorised by the customers and therefore were not a fraudulent use of the payment media in question or that the customer had not kept the payment media sufficiently secure, in which case regulations say claims cannot be accepted.

Unlike 2018, Caja Rural de Navarra was the subject of two complaints to the Bank of Spain for fraudulent use of payment media, phishing and product security. On both occasions the Supervisor's judgements were not unfavourable to the Bank.

There were no penalties, warnings or cases of non-compliance in this area in 2019.



2. Information on products and services

The Customer Services Department dealt with one complaint on prior information on products. It related to the purchase of a Pension Plan that was redeemed by the customer before the regulatory term that would have entitled them to a tax exemption.

There were no penalties, warnings or cases of non-compliance in this area in 2019.

3. Publicity for products and services

There was just one claim relating to publicity for products and services. This concerned a promotional free gift, which was delivered but with some changes due to a lack of stock. This was provided for in the terms and conditions. Despite this, the incident was resolved by replacing the gift once new stock of that shown in the promotion came in.

There were no penalties, warnings or cases of non-compliance in this area in 2019.

4. Breach of data protection rules

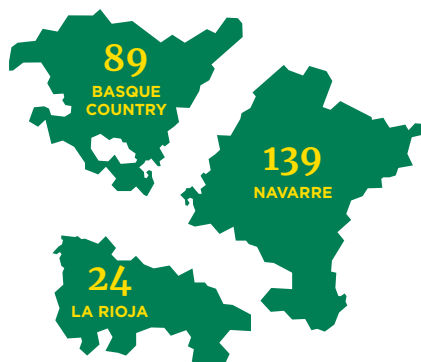
In 2019, the Bank dealt with 1,229 requests to delete personal data for marketing use. We received 8 complaints, none of which was passed up to the Spanish Data Protection Agency (AEPD).

There were no penalties, warnings or cases of non-compliance in this area in 2019.

4.4 CUSTOMER RELATION CHANNELS

BRANCH NETWORK

The branch is the usual place for conducting relationships with the customer. Caja Rural de Navarra had 253 branches to serve its business at the end of 2019, distributed among the Autonomous Regions as follows:



One new branch has opened serving customers of Caja Rural de Navarra during the year.

Access to financial services is identified as a fundamental factor in social cohesion. In Spain, the erosion of branch networks in the banking industry over recent years could increase levels of financial exclusion in the regions.

Caja Rural de Navarra stands out against this trend, as the number of branches in locations with fewer than 3,000 inhabitants is 73 and none has closed in recent years. Its presence in these locations is fundamental to its provision of a full financial service, which unquestionably helps sustain economic activity and so over the medium term helps prevent depopulation in these areas. This is part of the Bank's social commitment to the rural world, the market where it began many decades ago.

Architectural barriers: At Caja Rural de Navarra we have long been aware of the need to have an accessible network of branches, not only to comply with Accessibility Regulations but also to benefit our employees and customers.

We can now state that architectural barriers have been almost entirely eliminated from our branches. However, some, due to the features of the building where it is located, do present some minor accessibility problems. In 2019, refurbishment of one branch included work to improve accessibility to the in-branch ATM.

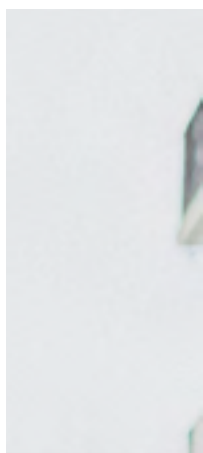
PAYMENT MEDIA (cards, PoS terminals and ATMs)

At the end of the year, the Bank had 312 ATMs, of which 285 were in branches and 27 elsewhere. It also had 22,317 PoS terminals in 19,228 stores and other businesses.

The Bank has finished modernising its ATMs so that they can accept deposits, issue receipts for cash deposits (customers and non-customers) and conduct "contactless" transactions.

Ownership of the terminals continues to be transferred to Redsys and the project is expected to be completed in 2020.

Progress also continued in modernising payment media. Two new agreements were signed with Google and Samsung, in addition to the existing Apple deal, to include our cards in their payment apps (Apple Pay, Google Pay and Samsung Pay) so customers can pay using their mobiles. The Google app has been up and running since end-2019 and the Samsung app is expected to go live in the first quarter of 2020.



DIGITAL

Caja Rural de Navarra's remote banking service is branded as Ruralvía. A Ruralvía contract allows the customer to access a wide range of financial products and services as well as conducting nearly all banking operations online through a computer, telephone (telephone banking), tablet or smartphone (Ruralvía móvil).

To guarantee secure delivery of financial services Ruralvía, Rural Servicios Informáticos (RSI) is developing security protocols that comply with legal standards.

Caja Rural de Navarra offers its customers a number of apps, including:



RVIA PAY

Which provides mobile payment and free transfers of small sums via Bizum.



RURALVÍA MÓVIL

Mobile version of our remote banking "Ruralvía" application. This app offers customers the DIMO option to withdraw cash from ATMs using their mobile number.



RURALVÍA MI NEGOCIO

An app to help traders with their day-to-day banking by managing data.



RURALVÍA REPORT

An app to help individual customers control their day-to-day banking.

In 2019 the Bank also **revamped the corporate website cajaruraldenavarra.com** to provide a more up-to-date modern image that matches best market practice.



4.5 PRODUCTS AND SERVICES

Caja Rural de Navarra, as a cooperative, retail and regional institution, has always had close ties with the agribusiness sector and supported its responsible development. Over the years, the Bank's business has changed with the increasing industrialization of the regions where it operates, but it has always remained true to its culture of transparency, responsibility and sustainability.

The whole organization is now subject to Environmental, Social and Governance (ESG) standards that determine the focus, targets and policies of the Bank regarding different aspects of sustainability. The ESG rating awarded to Caja Rural de Navarra by Second-Party Opinion provider Sustainalytics ranks the Bank among the best performers in the financial sector in 2019.

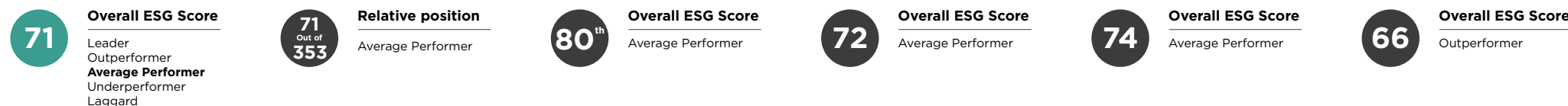
Caja Rural de Navarra, Sociedad Cooperativa de Crédito (ESG REPORT)



ESG Summary

Industry: **Banks** Domicile: **Spain** Employees: **1,536**

Overall Performance



Relative Performance

| Relative position | TOP 5 Companies | Score | Peers (Market cap \$0-\$0bn) | Score |
|--|----------------------------------|-------|--|-----------|
| 71 Out of 353 Average Performer | 1. kfW Bankengruppe (Hessen) | 93 | Coöperatieve Rabobank U.A. | 93 |
| | 2. DNB Asa | 90 | Berlin Hyp AG | 86 |
| | 3. Oesterreichische kontrollbank | 90 | Caja Rural de Navarra, Sociedad | 71 |
| | 4. European Investment Bank | 88 | Coventry Building Society | 48 |
| | 5. Coöperatieve Rabobank U.A. | 87 | Woori Financial Group, Inc. | 46 |

As part of its focus on ESG issues, Caja Rural de Navarra some years ago created a Sustainability Framework in its loan book which aims to develop financing lines that have a greater social and environmental impact on the regions where it is active. These lines are consistent with its principles of commitment to its local social and natural environment.

The framework is dynamic. It is regularly updated as the categories it addresses change, evolving and developing to keep pace with responsible social and environmental practices. Caja Rural de Navarra plans to review the framework in 2020 to include the latest sustainability trends, bringing the nomenclature, for instance, into line with the Taxonomy² adopted by the EU in June 2019.

¹ CRN Corporate Social Responsibility Report

² EU Taxonomy

True to these principles, Caja Rural de Navarra has been active in wholesale markets with various issues of “sustainable” financial instruments (bonds or loans) that fit into the sustainability framework:

• **Sustainable mortgage-backed covered bond: EUR 500 million 7yr Nov-16**

<https://hypo.org/emf/press-release/covered-bond-labelenhances-transparency-sustainable-finance-caja-ruralde-navarra-receives-110th-label/>

• **Sustainable senior bond: EUR 100 million 5yr Jun-17**

<https://sustainabonds.com/crn-reinforces-sustainable-shift-gets-label-senior-debut/>

• **Sustainable mortgage-backed covered bond: EUR 500 million 7yr May-18**

<https://sustainabonds.com/spain-positives-liftenhanced-crn-sustainable-cedulas-to-heights/>

• **EUR 90 million European Investment Bank loans** taken out in 2018 and 2019 to fund lending to SMEs whose purpose relates to combatting climate change.

The successive versions of the sustainability³ framework over the years have been overseen by consultancy Sustainalytics whose “Second-Party Opinion”⁴ report covers the Bank’s commitments to devote at least the amount raised by these “sustainable” instruments to financing – future or existing – projects identified by the Bank as meeting the criteria for its sustainability framework and to produce a regular sustainability impact report on the projects.

Caja Rural de Navarra’s transparency policy meets generally accepted international sustainability criteria for its sector. It requires the regular publication of detailed updates on the sustainability lines and their

impact on the Bank’s area of operations as well as the Bank’s involvement with environmental and social actions under its commitment to support enough projects that meet the Sustainability Framework criteria. The report is verified by a third-party analyst (AENOR⁵) as recommended in the EU’s Taxonomy⁶ Technical Report of June 2019.

Sustainalytics has ratified that the Bank’s framework is aligned with the principles and objectives mentioned above, including the “Green Bond Principles”⁷ and “Social Bond Principles”⁸ and that Caja Rural de Navarra helps finance projects that contribute to environmental sustainability, social challenges and the United Nations Sustainable Development Goals (SDG)⁹ in accordance with their guidelines on transparency, communication and reporting. Categories coming under the loan book sustainability framework are also aligned with the UN Sustainable Development Goals (SDGs) which sets global objectives for all humanity.

All these principles and targets are consistent with the commitments made.



| | |
|--|---|
| ³ Sustainalytics | 0 |
| ⁴ CRN Second-Party Opinion | 0 |
| ⁵ Aenor | 0 |
| ⁶ EU Taxonomy | 0 |
| ⁷ GBP-Green Bond Principles | 0 |
| ⁸ SBP-Social Bond Principles | 0 |
| ⁹ SDG-Sustainable Development Goals | 0 |



The Green Bond Principles (GBP) are voluntary process guidelines that

recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

The Green Bond market will allow and encourage debt markets to play a key role in financing projects that contribute to environmental sustainability.

The GBP are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Green Bond; they aid investors by promoting availability of information necessary to evaluate the environmental impact of their Green Bond investments; and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

GBPs have four main components:

1. Use of proceeds.
2. Process for project evaluation and selection.
3. Management of proceeds.
4. Reporting



The Social Bond Principles (SBP) are voluntary process guidelines that

recommend transparency and disclosure and promote integrity in the development of the Social Bond market by clarifying the approach for issuance of a Social Bond.

Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full eligible Social Projects. Some Social Projects may also have environmental benefits.

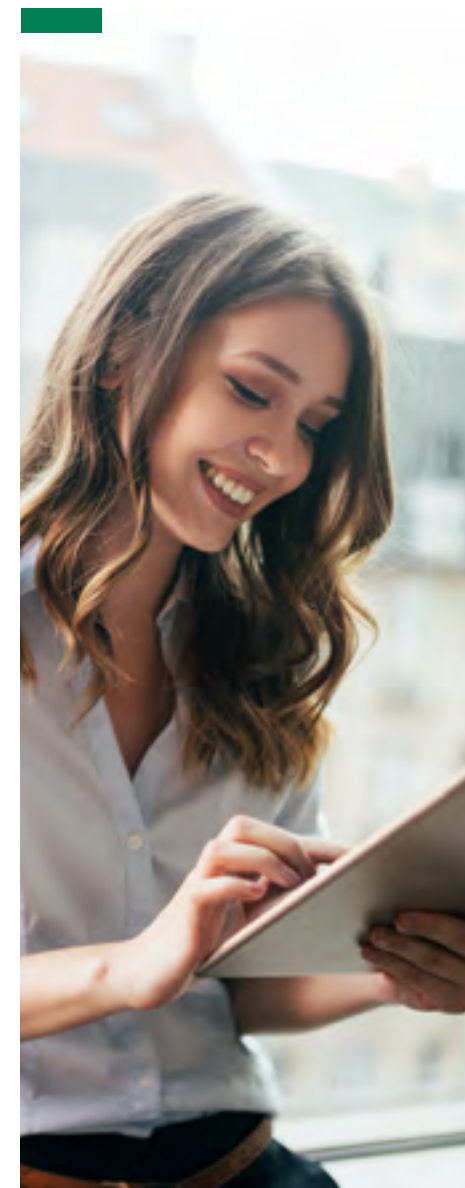
The SBPs are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Social Bond; they aid investors by promoting availability of information necessary to evaluate the positive impact of their Social Bond investments; and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

SBPs have four main components:

1. Use of proceeds.
2. Process for project evaluation and selection.
3. Management of proceeds.
4. Reporting



On 25 September 2015, global leaders adopted a set of 17 global goals to eradicate poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda. Each goal includes specific targets to be met in 2030. Caja Rural de Navarra has mapped each of the framework's sustainability lines against the UN SDGs.



In the interests of transparency, Caja Rural de Navarra publishes quarterly analyses of its loan book data following the standards set by the Covered Bond Label¹⁰ which guarantees the quality of the investment to investors and allows easy comparison of results against other labelled entities. Current issues of sustainable mortgage-backed covered bonds are tagged by the EMF-ECBC with the green leaf kitemark.



In addition, the ESG teams at DZ Bank¹¹ analysed the full range of sustainability issues affecting Caja Rural de Navarra and awarded it the DZ Bank Sustainability certification with above-average scores in all four areas considered: Economy, Environment, Social and Governance.



Besides the abovementioned certifications and standards, Caja Rural de Navarra also helps address sustainability issues by supporting a range of initiatives and working groups contributing to the development of green finance:



• **EeMAP-EEMI¹²** (Energy Efficient Mortgage Action Plan-Energy Efficient Mortgage Initiative)



• **EEFIG¹³** (Energy Efficiency Financial Institutions Group)

An institution dedicated to promoting energy-efficient homes that help meet the environmental and social targets set by the UN Paris Agreement (by stimulating investment and creating jobs).

The sustainability framework of the Caja Rural de Navarra loan book consists of 9 different credit lines whose customer base has evolved as shown:

| SUSTAINABLE LOAN BOOK (EUR) | | |
|-----------------------------|------------------|------------------|
| 2019 | 2018 | 2017 |
| 3,144,616,830.92 | 3,148,273,075.93 | 3,054,456,503.91 |

| NUMBER OF BORROWERS | | |
|---------------------|--------|--------|
| 2019 | 2018 | 2017 |
| 43,608 | 44,121 | 39,356 |

¹⁰ Covered Bond Label

¹¹ DZ Bank acts as central bank to over 900 German local cooperative banks

¹² EEMI initiative

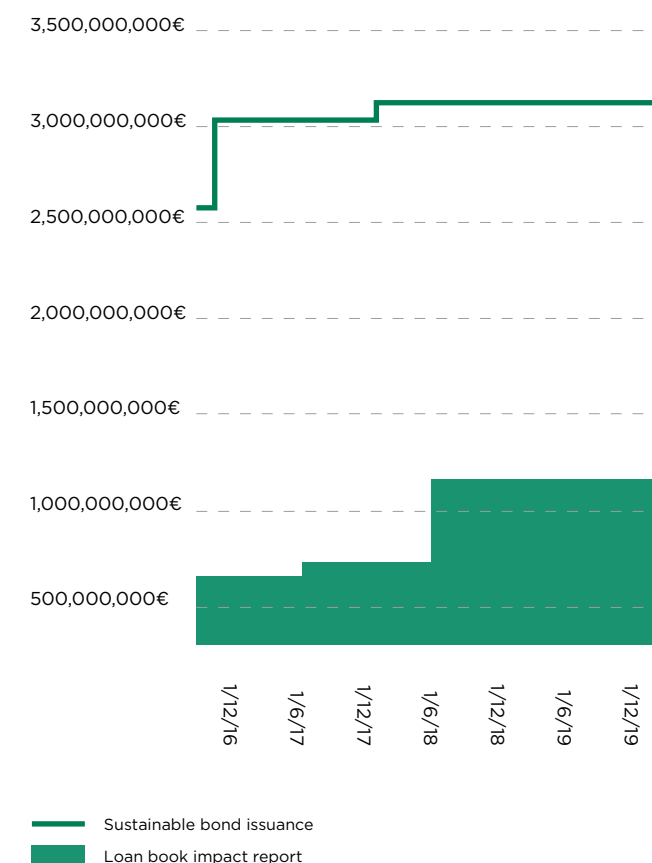
¹³ EEFIG initiative

CAJA RURAL DE NAVARRA: ASSIGNMENT OF SUSTAINABLE ASSETS AND LIABILITIES*

At 31 December 2019 the sustainable portfolio totalled EUR 3,100 million (see table above) assigned as follows:

| SUSTAINABLE PORTFOLIO CATEGORY | ASSETS | LIABILITIES | SUSTAINABLE FINANCE ASSIGNMENT |
|--|-------------------------|-------------------------|---|
| Sustainable agriculture | 134,713,692.49 | 500,000,000.00 | Sustainable CB: CRUNAV 0.625 12/01/23 |
| Renewable energy | 40,569,767.43 | 100,000,000.00 | Sustainable Sr unsecured CRUNAV Float 06/21/22 |
| Energy efficiency | 463,735,384.36 | 500,000,000.00 | Sustainable CB: CRUNAV 0.875 05/08/25 |
| Sustainable forest management | 1,298,688.36 | 40,000,000.00 | BEI loan for SMEs and Mid-caps (2018) |
| Waste management | 22,889,927.49 | 10,000,000.00 | BEI loan for SMEs and Mid-caps for Climate Change (2018) |
| Social housing | 628,560,131.49 | 40,000,000.00 | BEI loan for SMEs and Mid-caps (2019) |
| Social inclusion | 50,888,474.22 | | |
| Education | 24,028,003.28 | | |
| Economic inclusion | 1,777,932,761.83 | 1,954,616,830.92 | Unassigned sustainable portfolio |
| TOTAL SUSTAINABLE LOAN BOOK | 3,144,616,830.92 | 3,147,255,391.86 | MAXIMUM SUSTAINABLE FINANCE |

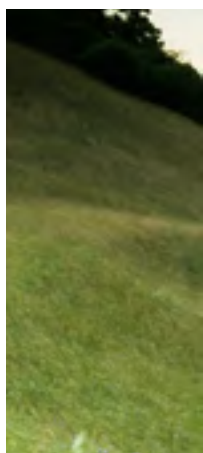
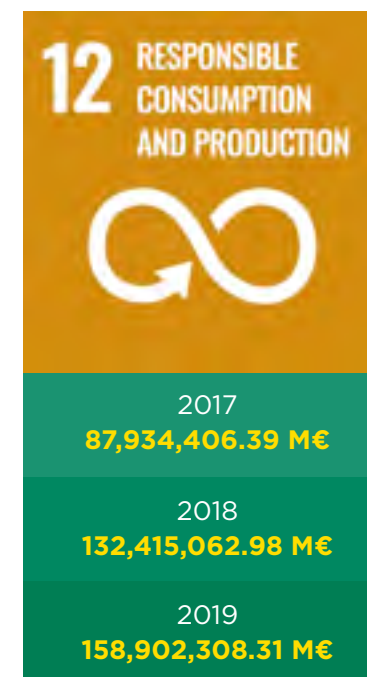
Caja Rural de Navarra is committed to growing its most sustainable credit lines and therefore seeks to improve the “additionality” of its sustainability framework. As a result, total outstanding sustainable loans made by Caja Rural de Navarra since launch of the Sustainability Framework has exceeded its bond issuance.



* Data are sustainable finance granted by Caja Rural de Navarra outstanding at 31 December 2019.

Loans made under the sustainability framework grew 3% since 2017, benefiting 43,877 people and companies in 2019.

Below we map the categories used by the Bank's sustainability framework against the UN Sustainable Development Goals (SDGs), breaking down the categories by the different SDGs promoted by Caja Rural de Navarra.



BREAKDOWN OF SUSTAINABILITY LINES¹⁴

1. SUSTAINABLE FARMING



12.2

By 2030, achieve sustainable management and efficient use of natural resources

This category includes loans intended to reduce greenhouse gas emissions by making farms more efficient, reusing waste products, maintaining the rural environment, etc.

It is important to stress that Caja Rural de Navarra retains a special commitment to farming, both because of its origins and because of the important role played by the rural world in sustainable development and the future of the regions and communities in which the Cooperative Bank operates.

The Cooperative Bank tested each loan included in this category for compliance with the above aims. Based on an analysis of information collected, we calculate that at 31 December 2019 the current sustainable farming line totals EUR 134.7 million, spread across 1,688 loans to 1,284 borrowers.

The historic key figures in this category are detailed in the attached tables:

| TOTAL AMOUNT (€) | | |
|------------------|----------------|---------------|
| 2019 | 2018 | 2017 |
| 134,713,692.49 | 103,319,406.27 | 69,902,508.31 |

| NUMBERS OF BORROWERS | | |
|----------------------|------|------|
| 2019 | 2018 | 2017 |
| 1,284 | 963 | 671 |

| NUMBERS OF LOANS | | |
|------------------|-------|------|
| 2019 | 2018 | 2017 |
| 1,688 | 1,220 | 808 |

The Bank's philosophy is to support the new generation that will sustain a vigorous primary sector and rural environment in the future. So 21.47% of loans went to young farmers under 40. Another 29.1% went to cooperatives, Sociedades Agrarias de Transformación (SATs, agri-development partnerships) and other agricultural associations, maintaining the Bank's traditional support for collective initiatives in the world of agriculture and stock raising.

Caja Rural de Navarra's customers in the agribusiness sector are also committed to sustainable farming. As proof of this, 16.36% of loans from the sustainable farming line have European ecological certification for organic production.



¹⁴ Information from available data.

The table below breaks down the loans made by purpose as a percentage of the Category total:

| PURPOSE OF LOANS | |
|--|-------|
| Farm consolidation and guarantees | 24.5% |
| Improvements to stock-raising facilities and animal welfare | 17.0% |
| Improvements to agricultural transportation (energy efficiency) | 12.2% |
| Irrigation systems and improvements (energy and carbon efficiency) | 6.4% |
| Construction of buildings and greenhouses | 13.0% |
| Financing support for climate events | 2.0% |
| Investments linked to European rural development plans | 2.7% |
| Set-up of new farmers and stock-raisers | 10.3% |
| Other | 11.9% |



ékolo
productos ecológicos



CASE STUDY

CRN funded ekolo to expand its production facilities. The company makes olive oil, preserves and juices from organically farmed ingredients.

> Ekolo



2. Renewable energy



7.2

By 2030, increase substantially the share of renewable energy in the global energy mix.

This category includes loans to fund the generation of electricity from renewable sources – solar, wind, geothermal, hydro-electric, etc. – and the use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. Based on an analysis of information collected, we calculate that the total sustainable energy credit line totals EUR 40.6 million at 31 December 2019, spread across 87 loan transactions to 53 borrowers

The historic figures in this categories are detailed in the tables:

The Cooperative Bank also analysed loans in this category individually, classifying them into the following types based on their purpose:

- **Renewable energy generators:** mostly the solar-PV sector.

Loans outstanding: EUR 32.7 million

Number of transactions: 52

- **Builders of renewable energy plants:**

Loans outstanding: EUR 7.9 million

Number of transactions: 35

| TOTAL AMOUNT (€) | | |
|------------------|---------------|---------------|
| 2019 | 2018 | 2017 |
| 40,569,767.43 | 39,763,525.99 | 29,480,250.49 |

| NUMBERS OF BORROWERS | | |
|----------------------|------|------|
| 2019 | 2018 | 2017 |
| 53 | 53 | 52 |

| NUMBERS OF LOANS | | |
|------------------|------|------|
| 2019 | 2018 | 2017 |
| 87 | 80 | 71 |



CASE STUDY

CRN backed this renewable energy company by helping finance wind farms.

> Grupo Enhol



3. Energy efficiency


7.2

By 2030, increase substantially the share of renewable energy in the global energy mix

This category covers loans whose purpose is to develop products and technologies that reduce energy consumption or manufacture components that contribute to this aim.

Based on an analysis of information collected, we calculate that in 2019 the current loan book for these purposes totalled EUR 466.3 million, spread across 3,987 loans to 3,086 borrowers.

The energy Efficiency key figures evolution is shown in the attached tables:

The Cooperative Bank analysed loans in this category individually, classifying them into the following types based on their purpose:

- Fleet renewal: less polluting vehicles, emission reductions:
Loans outstanding: EUR 40.6 million
Number of transactions: 983

| TOTAL AMOUNT (€) | | |
|------------------|----------------|----------------|
| 2019 | 2018 | 2017 |
| 463,735,384.36 | 443,090,377.96 | 251,688,344.67 |

| NUMBERS OF BORROWERS | | |
|----------------------|-------|-------|
| 2019 | 2018 | 2017 |
| 3,086 | 3,024 | 1,537 |

| NUMBERS OF LOANS | | |
|------------------|-------|-------|
| 2019 | 2018 | 2017 |
| 3,968 | 3,711 | 1,224 |

- Modernisation of industrial facilities to reduce their environmental footprint, improving insulation and reducing CO₂ and NOX emissions)

Loans outstanding: EUR 27.1 million
Number of transactions: 73

- Modernisation of production processes to reduce inputs and make more efficient use of raw materials and energy:

Loans outstanding: EUR 51.6 million
Number of transactions: 138

- Renewing equipment to use materials with a lower ecological impact and/or reduce consumption by the equipment produced:

Loans outstanding: EUR 19.9 million
Number of transactions: 90

- Renewal of transport fleets:

Loans outstanding: EUR 6.6 million
Number of transactions: 81

- Cogeneration or combined-heat-and-power plants that improve overall energy efficiency:

Loans outstanding: EUR 2.4 million
Number of transactions: 3

- Electric bikes for urban mobility schemes:

Loans outstanding: EUR 255,000
Number of transactions: 1

- Engineering, consultancy and manufacture of energy efficiency equipment:

Loans outstanding: EUR 873,000
Number of transactions: 5

- Energy efficient homes:

Loans outstanding: EUR 317 million
Number of transactions: 2,594

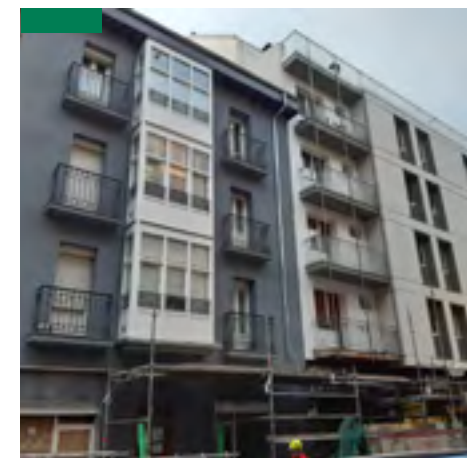
Caja Rural de Navarra's energy efficiency framework included 2,594 homes¹⁵ at 31 December 2019. Together, these CRN-financed energy-efficient homes save 14,003.70 tonnes/year compared to the average home in Spain¹⁶.

This section includes financing for the European SmartEnCity¹⁷ project where three pilot cities - Vitoria-Gasteiz in Spain, Tartu in Estonia and Sondeborg in Denmark - seek to implement the European strategy for creating smart cities that are free of CO₂. In Vitoria-Gasteiz, which comes within Caja Rural de Navarra's region of operation, the project involved the energy renovation of one of its districts.

¹⁵ Eligible energy-efficient homes are defined as purchased residences (buildings, apartments, family homes) with energy efficiency scores in the top 15%. CRN's sustainability framework is more demanding as it only includes purchased homes with an A or B energy rating. It also includes home renovation loans that deliver at least a 30% energy efficiency saving.

¹⁶ Based on a benchmark of newbuild homes, in a block, with 90m² average floorspace and average emissions of 69.80 kg CO₂eq/m² annually. If only the emissions rating is known rather than the figure, the highest emissions figure for that band is assumed.

¹⁷ <https://smartencity.eu/news/detail/?rx=call=238>



New façades in Aldave Street 5 and 7 (Vitoria-Gasteiz)

Source: VISESA

smart+
en
ci+y

CASE STUDY

Caja Rural de Navarra finances better thermal insulation for buildings that improves energy efficiency by at least 30%.

Renovations to some of these homes was financed as part of the SmartEnCity initiative.

> SmartEnCity project



4. Sustainable forest management

12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



12.2

By 2030, achieve sustainable management and efficient use of natural resources

This category covers loans whose purpose is forestation, reforestation and the development of forestry plantations. Based on an analysis of information collected, we calculate that the loan book for these purposes totalled EUR 1.3 million in 2019, spread across 4 loan transactions to 3 borrowers.

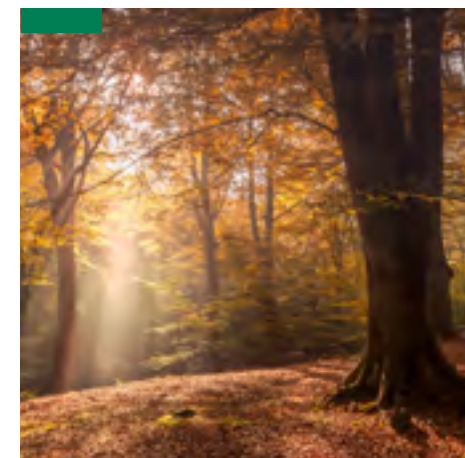
The trend of the sustainable forest management key figures are shown in the attached tables:

All the loans in this category were for sustainably managed woodlands certified by the PEFC (Programa de reconocimiento de Sistemas de Certificación Forestal) which verifies that forests around the world are being sustainably and responsibly managed and that their many functions are being safeguarded for current and future generations or by the FSC (Forest Stewardship Council) which guarantees that products are sourced from well-managed woodland that provides environmental, social and economic benefits.

| TOTAL AMOUNTS (€) | | |
|-------------------|--------------|--------------|
| 2019 | 2018 | 2017 |
| 1,298,688.36 | 3,261,341.83 | 2,147,988.71 |

| NUMEBERS OF BORROWERS | | |
|-----------------------|------|------|
| 2019 | 2018 | 2017 |
| 3 | 5 | 4 |

| NUMBERS OF LOANS | | |
|------------------|------|------|
| 2019 | 2018 | 2017 |
| 4 | 8 | 6 |



egoin



CASE STUDY

Caja Rural de Navarra supports the company with capital equipment loans.

> egoin

3

5. Waste management



12.2

By 2030, achieve sustainable management and efficient use of natural resources.

This category includes loans to develop equipment and technology that make more efficient use of resources and/or reduce waste generation. Based on an analysis of information collected, we calculate that the current loan book for these purposes totalled EUR 22.9 million at 31 December 2019, spread across 70 loans to 43 borrowers:

Bank analysed loans in this category individually, classifying them into the following types:

- Recycling of industrial waste (metal, tyres):

Loans outstanding: EUR 12.8 million

Number of transactions: 36

- Manufacture of commercial products from recycled materials:

Loans outstanding: EUR 4.1 million

Number of transactions: 19

- Clean-up of waste:

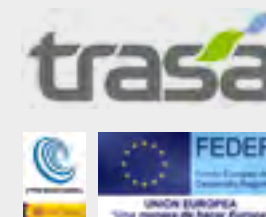
Loans outstanding: EUR 6 million

Number of transactions: 15

| TOTAL AMOUNT (€) | | |
|------------------|---------------|---------------|
| 2019 | 2018 | 2017 |
| 22,889,927.46 | 25,834,314.88 | 15,883,909.37 |

| NUMBERS OF BORROWERS | | |
|----------------------|------|------|
| 2019 | 2018 | 2017 |
| 42 | 51 | 32 |

| NUMBERS OF LOANS | | |
|------------------|------|------|
| 2019 | 2018 | 2017 |
| 70 | 74 | 46 |



CASE STUDY

Caja Rural de Navarra financed the expansion of its facilities in a project that was also part-funded by the European Regional Development Fund (ERDF).

Trasa
(Tratamiento de Subproductos Agroalimentarios S.L.)

> trasa



6. Social housing



11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Social housing – which falls into two types: VPO, officially protected housing, or VPT, regulated price housing – are price-capped homes intended as principal residence for their occupants. They are allocated by public tender on terms that include requirements such as income level, number of family members, etc. The aim of VPO/VPT projects is to allow citizens with lower incomes (or who meet other qualifying criteria) to buy or rent good quality and appropriate housing at accessible prices.

In our case, before lending to customers to buy such homes we must have prior authorisation from the local authority which guarantees to us that the borrower meets all necessary requirements. In general, loans included of this type are to:



PEOPLE taking out a mortgage to buy a VTO/VPT home.



DEVELOPERS who take out a mortgage to build a VTO/VTP building which will subsequently be sold on or let out at a social rent to people meeting the necessary requirements.

KEY INDICATORS REPORT:

A. First, the **basic figures** are:

- Total investment of EUR 628.6 million.
- Spread across 7,165 loans.
- To 6,930 borrowers, of whom: 6,872 are individuals and 58 are legal entities.

The lending history in this category is detailed as follows:

| TOTAL AMOUNT (€) | | |
|------------------|----------------|----------------|
| 2019 | 2018 | 2017 |
| 628,560,131.49 | 644,039,548.50 | 723,084,685.02 |

| NUMBERS OF BORROWERS | | |
|----------------------|-------|-------|
| 2019 | 2018 | 2017 |
| 6,930 | 6,882 | 7,742 |

| NUMBERS OF LOANS | | |
|------------------|-------|-------|
| 2019 | 2018 | 2017 |
| 7,165 | 7,127 | 8,178 |

B. Regarding the **current status of these loans**, only 0.9% of the loan book is more than 90 days past due, very similar to the ratio for other housing mortgages granted by the Bank. This indicates that although the customers are normally on lower incomes they are just as likely to meet their payments as the Bank's other home mortgage borrowers and that their household finances can generally bear the cost of buying a home under these schemes.

C. Breakdown of social housing loans **by borrower**:

- 99.2% were to individuals (of which 38.6% had two or more signatories and 61.4% had a single signatory).

- 0.8% were to legal entities.

D. The **age distribution** of borrowers (at the time they take out the mortgage) according the credit amount, is as follows:

AGE

| | |
|----------|-------|
| Under 25 | 0.4% |
| 25 - 30 | 5.9% |
| 30 - 35 | 20.4% |
| 35 - 40 | 29.2% |
| 40 - 45 | 20.7% |
| 45 - 50 | 12.7% |
| Over 50 | 10.8% |

More than 25% of loans granted to individuals were to people aged under 35, suggesting that this type of financing is making it possible for young people to access their first home. Likewise, just over 10% of loans were to people over 50 who, due to various life circumstances, need a home later on in their lives.

E. The conclusions of the first paragraph above are confirmed by analysis of the **number of children** of those taking out these loans. Nearly 70% have no children at the time they sign the mortgage.

NUMBER OF CHILDREN

| | |
|-------------|-------|
| None | 69.7% |
| 1 | 15.1% |
| 2 | 12.6% |
| 3 | 2.1% |
| 4 | 0.3% |
| More than 4 | 0.2% |

F. Also, data collected means we can show (see table below) that more than 55% of loans granted were **in towns with a population** of less than 25,000 residents with just over 15% going to villages of less than 5,000 inhabitants, helping sustain small populations and counter the risk of rural depopulation.

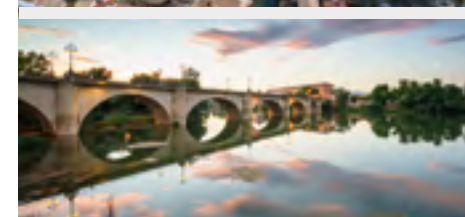
POPULATION PER LOCATION

| | |
|-------------------|-------|
| Less than 5.000 | 16.2% |
| 5.000 - 10.000 | 11.9% |
| 10.000 - 25.000 | 29.6% |
| 25.000 - 50.000 | 7.5% |
| 50.000 - 100.000 | 1.6% |
| 100.000 - 150.000 | 1.1% |
| 150.000 - 200.000 | 19.8% |
| > 200.000 | 12.4% |

G. Finally, the table below shows the **average income** per person in the family unit taking out the mortgage. More than 60% of such families have below-average incomes per head for the Autonomous Region where they live, underlining the social character of such financing.

AVERAGE INCOME PER PERSON (EUR)

| | |
|------------------------|-------|
| Less than 18.000 euros | 62.7% |
| 18.000 - 25.000 euros | 19.9% |
| 25.000 - 50.000 euros | 16.7% |
| More than 50.000 euros | 0.8% |



CASE STUDY

For further details of the criteria and requirements for accessing social housing see the websites of the Navarre, La Rioja and Basque regional governments below:

- Navarre
> Navarre-social housing information [↗](#)
- La Rioja
> La Rioja-social housing information [↗](#)
- Basque Country
> Basque Country-social housing information [↗](#)

7. Economic inclusion



11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Caja Rural de Navarra has a special relationship with bodies working for social and economic integration and social and economic development in the areas where it is active. Caja Rural's involvement with these bodies takes a variety of forms, not limited to financing their social projects, and in some cases involving the Bank meeting part of the costs of the activities it is promoting. Specifically, we can break down promotion of social and economic development into several categories:

DIFFERENT ABILITIES



Training, rehabilitation and employment. Caja Rural de Navarra has for many years supported organizations that bring together people with a disability (physical or mental). These organizations run training and rehabilitation centres as well as special employment centres to support people into work.

Caja Rural de Navarra devotes EUR 6.4 million to this financing line, which allows 13 organizations to do their work managing Special Employment Centres, residential facilities and day centres. Together they provide training and rehabilitation services to more than 7,000 people and employ 6,000 people. This supports nearly all the people with disabilities in Navarra.

SPORT



Caja Rural de Navarra has an important commitment to sport and the personal development and inclusion of people through sport. We fund infrastructure and sports equipment for the different sports clubs and federations that focus on regulating and facilitating controlled and directed sports activities that meet the criteria of equality, health and preventative care.

Actions focus on grass-roots sport, which is where our financing has most impact. This financing line has lent a total of EUR 18.6 million to fund 46 bodies serving more than 70,000 people of all ages.

SOCIO ECONOMIC



The social and economic background in which Caja Rural de Navarra operates is rich in charities, professional associations and research centres. Caja Rural de Navarra firmly supports this environment by financing the infrastructure they need to develop their activities. These associations help ensure that small businesses and the self-employed are permanently informed on tax, employment, legal and financial matters. They also have representative bodies speaking to the government and other private organizations.

We have invested EUR 5.4 million to support a total of 37 professional associations whose membership includes more than 3,000 professionals and organizations from various sectors of the economy.

INCLUSION



Caja Rural de Navarra has a clear commitment to people of any age, origin and social class.

For this reason we firmly support organizations working to support and include groups at risk of social exclusion: immigrants, the gypsy community, young people, drug users and the elderly unemployed. We provide EUR 6.2 million in financing to support 26 associations supporting the social inclusion of more than 3,000 people.

SOCIAL AND HEALTH CARE



We live in an ageing population and Caja Rural de Navarra supports the building of infrastructure and equipment to provide healthcare and social and health inclusion of the elderly and young people with some degree of dependence.

We currently support 5 residential homes that look after more than 250 elderly people. Total financing for this segment is EUR 3.8 million.

CULTURE



Caja Rural de Navarra also provides EUR 10.2 million of funding for investments designed to foster social integration through culture.

The money goes to 130 cultural bodies active in fields such as music, language, food, customs, folk traditions, literature, theatre, cinema and many others. Together, they generate social cohesion irrespective of the circumstances of those who take part.

Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 50.9 million, spread across 257 loans.

The historic data are as follows:

| TOTAL AMOUNT (€) | | |
|------------------|--------------|---------------|
| 2019 | 2018 | 2017 |
| 50,888,474.22 | 5,328,066.54 | 42,095,813.00 |

| NUMBERS OF BORROWERS | | |
|----------------------|------|------|
| 2019 | 2018 | 2017 |
| 257 | 280 | 257 |

| NUMBERS OF LOANS | | |
|------------------|------|------|
| 2019 | 2018 | 2017 |
| 344 | 489 | 379 |



CASE STUDY

> Eco-integra 

The link below presents a real-life example of a loan granted by Caja Rural de Navarra to support a social integration, recycling and circular economy project with a company whose corporate purpose is to recycle electronic and electrical waste.

> Case study video- Eco-integra 

8. Education



11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Caja Rural de Navarra is clearly committed to basic, intermediate and advanced training. It is in direct contact with public and private training providers. The Bank's involvement with these bodies takes a variety of forms, not limited to financing their education projects, and in some cases involving the Bank meeting part of the costs of their educational activities:

Financing investments: new buildings, new equipment and other infrastructure (sports, cultural, etc.). Caja Rural de Navarra currently has EUR 24 million committed to financing investments by 58 training centres with more than 35,000 students between them.

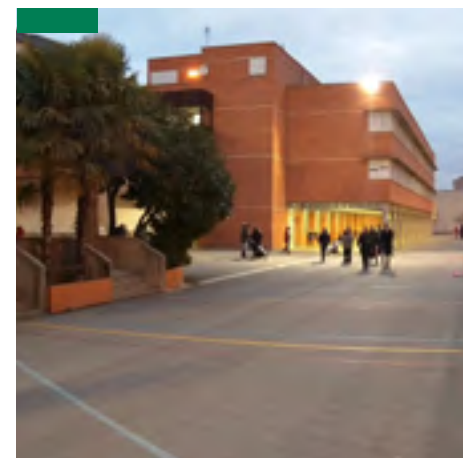
International scholarships for university students and professional training. This provides financial support for students wanting to study for some time in educational institutions or companies abroad so that none is prevented from doing so through lack of money. These scholarships currently fund a total of 545 students.

Education key figures:

| TOTAL AMOUNT (€) | | |
|------------------|---------------|---------------|
| 2019 | 2018 | 2017 |
| 24,028,003.28 | 27,930,703.92 | 23,280,715.94 |

| NUMBERS OF BORROWERS | | |
|----------------------|------|------|
| 2019 | 2018 | 2017 |
| 58 | 88 | 81 |

| NUMBERS OF LOANS | | |
|------------------|------|------|
| 2019 | 2018 | 2017 |
| 92 | 207 | 166 |



CASE STUDY

Caja Rural de Navarra supports this educational institution in financing its energy efficiency project.

Pedagógica San Prudencio Sdad. Coop. Ltda.

> San Prudencio School



9. Economic inclusion



11.1

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.

Based on the analysis of information collected, we calculated that this category sums up EUR 1,177.9 million at 31 December 2019, spread across 31,895 borrowers. The main historic figures are as follows:

| TOTAL AMOUNT (€) | | | NUMBERS OF BORROWERS | | |
|------------------|------------------|------------------|----------------------|--------|--------|
| 2019 | 2018 | 2017 | 2019 | 2018 | 2017 |
| 1,777,932,761.83 | 1,810,705,790.04 | 1,896,892,288.40 | 31,895 | 32,771 | 28,980 |

| NUMBERS OF LOANS | | |
|------------------|--------|--------|
| 2019 | 2018 | 2017 |
| 37,329 | 38,274 | 34,556 |

This item includes loans that meet the following requirements:

A. SMALL LOANS that support economic inclusion, whether because of their small amount or because they provide access to finance for remote areas (where the bank has a particular presence). to qualify, loans must meet one of the following criteria:

- It must be for less than EUR 25,000.
- It must be made through a Caja Rural branch in a village of less than 3,000 population with below average income for the Autonomous Region.

B. Loans to ENTREPRENEURS.

C. Loans to SMEs as defined by the European Union

A. SMALL LOANS

Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 376.6 million, consisting of 30,302 loans to 27,054 borrowers.

As a result this is a highly diversified line comprising many loans with an average amount of EUR 12,426, reaching a great many people, particularly in rural areas and small clusters.

Specifically, 65% of financing in this segment reaches population at risk of financial exclusion.

The small loans section key figures are:

| TOTAL AMOUNT (€) | | |
|------------------|----------------|----------------|
| 2019 | 2018 | 2017 |
| 376,533,839.60 | 598,220,987.08 | 676,957,061.26 |

| NUMBERS OF BORROWERS | | |
|----------------------|--------|--------|
| 2019 | 2018 | 2017 |
| 27,054 | 29,480 | 26,775 |

| NUMBERS OF LOANS | | |
|------------------|--------|--------|
| 2019 | 2018 | 2017 |
| 30,302 | 33,556 | 30,796 |



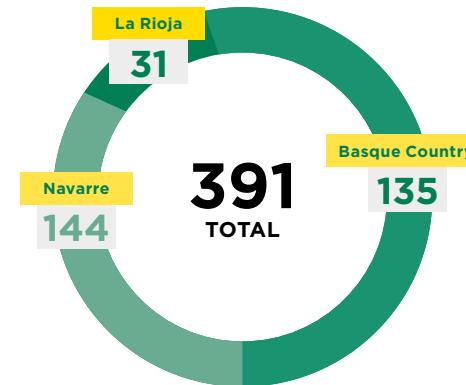
B. ENTREPRENEURSHIP

Ever since it was founded, Caja Rural de Navarra has stood out for the support it gives to entrepreneurs, particularly those starting out in the world of business, taking a risk to help create jobs and wealth for the region and driving the development of their local area. We have always believed supporting today's entrepreneurs is supporting the businessmen of tomorrow. Our aim is to promote sustainable job creation, bringing to the table our know-how and advice on financing.

This is why Caja Rural de Navarra thought it was important to create a specific line to support new entrepreneurial endeavours: the INICIA line, which provides loans to entrepreneurs on good terms tailored to the needs of their business. Any viable enterprise with committed entrepreneurs who know their sector is welcome to apply for INICIA funding. We have cooperation agreements with the biggest enterprise support bodies in the regions where CRN operates and talk to them continuously about access to finance for such new entrepreneurial ventures.

Over the more than 10 years the line has been running, more than 1,900 new businesses have been supported in a wide range of sectors mainly focused on: services, industry, food and technology. More than 3,300 jobs have been created, including 391 (226 and 165 women) in 2019. Geographically, they break down as follows.

EMPLOYMENT GENERATED BY REGION



The new projects started in 2019 included the following sectors:

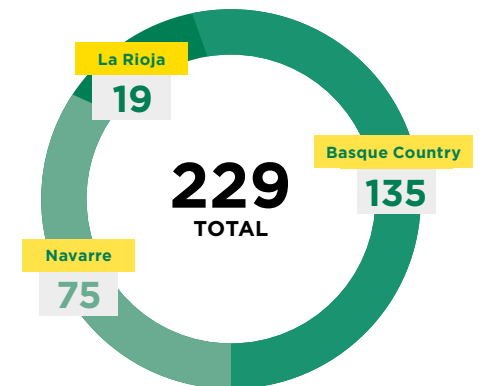
DISTRIBUTION OF SECTORS



Average financing per entrepreneur is EUR 56,099 with an average investment per project in the last year of EUR 86,076 and a low NPL ratio of 1.1% in 2019.

The average age of project "partners" financed in 2019 is: 38.8 years. The businesses supported in 2019 are spread geographically throughout the Bank's area of operations and across a diverse range of sectors:

DISTRIBUTION OF NEW BUSINESSES



The current success rate of supported businesses – 3-year survival, i.e. in business for at least 2016, 2017 and 2018 – is 82%.

C FINANCING SMEs

The basic data for this item show an accumulated amount of EUR 1,344.4 million, with 5,775 loans to 3,914 borrowers.

Financing SMEs key figures:

| TOTAL AMOUNT (€) | | |
|------------------|------------------|------------------|
| 2019 | 2018 | 2017 |
| 1,344,410,162.00 | 1,159,764,802.96 | 1,179,053,227.14 |

| NUMBERS OF BORROWERS | | |
|----------------------|-------|-------|
| 2019 | 2018 | 2017 |
| 3,914 | 3,221 | 2,549 |

| NUMBERS OF LOANS | | |
|------------------|-------|-------|
| 2019 | 2018 | 2017 |
| 5,775 | 4,539 | 3,759 |



The following data series, based on our analysis, show a significant number of positive social impacts:

1. Regarding the **current state** of these loans, 3.5% of the total amount is more than 90 days in arrears. This is a good figure given the average for the financial sector.

2. Second, we break down the number of transactions by **micro-enterprises, mid-sized companies and SMEs**. These classifications are defined in Article 5/2015, on promotion of business finance, by headcount and annual billings or total assets:

Micro-enterprise

| | |
|---------------|------------------|
| No. employees | Less than 10 |
| Sales | Less than EUR 2m |
| Total assets | Less than EUR 2m |

Small business

| | |
|---------------|-------------------|
| No. employees | 10 - 49 |
| Sales | Less than EUR 10m |
| Total assets | Less than EUR 10m |

Medium-sized business

| | |
|---------------|-------------------|
| No. employees | 49 - 249 |
| Sales | Less than EUR 50m |
| Total assets | Less than EUR 43m |

Large business

| | |
|---------------|-------------------|
| No. employees | More than 250 |
| Sales | Less than EUR 50m |
| Total assets | Less than EUR 43m |

We can see that more than 77% of the amount granted in this category went to micro-enterprises (48.9%) and small companies (28.2%), underlining the penetration and the Bank's concern to maintain the local business network.

SIZE OF COMPANY

| | |
|--------|-------|
| Micro | 48.9% |
| Small | 28.2% |
| Medium | 23% |

3. Caja Rural de Navarra has always supported SMEs, building up the essential business fabric so that the regions where it is active can develop and their productive capacity can be competitive. This is evidenced by the fact that over 40% of companies have been **loyal customers** of the Bank for more than 10 years. In addition, the Bank continues to support new companies. More than 5.6% of companies initiated their relationship with the Bank in the last year.

INICIO RELACIÓN CON CRN

| | |
|--------------------|-------|
| Less than 1 year | 5.6% |
| 1-5 years | 34% |
| 5-10 years | 18.7% |
| 10-20 years | 29.3% |
| More than 20 years | 12.4% |

4. The Cooperative Bank's involvement in rural development is an important strand of its work. Nearly 40% of the amount was granted to companies **located in populations** of less than 10,000 people, which means it is not only developing the local economy but also successfully revitalising the social environment and rejuvenating agricultural areas.

POPULATION PER LOCATION

| | |
|-------------------|-------|
| Less than 5.000 | 29.7% |
| 5.000 - 10.000 | 9.9% |
| 10.000 - 25.000 | 17.2% |
| 25.000 - 50.000 | 7.1% |
| 50.000 - 100.000 | 3% |
| 100.000 - 150.000 | 0.3% |
| 150.000 - 200.000 | 18% |
| More than 200.000 | 14.8% |

5. Also, regarding **type of customer**, the amount granted confirm that most are limited companies (consistent with the points made above) and more than 3% are cooperatives (mostly in the primary sector), figures in line with our origins as a cooperative credit institution and business philosophy.

TYPE OF COMPANY

| | |
|----------------|-------|
| Public limited | 20.6% |
| Limited | 75.6% |
| Cooperative | 3.6% |
| Other | 0.2% |

6. For a deeper analysis of the real state of companies we have financed under this line, we attach two tables showing **turnover** and **number of workers** in each:

SALES

| | |
|----------------|-------|
| Less than 1 MM | 42.1% |
| EUR 1 - 10 M | 35.2% |
| EUR 10 - 20 M | 10.3% |
| EUR 20 - 30 M | 4.4% |
| EUR 30 - 45 M | 5.6% |
| More than 45 M | 2.4% |

EMPLOYEES

| | |
|---------------|-------|
| Less than 10 | 47.3% |
| 10 - 50 | 35.4% |
| 50 y-100 | 10.1% |
| 100 y-150 | 3.8% |
| 150 y-200 | 2.1% |
| More than 200 | 1.3% |

These two tables show the small scale of most companies financed by this line. More than 75% have turnover of less than EUR 10 million and more than 80% have less than 50 employees. Our financing, therefore, contributes to maintaining this important business fabric and the employment it generates. The average headcount was 23. **This line has sustained at least 51,814 jobs in the regions where the Caja is present.**

7. It should also be emphasised that, despite the size of these companies, we are in one of the most industrialised regions of Spain. This is reflected in a substantial **international outlook** by many of the companies supported, as illustrated by the percentage of companies that export, import or both (32% of the companies we finance through this line).

EXPORTS/IMPORTS



8. Finally, to illustrate the **diversification** of financing granted, we include below a table of the different sectors to which the companies we have financed belong.

| SECTORS | |
|--|-------|
| Agriculture, livestock, forestry and fisheries | 3.8% |
| Manufacturing | 40.4% |
| Construction | 20.0% |
| Wholesale and retail distribution | 0.0% |
| Transport and warehousing | 5.7% |
| Hotels and restaurants | 5.4% |
| Property | 11.9% |
| Professionals, scientific and technical | 7.1% |
| Administration and auxiliary services | 3.1% |
| Other | 2.6% |



CASE STUDY

Caja Rural de Navarra supported the creation of Vision Quality which, helped by funds in EFRD, launched in 2016 offering automated inspection and classification systems.

> VisionQuality



CHAPTER 5

THE TEAM

5.1 THE TEAM

5.2 DISTRIBUTION OF STAFF AND TYPES OF CONTRACT

5.3 REMUNERATION POLICY

5.4 CORPORATE PROFIT FOR THE YEAR

5.5 EVALUATION OF PERFORMANCE

5.6 STRUCTURES FOR DIALOGUE WITH EMPLOYEES

5.7 TRAINING POLICIES

5.8 MEASURES TO PROMOTE GENDER EQUALITY OF TREATMENT AND OPPORTUNITIES

5.9 MEASURES TO PROMOTE EMPLOYMENT

5.10 PROTOCOL ON SEXUAL AND GENDER HARASSMENT AND AGAINST ANY KIND OF DISCRIMINATION

5.11 PREVENTING WORK-RELATED RISKS

5.12 HUMAN RIGHTS



5.1 THE TEAM

People are at the heart of the Bank's activity, those in the team and those we deal with as customers, suppliers, the community and wider society.

We live in times of high-impact technological change, which is transforming the way companies act, communicate and do business and what we demand as customers.

The financial sector is investing ever more heavily in technology to keep abreast of these changes and meet its customers' needs.

However, technology alone will not be enough transform the business or quickly match market demands. To do this requires human talent.

At Caja Rural de Navarra, what drives transformation is people. We therefore see the human team as a differentiating factor and competitive advantage.



5.2 DISTRIBUTION OF STAFF AND TYPES OF CONTRACT

2018 TOTAL EMPLOYEES **965**

> BY SEX



> BY AGE

20 to 24 years TOTAL: 86



25 to 29 years TOTAL: 180



30 to 34 años TOTAL: 107



35 to 39 years TOTAL: 223



40 to 45 years TOTAL: 174



46 to 50 years TOTAL: 76



51 to 64 years TOTAL: 117



More than 65 years TOTAL: 2



> BY PROFESSIONAL CLASSIFICATION

Group I TOTAL: 1



Group II Grade 1 TOTAL: 13



Group II Grade 2 TOTAL: 8



Group II Grade 3 TOTAL: 1



Group II Grade 4 TOTAL: 17



Group II Grade 5 TOTAL: 18



Group II Grade 6 TOTAL: 219



Group II Grade 7 TOTAL: 186



Group II Grade 8 TOTAL: 165



Group II Grade 9 TOTAL: 52



Group II Grade 10 TOTAL: 282



Group III Support staff TOTAL: 3



2019 TOTAL EMPLOYEES
963
> BY SEX
52% **48%**

 Men **498** Women **465**
> BY AGE
20 to 24 years **TOTAL: 71**
3.43% **3.95%**

 Men: **33** Women: **38**
25 to 29 years **TOTAL: 193**
8.41% **11.63%**

 Men: **81** Women: **112**
30 to 34 years **TOTAL: 98**
4.88% **5.30%**

 Men: **47** Women: **51**
35 to 39 years **TOTAL: 188**
8.10% **11.42%**

 Men: **78** Women: **110**
40 to 45 years **TOTAL: 200**
11.42% **9.35%**

 Men: **110** Women: **90**
46 to 50 years **TOTAL: 97**
6.33% **3.74%**

 Men: **61** Women: **36**
51 to 64 years **TOTAL: 114**
8.93% **2.91%**

 Men: **86** Women: **28**
More the 65 years **TOTAL: 2**
0.21%

 Men: **2** Women: **0**
> BY PROFESSIONAL CLASSIFICATION
Group I **TOTAL: 1**
0.10%

 Men: **1** Women: **0**
Group II Grade 1 **TOTAL: 11**
1.14%

 Men: **11** Women: **0**
Group II Grade 2 **TOTAL: 8**
0.83%

 Men: **8** Women: **0**
Group II Grade 3 **TOTAL: 1**
0.10%

 Men: **1** Women: **0**
Group II Grade 4 **TOTAL: 15**
1.25% **0.31%**

 Men: **12** Women: **3**
Group II Grade 5 **TOTAL: 18**
1.56% **0.31%**

 Men: **15** Women: **3**
Group II Grade 6 **TOTAL: 225**
17.03% **6.33%**

 HMen: **164** Women: **61**
Group II Grade 7 **TOTAL: 206**
9.14% **12.25%**

 Men: **88** Women: **118**
Group II Grade 8 **TOTAL: 135**
5.19% **8.83%**

 Men: **50** Women: **85**
Group II Grade 9 **TOTAL: 51**
3.01% **2.28%**

 Men: **29** Women: **22**
Group II Grade 10 **TOTAL: 289**
12.05% **17.96%**

 Men: **116** Women: **173**
Group III Support staff **TOTAL: 3**
0.31%

 Men: **3** Women: **0**

5.2.1 TOTAL HEADCOUNT AND BREAKDOWN BY SEX, AGE, COUNTRY AND PROFESSIONAL CLASSIFICATION

Professional classification has three groups: Group I is the Managing Director, who prepares for and works with the Governing Board in its decision-making when defining and proposing the business strategy, drawing up the Annual Operating Plan, setting targets for the income statement and expansion of the Bank and monitoring budgets.

Group II is administrative and management personnel. This group includes heads of department and other executives responsible for carrying through the day-to-day business of the different areas. Group III, support staff, includes employees doing tasks that are not specifically related to banking but are support roles, such as drivers, qualified staff and maintenance personnel.

Group II is divided into a number of pay grades. There are 10 pay grades for different functions within the same group. In addition to these 10 grades there are two starting grades, first-year entry and second-year entry. There is a professional promotion system within the Group II grades that means workers pass from grade 10 to 9, 9 to 8 and 8 to 7 and in the case of managers from 7 to 6 based on time served and the completion of commercial tasks.



5.2.2. TOTAL HEADCOUNT AND BREAKDOWN BY TYPE OF EMPLOYMENT CONTRACT

2018 TOTAL EMPLOYEES

965**1. TYPE OF CONTRACT**

| Code | Contract | Employees | % Total |
|--------------|------------------------------------|------------|----------------|
| 001 | Permanent full-time | 720 | 74.61% |
| 200 | Permanent part-time | 0 | 0.00% |
| 401 | Specific task or service full-time | 5 | 0.52% |
| 402 | Production contingencies full-time | 53 | 5.49% |
| 502 | Production contingencies part-time | 1 | 0.10% |
| 410 | Temporary replacement full-time | 22 | 2.28% |
| 420 | Work experience full-time | 163 | 16.89% |
| 520 | Work experience part-time | 1 | 0.0% |
| Total | | 965 | 100.00% |

2019 TOTAL EMPLOYEES

963**1. TYPE OF CONTRACT**

| Code | Contract | Employees | % Total |
|--------------|------------------------------------|------------|----------------|
| 001 | Permanent full-time | 733 | 76.12% |
| 200 | Permanent part-time | 2 | 0.21% |
| 401 | Specific task or service full-time | 5 | 0.52% |
| 402 | Production contingencies full-time | 51 | 5.30% |
| 502 | Production contingencies part-time | 1 | 0.10% |
| 410 | Temporary replacement full-time | 16 | 1.66% |
| 420 | Work experience full-time | 154 | 15.99% |
| 520 | Work experience part-time | 1 | 0.10% |
| Total | | 963 | 100.00% |

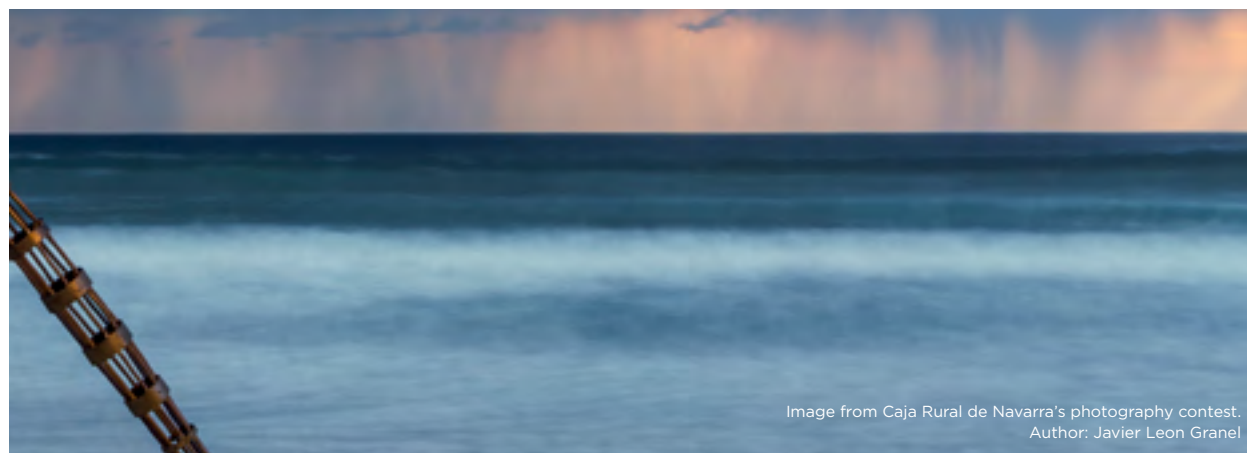
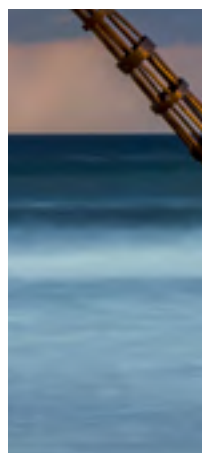
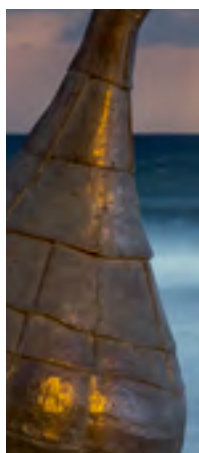
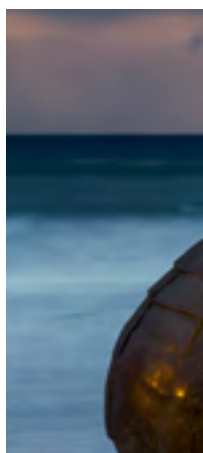


Image from Caja Rural de Navarra's photography contest.
Author: Javier Leon Granel

5.2.3. ANNUAL AVERAGE OF PERMANENT/TEMPORARY CONTRACTS

| | | | |
|---------------------------------------|------------|---------------------------------------|------------|
| 2018 TOTAL PERMANENT CONTRACTS | 759 | 2019 TOTAL TEMPORARY CONTRACTS | 733 |
|---------------------------------------|------------|---------------------------------------|------------|

| Code | Contract | Employees | Employees 2018 |
|------|---------------------|-----------|----------------|
| 001 | Permanent full-time | 733 | 759% |
| 200 | Permanent part-time | 2 | |

| > BY SEX | |
|-------------------|---------------------|
| 54.83% | 45.17% |
| Men 403 | Women 332 |

| > BY AGE | |
|-----------------------|--------------------|
| 20 to 24 years | |
| 4 | 0.54% |
| Employees 2019 | % sobre total 2019 |

| | |
|-----------------------|--------------------|
| 25 to 29 years | |
| 60 | 8.6% |
| Employees 2019 | % sobre total 2019 |

| | |
|-----------------------|--------------------|
| 30 to 34 years | |
| 75 | 10.20% |
| Employees 2019 | % sobre total 2019 |

| | |
|-----------------------|--------------------|
| 35 to 39 years | |
| 185 | 25.17% |
| Employees 2019 | % sobre total 2019 |

| | |
|-----------------------|---------------|
| 40 to 45 years | |
| 199 | 27.07% |
| Employees 2019 | % total 2019 |

| | |
|-----------------------|---------------|
| 46 to 50 years | |
| 97 | 13.20% |
| Employees 2019 | % total 2019 |

| | |
|-----------------------|---------------|
| 51 to 64 years | |
| 113 | 15.37% |
| Employees 2019 | % total 2019 |

| | |
|---------------------------|--------------|
| More than 65 years | |
| 2 | 0.27% |
| Employees 2019 | % total 2019 |

| > BY PROFESSIONAL CLASSIFICATION | |
|----------------------------------|--------------|
| Group I | |
| 1 | 0.14% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|--------------|
| Group II Grade 1 | |
| 11 | 1.50% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|--------------|
| Group II Grade 2 | |
| 8 | 1.09% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|--------------|
| Group II Grade 3 | |
| 1 | 0.14% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|--------------|
| Group II Grade 4 | |
| 15 | 2.04% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|--------------|
| Group II Grade 5 | |
| 18 | 2.45% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|---------------|
| Group II Grade 6 | |
| 225 | 30.61% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|---------------|
| Group II Grade 7 | |
| 206 | 28.03% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|---------------|
| Group II Grade 8 | |
| 135 | 18.37% |
| Employees 2019 | % total 2019 |

| | |
|-------------------------|--------------|
| Group II Grade 9 | |
| 50 | 6.80% |
| Employees 2019 | % total 2019 |

| | |
|--------------------------|--------------|
| Group II Grade 10 | |
| 62 | 8.44% |
| Employees 2019 | % total 2019 |

| | |
|--------------------------------|--------------|
| Group III Support staff | |
| 3 | 0.41% |
| Employees 2019 | % total 2019 |

2018 TOTAL TEMPORARY
CONTRACTS

245

 2019 TOTAL TEMPORARY
CONTRACTS

228

| Code | Contract | Employees | Employees 2018 |
|------|------------------------------------|-----------|----------------|
| 401 | Specific task or service full-time | 5 | 5 |
| 402 | Production contingencies full-time | 51 | 53 |
| 410 | Temporary replacement full-time | 16 | 22 |
| 420 | Work experience full-time | 154 | 163 |
| 502 | Production contingencies full-time | 1 | 1 |
| 520 | Work experience full-time | 1 | 1 |

> BY SEX

41.67%

5.33%

Men

95

Women

133

> BY AGE

20 to 24 years

67

29.39%

Employees 2019

% total 2019

25 to 29 years

133

58.33%

Employees 2019

% total 2019

30 to 34 years

23

10.09%

Employees 2019

% total 2019

35 to 39 years

3

1.32%

Employees 2019

% total 2019

40 to 45 years

1

0.44%

Employees 2019

% total 2019

46 to 50 years

1

0.44%

Employees 2019

% total 2019

51 to 64 years

1

0.44%

Employees 2019

% total 2019

More than 65 years

2

0.27%

Employees 2019

% total 2019

> BY PROFESSIONAL CLASSIFICATION

Group II Grade 9

1

0.44%

Employees 2019

% total 2019

Group II Grade 10

227

99.56%

Employees 2019

% total 2019

2019 TOTAL EMPLOYEES

963



5.2.4. DEPARTURES BY SEX, AGE, COUNTRY AND PROFESSIONAL CLASSIFICATION**2018 TOTAL DEPARTURES 10****> BY SEX****80.00%** **20.00%**Men
8 Women
2**> BY AGE****35 to 39 años****1** **10.00%**

Employees 2019 % total 2019

40 to 45 años**1** **10.00%**

Employees 2019 % total 2019

46 to 50 años**2** **20.00%**

Employees 2019 % total 2019

51 to 64 años**6** **60.00%**

Employees 2019 % total 2019

> BY PROFESSIONAL CLASIFIACION**Group II Grade 2****1** **10.00%**

Employees 2019 % total 2019

Group II Grade 4**3** **30.00%**

Empleados 2019 % total 2019

Group II Grade 7**3** **30.00%**

Employees 2019 % total 2019

Group II Grade 9**3** **30.00%**

Employees 2019 % total 2019

2019 TOTAL DEPARTURES 10**> BY SEX****60,00%** **40.00%**Men
6 Women
4**> BY AGE****35 to 39 años****2** **20.00%**

Employees 2019 % sobre total 2019

40 to 45 años**2** **20.00%**

Employees 2019 % sobre total 2019

46 to 50 años**2** **20.00%**

Employees 2019 % sobre total 2019

51 to 64 años**4** **40.00%**

Employees 2019 % sobre total 2019

> BY PROFESSIONAL CLASIFIACION**Group II Grade 2****1** **10.00%**

Employees 2019 % total 2019

Group II Grade 4**5** **50.00%**

Employees 2019 % total 2019

Group II Grade 7**1** **10.00%**

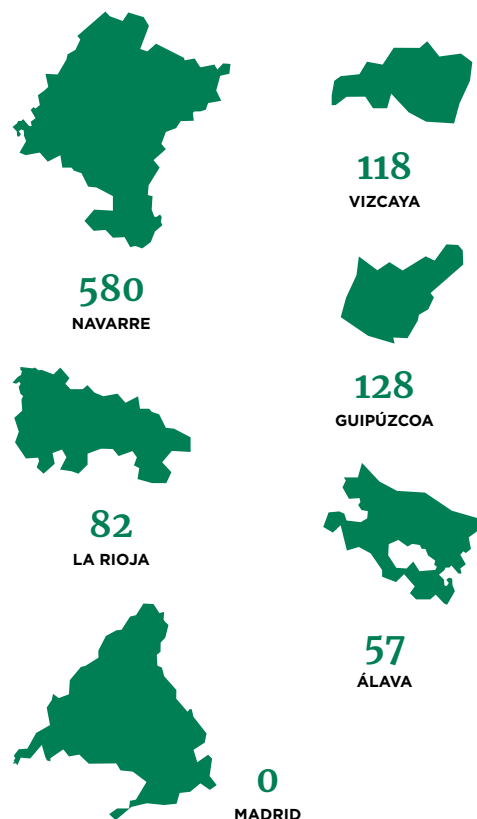
Employees 2019

Group II Grade 9**3** **30.00%**

Employees 2019 % total 2019

5.2.5. EMPLOYEES AT END-2018, BY Region

2018 TOTAL EMPLOYEES **965**



> BY SEX

ÁLAVA TOTAL: 57

Men: 33 Women: 24

GUIPÚZCOA TOTAL: 128

Men: 58 Women: 70

LA RIOJA TOTAL: 82

Men: 45 Women: 62

MADRID TOTAL: 0

Men: 0 Women: 0

NAVARRA TOTAL: 580

Men: 305 Women: 275

VIZCAYA TOTAL: 118

Men: 59 Women: 59

> BY AGE

ÁLAVA TOTAL: 57

| | |
|----------------|----|
| 20 to 24 years | 6 |
| 25 to 29 years | 18 |
| 30 to 34 years | 12 |
| 35 to 39 years | 14 |
| 40 to 45 years | 6 |
| 46 to 50 years | 1 |

GUIPÚZCOA TOTAL: 128

| | |
|----------------|----|
| 20 to 24 years | 16 |
| 25 to 29 years | 26 |
| 30 to 34 years | 11 |
| 35 to 39 years | 31 |
| 40 to 45 years | 31 |
| 46 to 50 years | 9 |
| 51 to 64 years | 4 |

LA RIOJA TOTAL: 82

| | |
|----------------|----|
| 20 to 24 years | 10 |
| 25 to 29 years | 15 |
| 30 to 34 years | 7 |
| 35 to 39 years | 26 |
| 40 to 45 years | 14 |
| 46 to 50 years | 7 |
| 51 to 64 years | 3 |

MADRID TOTAL: 0

46 a 50 years 0

NAVARRA TOTAL: 580

| | |
|--------------------|-----|
| 20 a 24 years | 47 |
| 25 a 29 years | 89 |
| 30 a 34 years | 55 |
| 35 a 39 years | 117 |
| 40 a 45 years | 107 |
| 46 a 50 years | 53 |
| 51 a 64 years | 110 |
| More than 65 years | 2 |

VIZCAYA TOTAL: 118

| | |
|---------------|----|
| 20 a 24 years | 7 |
| 25 a 29 years | 32 |
| 30 a 34 years | 22 |
| 35 a 39 years | 35 |
| 40 a 45 years | 16 |
| 46 a 50 years | 6 |
| 51 a 64 years | 0 |

2019 TOTAL EMPLOYEES

963



568
NAVARRE



83
LA RIOJA



1
MADRID



125
VIZCAYA



132
GUIPÚZCOA



54
ÁLAVA

> BY SEX

ÁLAVA TOTAL: 54

Men: 29 Women: 24

GUIPÚZCOA TOTAL: 132

Men: 66 Women: 66

LA RIOJA TOTAL: 83

Men: 43 Women: 40

MADRID TOTAL: 1

Men: 1

NAVARRE TOTAL: 568

Men: 297 Women: 271

VIZCAYA TOTAL: 125

Men: 62 Women: 63

> BY AGE

ÁLAVA TOTAL: 54

| | |
|----------------|----|
| 20 to 24 years | 2 |
| 25 to 29 years | 18 |
| 30 to 34 years | 11 |
| 35 to 39 years | 13 |
| 40 to 45 years | 7 |
| 46 to 50 years | 3 |

GUIPÚZCOA TOTAL: 132

| | |
|----------------|----|
| 20 to 24 years | 19 |
| 25 to 29 years | 25 |
| 30 to 34 years | 13 |
| 35 to 39 years | 25 |
| 40 to 45 years | 31 |
| 46 to 50 years | 14 |
| 51 to 64 years | 5 |

LA RIOJA TOTAL: 83

| | |
|----------------|----|
| 20 to 24 years | 2 |
| 25 to 29 years | 23 |
| 30 to 34 years | 7 |
| 35 to 39 years | 21 |
| 40 to 45 years | 17 |
| 46 to 50 years | 11 |
| 51 to 64 years | 2 |

MADRID TOTAL: 1

46 to 50 years 1

NAVARRE TOTAL: 568

| | |
|--------------------|-----|
| 20 to 24 years | 37 |
| 25 to 29 years | 92 |
| 30 to 34 years | 49 |
| 35 to 39 years | 100 |
| 40 to 45 years | 121 |
| 46 to 50 years | 61 |
| 51 to 64 years | 106 |
| More than 65 years | 2 |

VIZCAYA TOTAL: 125

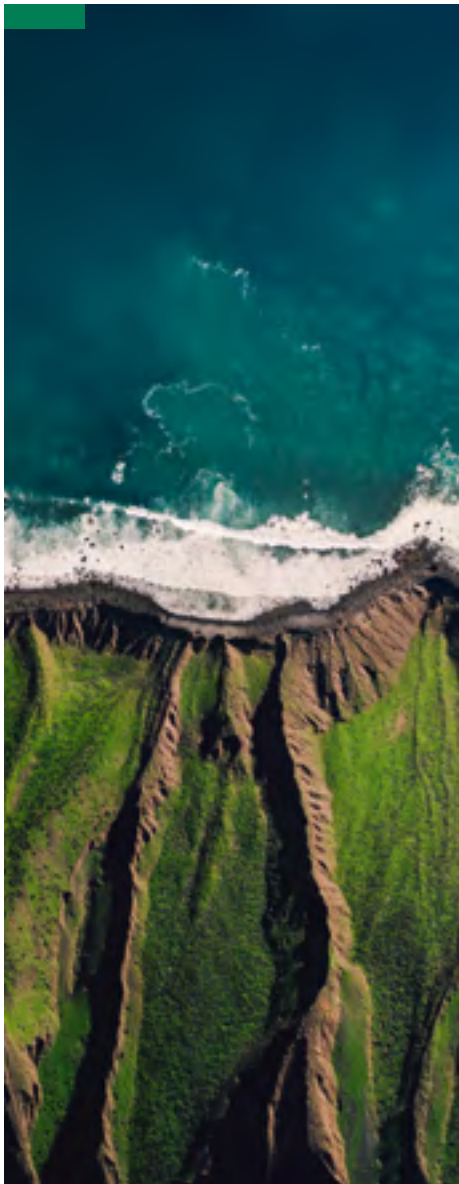
| | |
|----------------|----|
| 20 to 24 years | 11 |
| 25 to 29 years | 35 |
| 30 to 34 years | 18 |
| 35 to 39 years | 29 |
| 40 to 45 years | 24 |
| 46 to 50 years | 7 |
| 51 to 64 years | 1 |

5.2.6. INTEGRATED REPORT 2019

| EXPERIENCE (AVERAGE YEARS OF SERVICE) 2019 | EXPERIENCE (AVERAGE YEARS OF SERVICE) 2018 |
|---|---|
| 12.85 | 11.62 |

| Diversity | Employees 2019 | % total 2019 | * % 2018 |
|---------------|----------------|--------------|----------|
| Men | 498 | 51.71% | 51.40% |
| Women | 465 | 48.29% | 48.60% |
| Graduates | Employees 2019 | % total | * % 2018 |
| Non-graduates | 40 | 4.15% | |
| Graduates | 923 | 95.85% | 91.86% |
| Total | 963 | | |





5.3. REMUNERATION POLICY

The core aim of remuneration policy is to align the actions of employees with the long-term aims of the Bank.

Long-term aims include the need to generate financial profit but also take in other issues that matter to a cooperative organization with strong local roots, such as growing its customer base, increasing the number of products held by each customer, building customer loyalty and fostering a positive market image of the services we provide.

The basic criteria that flow from this core aim are as follows:

A. Fixed individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.

B. Variable remuneration shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It should create no direct incentives to sell specific products such as discounts or fee reversals to employees.

C. Variable remuneration must be capped as a proportion of fixed income and can never be more than 100 % of fixed remuneration, as required by regulations in force.

D. It should always be based on the qualitative issues most closely related to long-term performance (maintenance of the customer base, customer satisfaction, balanced growth, etc.).

E. Part of variable remuneration shall be deferred for between 3 and 5 years, tied

to completion of the Strategic Plan for this period.

F. Customer satisfaction data feeds into the design of remuneration policy.

G. Variable remuneration shall include a "clawback clause" allowing the Cooperative Bank to retrieve sums paid in the event of fraud, disciplinary dismissal or misconduct that causes serious damage to the Bank.

H. Before agreeing any payment, the Bank must make sure that minimum solvency requirements will continue to be met so its solvency is not imperilled and check it against the detailed indicators in the Risk Appetite Framework.

Basic pay structure is set out in the Collective Agreement of Cooperative Credit Institutions, agreed between the employers of the National Union of Cooperative Credit Institutions and the unions, which sets the standard for all employees.

Once regulatory requirements have been met, the remuneration of each employee is set individually based on their individual career. Fair treatment is ensured by looking at a set of standardised functions for which they are responsible.

Data from individual pay awards are aggregated to check they match the Bank's budget and ensure there is no overrun during the year.

A. REMUNERATION SYSTEM

Caja Rural de Navarra structures its remuneration system to achieve internal coherence between the elements

of remuneration and the posts and responsibilities being rewarded, which is tailored to the realities of the market and offers its staff a path to professional advancement and promotion.

DISTRIBUTION OF ELEMENTS OF REMUNERATION

| | |
|--------------------------------------|-------|
| National collective agreement salary | 70.62 |
| Additional salary | 19.78 |
| Incentives | 9.60 |

Caja Rural de Navarra has approved its Remuneration Policy linked to Risk management which fulfils its established obligations.

The Policy is based on a number of principles, including the following:

- Fixed individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.
- Variable remuneration shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It consists of a qualitative evaluation, taking into account aspects relating to the quality and performance of their work. It is discretionary.

| AVERAGE EMPLOYEE SALARY 2018 | GROSS PAY 2018 |
|---------------------------------|-------------------|
| 37,336.61 € | 2,229.05 € |

| AVERAGE EMPLOYEE SALARY 2019 | GROSS PAY 2019 |
|---------------------------------|-------------------|
| 37,129.42 € | 2,216.68 € |

| Category | Ref. to Average Salary 2019** |
|-------------------------|-------------------------------|
| Group II Grade 1 | 2.98 |
| Group II Grade 2 | 2.32 |
| Group II Grade 4 | 1.97 |
| Group II Grade 5 | 1.85 |
| Group II Grade 6 | 1.37 |
| Group II Grade 7 | 1.01 |
| Group II Grade 8 | 0.88 |
| Group II Grade 9 | 0.79 |
| Group II Grade 10 | 0.57 |
| Group III Support staff | 0.85 |
| Total | 1.00 |

** To protect confidentiality, any groups that only have one member are merged into the nearest group with more than one member

** Data based on average labour index

| 2018 | | |
|---|-------|---------|
| Minimum starting salary (salary, working hours, euro/hour) | | |
| 22,056.74 € | 1,700 | 12.97 € |

| Minimum starting salary / legal minimum 2018 | | |
|--|-------------|------|
| 22,056.74 € | 10,302.60 € | 2.14 |

*Legal minimum = Interprofessional Minimum Salary for the year 2018

| 2019 | | |
|---|-------|---------|
| Minimum starting salary (salary, working hours, euro/hour) | | |
| 22.634,18 € | 1.700 | 13,31 € |

| Minimum starting salary / legal minimum 2019 | | |
|--|-------------|------|
| 22.634,18 € | 12.600,00 € | 1,80 |

*Legal minimum = Interprofessional Minimum Salary for the year 2019

Data based on Average Labour Index.





Image from Caja Rural de Navarra's
photography contest.
Author: Iñaki Alonso Hierro

B. AVERAGE REMUNERATION AND BREAKDOWN BY SEX AND AGE

| AVERAGE EMPLOYEE SALARY 2018 | | AVERAGE EMPLOYEE SALARY 2019 | |
|------------------------------|-------|------------------------------|-------|
| > BY SEX | | > BY SEX | |
| 1.16% | 0.81% | 1.16% | 0.83% |
| Men | Women | Men | Women |
| > BY AGE | | > BY AGE | |
| to 29 years | | to 29 years | |
| 0.56% | 0.54% | 0.57% | 0.58% |
| Men | Women | Men | Women |
| 30 to 39 years | | 30 to 39 years | |
| 1.01% | 0.85% | 1.04% | 0.85% |
| Men | Women | Men | Women |
| 40 to 50 years | | 40 to 50 years | |
| 1.40% | 1.09% | 1.40% | 1.06% |
| Men | Women | Men | Women |
| 51 to 64 years | | 51 to 64 years | |
| 1.54% | 1.03% | 1.59% | 1.02% |
| Men | Women | Men | Women |

C. AVERAGE SALARY GAP BY FUNCTION, MEN vs. WOMEN

| By Funtion | average salary men 2018 | average salary men 2019 | average salary women 2018 | average salary women 2019 |
|---------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
| Area/regional manager | 2.56 | 2.61 | 2.36 | 2.42 |
| Branch/central services manager | 1.8 | 1.39 | 1.14 | 1.12 |
| Admin-sales/central services | 0.91 | 0.91 | 0.74 | 0.75 |

THE AVERAGE LABOUR INDEX
AT CAJA RURAL DE NAVARRA IS:
EUR 2,218.46 /GROSS PAY

* Data based on Average Labour Index.

D. SALARY DISTRIBUTION 2019

Data on the annual total compensation ratio (GRI 102-38) and percentage increase in annual total compensation ratio (GRI 102-39).

| | 2018 | 2019 |
|--|------|------|
| Ratio of best-paid person's salary vs. mean employee salary | 7.94 | 7.41 |
| Ratio of % increase in best-paid person's salary vs. mean % increase | 0.35 | 0.95 |

AVERAGE REMUNERATION OF DIRECTORS AND MANAGERS

Total gross remuneration of **the board**
in 2019 was:

60,373.93 €

| Board members 2019 |
|---------------------------------|
| IGNACIO TERES LOS ARCOS |
| RODRIGUEZ EGUILAZ JOSE JOAQUIN |
| ESANDI SANTESTEBAN FERMIN |
| JOSE ANGEL EZCURRA IBARROLA |
| SANCHEZ DIESTRO CARLOS |
| ARRONDO LAHERA ALBERTO |
| GARCIA DIAZ DE CERIO MANUEL |
| OLLETA GAYARRE FERNANDO |
| ETAYO ANDUEZA MARCELINO |
| ZABALETA CIRIZA ROBERTO |
| ARTAJO CARLOS FRANCISCO JAVIER |
| ECHARTE SEVINE PEDRO MARIA |
| MAULEON ARANA JESUS ANDRES |
| GOÑI JUAMPEREZ PEDRO JOSE |
| DEL CASTILLO TORRES JESUS MARIA |
| URRUTIA AICEGA GABRIEL |
| IRISARRI VALENCIA PEDRO JESUS |
| ZABALETA JURIO IGNACIO |

Average annual remuneration per person: EUR

3,354.11 €

Total gross remuneration of
management team was:

1,782,000 €

| Personal del equipo directivo en 2019 | |
|---------------------------------------|---------------------------------------|
| UGARTE ALBERDI ALBERTO | Risk Department Director |
| LECUMBERRI SEVIGNE ANGEL | Commercial Director |
| AYECHU REDIN JUAN MARIA | Bussines Banking Director |
| SOLA ARRESE FELIX | General Secretariat Director |
| RODRIGUEZ LASPIUR FRANCISCO J. | Management Control Director |
| ARRIETA DEL VALLE IGNACIO | Managing Director |
| SAGASETA GARCIA CARLOS ALBERTO | Internal Audit Director |
| GARCIA DE EULATE MARTIN MORO MIGUEL | Treasury Operations Director |
| TABOADA PLATAS SERGIO | Head of Technology and Organization |
| MORIONES ARAMENDIA MARIA | Head of Housing and Real State Assets |
| CAMPOS JIMENEZ FERNANDO | Head of Human Resources |
| MENA SOLA IGNACIO | Head of Legal Affairs |
| BERAZALUCE MINONDO FRANCISCO J. | Head of Equity Investments |
| MAEZTU ZAPATERIA IGNACIO | Commercial Director Branches |

Average annual remuneration per person: EUR

127,285.71 €

5.4 CORPORATE PROFIT FOR THE YEAR

Caja Rural de Navarra employees can enjoy a number of benefits, as follows:



PROFITS FROM FINANCIAL PRODUCTS

- Subsidised loans
- Free or preferential conditions on accounts, cards, securities, insurance, etc.



WORK-LIFE BALANCE

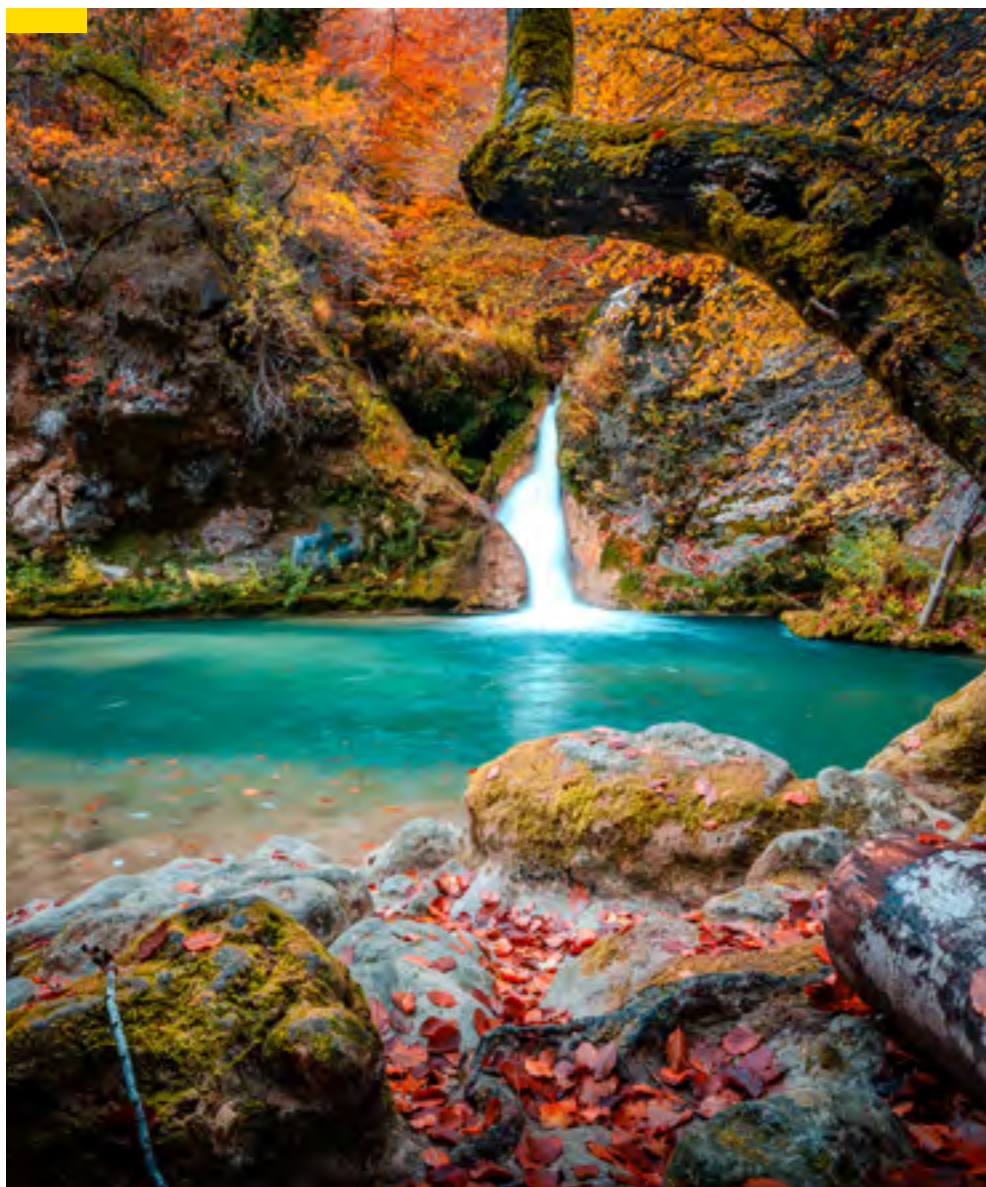
- Digital disconnect policies
- Flexible working hours
- Paid and unpaid leave
- Maternity leave
- Shorter working day
- Medical support
- Additional payments and childcare payments for under-3s



OTHER BENEFITS

- Support for children's studies
- Support for employee studies
- Family support for children
- Supplementary pensions for widows/widowers of employees deceased before retirement
- Accident and life insurance for employees
- Right to 100% of real salary for 18 months of temporary disability





5.5 EVALUATION OF PERFORMANCE

Talent management is the Bank's commitment and strategic objective to attract, contract, retain and provide career development for employees.

Professional and personal development within the company is a motivating factor and a key source of employee loyalty.

To incorporate personal development management in the Bank, we have implemented the Talento Success Factors tool.

Talento makes it possible to analyse the skills development of all employees, improve productivity, promote career development, manage motivation, align the Bank's strategy, adapt to the environment and encourage behaviour that serves the Bank's corporate values.

The following competences are analysed:

CEA COMPETENCES

These are competences common to the whole organization, irrespective of the role and responsibility of the employee concerned.

| COMPETENCE | | ASSOCIATED VALUE |
|---------------|---|------------------|
| COMMITMENT | > | COMMITMENT |
| EFFECTIVENESS | > | PROFESSIONALISM |
| ADAPTABILITY | > | LOCALISM |

FOCUSED COMPETENCES

These are competences specific to the role of the employee.

| COMPETENCE | | ASSOCIATED VALUE |
|---|---|------------------|
| BUSINESS GENERATION - BUSINESS SUPPORT | > | LOCALISM |
| LEADERSHIP - DEVELOPMENT OF PEOPLE AND TALENT | > | LEADERSHIP |
| ENTREPRENEURSHIP | > | LEADERSHIP |

5.6. STRUCTURES FOR DIALOGUE WITH EMPLOYEES

Employees are involved in the running of the company at the highest level. The Employee Director sits on the Governing Board.

In this role, he/she can access all management information and all aspects of the Bank's strategy and direction.

Similarly, the way the Bank organises its human resources means employees have a voice in their day-to-day activities. First, it promotes teamwork, making the branch office the company's core operational unit. Second, targets set by the company are all team targets. The criteria to achieve, whether in terms of financial growth, customers or general functioning of the branch, are all common goals shared by all.

The company's communications system is also based on team meetings and coordinated decision-making by managers

with the participation of all elements. All the committees and meetings feed into the branch meeting, which is the core team and requires the collaboration of the whole group.

When it comes to dialogue with employees, the Bank is in constant contact with employees' legal representatives. There is a forum for exchange of ideas on training, which is followed up by regular quarterly meetings.

Other aspects of employee relations have their own established channels for communications and exchange of ideas, ensuring a continuous flow of information on a wide range of issues, from organizational structure and distribution to compliance with labour regulations and health and safety.

The national collective agreement governing terms and conditions in the sector is negotiated for all credit cooperatives by the UNACC, which includes the Bank, and

ASEMEC on the management side and by the unions Comisiones Obreras (CC.OO.) and Unión General de Trabajadores (UGT) on the workers' side. This sets the basic regulations for the activity of cooperative credit institutions and as such applies directly to 100% of Caja Rural de Navarra employees.

However, in addition to the above negotiation and application of the collective agreement for the sector, there are other areas which are regulated by internal agreements between employees' legal representatives and management, addressing specific issues that improve on the terms in the collective agreement or regulate matters not covered by the general regulations.

Current agreements in force cover, first, distribution of working hours in light of work-life balance and employees' right to decide some of their working hours, so that work is done at the best time for the business and the employee and coordinated with the

working team. It also covers extra holidays.

Second, employee benefits such as loans for various purposes, various types of insurance protection and support for families with children.



Image from Caja Rural de Navarra's photography contest.
Author: **Jose Luis Lucero Solà**

5.7 TRAINING POLICIES

Our personal development strategy makes use of the diversity in Caja Rural de Navarra's workforce. Employees range in age between 22 and 70. Those with experience in different aspects of the profession pass on their know-how to less experienced employees via internal training that we encourage and manage as permanent continuous learning and efficient knowledge management.

Training last year focused on Compliance with regulations affecting the financial sector. This was a considerable challenge which we met successfully. A high percentage of the workforce are now certified to give advice and we have a subset of highly trained people with specific technical knowledge. To achieve this required greater dedication to training on the part of employees. This, coupled with the digital transformation we are undergoing has led to a considerable increase in the number of staff training hours.

In 2019, a total of 148,828.50 training hours were delivered as follows:

| > HOURS BY SEX | |
|-----------------|-------------------|
| 50.57% | 49.43% |
| Men 75,263.5 | Women 73,565.0 |
| TOTAL | 148,828.5 |

| > HOURS BY AGE RANGE | |
|----------------------|-----------|
| 20 a 24 years | 17,184.5 |
| 25 a 29 years | 38,902.5 |
| 30 a 34 years | 13,483.5 |
| 35 a 39 years | 25,513.5 |
| 40 a 45 years | 26,890.0 |
| 46 a 50 years | 13,510.0 |
| 51 a 64 years | 13,321.0 |
| TOTAL HOURS | 148,828.5 |

| > HOURS BY PROFESSIONAL CATEGORY | |
|----------------------------------|-----------|
| Group II Grade 1 | 838.0 |
| Group II Grade 2 | 731.5 |
| Group II Grade 3 | 129.5 |
| Group II Grade 4 | 2,007.5 |
| Group II Grade 5 | 2,809.5 |
| Group II Grade 6 | 30,251.5 |
| Group II Grade 7 | 27,201.5 |
| Group II Grade 8 | 18,043.0 |
| Group II Grade 9 | 6,254.5 |
| Group II Grade 10 | 60,557.0 |
| TOTAL HOURS | 148,828.5 |

This was a major milestone in the hours dedicated to staff training, to deliver 154.55 training hours per person and make sure the workforce is kept constantly updated. In the last 5 years the commitment per employee to recycle their knowledge has almost tripled.

| > AREAS OF TRAINING BY HOURS | |
|-------------------------------|-------------------------------|
| 71.3% | 28.7% |
| Regulatory hours 106,137.5 | Other information 42,691.0 |
| TOTAL HOURS | 148,828.5 |

This regulated training programme gave many more staff the knowledge to upgrade from customer managers to financial advisors, thereby achieving our strategic aim. Out of the total training hours, 106,137.5 were related to regulatory compliance, especially, in descending order, the Spanish Insurance Brokerage Act, Mortgage Act and MiFID II.

5.8 MEASURES TO PROMOTE GENDER EQUALITY OF TREATMENT AND OPPORTUNITIES

At Caja Rural de Navarra we have for years been in the vanguard of pro-equality policy, with a gender-balanced workforce and Equalities Plan in place since 2008 which we renewed in 2019. The Bank's progress on Equality is evidenced by the figures. For instance women make up more than 34% of branch managers, one of the key roles in the organization. This is one of the highest ratios in the sector.

We are committed to establishing and developing policies that make sure men and women enjoy the same treatment and opportunities and eliminate direct or indirect discrimination on grounds of gender. The policies also address all types of diversity and enshrine equality of opportunity between genders as a strategic principle of our Corporate and Human Resources policy to achieve effective gender equality.

We apply the principle of gender equality of opportunity to every aspect of the Bank's activities, including human resources management, leadership, policy and strategy, process management and our relationship with the community.

The key targets of the Equality Plan are:

- 1- To reaffirm Caja Rural de Navarra's Equality Policy
- 2- To include equality considerations in the new Strategic Plan
- 3- To strengthen the heavily male- or female-biased teams to create a better gender balance
- 4- To promote an equality culture among leaders to develop a gender-aware leadership style
- 5- To inform staff of the results of the Bank's Equality Diagnostic and Plan
- 6- To use inclusive language and non-sexist imagery in internal communications
- 7- To engage the Bank's staff in the march toward Equality
- 8- To maintain a balanced workforce in terms of access to employment
- 9- To reduce vertical segregation
- 10- To correct any gender gap in salary
- 11- To compile data broken down by gender
- 12- To run a 5-year analysis of termination of temporary contracts to see if there is any gender bias
- 13- To raise awareness on conciliation and co-responsibility
- 14- To seek to make sure the composition of committees reflects the composition of the workforce
- 15- To encourage monitoring or how the gender equality principle is applied in practice
- 16- To provide the resources needed to implement the Equality Plan and meet the commitment to equality
- 17- To incorporate gender issues into customer surveys
- 18- To draw up gender equal criteria for "personal service"
- 19- To use inclusive language in oral and written communications
- 20- To highlight Caja Rural de Navarra's commitment to managing Equality
- 21- To promote equality through the CSR report
- 22- To encourage suppliers to promote gender equality in their companies when subcontracting





5.9 MEASURES TO PROMOTE EMPLOYMENT

1. SUPPORT FOR UNIVERSITY STUDIES

The practical programmes in 2019 provided 184 training scholarships (116 in the summer and 68 at other times of year). Training scholarships offer participants work experience and the chance to develop their skills and employability.

In this way we fulfil our commitment to support the employment of young people in our community and the scheme also provides an opportunity to identify Junior Talent for subsequent hiring.

2. A WORK ENVIRONMENT THAT SUPPORTS DEVELOPMENT

At Caja Rural de Navarra, we take responsibility for the professional development of newly hired employees. We promote a culture that offers them support and guidance. We show confidence, give early responsibility and demand effort and commitment.

This two-way process helps mould Caja Rural employees, creating value for the organization and enhancing the employees' career development and employability.

In 2019, we put 135 newly hired people through our professional development programme.

3. SUSTAINABLE GROWTH

We are following a positive trend when converting temporary into permanent contracts, based on circumstances in

the sector and the need to keep a good balance of age at Caja Rural de Navarra. This year, 30 people were put onto permanent contracts: 18 women and 12 men. This is 25% more than last year.

5.10. PROTOCOL ON SEXUAL AND GENDER HARASSMENT AND AGAINST ANY KIND OF DISCRIMINATION

Articles 10 and 15 of the Spanish Constitution make the dignity of the person a fundamental right to be maintained. This has led to the incorporation as a basic right of workers of the right to protection against harassment for reason of racial origin, religion or beliefs, disability, age, gender or sexual orientation (Article 4.2 of the Labour Code), as psychological harassment is always a breach of the victim's personal dignity and moral integrity.

Whenever conflicts arise that compromise respect for employees' dignity in any way – not just sexual harassment – it is essential to act swiftly and effectively to verify the facts, establish the scale and causes of the problem and take appropriate remedial action.

Caja Rural de Navarra has set up a whistleblowing channel to receive complaints, investigate and respond to any workplace problems of this kind. Confidentiality is guaranteed for the content of any complaint by the victim of harassment or any other employee who becomes aware of such behaviour.

Maintaining a workplace culture that respects people's right to physical and psychological integrity is the responsibility of everyone providing services within the Bank, not just management, particularly when it comes to reporting such behaviour.



Image from Caja Rural de Navarra's photography contest.
Author: Rafael Díez Corcuera



5.11 PREVENTING WORK-RELATED RISKS

To comply with applicable Regulations on the prevention of work-related risks and to guarantee the health and safety of its employees, Caja Rural de Navarra has an In-house Prevention Service which works on prevention and embraces the specialist areas of Safety, Ergonomics and Applied Psychosociology. The specialist areas of Industrial Health and Safety are overseen with support from external risk prevention provider Prevenna, a subsidiary of the Preving Group.

The work of the System for Management and Prevention of Work-related Risks is based on the Prevention of Work-related Risks Plan (PWRP) as regards procedures and associated record-keeping.

The purpose of the System for Management is to ensure compliance with Caja Rural de Navarra's Health and Safety Policy incorporating preventative actions in all aspects of management and at all levels of the company.

The key elements are as follows:

1. Prevention structures at Caja Rural de Navarra
2. Risk evaluation at workstations
3. Prevention planning
4. Health research and measurements
5. Training and informing employees
6. Emergency and evacuation plans

7. Documentation of work teams and premises

8. Documentation of the Health and Safety Committee

9. Health monitoring: certificates of standards and medical protocols applied

To achieve the objectives in the annual plans within the PRWP, the following actions were taken in 2019:

- The PRWP was reviewed and updated
- All new employees were trained using the virtual classroom
- Health monitoring actions were carried out, introducing new dedicated tests
- Internal controls of our branches with, in some cases, new furniture or refurbishment
- Regular maintenance of fire detection systems and air conditioning/heating systems
- A defibrillator was installed in one of our branches. We now have two defibrillators and staff trained to use them

Key indicators for the year:

Accidents resulting in time off work: 1
Travelling accidents resulting in time off work: 3
There are no recognised occupational illnesses for the industry.

The incidence rate was 7,330 and the severity rate 0.042

In 2020, the most significant actions planned are as follows:

- Training of new staff members
- Continued development of coordination across business.
- Meeting the targets in the annual plan.
- The Bank's inclusion of the Caja Rural de Navarra as a Healthy Company, to help safeguard the health of employees, creating a healthier working environment and healthier habits among the workforce both at and outside work. As a result, in January it was awarded Mutua Navarra's Blue Label health certification in recognition of its health promotion policy.

The Health and Safety Committee which represents all workers is a joint committee which meets quarterly to deal with issues affecting the prevention of work-related risks.

5.12. HUMAN RIGHTS

Caja Rural de Navarra's Code of Conduct sets out guidelines for action. Compliance with the Code of Conduct is how we address Human Rights in our business. We ensure compliance by socially embedding our values through different channels of communications with employees.

For this to be effective, we must all be aware and work together to prevent situations occurring and correct them if they arise.

During the induction process, new employees are given a guide to policies that workers must comply with and apply as members of Caja Rural de Navarra. The same content is available on the employee website.

Bank management and employees must always act in accordance with ethical principles and behaviour for the service and benefit of all, which, fundamentally, is the reason the Bank was founded and the basis for all its actions.

The Bank has over the years of its existence built up a well-deserved reputation among its members, who are also the Bank's main customers. However, this reputation must be continually strengthened and improved.

Part of this comes down to the people who work in the Bank every day, in the way they behave at work and outside.

Ethical behaviour of employees in the way they relate to other colleagues, members, customers and suppliers is one of the fundamental ways to maintain and improve the Bank's reputation.

We also believe that such ethical behaviour is good for the Bank's growth and profitability over the long term. Therefore, besides the moral and human imperative, ethics must be included as a basic part of our business policies and objectives.



CHAPTER 6

SUPPLIERS

6.1 SUPPLIER AND EMPLOYEE RELATIONS

6.2 CONTROL AND MONITORING OF SUPPLIERS

6.3 FUTURE PLANNING

6.4 PERCENTAGE FINANCING OF LOCAL SUPPLIERS



CAJA RURAL
DE NAVARRA



6.1. SUPPLIER AND EMPLOYEE RELATIONS

Caja Rural de Navarra seeks to maintain with its suppliers and partner companies a **close, respectful, trusting and transparent relationship** which promotes in-depth knowledge of the companies we contract with and confidence in the quality of the services provided. Relationships always comply with the confidentiality provisions of Organic Law 15/1999, of 13 December, on Personal Data Protection (LOPD).

Caja Rural also has a Suppliers Handbook, approved by the Governing Board, which, among other internal rules, sets the criteria for selecting suppliers. In general, supplier selection procedures must meet criteria of objectivity, impartiality and equality of opportunities.

Processes must also give due weight to suppliers' compliance with the following ethical principles defined by the Bank:

1. FIT AND PROPER PERSON PRINCIPLE

In no circumstances shall the Bank contract with third-parties which are known to be under investigation for, charged with or guilty of criminal activities.

2. MORALITY AND ETHICS AT WORK

Suppliers shall be eliminated from the selection process if they are known or widely reputed to breach workers' rights recognised in the labour standards or their legal obligations as a business.

3. RECOGNISED EXPERIENCE AND QUALITY

Before being contracted, any new supplier must provide accreditation of their technical qualifications and experience in providing the services to be contracted. Accreditation may be by quality standards certificates (ISO) or similar, or by any other means that the Bank finds acceptable in the circumstances. To this end, a supplier may be contracted without providing the documentation indicated above when their experience and quality has been publicly recognised in the course of trade.

Caja Rural sets out in the Handbook a number of criteria which prevent suppliers from being selected if any of the following circumstances apply:

- There has been a serious incident in the course of providing a service to the Bank. Any exceptions must be authorised by General Management and the financial officer.
- In the provision of specific services or the supply to be contracted, suppliers who are undergoing bankruptcy proceedings are excluded if it is considered that this could have adverse consequences for the Bank.
- The candidate supplier is not up to date with their social security contributions and/or taxes.
- The candidate supplier has been found guilty of an offence relating to their professional morality (e.g. against their employees), or there are convincing

indications of their involvement in money laundering, terrorist financing or similar offences.

6.2. CONTROL AND MONITORING OF SUPPLIERS

Each area contracts with suppliers as its needs and demands dictate.

All areas follow the procedure set out in the Suppliers Handbook, which sets the following rules to ensure companies obtain a range of offers from potential suppliers depending on the size of the contract:

- **Up to EUR 10,000** at least one quotation or invoice•
- **EUR 10,001 to EUR 50,000** at least two quotations.
- **EUR 50,001 and higher** at least three quotations.

Any exceptions must be authorised by General Management and the financial officer.

Having each department contract its own suppliers ensures better quality control of services provided. Each Area head has first-hand knowledge of any incidents or irregularities.

On cost control, General Management approves annual expense budgets for each Area. Expenses are checked monthly by the Management Committee and two six-monthly controls are run each year by the Financial Area with General Management.

Caja Rural de Navarra is fully aware of the importance of a certain group of suppliers on whose services it depends for a significant part of the quality perceived by employees and customers. The Bank has identified the IT, back office and insurance departments as critical services. These services are therefore provided by

companies in which Caja Rural de Navarra has an equity stake and which form part of the Caja Rural Group.

For those services that the Bank considers most essential, it requires meetings between the parties to assess both the quality of service and delivery and Communications, to ensure a satisfactory standard of work. Final quality depends as much on the buyer of the service as on the supplier. Non-economic factors are considered where they affect service quality.

Caja Rural de Navarra complies with the Spanish Act on Social Inclusion of People with Disabilities (LISMI). It contracts services from special employment companies to promote the social inclusion of these persons in line with its commitment to Corporate Social Responsibility.

At 31 December 2019 the number of people with a disability in Caja Rural de Navarra's workforce was: 3.



6.3. FUTURE PLANNING

Caja Rural de Navarra has a policy to move toward paperless offices. This is an objective that should improve the productivity of employees while simultaneously reducing the volumes of paper and toner used. Production of both comes with environmental costs.

Social, gender equality and environmental issues are not currently included in the purchasing policy. Caja Rural de Navarra is drawing up an improvement plan that will involve its suppliers in sustainability issues and bring corporate social responsibility within the scope of its relationships with suppliers



6.4. PERCENTAGE FINANCING OF LOCAL SUPPLIERS

The biggest suppliers in the financial sector are institutions' own creditors, who are the source of funding for their business (along with equity capital). Also, one of the peculiarities of banking is that the same individual can appear as a customer (consuming financial and other intermediation services) and as a supplier/creditor (providing funds to the institution as a depositor).

As a result, Caja Rural de Navarra's local suppliers (depositors) form a high percentage of total suppliers. Based on data for purchases from local suppliers (total billings in 2019) we find that: 50.76% of purchases were billed to local suppliers. Total spending (2019 billings) was EUR 131 million, of which EUR 66.5 million were purchases from suppliers in Navarre, the Basque Country and La Rioja.

CHAPTER 7

CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

7.1 CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

7.2 RESOURCE CONSUMPTION AND IMPROVEMENT PLANS

7.3 DIRECT RELATION WITH SUSTAINABLE ENVIRONMENTAL
ACTIVITIES

7.4 SUPPORT FOR COOPERATIVE MEMBERS AND CUSTOMERS IN
SUSTAINABILITY PROJECTS

7.5 SUPPORT FOR THE COOPERATIVE MODEL AND TRADITIONAL
AGRICULTURE SECTOR

7.1 CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

The Rural Credit Cooperatives grew out of the agricultural and credit cooperatives of over a century ago and certain values have been maintained over time.

Caja Rural de Navarra conducted its business in 2019 with a sense of responsibility toward the environment. It has set a series of general targets that can be summarised as follows:



Direct actions to improve the environment (generation of renewable energy, planting trees, etc.)



Supporting our customers in their sustainability projects: renewing transport fleets, energy renovation of buildings, production of renewable energy, design and manufacture of equipment to produce renewable energy, etc.



Support for cooperativism and the traditional farming sector, which sustains the rural population and ensures farming is done in a way that respects nature.



We do not see rural communities as an unchanging bucolic place for tourists to visit at weekends but as a place where people want to live with dignity and adequate services. This requires sensible and sustainable human impacts.



Optimising resource consumption (energy, plastics, paper, etc.). Reduce, remove and recycle.



7.2. RESOURCE CONSUMPTION AND IMPROVEMENT PLANS

Banking is usually thought of as running bureaucratic and largely inflexible structures. This is not true of Caja Rural de Navarra.

Caja Rural de Navarra's own management model of lightweight structures close to the customer further reduces the need for paper and makes it easier to introduce systems for electronic processing of data. Although, for regulatory reasons, we are still far from being a paperless organization, over the year we have continued and intensified our strategy of digitizing document management internally between the Bank's departments and branches and with customers. This process has many advantages, making management faster and more efficient while reducing storage space and the need for meetings and travel. It has additional environmental benefits such as less fuel used for travel and less consumption of paper.

We believe we are developing an increasingly efficient and sustainable branch model with lower energy use.

With this in mind, the Bank has acted to minimise its environmental impact in the following areas:

1. RESOURCE CONSUMPTION

PAPER AND TONER

At Caja Rural de Navarra, we have had for ten years a document management system in the branches that digitizes internal and customer processes, significantly reducing the volume of paper used by branches. In 2019, this process was introduced in 34 branches. The forecast for 2020 is 35 branches and we expect to complete the programme in 2021.

Paper is the main consumable used in providing financial services, both in terms of cost and in its environmental impact, especially A4 paper printouts. For many years now, all paper has had Forestry Stewardship Council certification FSC C015403, which guarantees it has been made using a more environmentally respectful production process.

Over the year, we have continued to roll out procedures to save paper in internal communications and with customers, with a huge increase in virtual mailbox use by customers.

Paper consumption fell this year (see table; not including PoS terminal paper which we no longer buy directly):

| Consumption | Kg/year 2016 | Kg/year 2017 | Kg/year 2018 | Forecast Kg/year 2019 | Actual Kg/year 2019 | Forecast Kg/year 2020 |
|-------------------------------|--------------|--------------|--------------|-----------------------|---------------------|-----------------------|
| Chlorine-free sheets of paper | 65,656 | 63,278 | 58,349 | 58,000 | 50,800 | 50,000 |
| Thermal PoS terminal paper | 340 | 332 | 0 | 0 | 0 | 0 |
| ATM paper | 294 | 148 | 277 | 250 | 5,740 | 5,700 |
| Envelopes | 4,214 | 3,568 | 3,767 | 3,700 | 2,576 | 2,500 |
| Brochures and posters | 4,565 | 4,300 | 4,200 | 4,100 | 1,195 | 1,150 |
| TOTAL | 75,069 | 70,894 | 66,593 | 66,050 | 60,311 | 59,350 |

Paper consumption per employee in 2019 (based on the 31 December headcount of 963) was 62.62, below the level of 66.59 in 2018.

Toner use has continued to decline, but not very significantly in our view, partly because of the current transparency rules and banking regulations which oblige us to include a lot of information in new customer contracts in an easily legible format. However, we are in the midst of a process to reduce the documentation sent out to customers' addresses. Most documentation is now sent via the web, by email and other digital communications channels.

| Consumption (cartridges) | 2016 | 2017 | 2018 | Forecast 2019 | actual 2019 | Forecast 2020 |
|--------------------------|-------|-------|-------|---------------|-------------|---------------|
| Recycled toner | 3,199 | 3,276 | 3,368 | 3,310 | 1,957 | 1,900 |
| Original toner | 231 | 251 | 229 | 240 | 106 | 100 |

Toner consumption per employee in 2019 (based on the 31 December headcount of 963) was 2.03 in recycled toner and 0.11 in original toner, compared to 2018 figures of 3.49 recycled toner and 0.23 original toner.



ENERGY

Caja Rural's branch network consumes no fossil fuels directly. The only energy supply is electricity which means it has no direct emissions. For the first time in 2019, all electricity was supplied from renewable sources.

2019 consumption data shows a steady decline thanks to the energy efficiency measures in place:

Consumption is as follows:

| Consumption Kw/h. | 2016 | 2017 | 2018 | Forecast 2019 | Actual 2019 | Forecast 2020 |
|-------------------|-----------|-----------|-----------|---------------|-------------|---------------|
| | 5,771,985 | 5,557,303 | 5,814,696 | 5,850,000 | 5,307,39 | 5,250,000 |

Energy consumption per employee during the year was 5,511 KWh, compared to 5,758 KWh in 2018.

The fall reflects energy efficiency measures put in place.

There is another minor indirect source of consumption, which is the fuel used by employees in the vehicles they use for their day-to-day work (not including journeys to and from home).

Consumption from this source in 2016 was 3,894 Gj, in 2017 3,921 Gj, in 2018 4,280 Gj and in 2019 4,026 Gj. (based on a conversion rate of 1 KWh= 0.0036 Gj, and 1 litre of diesel = 10kwh)

The main energy efficiency measures put in place in 2019 were:

AIR CONDITIONING

Replacement of the oldest and least efficient units by inverter heat pumps using variable refrigerant volume technology, which have a nominal consumption 40-50% lower than traditional heat pumps.

In 2019, we replaced units in 10 branches
LIGHTING

We continued to replace fluorescent with LED lighting, which is much more efficient and lower consumption. In 2019, 9 branches switched to LED lighting.

EXTERNAL SIGNAGE

Traditional signs use fluorescent tubes. For more than 10 years we have been gradually replacing these with LED tubes and also reducing and optimising the length of signs as well as reducing the programming for the hours they are lit.

In 2018, 9 signs were replaced.

COMPUTERS AND ATMs

We have planned no actions on this point as it is immaterial.

TRAVEL

We continued to reduce face-to-face meetings with employees and customers, promoting videoconferencing, web-cams on executives' computers and the use of a virtual classroom for online training.

WATER

Water in Caja Rural de Navarra's branches comes from the municipal supply and is basically used for toilets in branches and cleaning. We have no buildings or premises with gardens so use no water for irrigation.

Water consumption in the branch network was as follows:

| Consumption m3 | 2016 | 2017 | 2018 | Forecast 2019 | Actual 2019 | Forecast 2020 |
|----------------|--------|--------|-------|---------------|-------------|---------------|
| | 12,924 | 12,810 | 1,220 | 12,150 | 9,830 | 9,700 |

2019 data was derived by adding actual consumption of central service offices to an estimate of consumption in the branch network. The estimate was extrapolated from the actual consumption of a typical branch in each of six branch sizes, measured by number of employees.

Water consumption per employee in 2019 (based on the 31 December headcount of 963) was 10.2 m3, compared to 12.66 m3 in 2018.

2. WASTE MANAGEMENT

Caja Rural de Navarra conducts its business through its branch network and the waste it generates is managed in accordance with current best practice, considering both mandatory regulations and ways of reducing, reusing or recycling waste.

This is an extensive network of 255 branches which are mostly small in size and therefore similar to urban offices. As such they require no special waste disposal measures (except for toner) but can use local waste collection services.

Most of the waste generated is managed as follows:

- Paper waste generated in branches is deposited by the cleaning services in specific paper and cardboard recycling bins in the street.
- Used toner cartridges are collected by a company licensed to recycle and reuse them.
- Fluorescent tubes and empty batteries are collected either by the maintenance and cleaning services which take them to a recycling centre or by a licensed waste manager.
- Computer hardware which cannot be reused is donated or returned to the supplier whenever possible. Otherwise the equipment is passed to licensed waste managers.



Image from Caja Rural de Navarra's
photography contest.
Author: Rafael del Val Hidalgo de Morillo



The volume of toner collected for recycling by a licensed waste manager across the branch network was as follows:

| Consumption (cartridges) | 2016 | 2017 | 2018 | Forecast 2019 | Actual 2019 | Forecast 2020 |
|--------------------------|-------|-------|------|---------------|-------------|---------------|
| | 2,788 | 2,280 | 684 | 2,500 | 1,917 | 1,900 |

The 2019 increase is due to a reduction in the 2018 collection figure as collection took place after year end. There is a steady reduction in the collection of toner, which is logical given that less toner is being used.

3. ATMOSPHERIC EMISSIONS

The activity in branches does not generate direct atmospheric emissions. Branches do not cause lighting or noise emissions, so no specific measures need be taken.

Emissions of tonnes of CO₂ equivalent due to electricity consumption should be zero in 2019 as electricity was the only energy used and this was all bought from renewable sources with the corresponding certificates of origin. The certificates relate to the wind farms of Compañía Eólica de Tierras Altas (CETASA) located in the north of Soria region (2,236.53 tCO₂eq in 2018). The 2018 figure was obtained based on electricity consumption in 2018, multiplied by a conversion mix factor of 0.39 kg CO₂/kWh. This is based on the miteco.gob.es website of the Ministry for Ecological Transition and is the factor corresponding to our main electricity supplier.

The vast majority of air-conditioning units use R-407 or R-410 refrigerant gases which do not damage the ozone layer. The remainder, which use other types of gas, are being replaced by newer units as part of the regular annual renovation plans.

4. WASTE WATER

The only waste water is from the toilets in branches and waste water is therefore not a significant item. It is recycled through the municipal water system.

There has never been any spill or leak which produced any environmental pollution.

5. DESIGN OF BRANCHES AND MANAGEMENT OF FIXTURES AND FITTINGS

Branches are designed to help minimise the environmental impact of the business by various means, including the following:

- The network consists of a large number of small offices, which means customers do not need to travel far to receive services.
- Also, our employees tend to live in the same village or nearby, which again reduces travel. This is an important point, particularly as the current trend in the banking industry is to close branches, particularly in rural areas.

The design, construction and renovation of Caja Rural de Navarra's branches takes into account the formal considerations, regulations for building, fixtures and fittings and an adequate quality of materials to create pleasant working environments, which are comfortable for employees and customers, with ergonomic workstations and environmentally efficient fixtures.

Building materials used for branches and their furnishings are bought from local suppliers in the area where we operate, which contributes to the sustainability of the region and reduces the environmental footprint.

The branch network has a programme of corrective and preventative maintenance to optimise the control and functioning of the fixtures and create healthy and safe working spaces.

6. INITIATIVES TO REDUCE WASTE AND CONSUMABLES IN 2020

- 7 air-conditioning units in branches replaced. By installing new units with VRV technology, we achieved better results with less electricity usage. Note that new and renovated branches are all rated A for energy and emissions.
- Replacement of fluorescent lighting with LEDs in branches. This generates better lighting with less electricity. It is planned to re-equip ten more branches in 2020.
- New signage. There are plans to change 8 luminous displays, replacing them with lower-consumption LED displays.
- Digitization of branches to eliminate the use of physical paper. This year, 35 branches are expected to go fully paperless.



7.3 DIRECT RELATION WITH SUSTAINABLE ENVIRONMENTAL ACTIVITIES

The sections above deal with the direct impact of Caja Rural de Navarra's activities. In addition to these, the Bank invests in a number of companies who we consider make a significant positive contribution to the environment:

a) Compañía Eólica de Tierras Altas, S.A.. This company has developed and operates four wind farms in the north of Soria region. They were installed between 2001 and 2005 and generate a total of 99 MW with annual production of between 2.3 and 2.7 times the power consumed by the whole of Caja Rural de Navarra Group. It generated a total of 260,000 MWh in 2019.

b) Renovables de la Ribera, S.L. The company was building four wind farms in Navarre in 2019, due to come on-stream in the first

quarter 2020. Together these will add 111 MWh to output, taking its annual estimated power generation to 325,000 MWh.

The two companies produce enough energy to power 167,000 average households, saving 270,000 tCO₂eq of atmospheric emissions if the energy was produced in combined cycle power stations (these are used as comparators for wind power as they fulfil a similar function as load regulators).

c) Bosqalia. This company grows and exploits poplars. At end-2017 it managed 272.3 hectares of forest, more than 90,000 feet.

According to Carlos A. Novertó in a report recently compiled for the FAO, to produce 446 grams of wood a tree requires 650 grams of CO₂ and releases 477 grams of oxygen into the atmosphere. According to this calculation, each cubic metre of forest biomass (trunk, roots, branches, leaves)

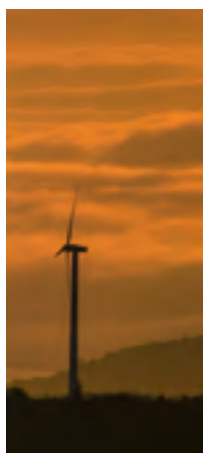
absorbs 0.26 tonnes of carbon equivalent (tCe). For poplar or cottonwood forest this equates to 41.28 tonnes of CO₂/ha/year.

The carbon absorbing effect of our plantations, based on the most common use of the wood which is for planks is 11,240 tCO₂eq. Assuming planks have a limited life and can decay in a tip or be burnt in a kiln the cultivation of poplars has a zero carbon cycle. The Spanish Ministry of the Environment calculates the absorption effect in its 2015 "Guide to estimating carbon dioxide absorption" at 10.5 kg CO₂/year/foot. This equates to 947 tonnes per year.

All Bosqalia's cultivations have, before they are cut, PEFC sustainable wood chain of custody certification.

d) Flour group (see Equity investments Annex). For the years 2019-2028, plants producing wheat flour that are subsidiaries of Caja Rural de Navarra signed a long-term

contract for electricity supply under which around 80% will come from renewable sources, specifically the new Dehesa de Mallén and Campoliva II wind farms, both in Zaragoza and not owned by Caja Rural de Navarra.



7.4. SUPPORT FOR COOPERATIVE MEMBERS AND CUSTOMERS IN SUSTAINABILITY PROJECTS

The Bank provides three kinds of support for sustainability projects done by others:

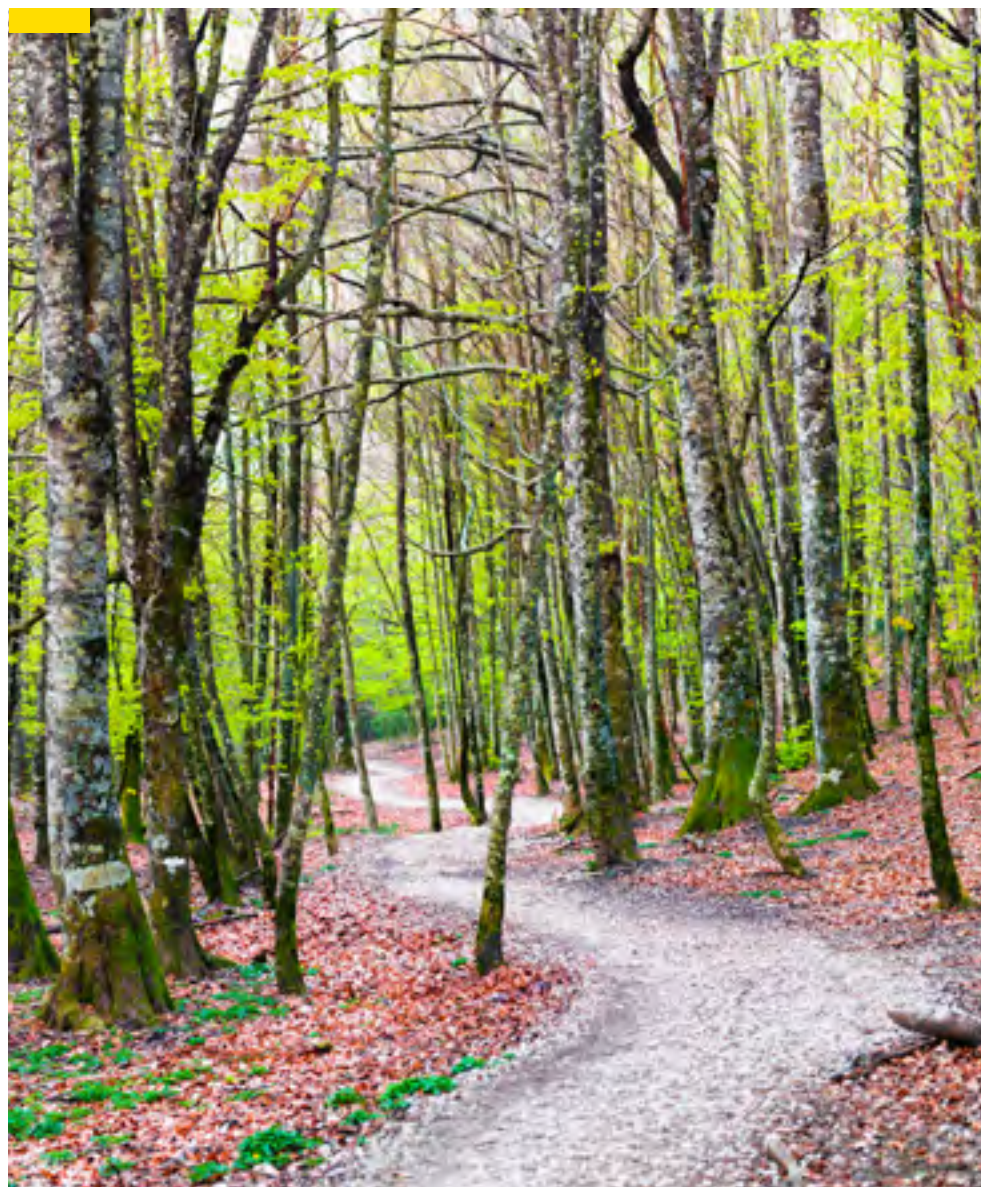
a) Promotion of renewable energy

Loans to fund the generation of electricity from renewable sources – solar, wind, geothermal, hydro-electric, etc. – use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. Based on an analysis of information collected, we calculate that the current sustainable energy credit line totals EUR 40.6 million, spread across 87 loan transactions to 53 borrowers (the same analysis produced figures for 2018/2017 of EUR 39.7 million/29.5 million, 80/71 transactions and 57/52 borrowers).

b) Energy efficiency

This category includes loans whose purpose is to develop products and technologies that reduce energy consumption or manufacture components that contribute to this aim. These loans totalled EUR 463.7 million, distributed among 3,968 loans to 3,086 borrowers (2018/2017 figures were EUR 443.1 million/251.7 million, 3,711/2,132 loans and 3,024/1,537 borrowers).

Also, at the end of 2019, Caja Rural de Navarra has identified active loans in its mortgage book for 2,594 homes with energy rankings of A, B or C, which therefore qualify for the “energy efficient home” rating in the sustainability framework (1,220 homes in 2018).



c) Waste management

Loans to develop equipment and technology that make more efficient use of resources and/or reduce waste. These totalled EUR 22.9 million, distributed among 70 loans to 42 borrowers (2018/2017 figures were EUR 25.8 million/15.9 million, 74/46 loans and 51/32 borrowers).

7.5. SUPPORT FOR THE COOPERATIVE MODEL AND TRADITIONAL AGRICULTURE SECTOR

Loans intended to reduce greenhouse gas emissions by making farms more efficient, reusing waste products, maintaining the rural environment, etc.

It is important to stress that Caja Rural de Navarra retains a special commitment to farming, both because of its origins and because of the important role played by the rural world in sustainable development and the future of the regions and communities in which the Cooperative Bank operates.

The cumulative total was EUR 134.7 million, distributed among 1,688 loans to 1,284 borrowers (2018/2017 figures were EUR 103.3 million/69.9 million, 1,220/808 loans and 963/671 borrowers).

CHAPTER 8

CAJA RURAL DE NAVARRA AND SOCIETY

8.1 CAJA RURAL DE NAVARRA AND SOCIETY

8.2 SOCIAL ACTIONS

8.3 OUR RELATIONSHIP TO THE PUBLIC AND PRIVATE
INSTITUTIONAL SECTORS



**CAJA RURAL
DE NAVARRA**



8.1. CAJA RURAL DE NAVARRA AND SOCIETY

Caja Rural de Navarra is a regional financial institution with 253 branches and employing 963 people at 31 December 2019. Legally constituted as a credit cooperative, it is strongly rooted in the regions where it is active, comprising 5 regions in 3 Autonomous Communities.

Its local presence and strong commitment to the local community is mirrored in a powerful base of 169,507 members and 599,094 customers (548,223 people 50,871 legal entities). This social footprint embeds the Bank in the real life of the local community, making it an active player in the social and economic fabric of the region. It is a clear competitive advantage, providing a direct line to the real demands and needs of the community. Equally, having local decision centres mean we can offer a swift and flexible response thanks to our knowledge of the territory and its people.

All of which makes it easier for the Bank to maintain close relationships with economic and social agents. It strives always to deal with people in line with Corporate Social Responsibility principles set out in its articles of association.

8.2. SOCIAL ACTION

Caja Rural de Navarra uses its **Education and Development Fund (EDF)** as the main channel for its social action. This is used to return part of its profits from its financial activity to the community as what we consider to be a social dividend. Each year, a major part of the budget is

earmarked to support value-generating projects which help improve quality of life in our community, providing solutions to different social, environmental, sporting and cultural needs.

PRINCIPLES AND GUIDELINES

The EDF follows these guidelines according to its articles of association:

- 10 per cent of the available surplus (profit) each year is donated to the Fund.

- Support activities that fulfil one of the following aims:

A) Training and education of Caja Rural members and employees in the principles and values of the cooperative movement or in specific matters relating to its corporate or labour-related activity and other cooperative activities.

B) Promoting the cooperative model and fostering relationships between cooperative entities.

C) Cultural, business and welfare initiatives serving the local area or community in general, initiatives that enhance quality of life, promote community development and/or protect the environment

- Working in conjunction with other companies and entities in pursuit of the Fund's objectives, in such cases providing either full or partial funding.

- Any resources in the Education and Development Fund that have not been allocated or committed must be realised during the financial year following that in which it was donated, in savings accounts, public debt or regional government

bonds. Financial returns from these shall be used for the same ends. Such deposits or securities cannot be pledged, lent or allocated to credit accounts.

BUDGET ALLOCATION

The basic guidelines for use of the Education and Development Fund are agreed annually by members at the General assembly. The following guidelines were set for allocation of the amounts set out in this document during 2019:

| (In thousands of euros) | 2019 | | 2018 | |
|--|--------------|--------|--------------|--------|
| Consultancy, training and promotion of the cooperative model | 1,737 | 41.15% | 1,783 | 43.39% |
| Teaching and research | 1,291 | 30.59% | 1,142 | 27.78% |
| Sports aid | 152 | 3.60% | 136 | 3.31% |
| Charity work | 132 | 3.13% | 85 | 2.06% |
| Cultural, recreational and other activities | 263 | 6.23% | 306 | 7.44% |
| Economic and social development | 645 | 15.28% | 658 | 16.01% |
| TOTAL | 4,221 | | 4,110 | |

Each year, we renew our commitment and provide continuity to many projects we have worked with for years. It is a source of great satisfaction that we continue to organize, sponsor and work with hundreds of institutions and initiatives that are now achieving a scale unimaginable just a few years ago. Caja Rural de Navarra works tirelessly to adapt to new social needs, channelling its contributions to the most in-demand projects at any time. Over the last year, for

instance, teaching and research, charity and sports received more support than in previous years.

Through the EDF, Caja Rural de Navarra does its bit to help create a fairer society with greater solidarity. To achieve this, we often partner with established institutions that have for decades been working for the most disadvantaged segments of society, such as the Red Cross, Proyecto Hombre, Cáritas, Aspace and others.

INITIATIVES AND PROJECTS SUPPORTED

The most prominent projects supported in 2019 under each of the Fund's guidelines were as follows:

COOPERATIVE MOVEMENT AND LOCAL DEVELOPMENT:

- Support for the cooperative movement, especially in the primary sector, by signing collaboration agreements with cooperatives and their representative bodies to develop effective training and professionalisation programmes.
- Entrepreneurship Day to encourage young people into the farming sector, run jointly with the public sector company INTIA. The primary aim was to address the problem of next-generation farmers, prevent rural depopulation and promote the empowerment of women.
- Advice to customers on processing PAC aid, through a dedicated team of experts. In 2019, 5,060 applications were dealt with under this scheme.
- Advice and processing services for income and wealth tax returns, particularly in regions where it is an official collaborator with the Spanish tax authorities (Hacienda). To do this, it makes available a dedicated team of professionals. In 2019, 22,456 applications were dealt with under this scheme.
- Collaboration agreements with a range of professional groups to help develop employment and the local economy. Prominent partners include the Asociación de Comerciantes del Casco Antiguo de Pamplona (store owners in Pamplona's old town), and the Colegio de Arquitectos, Colegio de Graduados Sociales and Colegio de Enfermería de Gipuzkoa (trade associations).





SOCIAL, CHARITY AND SPORTING PROJECTS

- Asociación Navarra de Autismo (ANA): Placement of 684 awareness-raising pictograms for children with autism in Pamplona (one either side of the city's 342 traffic-lighted pedestrian crossings). The scheme was developed in tandem with the Pamplona local authority and ANA.
- Asociación Navarra Nuevo Futuro: a campaign to collect toys through its branches which were then sold in a charity bazaar, also sponsored by the Bank. The project raised funds to help maintain sponsored children's homes in Spain and abroad.
- Proyecto Hombre: partnering with programmes to attend and support people suffering from addiction problems.
- Aspace: support for care and protection of people with cerebral palsy.
- Cáritas: caring for vulnerable and disadvantaged groups.
- Social and leisure activities for various groups and organizations of older people.
- Día de la Camiseta Solidaria: the latest Solidarity T-shirt Day was held on 5 September 2020. As part of the initiative, 10% of income from Seguros RGA insurance policies sold in the Bank's branches during the day went to support projects of the Spanish Red Cross. This year, all the projects supported were themed around "childhood at risk".
- Development of and support for environmental education projects: Support for the Aula de la Naturaleza de Fundación Ilundain - Haritz Berri. This is an educational resource visited by more than 5,000 schoolchildren each year.
- Issue, management and promotion of the Carné Joven Project in Navarre and La Rioja. Caja Rural de Navarra partners with the Navarre and La Rioja regional governments to provide the Carné Joven. Through this initiative we help thousands of young people between 14 and 30 access services and discounts on accommodation, transport, culture, stores and insurance among other things, through deals struck in Navarre, Spain and more than 40 countries which together gives them discounts at more than 50,000 establishments.

Since 2012, Caja Rural de Navarra has invested over EUR 600,000 as a result of its commitment to this project.

- Development of and collaborations with social activities for children and young people: summer and urban camps, sports camps, music and leisure events, financial education projects.
- Support for hundreds of sporting events during the year. The aim is to promote grass roots sport and participation as a way to enhance quality of life. This often takes the form of promoting different popular sporting events with a high social element.

RESEARCH, EDUCATION AND EMPLOYMENT

• CIMA scholarships:

cash grants to support additional researchers at CIMA, a research centre with a national and international reputation, promoted by the University of Navarre, helping it build up its research activities year on year.

• Universities:

University of Navarre: a programme of mobility scholarships that helps students study in countries around the world. In 2019, 45 new scholarships were awarded, making nearly 600 over the last 10 years. In the same way, Caja Rural supports the Becas Alumni programme of scholarships for students with a good academic record but without the financial resources to study at the University.

Public University of Navarre: a scholarship programme to promote international mobility among students so they can study abroad. In 2019, scholarships were awarded to 427 students, giving them the opportunity to study in more than 39 countries. Nearly 3,500 such scholarships have been granted over the last decade. Most are through programmes such as Erasmus, Palafox, Martín de Rada, ISEP USA, ISEP Internacional and bilateral agreements.

Creation and support of an area of enterprise, which can finance special activities that drive and develop enterprise and start-ups throughout the university community.

• Professional training:

Support and development of Erasmus+, through international scholarships in collaboration with the Government of Navarre. Students benefit from Professional Training stays in other EU countries which allows them to experience cultural, social and working conditions different from their usual environment. In this way, these future professionals can broaden and improve their technical and language knowledge, improve their professional aptitudes and skills and, most importantly, improve their prospects for finding work in Navarre or their host countries.

• Work Experience Programmes at Caja Rural de Navarra

These are part of our commitment to Training and Employment and are designed to complement student training, introducing participants to the reality of the workplace, enhancing their knowledge, developing skills and, in general, making them more employable. Through these programmes, we have helped train more than 1,600 students in these last ten years.

CULTURE AND SOCIETY

• Local culture: events to support the Basque language and culture (sponsoring Nafarroa Oinez in Navarre and Kilometroak in Guipúzcoa) and actions promoted by schoolchildren.

• Encouraging reading with the Diario Escolar, in collaboration with Diario de Navarra. Sponsoring the Club de Lectura, and various local community events.

• Caja Rural de Navarra photography competition: this initiative was run again in 2019 with entry open to everyone.

• Huertas Solidarias Project: in this project the Bank deploys resources so that retired people with the requisite skills can cultivate allotments, donating the produce to social projects.

• Bodas de Oro Navarra: an event for all married couples in Navarre who celebrated their 50th wedding anniversary in 2019. It was a moving event for the couples and their families.



ENTREPRENEURSHIP

Support for entrepreneurs via *Inicia*. This is an exclusive credit facility for financing and advising young entrepreneurs, through which the Bank gives preferential treatment to people dreaming of starting their own enterprise, so giving their business a leg up.

The Caja Rural's *Línea Inicia* advisors analyse the viability of the business, the experience of the workers and their commitment. As well as technical considerations, they gauge the level of enthusiasm and commitment to the projects.

Through *Inicia*, we advise on finance and propose customised solutions, adapting them to the specific needs of each project and making sure they are eligible for all types of support and subsidies. To facilitate this programme, there are collaboration agreements with development agencies, other business organizations and universities.

Línea Inicia solutions are as diverse as people's needs and the forms of finance are tailored to each enterprise project.

In the 13 years the line has been running it has supported a range of different projects which have helped economic and social development in the areas where they operate.

Caja Rural de Navarra's aim is that everyone presenting a sound project should get the initial support and finance they need to start developing their business. Enterprise is one of the engines of the Navarre economy and in this way Caja Rural de Navarra is supporting the entrepreneurs and SMEs of tomorrow.



By these and other actions, Caja Rural de Navarra fulfils its commitment to local economic development, now and in the future, contributing to the region's sustainability.



8.3. OUR RELATIONSHIP TO THE PUBLIC AND PRIVATE INSTITUTIONAL SECTORS

Caja Rural de Navarra's business puts us in constant direct contact with wider society. In order to act we therefore need to agree policies with different public and private players in the region.

The most important agreements we have with such institutions are as follows:

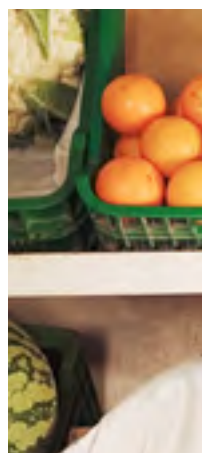
AGREEMENTS WITH PUBLIC AUTHORITIES AND OTHER AGENCIES

- GOVERNMENT OF NAVARRE - MANAGEMENT OF THE NAVARRE CARNÉ JOVEN SCHEME
- GOVERNMENT OF NAVARRE VAT PAYMENTS ON ACCOUNT - TAX
- GOVERNMENT OF NAVARRE - INCOME TAX AND PAC
- GOVERNMENT OF NAVARRE - NASUVINSA
- GOVERNMENT OF NAVARRE - EDUCATION DEPARTMENT
- GOVERNMENT OF NAVARRE - MANAGEMENT OF THE LA RIOJA CARNÉ JOVEN SCHEME
- LA RIOJA GOVERNMENT - DRIVING LICENCE FOR CARNET JOVEN HOLDERS
- BASQUE GOVERNMENT - R&D&I
- BASQUE GOVERNMENT - VISESA
- BASQUE GOVERNMENT - LANGUAGE RIGHTS
- BASQUE GOVERNMENT - SENDOTU SMES AND SELF-EMPLOYED WORKERS IN THE AGRICULTURAL, FORESTRY AND FISHING SECTORS

- GOVERNMENT OF ARAGON - PAC
- REGIONAL GOVERNMENT OF BIZKAIA - VIA T REMOTE TOLL SYSTEM
- FEDERACIÓN RIOJANA DE MUNICIPIOS Y CONCEJOS
- FEDERACIÓN NAVARRA DE MUNICIPIOS Y CONCEJOS
- LOGROÑO LOCAL AUTHORITY - LOGROÑO SPORT
- UNIVERSITY OF NAVARRE
- PUBLIC UNIVERSITY OF NAVARRE
- FUNDACIÓN PARA LA INVESTIGACIÓN MÉDICA APLICADA
- ALTUBE UNIVERSITY ASSOCIATION
- OFFICIAL CHAMBER OF COMMERCE AND INDUSTRY IN NAVARRE
- ELKARGI SDAD. GARANTÍA RECÍPROCA
- IBERAVAL, SDAD. DE GARANTÍA RECÍPROCA
- SPANISH SOCIAL ECONOMY TRADE CONFEDERATION (CEPES)
- ASSOCIATION OF WORKERS SOCIETIES OF EUSKADI (ASLE)
- EUROPEAN INVESTMENT FUND'S SME INITIATIVE
- ENISA - ENTREPRENEURS / YOUNG ENTREPRENEURS / SMES COMPETITIVENESS
- CONFEDERATION OF COOPERATIVES OF EUSKADI (ERKIDE)
- GARAPEN - DEVELOPMENT AGENCIES OF EUSKADI
- FOMENTO DE SAN SEBASTIÁN - ENTREPRENEURS
- UEMA (MANCOMUNIDAD DEL EUSKERA) - GIA
- AUTOCONTROL
- IDAE PAREER PROGRAMME WITH NEIGHBOURHOOD ASSOCIATIONS

The aims underlying these agreements include:

| INSTITUTIONS | AIMS |
|-------------------------------------|--|
| Agreements with universities | To promote international mobility among students, along with enterprise, volunteering, sport, health and scientific knowledge. |
| Professional associations | To support events, associations and financial benefits for their members. |
| Trade associations | To support events, collegiality and financial benefits for their members. |
| Small trader associations | To support customer loyalty, associations and financial benefits for their members. |
| Affinity cards | Issue of affinity cards and promotion of customer loyalty. The Bank gives 20% of profits on the amounts billed for cardholders' purchases to the institutions signed up to affinity card joint projects. |
| Promueve programme | The programme gives the self-employed, professionals and businesses financial benefits and helps support enterprise. |



CHAPTER 9





CSR REPORT - ROAD MAP









MAIN IMPROVEMENT CHALLENGES AND OBJECTIVES/ FINANCIAL DEVELOPMENT AND CORPORATE GOVERNANCE

| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|---------------------------------|---|--|--|---|---|
| Sustainable practices | To align the Bank with best practice in the sector for training new employees to give investment advice and maintain continuous training for all employees qualified to advise customers |  | Most of the Bank's employees are qualified to provide investment advice in accordance with the criteria set by the Supervisor. | Most of the Bank's employees are qualified to provide investment advice in accordance with the criteria set by the Supervisor. |  |
| Customer services department | Test customers on their perceptions of service quality, and their user experience of the Bank's main products and services |  | Maintain the programmes to collect data on customer perceptions of service quality, and their user experience of the Bank's main products and services. | Maintain the programmes to collect data on customer perceptions of service quality, and their user experience of the Bank's main products and services. |  |
| Socially responsible investment | Continuation of the Sustainability Framework and Sustainalytics second-party opinion report and consideration of introducing a review and more detailed specification how the UN PRI align with the Impact report (loan book sustainability framework), which will probably involve a more detailed identification of additional targets beyond the 3 currently considered (12 -"Responsible production and consumption"-, 7-"Affordable and clean energy"- and 11 -"Sustainable cities and communities") |  | Objective in progress. The Bank continues with its plan for sustainable issuance under the sustainability framework endorsed by the second-party opinion report by Sustainalytics. | | |













| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|---------------------------------|---|--|---|----------------|--------------------|
| Socially responsible investment | Quantification of CO ₂ reductions compared to the Spanish average in homes included in the Energy Efficiency in Buildings category of the Impact Report (loan book sustainability framework) |  | Objective achieved. A significant number of homes were labelled allowing measurement of CO ₂ reductions. | | |
| | Continue to include information on Energy Efficiency in Buildings in the Impact Report (loan book sustainability criteria), using results from the second identified level for sourcing data on Energy Efficiency in Buildings (the energy ratings of homes bought by individuals using direct financing from the Bank are “labelled” in our systems) |  | Objective achieved. The impact report includes data on Energy Efficiency in Buildings labelling (amount, number of loans, number of borrowers, etc.). | | |
| | As part of the incorporation of data on Energy Efficiency in Buildings in the Impact Report (loan book sustainability framework), it is intended to modify the development of internal systems to include this data (energy efficiency rating) in new residential mortgage loans. |  | Objective achieved. The Bank's systems for collecting labelling data on all homes financed was updated. | | |
| | Improvement and inclusion of new quantitative indicators on Sustainable Farming/Stockraising in the Impact Report (loan book sustainability framework) |  | Objective achieved. New indicators were included in the Sustainable farming category in the Impact Report, such as the percentage of borrowers with official sustainable farming certification. | | |



| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|---------------------------------|---|--|----------------------|---|---|
| Socially responsible investment | | | | Update the sustainability framework by including in the impact report (loan book sustainability framework) information on how far it aligns with the EU taxonomy and, in greater detail, with the UN PRI, which will probably involve a more detailed identification of additional goals beyond the 3 currently considered (12 -"Responsible production and consumption"-, 7-"Affordable and clean energy"- and 11 -"Sustainable cities and communities") |  |
| | | | | Update again the Sustainability second-party opinion report on the new sustainability framework |  |
| | | | | Complete the process of identifying energy efficient homes following the guidelines of the EU taxonomy |  |
| | | | | Within the provision of Energy Efficiency in Housing information (loan book sustainability framework) it is intended to extend the data collection process to include renovation loans. |  |
| Sustainable products | To develop this type of sustainable investments vehicle for our customers through communications and internal training. |  | | Sustainable funds 1 and 2 were successfully launched which were highly appreciated by customers as reflected in the high subscription volume. | |
| | Development of a specific financing line for improving buildings' energy efficiency. |  | | Objective in progress. All necessary steps are being taken to analyse, define, approve and launch the project | |











| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|--|--|--|---|---|---|
| Sustainable products | | | | Development of a specific financing line for improving homes' energy efficiency. |  |
| | | | | Analysis of legislation applying to different sustainable investment vehicles to adapt them to the demands of the new sustainability regulations. |  |
| Sustainable management of suppliers | Introduction of improvements to traceability and reporting processes in contracting and monitoring suppliers. |  | We continue monitoring based on the Bank's current Suppliers Handbook | Continue with improvements to traceability, reporting and monitoring processes for suppliers |  |
| Regulatory compliance, corporate governance and transparency | Renew Sustainalytics ESG report on Caja Rural de Navarra this year |  | Objective achieved: The second-opinion provider Sustainalytics reviewed Caja Rural de Navarra's ESG report, rating it 71, one of the best scores in the financial sector. | | |
| | Maintain a policy of transparency and relationships with investors, making a special effort with investors most sensitive to development issues and management of the Bank's sustainability and long-term (ESG) goals. Participate in bilateral meetings, conferences and industry events to achieve this. |  | Objective achieved: The Bank participated in various days and events to reach out to investors and keep up to date with sustainability trends in the market. | | |
| | Work to improve the Regulatory Compliance platform being developed jointly with the members of the Caja Rural Group at national level. |  | Objective achieved. The first phase in the joint platform on Regulatory compliance was implemented | | |
| | Compilation of the annual Corporate Social Responsibility Report and mandatory Non-Financial Information report |  | Objective achieved. Reports published on time | | |












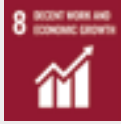
| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|--|----------------|--------------------|----------------------|--|---|
| Regulatory compliance, corporate governance and transparency | | | | Maintain communication with the second opinion provider Sustainalytics to improve Caja Rural de Navarra's sustainability management. |  |
| | | | | Continue to improve the Regulatory Compliance platform being developed jointly with the members of the Caja Rural Group at national level. |  |








MAIN CHALLENGES FOR IMPROVEMENT AND OBJECTIVES/ SOCIAL ISSUES

| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|---|---|--|---|---|--|
| Financial inclusion | Maintain communication with wider society on financial education and the risks and benefits of financial products and services. |  | Various communications and events were promoted supporting areas related to financial education and banking products and services. | Healthy company: promote a programme of mindfulness to improve staff health with the aim of giving employees methods to relax and confront conflict situations in a considered and responsible way. We also seek to enhance the sense of belonging and external dissemination of the Caja Rural de Navarra brand through inter-company sports competitions. |  |
| Personnel management (equality and diversity, health and safety etc.) | Finalise updates to the equality plan and measurement of variables. |  | In progress: the Bank is working on a plan that will instil its values and commitment to gender equality throughout all areas of activity via a group-wide approach to managing equality in all Bank policies | Continue awareness-raising actions on re-use of resources and recycling |  |
| Social Welfare Fund | Maintain awareness-raising actions on re-use of resources and recycling |  | Objective in progress. | Maintain awareness-raising actions on re-use of resources and recycling |  |
| Volunteering | Continue developing the Volunteering Strategy. Identification and diversification of activities. Permanent volunteering group. Employee participation survey. |   | Continuous improvement Objective in progress | | |



| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|--|--|---|---|---|--|
| Volunteering | | | | <p>Creation of the <i>Mueve-T</i> blog to raise awareness, motivate and integrate employees into long-term sustainability projects.</p> <p>Promote volunteering initiatives involving Caja Rural de Navarra employees</p> |     |
| Contribution to society | Continue to prepare and publish the annual CSR Report |  | Objective achieved on time | Continue to prepare and publish the Corporate Social Responsibility Report |  |
| Alignment with the UN sustainable development goals (SDG). | Maintain in greater detail the information on the alignment of our Sustainability Framework with the UN PRI. |  | Objective in progress. Preliminary analysis complete and pending implementation in the loan book sustainability framework | Spread and raise awareness in the organization of the concept of sustainability and SDGs. |  |
| Dialogue with and development of local communities | Strengthen dialogue with stakeholders and economic and social development of local communities. |  | We have maintained the materiality analysis done for the 2018 report | Launch a new dialogue with stakeholders and extend the materiality analysis to include all companies in the Caja Rural de Navarra Group |  |
| Training | | | | Increase training of new recruits, encouraging digitization and virtual media as well as an advanced system for skill-sharing and development. |  |
| Working hours register | | | | Introduce a working hours register to comply with regulations and as a self-regulation system with the flexibility we already have in place to support work-life balance. |  |

MAIN CHALLENGES FOR IMPROVEMENT AND OBJECTIVES/ ENVIRONMENT

| TARGETS/OBJECTIVES | OBJECTIVE 2019 | SDG OBJECTIVE 2019 | DEGREE OF COMPLIANCE | OBJECTIVE 2020 | SDG OBJECTIVE 2020 |
|-------------------------|--|--|---|--|---|
| Climate change strategy | Coordination of our participation in EeMAP with the development of a specific financing line for improving buildings' energy efficiency. |  | Objective in progress. The Bank continues to participate in the EeMAP initiative, making sure the views of credit cooperatives on the market are heard. | | |
| | | | | Continue cooperation with the EeMAP initiative. |  |
| | | | | Analyse, design and implement a specific financing line for improving homes energy efficiency. |  |
| Volunteering | | | | Continue developing the Volunteering Strategy, encouraging environmental and social activities that help improve our environment, creating a standing group of volunteers to carry out actions and form a motivating group when proposing actions, innovation and development. |   |

ANNEX I

10 GRI INDICATOR TABLE (MANDATORY AND MATERIAL)



**CAJA RURAL
DE NAVARRA**

| GRI STANDARDS - MANDATORY INDICATORS | | | |
|--------------------------------------|--------|--|---|
| INDICATOR | | | COMMENT |
| PROFILE OF THE ORGANIZATION | 102-1 | Organization name | CAJA RURAL DE NAVARRA, Sociedad Cooperativa de Crédito ABOUT US, page 16 PROFILE OF THE ORGANIZATION, page . 23 |
| | 102-2 | Activities, brands, products and services | ABOUT US, page 16 PROFILE OF THE ORGANIZATION, page . 23 |
| | 102-3 | Location of headquarters | PROFILE OF THE ORGANIZATION, page . 23 |
| | 102-4 | Location of operations | ABOUT US, page 16 PROFILE OF THE ORGANIZATION, page . 23 |
| | 102-5 | Ownership and legal form | PROFILE OF THE ORGANIZATION, page . 23 |
| | 102-6 | Markets served | PROFILE OF THE ORGANIZATION, page . 23 |
| | 102-7 | Scale of the organization | KEY FIGURES, page 43 |
| | 102-8 | Information on employees and other workers | THE TEAM, page 87 |
| | 102-9 | Supply chain | SUPPLIERS, page 107 The biggest suppliers in the financial sector are institutions' own creditors, who are the source of funding for their business (along with equity capital). Also, one of the peculiarities of banking is that the same individual can appear as a customer (consuming financial and other intermediation services) and as a supplier/creditor (providing funds to the institution as a depositor). As a result, Caja Rural de Navarra's local suppliers (depositors) form a high percentage of total suppliers. |
| | 102-10 | Significant changes to the organization and its supply chain | There were no significant changes to the organization and its supply chain in 2019 |
| | 102-11 | Precautionary principle or approach | The development and launch of new products by the Bank does not generate risk or serious or irreversible damage to the environment. |
| | 102-12 | External initiatives | ABOUT US, page 16 CAJA RURAL DE NAVARRA CORPORATE CULTURE, page 39 CUSTOMERS, page 45 CAJA RURAL DE NAVARRA AND SOCIETY, page 120 |
| | 102-13 | Membership of associations | CAJA RURAL DE NAVARRA AND SOCIETY, page 120 ABOUT US, page 16 |

| GRI STANDARDS - MANDATORY INDICATORS | | | |
|--------------------------------------|-----------|---|---|
| | INDICATOR | | COMMENT |
| Strategy | 102-14 | Statement from senior decision-makers | CHAIRMAN'S LETTER, page 3 |
| | 102-15 | Key impacts, risks, and opportunities | ABOUT THE REPORT, page 13 The main mechanisms for identifying risks are: sector analysis, identifying customer expectations through established dialogue mechanisms and retreats for reflection by the managers on the different committees. |
| Ethics and integrity | 102-16 | Values, principles, standards, and norms of behaviour | ABOUT US: STRUCTURE OF THE BANK, page 16 |
| | 102-17 | Mechanisms for advice and concerns about ethics | CONFIDENTIAL CHANNELS FOR 'WHISTLEBLOWING' AND COMMUNICATION: To instil its values throughout the organization and create a structured path for the resolution of ethical dilemmas that may arise, the Bank has created a whistle-blowing channel for employees. Employees can use this to securely and confidentially report any potential irregularities so that they can be investigated and reviewed by the competent bodies. This is in addition to the ordinary internal control and review work instituted by the Company. |
| Governance | 102-18 | Governance structure | GOVERNANCE BODIES, page 25 GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE, page 25 |
| | 102-19 | Delegation of authority | ABOUT US: STRUCTURE OF THE BANK, page 25 |
| | 102-20 | Executive-level responsibility for economic, environmental, and social topics | ABOUT US: STRUCTURE OF THE BANK, Governing Board page 26 |
| | 102-21 | Consulting stakeholders on economic, environmental, and social topics | ABOUT THE REPORT, page 4 |
| | 102-22 | Composition of the highest governance body and its committees | 2019 Annual Corporate Governance Report, link: www.cajaruraldenavarra.com/sites/default/files/2020-04/2019-Informe%20Gobierno%20Corporativo.pdf |
| | 102-23 | Chair of the highest governance body | |
| | 102-24 | Nominating and selecting the highest governance body | GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE, Pages 25-30 |

| GRI STANDARDS - MANDATORY INDICATORS | | | |
|--------------------------------------|-----------|--|---|
| | INDICATOR | | COMMENT |
| Governance | 102-25 | Conflicts of interest | <p>Caja Rural de Navarra's Governing Board is obliged to define a system for corporate governance that guarantees sound and prudent management and addresses the issue of conflicts of interest.</p> <p>Caja Rural de Navarra has put in place a series of measures to identify different types of conflict of interest. The mechanisms are set out in three areas:</p> <ul style="list-style-type: none"> - Article 48 of the Bank's Articles of association - Article 24 of the Governing Board's Rules of Procedure. Both these documents can be found at: www.cajaruraldenavarra.com (News). - Internal mechanisms created by the Bank to comply with Royal-Decree 84/2015 regarding limits on loans, pledges and guarantees to the senior managers of the Bank. |
| | 102-26 | Role of the highest governance body in selecting objectives, values and strategy | ABOUT US: STRUCTURE OF THE BANK, page 26 |
| | 102-27 | Collective knowledge of highest governance body | ABOUT US: STRUCTURE OF THE BANK, page 26 |
| | 102-28 | Performance evaluation of the highest governance body | GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE, page 25 |
| | 102-29 | Identifying and managing economic, environmental and social impacts | ABOUT THE REPORT, page 4 GOVERNING BODIES AND INTERNAL MANAGEMENT AND CONTROL STRUCTURE, page 25 |
| | 102-30 | Effectiveness of risk management processes | INTERNAL CONTROL FRAMEWORK FOR CAJA RURAL DE NAVARRA, page 31 |
| | 102-31 | Review of economic, environmental, and social topics | Economic, environmental and social issues and their associated impacts, risks and opportunities will be assessed annually to coincide with the preparation of this Report. |
| | 102-32 | Highest governance body's role in sustainability reporting | ABOUT THE REPORT: page 4 |
| | 102-33 | Communication of critical concerns | CUSTOMERS: page 53 |
| | 102-34 | Nature and total number of critical concerns | CUSTOMERS: page 53 |

| GRI STANDARDS - MANDATORY INDICATORS | | | |
|--------------------------------------|-----------|--|--|
| | INDICATOR | | COMMENT |
| Governance | 102-35 | Remuneration policy | THE TEAM: page 93 With summary of the remuneration policy in the link: www.cajaruraldenavarra.com/cms/estatico/rvia/navarra/ruralvia/es/interface/contenido_pie/Tablon_de_anuncios/pdf_tablon_anuncios/POLITICA-DE-REMUNERACIONES.pdf |
| | 102-36 | Process for determining remuneration | ABOUT US: STRUCTURE OF THE BANK, page 26 |
| | 102-37 | Stakeholders' involvement in remuneration | ABOUT US: STRUCTURE OF THE BANK, page 26 |
| | 102-38 | Annual total compensation ratio | THE TEAM: page 95 CRN REMUNERATION POLICY (SUMMARY): https://www.cajaruraldenavarra.com/cms/estatico/rvia/navarra/ruralvia/es/interface/contenido_pie/Tablon_de_anuncios/pdf_tablon_anuncios/POLITICA-DE-REMUNERACIONES.pdf |
| | 102-39 | Total annual compensation percentage increase ratio | |
| Stakeholder engagement | 102-40 | List of stakeholder groups | ABOUT THE REPORT, page 6 |
| | 102-41 | Collective bargaining agreements | THE TEAM, page 97 |
| | 102-42 | Identification and selection of stakeholders | ABOUT THE REPORT, page 5 EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION, page 6 |
| | 102-43 | Approach to stakeholder engagement | ABOUT THE REPORT, page 5 EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION, page 6 |
| | 102-44 | Key topics and concerns raised | EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION, page 6 |
| Reporting practice | 102-45 | Entities included in the consolidated financial statements | ABOUT US: STRUCTURE OF THE BANK- EQUITY INVESTMENTS, page 41 |
| | 102-46 | Defining report content and topic boundaries | EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION 6 |
| | 102-47 | List of material topics | ABOUT THE REPORT, page 8-10 |

| GRI STANDARDS - MANDATORY INDICATORS | | | |
|--------------------------------------|--------|---|---|
| INDICATOR | | | COMMENT |
| Reporting practice | 102-48 | Restatement of information | <p>There are no restatements resulting from:</p> <ul style="list-style-type: none"> • Mergers or acquisitions; • Changes in base years or periods; • Changes in base years or periods; <p>There are some restatements in Annex II, relating to the methods used to measure headcount and remuneration in companies comprising the consolidated Group</p> |
| | 102-49 | Changes in reporting | EXTERNAL MATERIALITY ANALYSIS AND INTERNAL VISION, page 8 In 2019, the materiality analysis was again based on the stakeholder consultations conducted in 2017 and 2018 and the material aspects therefore remain unchanged. |
| | 102-50 | Reporting period | ABOUT THE REPORT, page 4 |
| | 102-51 | Date of most recent report | CHAIRMAN'S LETTER, page 3 |
| | 102-52 | Reporting cycle | ABOUT THE REPORT, page 4 |
| | 102-53 | Contact point for questions regarding the report | ABOUT THE REPORT, page 4 |
| | 102-54 | Claims of reporting in accordance with the GRI Standards. | CHAIRMAN'S LETTER, page 3 ABOUT THE REPORT, page 4 |
| | 102-55 | Table of GRI contents | ANNEX II, page 131 |
| | 102-56 | External assurance | Caja Rural de Navarra is publishing its third Corporate Social Responsibility Report and the 2019 Non-Financial Statements for the Caja Rural de Navarra Consolidated Group. Caja Rural de Navarra has commissioned AENOR to undertake the Exhaustive Verification of its CSR Report based on GRI standards, verify the information on the companies in the Group and so issue an External Verification Report. |

| GRI STANDARDS - MATERIAL INDICATORS | | | |
|--|-------------------------------|--|--|
| KEY ISSUE | COMMENT | | |
| Financial strength of the Bank and global risk management. | GRI 103: Management focus | 103-1 Explanation of the material topic and its boundary | ABOUT THE REPORT, pages 6-10 The materiality analysis was carried out by the parent Bank (Caja Rural de Navarra). Work is ongoing to create dialogue with different groups of stakeholders in the Bank's consolidated subsidiaries and equity investments. |
| | | 103 -2 The management approach and its components | ABOUT US, pages 24-32 (page 28) |
| | | 103-3 Evaluation of the management approach | ABOUT THE REPORT, pages 10-15 |
| | GRI 201: Economic performance | 201-1 Direct economic value generated and distributed | <p>Caja Rural de Navarra provides financial services and the key climate change risks and opportunities arise not from the Bank's own activities but from its customers' businesses, particularly those conducted by its borrowers using the Bank's loans.</p> <p>For this reason, several years ago the Bank implemented a Sustainability Framework for its loan portfolio in order to promote those financing lines that have the greatest social and environmental impact in the regions where the bank is active.</p> <p>These lines are consistent with its principles of commitment to its local social and natural environment. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices.</p> <p>The consultancy Sustainalytics has ratified that the Bank's framework is aligned with the principles and objectives mentioned above, including the "Green Bond Principles" and "Social Bond Principles" of the ICMA (International Capital Market Association) and that it finances projects that contribute to environmental sustainability, social challenges and the United Nations Sustainable Development Goals (SDG) in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework.</p> |
| | | | |

| GRI STANDARDS - MATERIAL INDICATORS | | | |
|---|------------------------------------|--|--|
| KEY ISSUE | COMMENT | | |
| Financial strength of the Bank and global risk management. | GRI 201: Economic performance | 201-2 Financial implications and other risks and opportunities due to climate change | |
| | | 201 -3 Obligations of the defined benefit plan and other retirement plans | There is no Pension Plan, but the Bank has obligations under the national collective agreement to provide life and accident insurance and widow/er and orphan supplementary benefits. |
| | | 201-4 Financial assistance received from government | ABOUT US, page 28 |
| | GRI 203: Indirect economic impacts | 202 -2 Proportion of senior executives hired from the local community | All the senior executives come from the local community. |
| | | 203-1: Infrastructure investments and services supported | <p>Pages 58-86. As a provider of financial services, the Bank's main impact as an investor in infrastructure and services comes from our customers' projects, particularly those carried out by the Bank's borrowers.</p> <p>For this reason, several years ago the Bank implemented a Sustainability Framework for its loan portfolio in order to promote those financing lines that have the greatest social and environmental impact in the regions where the bank is active. These lines are consistent with its principles of commitment to its local social and natural environment. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices.</p> <p>The consultancy Sustainalytics has ratified that the Bank's framework is aligned with the principles and objectives mentioned above, including the "Green Bond Principles" and "Social Bond Principles" of the ICMA (International Capital Market Association) and that it finances projects that contribute to environmental sustainability, social challenges and the United Nations Sustainable Development Goals (SDG) in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework.</p> |

| GRI STANDARDS - MATERIAL INDICATORS | | | |
|---|------------------------------------|---|--|
| KEY ISSUE | COMMENT | | |
| Financial strength of the Bank and global risk management. | GRI 203: Indirect economic impacts | 203 -2 Significant indirect economic impacts | <p>Pages 58-86. As a provider of financial services, the Bank's main impact as an investor in infrastructure and services comes from our customers' projects, particularly those carried out by the Bank's borrowers.</p> <p>For this reason, several years ago the Bank implemented a Sustainability Framework for its loan portfolio in order to promote those financing lines that have the greatest social and environmental impact in the regions where the bank is active. These lines are consistent with its principles of commitment to its local social and natural environment. The framework is dynamic. It evolves and develops over time in tandem with responsible social and environmental practices.</p> <p>The consultancy Sustainalytics has ratified that the Bank's framework is aligned with the principles and objectives mentioned above, including the "Green Bond Principles" and "Social Bond Principles" of the ICMA (International Capital Market Association) and that it finances projects that contribute to environmental sustainability, social challenges and the United Nations Sustainable Development Goals (SDG) in line with guidelines on transparency, communication and reporting. These principles and objectives are consistent with the commitments the bank makes in its Sustainability Framework.</p> |
| | GRI 204: Procurement practices | 204-1 Proportion of spending on local suppliers | <p>The Bank does not have this information. It is planning to work, firstly, on defining its suppliers, and secondly on measuring its spending on local suppliers.</p> |

| GRI STANDARDS - MATERIAL INDICATORS | | | |
|-------------------------------------|-------------------------------------|---|--|
| KEY ISSUE | COMMENT | | |
| Strategy of the organization | GRI 103: Management focus | 103-1 Explanation of the material topic and its boundary | ABOUT THE REPORT, pages 6-10 |
| | | 103 -2 The management approach and its components | ABOUT THE REPORT, pages 13-15 |
| | | 103-3 Evaluation of the management approach | ABOUT THE REPORT, pages 13-15 Stakeholders did not participate in the strategic planning process for the plan (2016-2019). |
| Transparency in marketing | GRI 103: Management focus | 103-1 Explanation of the material topic and its boundary | ABOUT THE REPORT, pages 6-10 |
| | | 103 -2 The management approach and its components | ABOUT US, pages 33-36 CUSTOMERS, pages 45-50 |
| | | 103-3 Evaluation of the management approach | ABOUT THE REPORT, pages 6-10 |
| | GRI 206: Anti-competitive behaviour | 206-1: Legal actions related to anti-competitive behaviour, anti-trust and monopoly practices | In 2019, there was no legal action in relation to anti-competitive behaviour or infringements of the applicable monopoly practices and anti-trust legislation. |

| GRI STANDARDS - MATERIAL INDICATORS | | | |
|--|----------------------------------|--|--|
| KEY ISSUE | COMMENT | | |
| Transparency in marketing | GRI 417: Marketing and labelling | 417 -1 Requirements for product and service information and labelling | CUSTOMERS, page 48 |
| | | 417 -2 Incidents of non-compliance concerning product and service information and labelling | CUSTOMERS, pages 45-50 |
| | | 417 -3 Incidents of non-compliance concerning marketing communications | CUSTOMERS, page 47 |
| | GRI 418: Customer privacy | 418-1: Substantiated complaints regarding breaches of customer privacy and losses of customer data | CUSTOMERS, page 54 |
| Quality of service and customer satisfaction | GRI 103: Management focus | 103-1 Explanation of the material topic and its boundary | ABOUT THE REPORT, pages 6-10 |
| | | 103 -2 The management approach and its components | ABOUT THE REPORT, page 6 CUSTOMERS, pages 47-53 |
| | | 103-3 Evaluation of the management approach | ABOUT THE REPORT, pages 6-10 |
| | | FS15 Description of policies for the fair design and sale of financial services and products. | STRUCTURE OF THE BANK, pages 33-36 CUSTOMERS, pages 58-86 |

| GRI STANDARDS - MATERIAL INDICATORS | | | |
|---|---------------------------|--|--------------------------------|
| KEY ISSUE | COMMENT | | |
| Caja Rural de Navarra's CSR policy and social engagement | GRI 103: Management focus | 103-1 Explanation of the material topic and its boundary | ABOUT THE REPORT, pages 6-10 |
| | | 103 -2 The management approach and its components | CUSTOMERS, pages 58-86 |
| | | 103-3 Evaluation of the management approach | ABOUT THE REPORT, pages 6-10 |
| Corporate culture | GRI 103: Management focus | 103-1 Explanation of the material topic and its boundary | ABOUT THE REPORT, pages 6-10 |
| | | 103 -2 The management approach and its components | STRUCTURE OF THE BANK, page 30 |
| | | 103-3 Evaluation of the management approach | ABOUT THE REPORT, pages 6-10 |

| GRI STANDARDS - MATERIAL INDICATORS | | | |
|-------------------------------------|---------------------------|---|---|
| KEY ISSUE | COMMENT | | |
| Management focus | GRI 205: Management focus | 205 -1 Operations assessed for risks related to corruption | There were no transactions assessed in this area in 2019 |
| | | 205 -2 Communications and training on anti-corruption policies and procedures | The Bank has a Crime Prevention Policy, with which all employees are made familiar through its Code of Conduct, published in 2019, and through the employee website available to all employees. |
| | | 205 -3 Confirmed incidents of corruption and actions taken | There were no cases of corruption in 2019. |

ANNEX II

11 STATEMENT OF NON-FINANCIAL INFORMATION FOR THE
COMPANIES THAT MAKE UP THE CAJA RURAL DE NAVARRA
CONSOLIDATED GROUP



**CAJA RURAL
DE NAVARRA**

1. GENERAL INFORMATION

This Annex covers the companies that make up the Caja Rural de Navarra Consolidated Group but not the activity of the parent financial institution (Caja Rural de Navarra). The information is presented in accordance with Law 11/2018 of 28 December on non-financial information and diversity, also taking into account European Commission Communications 2017/C 215/01, Guidelines on Non-financial Reporting.

This statement takes a concise approach by disclosing the most relevant information. Information is presented in accordance with the standards of the Global Reporting Initiative (GRI), on which Caja Rural de Navarra bases its CSR Report.

Caja Rural de Navarra maintains a portfolio of equity investments in the field of finance and in other business sectors. Below is a list of the subsidiaries (all of which are wholly owned) at 31 December 2019:

| GROUP COMPANY | ID | SECTOR OF ACTIVITY | % INVESTMENT | CRN DIRECT HOLDING |
|---|-------------|---------------------------|--------------|--------------------|
| HARIVASA 2000 S.A. | A31013402 | Flour | 100% | Yes |
| Transnoain S.A. | A31870058 | Flour | 100% | No |
| Cerelia I+D S.L. | B71312888 | Flour | 100% | No |
| Cerelia S.L. | B31949217 | Flour | 100% | No |
| Harinera de Tardienta S.A. | A22001499 | Flour | 100% | Yes |
| Harinas Selectas S.A. | AS0107143 | Flour | 100% | No |
| Comercial Don Obrador, S.A. | B79410742 | Flour | 100% | No |
| Le Moulin de Navarre | FR25813803 | Flour | 100% | No |
| Harántico, S.L. | B36562593 | Flour | 100% | Yes |
| Reyes Hermanos S.L. | B36000818 | Flour | 100% | No |
| Harinera del Mar S.L. | B97832232 | Flour | 100% | Yes |
| Haribéricas SXXI S.L. | B64939341 | Flour | 100% | Yes |
| Harivenasa S.L. | B71075774 | Flour | 100% | Yes |
| HRVS Eood | BG20342088 | Flour | 100% | No |
| Industria Tonelera de Navarra | B31688336 | Winery supplies | 100% | Yes |
| Tonnellerie de L' Adour S.A.S. | FR964250299 | Winery supplies | 100% | Yes |
| Oroz Fils STE Exploitation ETS | FR943797009 | Winery supplies | 100% | No |
| Tonnellerie de L' Adour USA Inc. | C3886342 | Winery supplies | 100% | No |
| Bouquet Brands S.A. | A31884000 | Winery supplies | 100% | Yes |
| Bahia de Cádiz S.L. | B84996743 | Winery supplies | 100% | No |
| Solera Asistencial S.L. | B71150866 | Senior care | 100% | Yes |
| Solera Navarra S.L. | B71186654 | Senior care | 100% | No |
| Tarre Monreal S.L. | B31872872 | Senior care | 100% | No |
| SERESGERNA S.A. | A31697808 | Senior care | 100% | Yes |
| Preventia Sport S.L. | B71008783 | Services to CRN customers | 100% | Yes |
| Promoción Estable del Norte S.L. | A31663651 | Services to CRN customers | 100% | Yes |
| Informes y Gestiones Generales | A31437635 | Services to CRN customers | 100% | Yes |
| Informes Técnicos y Valoraciones Generales S.L. | B31917305 | Services to CRN customers | 100% | No |
| Administración de fincas. Informes y gestiones S.L. | B71054944 | Services to CRN customers | 100% | No |

We also show the sectors and regions where each company offers its products and services.

| COMPANY | REGIONS |
|--|---|
| FLOUR SECTOR | |
| HARIVASA 2000 S.A. | Spain, south of France |
| TRANSNOAIN | Spain, south of France |
| CEREALIA I+D | Spain |
| HRVS EOOD | Bulgaria, Rumania |
| CEREALIA | Spain |
| HARINERA DE TARDIENTA | Spain, south of France, exports to Africa |
| HARINAS SELECTAS | Spain |
| LE MOULIN DE NAVARRE | France |
| REYES HERMANOS | Spain, Portugal |
| HARINERA DEL MAR | Spain |
| HARIBÉRICAS SXXI | Spain, Portugal |
| HARIVENASA | Spain, exports to twenty countries |
| DON OBRADOR | Madrid |
| WINERY SUPPLIES | |
| INDUSTRIA TONELERA DE NAVARRA | Spain |
| TONNELLERIE DE L'ADOUR | Global |
| OROZ FILS STE EXPLOITATION ETS OROZ | France |
| TONNELLERIE DE L'ADOUR USA, INC | USA |
| BOUQUET BRANDS | Navarre |
| BAHIA DE CADIZ | Cádiz |
| SENIOR CARE | |
| SOLERA ASISTENCIAL | Navarre |
| SOLERA NAVARRA | Navarre |
| TORRE MONREAL | Navarre |
| SERESGERNA | Navarre |
| SUPPORT FOR CAJA RURAL DE NAVARRA | |
| INFORMES Y GESTIONES GENERALES, S.A. | Navarre. Rioja, Basque Country |
| INFORMES TECNICOS Y VALORACIONES GENERALES, S.L. | Navarre. Rioja, Basque Country |
| ADMINISTRACION DE FINCAS INFORMES Y GESTIONES S.L. | Navarre |
| PROMOCION ESTABLE DEL NORTE | Navarre. Rioja, Basque Country |
| PREVENTIA SPORT | Navarre |

1.1. BUSINESS MODEL DESCRIPTION

Flour Group

The Flour group comprises companies that manufacture wheat flour, semolina, oat flakes and mixes of flours and cereals for human consumption. There are six production centres (factories) located throughout Spain and eleven companies, among which we include factory-owning companies and those that provide auxiliary services.

The wheat flour and oat markets are different, with different uses for each product. Wheat flour is mainly used in bread and biscuit production, where cakes and pastries are less important. In Spain, consumption of bread and other flour derivatives per head has been declining for decades, as it has moved from being a staple food to an optional extra which is not always highly valued.

As a consequence, traditional bakers are disappearing, with industrial bakers taking over. Spanish industrial producers (mainly biscuit and pre-baked bread manufacturers by production volumes) have a strong presence in foreign markets and this has helped shore up domestic demand and manufacturing in recent years.

By way of a final comment on the market, there are three large Flour groups with a presence nationwide that account for over three quarters of national flour production. Their advanced procedures and systems provide a high standard of food safety, highly valued by industrial customers. As a result, the trend towards market concentration visible in other sectors is also evident in flour production.

This is a global trend that can be found in all major markets worldwide.

Spain produces less wheat than it consumes: 4,200 thousand tonnes of common wheat and 800,000 tonnes of durum wheat were harvested in 2019 (compared to 6,800 and 1,300 thousand tonnes in 2018). It therefore imports between 4,500 and 6,000 thousand tonnes from abroad, mostly from other EU countries.

Oat flakes, pearls, flour and bran go into pastry products, biscuits, drinks and breakfasts, as well being consumed directly. It is a traditional product in the Anglo-Saxon countries that has now established a strong foothold in Spain.

As this is a mature market, with significant overcapacity in milling, the keys are efficient production and food safety.

The Group's mission has been defined as "transforming cereals through an integrated food chain, providing value solutions to our customers".

Our mission statement summarises the Group's business model:

- Careful selection of raw materials, along with in-house or outsourced production of specialised flours that are hard to find on the market. This is important in a net wheat importing country like Spain, with customers who are very demanding on product standards.
- Optimised factory performance to maintain a competitive position
- Absolute priority on food safety

- Proximity to industrial customers so we can reformulate our flours to meet their specific needs

- Focus on traditional customers as well, to help them make high-quality artisanal breads which are not in direct competition with pre-baked bread

The group's structure is based on providing synergies and cross-knowledge throughout the organization and on implementing across-the-board values and strategies.

Basic TQM (Total Quality Management) methodologies are used as working tools, while the 5S Project (focused on organization, order and hygiene) has been implemented since 2016. The project instils the need to keep workstations in good condition as a basic discipline that will have a strong impact on safety and quality. All workers participate and are organised into stakeholder groups. The project has shown immediate results in improving productivity and resource efficiency and reducing costs, in addition to motivating people and improving the company's image.

The project was planned jointly between the group's 6 factories to promote consistency and sharing of best practice between flour plants.

The "8D lean manufacturing" methodology was also initiated with a slightly different emphasis. It, too, involves wide participation by all workers in each area. It is basically a continuous improvement process and has been up and running throughout the two years covered by this Annex.

The mission, vision and values of the companies in this group can be summarised as follows:

Mission

To be a benchmark in flour production for the regions and products where it operates, controlling the whole of the cereal's value chain with the aim of offering a product tailored to each of our customers, with maximum assurance of food safety.

Vision

To be a national benchmark in developing comprehensive solutions tailored to each customer, which meet their needs in the bread, cakes and pastries sectors; to be a leader in the craft and industrial segments for our regions.

Values

The customer comes first. Products and services must maintain impeccable quality. People are at the core of the company and we must work in collaboration with colleagues and customers. Continuous improvement of products and processes.

Le Moulin de Navarre, Don Obrador and Harántico have no commercial activity and no employees on the payroll.

Winery Supplies Group

The Grupo de Servicios Auxiliares a Bodegas comprises the oak barrel factories in Navarre (Spain) and Gers-Occitanie (France), and the wine and spirits distributor Bouquet Brands with a physical presence in Navarre and Cadiz.

The details of each activity are as follows.

The cooperage group

The Navarra barrel factory is located in Monteagudo and trades as Industrial Tonelera de Navarra (Intona). It manufactures and markets oak barrels for ageing wine and spirits.

The French barrel factory is located in Plaisance du Gers and the company is called Tonnellerie de L'Adour.

The key for both companies is their control over the entire value chain; from procurement of raw materials, thanks to close collaboration with oak suppliers, to technical advice and after-sales service for our customers.

The barrel adds characteristic notes to the products it contains, and since wood is a natural product its influence on the wine is so notable that when pitching to winemakers and their oenologists the origin - species - of the oak and the working methods used - combining traditional craft with modern methods of wood selection, quality and production control - are just as important as the business case on offer.

Worldwide, French barrels are still considered to be the premium category in this industry, and this is why the decision was taken a few years ago to invest in Tonnellerie de L'Adour, which is an established factory. This is also the

reason behind the difference in the definition of each company's mission and business vision.

There are seven main manufacturers of oak wine casks in Spain, some of which are owned by French cooperage groups. Intona competes with these on an equal footing and alternates yearly between being the second or third largest producer by units produced.

Intona has to differentiate itself by the consistency and quality of its products and its service.

There are around one hundred French cooperages, but four groups account for 70% of global sales, so L'Adour is among the smaller firms. However, it does have a recognised product, which allows it to maintain a selling price above the average for the French market.

Adour's business model is therefore to manufacture and market French oak barrels, in the French style. Its strength lies in working from the origin, producing its own staves, and with a wide range of products that facilitates its retail work as a company with a craft spirit.

Having explained these differences, we note the following:

Intona's Mission

To supply the wine and spirits sector with a versatile, comprehensive tool based on knowledge and tradition, which allows its customers to obtain the notes they seek in their products.

Intona's Vision

To be a benchmark in the world of wine ageing due to our commitment to research, respect for the environment and personalised and local customer service. Proven quality.

Adour's Mission

From the heart of Armagnac in rural France, to export around the world a near century-old coopering tradition, which is based on close control of the raw materials and craftwork in small batches.

Adour's Vision

To become a global cooperage, established in the premium barrel sector, with a worldwide presence and trading on its image as a rural artisan company.

Bouquet Brands distributes wine and spirits under its own brand in Navarre, and through its subsidiary, Exclusivas Bahía de Cádiz, in Andalusia.

This gives it a good commercial network and optimal logistics system.

The wines distributed include those from Caja Rural de Navarra's investee wineries Príncipe de Viana and Rioja Vega (non-Group scope).

Bouquet Brands' Mission

To market the products from our suppliers, providing our customers with prestigious wines, beers and spirits that support their local positioning.

Bouquet Brands' Vision

To develop a competitive product portfolio and enthuse the hospitality sector by persuading them that our portfolio of Navarre and La Rioja wines - and other beverages and premium beers - will be appreciated by their customers and deliver the leisure experience they are looking for; with streamlined logistics and a punctual and friendly service.

The key issues in wine and spirits distribution are: a wide portfolio of products to meet customer demand; close customer attention and service.

Senior Care Group

Solera Asistencial was set up to offer comprehensive services for the elderly. Its objective is to give families access to a service that fits their economic needs and the physical and cognitive needs of the elderly person, tailoring services to their own organizational constraints.

Spain has a generally adequate network of services for the elderly. The public support that older people receive means that over the last 20 years good facilities and infrastructure have been created to provide the care they need. The current network of services is sufficient for their needs, but perhaps the sector's greatest weakness is that the cost of the services is beyond the reach of many people.

The Dependency Act allowed economic agents from other areas, such as construction companies and investment funds with little knowledge of the elderly care sector, to enter the market in the hope they could run the service over the long term as a conventional business. Many of them have not achieved the returns they anticipated and have opted for concentration in a sector that has traditionally been fragmented.

In parallel, municipalities and, to a lesser extent, regional governments have also established services for the elderly. Their implementation has been partially frustrated by budgetary constraints, the increase in the supply of places and Spain's economic crisis. Thus, at national level, the insufficient budget allocated to these activities has resulted in public under-funding of places, a smaller number of people covered by the benefits system - only dependent persons have the right to the benefits, with delays between the need for assistance being recognised and the

start of payment - and the elimination of non-guaranteed services, leaving other necessary services outside the basic portfolio of publicly funded services.

The situation in Navarre can be considered as one of the best in the country, but with progressive adjustments in the funding and in the services financed. The local administrations are supporting part of the basic services provided for the elderly, including day centres, respite care and care services provided in the home.

As an operator providing comprehensive services for the elderly, Solera Asistencial has a good market position, as it offers a complete range of welfare services. It is dependent on government policies, but in recent years, services not included in public financing have been defined and implemented.

Our two old people's homes, La Vaguada and Torre Monreal, focus on providing a high level of service and we believe that the residents' families understand and appreciate this.

The services provided in the day centres, which are the only ones of their kind in Navarre, focus on responding flexibly to the needs of users and their families.

The "Solera en casa" (Solera at Home) home care services have grown thanks to the social appreciation of their structured and professional organization.

The group is structured as follows:

- Solera Asistencial: central services in the areas of Planning, Marketing, Administration, Human Resources and Maintenance

- Seresgerna: Residential Service developed in the La Vaguada home.

- Torre Monreal:
 - Residential service in Torre Monreal Social-Medical Centre.
 - Solera Urban "Mendebaldea"

- Solera Navarra:
 - La Vaguada Day Centre
 - Solera Ensanche Day Centre
 - Torre Monreal Day Centre
 - Ribaforada Day Centre
 - Larraga Day Centre
 - Pio XII Day Centre
 - Home Care Service: "Solera en casa"
 - Physiotherapy Unit
 - Wounds Unit

Mission

Committed to the elderly, our mission is to achieve the best comprehensive care for seniors through high-quality care services that ensure the well-being and satisfaction of our users, families and residents.

Vision

To be a benchmark and pioneer in implementing quality care models for the elderly, structuring ourselves as a comprehensive services operator that provides innovative and pioneering responses to society's present and future needs. Solera Asistencial seeks to be a benchmark in the sector for its quality, specialisation in high added-valued care services and capacity to respond to all the needs that seniors may have.

The core action principles to ensure quality of service are:

- Individual attention to users and residents.
- Attention to families, with advice, support and facilitating their participation in the daily life and activities of our residences and centres.
- Professional and personal development of the team, maintaining a high level of motivation and professional qualifications.
- Innovation in services and management models, seeking excellence in processes and activities. Versatility and adaptation to new needs and demands.
- Clarity, transparency and trust in the institution, with regular communications.
- Measurement, monitoring and control of our services to maximise their quality.
- Investment in technical resources to support therapeutic programmes and a high level of comfort for our users and their families.

Auxiliary Financial Services Group to Caja Rural de Navarra

This group comprises three companies whose business model is to provide a service to Caja Rural de Navarra and/or its customers.

Promociones Estable de Norte. In its current form, this company has built residential developments in the Bank's area of operation, either alone or with partners. When the property crisis hit, it was decided to suspend – for a few years – all development and participation in third-party developments and to transfer certain real estate assets from the Bank to this company, which as a specialist had a greater chance of selling them successfully.

Informes y Gestiones Generales, S.A. provides processing services for all types of public and private documents associated with the property, trade and assets registers. Its other services include carrying out checks and providing responses to public and private queries, defining and processing powers of attorney, mortgage services, drafting wills and acceptance of inheritances, etc.

Other areas of activity include legal, labour, tax and accounting consultancy.

Every year, between four and five thousand customers rely on Informes y Gestiones, which manages around ten thousand documents and requests for more than 20,000 registry entries and certificates.

Informes y Gestiones has two subsidiary companies “Informes y Valoraciones”, which carries out architectural studies, projects, valuations and appraisals; and “Administración de Fincas Informes y Gestiones”, which manages property.

It has professional teams in Pamplona, San Sebastian, Bilbao, Vitoria and Logroño giving it the footprint to serve all our customers.

Finally, “Preventia Sport” manages a sports medicine centre that provides some of the support given to the Caja Rural-RGA cycling team. It also has facilities that are open to the general public. Medical tests are carried out at the centre on an athlete's capacity to adapt and improve in their sporting discipline. It has also sold small amounts of cycling equipment.

Group company websites:

| COMPANY | WEBSITE |
|---|---|
| HARIVASA 2000 S.A | https://harivasa.es |
| HRVS Eood | |
| Transnoain S.A. | |
| Cerelia I+D S.L. | |
| Cerelia S.L. | |
| Harinera de Tardienta S.A. | https://www.harineradetardienta.com |
| Harinas Selectas S.A. | |
| Comercial Don Obrador, S.A. | |
| Le Moulin de Navarre | |
| Harántico, S.L. | |
| Reyes Hermanos S.L. | https://harinasreyes.com |
| Harinera del Mar S.L. | https://www.harineradelmar.es |
| Haribéricas SXXI S.L. | |
| Harivenasa S.L. | http://www.harivenasa.es |
| Industria Tonelera de Navarra S.L. | http://www.toneleraintona.com |
| Tonnellerie de L' Adour S.A.S. | http://www.adour.fr/web/fr/accueil |
| Oroz Fils STE Exploitation ETS | |
| Tonnellerie de L' Adour USA Inc. | |
| Bouquet Brands S.A. | https://www.bouquetbrands.com |
| Bahia de Cádiz S.L. | |
| Solera Asistencial S.L. | https://www.soleraasistencial.es |
| Solera Navarra S.L. | |
| Tarre Monreal S.L. | |
| SERESGERNA S.A. | |
| Preventia Sport S.L. | |
| Promoción Estable del Norte S.L. | http://crnavarra.ruralvia.com |
| Informes y Gestiones Generales, S.A. | https://www.informesygestiones.com |
| Informes Técnicos y Valoraciones Generales, S.L. | http://www.informesyvaloraciones.com |
| Administración De Fincas Informes Y Gestiones, S.L. | |

DESCRIPTION OF THE GROUP'S POLICIES

The Group's companies have the following processes for risk analysis, control and monitoring:

Flour Group

On the management side, each company has a matrix management structure, which combines management reporting lines in each area with the group level functional structures, providing coordination of purchasing, manufacturing, quality and R&D and sales and marketing to large industrial groups.

Each factory has a management committee on which all the areas are represented, which meets at least monthly.

Monthly meetings are also held to monitor and coordinate the activities at each factory, attended by key executives from the Flour group's functional areas and the Bank's management.

The companies running the factories have either a Sole Director appointed by Caja Rural de Navarra, who sits on the Bank's Management Committee, or a Board of Directors attended by managers from the Flour group's functional areas and employees of Caja Rural de Navarra.

The strategies of the Caja Rural de Navarra managers in these companies are clear: top priority goes to food safety and health and safety at work, plus strengthening medium- and long-term strategies that enable the companies to maintain sustainable commercial and economic competitiveness.

Winery Supplies Group

This group, which has a much smaller staff, has three sole directors, one for each of the three subsidiaries.

In addition, reporting to these figures, each company has a managing director who sets the operational dynamics for each company. These, in turn, always have a manager for each operational area. Accordingly, the cooperages have a chief administration-finance officer, a production manager in charge of the heads of each production area, and a sales team. This team meets regularly with the managing director.

The distributor has a chief financial officer, a sales team manager and a logistics and warehouse manager, who meet with their manager at least weekly.

In the case of Intona and Bouquet Brands, the Sole Director is an executive at Caja Rural de Navarra. For Tonnellerie de L'Adour, the Director is Intona's managing director.

Senior Care Group

The Solera Asistencial group has a Sole Director at its head, who is an executive at Caja Rural de Navarra.

At least once a month, the Quality Committee and Management Committee meet, with a membership comprising the area managers: Managing Director, Head of Quality, Care Manager, Chief Administration-Finance Officer, Head of Maintenance, General Services Manager, Day Centres Manager.

Teamwork is an essential factor in successfully implementing and coordinating the social and welfare objectives of each of the residents. The team consists of doctors, nurses, nursing

assistants, social workers, occupational therapists, psychologists, physiotherapists, podiatrists, pharmacy personnel, sociocultural therapists and dieticians who all interact with each other

Auxiliary Financial Services Group to Caja Rural de Navarra

Most companies in this group are again headed by a Sole Director, including Promoción Estable de Norte, Informes y Gestiones and Preventia Sport. Each company has a full-time manager as its chief operating officer.

In the case of Informes y Gestiones, the managing director is supported by area managers, and the management system is based on weekly meetings with area managers and monthly meetings with all the members of each department, to review key indicators and set general strategy and specific goals.

Promoción Estable del Norte actively collaborates with the Caja Rural de Navarra housing area through continuous contacts and regular meetings to analyse progress in different actions and toward achieving targets. These meetings are attended by the management from Promoción Estable del Norte managers and managers from Caja Rural de Navarra's housing area.

Preventia Sport is closely linked to the Bank's institutional life and is involved in training the cycling team. It therefore holds meetings with the Bank's Head of Institutions.

ADMINISTRATIVE BODY REMUNERATION

As indicated, the subsidiaries have directors linked to Caja Rural de Navarra or its subsidiaries. No director receives any financial or other consideration, attendance fees or

similar. They are remunerated for work done for the Bank or subsidiary depending on their job category in accordance with the salary tables in this document.

There is no bonus for belonging to subsidiaries' administrative bodies.

Grupo Cooperativo, and Caja Rural de Navarra within it, have civil liability insurance for managerial positions. This covers their activity as both employees and directors of the subsidiaries.

CAJA RURAL DE NAVARRA GROUP - CROSS-GROUP MANAGEMENT

As we have seen, the companies in which Caja Rural de Navarra has equity investments work mostly in the agribusiness and care sectors as well as supporting the Bank's activities.

The agribusiness sector has traditionally had a significant strategic weighting in Caja Rural de Navarra's financial operations. Its share in gross domestic product is falling, but the sector's professionalization and initiatives to produce frozen and pre-prepared convenience foods are pushing to maintain the economic importance of these activities, providing consistent added value over time to halt the decline in rural population and ameliorate the drag on growth in provincial and county capitals.

For an institution like Caja Rural de Navarra, which was born alongside agricultural cooperatives in small and medium-sized population centres, it is both consistent with its values and rewarding in its own terms to back initiatives that help sustain our farming and stockraising fabric and encourage cooperativism as a driver of economic sustainability in the sector. Part of the Social Welfare Fund is dedicated to this purpose.

In the case of the care services, we wanted to respond to a growing need in our community. First religious institutions and subsequently public authorities have for many years been the basic support for the sector, which now needs to adapt to the greater demands of an ageing population, who nonetheless still have the capacity to enjoy life and maintain family ties.

We would also like to highlight the activities carried out by other investee companies in



protecting the environment, even though they do not form part of the Consolidated Group. As an example, we would draw attention to renewable energy companies (Compañía Eólica de Tierras Altas, Renovables de la Ribera, Rural de Energías Aragonesas) and the forestry company (Bosqalia).

KEY INDICATORS FOR NON-FINANCIAL RESULTS

Caja Rural de Navarra began by compiling its first Corporate Social Responsibility Report in 2017, following the guidelines established by the GRI (Global Reporting Initiative).

The report includes a materiality analysis to determine the issues most relevant to the stakeholders that Caja Rural de Navarra interacts with.

It was planned to carry out a more detailed materiality analysis in 2019 for all the Group's companies based on a definition of its main stakeholders. However, the multiple sectors in which these companies operate and their wide geographic footprint have delayed completion of this analysis.

As a result, in 2019 we are not going to set new strategic aims for CSR at Group level.

We are confident of delivering the materiality analysis and definition of stakeholders in 2020. This will give them the intended voice in procedures for setting CSR policy and hence the Group's sector objectives. In coming years, building on this analysis, we will be drawing up the Caja Rural de Navarra Group's **CSR Roadmap**.

MAIN SECTOR RISKS

Group companies face the following sector risks, which can be mitigated in the following ways. This analysis does not look at economic risks, which are reflected in the companies' respective annual reports, but corporate social responsibility risks:

Flour Group

- **Baker's asthma**

In Spain, asthma caused by handling flour was first recognised as a professional disease in 1978. Flour has been a staple food for millennia, albeit one that can trigger allergies in some people who work with it. The cause is breathing in flour dust suspended in the air. Even in ancient Rome the slaves who worked in grinding and handling flour wore masks. The same system, updated with modern filters and protective clothing to cover skin and eyes is the best way to mitigate the effects. Periodic medical check-ups are also carried out.

- **Explosion and/or fire (due to explosive atmospheres)**

Atmospheres saturated with wheat flour and powder are classified as an explosion hazard. The process and procedures have been adjusted to minimise this risk. This is one of the key points of focus to achieve year-on-year improvements.

- **Conventional risks of any industrial environment.**

Working at height, getting caught in machinery, electric shocks, etc. Like the abovementioned risks, these are analysed by the health and safety manager in each factory, and advice is sought from external consultants leading to action plans for each factory.

- **Cereal contamination**

Cereals are susceptible to contamination, especially in the transportation, unloading and storage phases. This risk can be mitigated by taking appropriate measures when buying and transporting the raw material, through a maintenance and cleaning programme and by having a

laboratory constantly checking the control parameters.

Senior Care Group

- **Risks for personnel derive from the physical nature of the job**

Musculoskeletal disorders are the most frequent. These can be mitigated by measures to reduce the effort used, varying between standing and sitting positions, having processes and equipment in place to avoid excessive physical loads, and training employees in best practice.

- **Emotional risk for staff derived from working in shifts and due to the condition of certain residents**

Actions to alleviate these risks include allowing breaks, sufficient rest between working days, dynamics that allow the sharing of experiences and training in how to deal with these situations.

- **Risks of transmitting illnesses between staff and patients or within these groups, more acute for infectious diseases**

- **Injuries to residents**

From the physical point of view, the use of handling equipment and procedures also reduces the risk of injury to residents.

Emotional stress should be picked up by staff, which is why operational procedures and staff training are key.

Winery Supplies Group

This business is exposed to the risks of both a manufacturing environment and a distribution:

- **Conventional risks of any industrial environment.**

Working at height, getting caught in machinery, electric shocks, etc. These are analysed by external consultants leading to action plans for each factory.

- **Risks derived from the continuous movement of freight**

Organization of the warehouse and routes. Optimal packaging. Use of auxiliary methods. Time off between working days and weekly.

- **Risks derived from urban mobility**

Correct vehicle maintenance. Sensible and balanced routes. Management of distribution schedules. Rest between work days.

Auxiliary Financial Services Group to Caja Rural de Navarra

These are essentially office-based companies, therefore, their main risks are:

- **Deriving from the work environment**

These risks are essentially related to posture and illumination. Rules relating to comfort are updated periodically and devices that improve postural comfort are provided.

- **Deriving from work stress**

These risks are alleviated by adjusting workload and a policy of recognising work done.

Key Risks and Materiality

The key risks to the equity investments, both in absolute terms and as they affect Caja Rural de Navarra, are (not in order of importance): (i) food safety, (ii) proper treatment of seniors, (iii) poor management systems involving unethical practice and (iv) economic downturn affecting the parent company.

As far as possible, some risks may be mitigated by taking out specific insurance policies, such as civil liability insurance. Nonetheless, these risks pose the dual threat of impacting the subsidiary's activities and reputational harm to the parent company, which is why we opt to prioritise some risks over others.

| RISK | MITIGATION ACTIONS |
|-------------------------|---|
| Food safety | Integrated process control |
| | Quality metrics |
| | Staff training |
| | Insurance |
| Transmission of disease | Cleaning and work protocols |
| | Cleaning and work protocols |
| Treatment of residents | Selection process |
| | Staff training |
| | Quality metrics |
| Employee ethics | Selection process |
| | Working environment and training plans |
| | Internal and external audits of Caja Rural de Navarra |
| Economic downturn | Regular business reporting |
| | Internal audit |



DISPUTES AND COMPLAINTS

The next section looks at customer complaints, by sector:

Flour Group

All customer suggestions and complaints are recorded. All incidents are answered by the Quality Department, regardless of the size of the customer.

Incidents are catalogued by category which can be grouped into functional (product fails to meet customer needs), logistical or administrative (incorrect shipments, shipping note mix-ups, torn sacks on pallets, etc.), and relating to food safety (broken threads in sacks, metal filings from piping, etc.). In addition, they are classified as Serious or Minor. Almost all those that affect food safety are considered serious.

Flour plants handle large volumes of products:

| UNITS | 2018 | 2019 |
|------------------|------------|------------|
| Baker's sack | 8,509,896 | 7,657,840 |
| Tanker/Big Bag | 46,918 | 67,713 |
| 1/5/10 kg packet | 30,146,993 | 21,469,600 |

Incidence was less than 32 (40 in 2018) per million units delivered. Percentage of total incidents classed as serious: 20.9% (23.5% in 2018).

Breakdown by type:

Family use (1kg/5kg packet): Incidence of 1.77 per million packets.

Industrial use (25bk sack/tanker/big bag): Incidence of 115.5 per million. Of these, 22 were due to food safety issues and 53 to functional or quality issues.

Industrial customers naturally analyse all deliveries individually.

Senior Care Group

Quality policies are a key element in the group's management. The approach taken is multi-faceted and includes:

A. Surveys of residents and relatives

B. Multi-year targets

C. Specific annual improvement targets

D. External audits, conducted by the Social Welfare Department

The section below looks at the focus and outcomes of these working methods:

A. The annual satisfaction survey asks residents to score from 0 (terrible) to 5 (excellent) various aspects of their day-to-day experience and is broken down by activity and even by floor in residences. They are also asked for comments or suggestions of improvements.

The overall score this year was 3.97 vs. 3.95 in 2018 with a much higher number of responses than last year.

The family survey achieved a score 10% above target, albeit at 2.67/3.

B. Multi-year targets. 13 general objectives were set, to measure one or other of the associated indicators. These are maintained over several years to allow progress tracking.

One target relates to complaints. The 2019 indicator showed complaints running at 71% of what was considered a tolerable level, half of the volume received in 2018. In other words, although the scoring for specific aspects of residents' daily life fell slightly, the number of complaints also reduced.

C. An annual improvement plan is developed based on the surveys, audits, incidents and training, which is broken down by activities and departments. Indicators are set for direct monitoring. In 2018, 26 improvement actions were identified (compared to 56 in 2018). Of these, 15 were directly related to improving the quality of services provided.

D. The Government of Navarre's Social Welfare Department conducts an annual audit. All comments are transposed into annual improvement plans and followed up. In 2019, there were five

COVID-19 was not an issue in 2019. But at the time of writing society is riven with anxiety at the spread of illness resulting from the coronavirus. It makes little sense to list complaints about the wifi or cold soup, even if these are issues covered by the regulatory standards. Service quality depends, accidents aside, and very much more importantly than other reasons, on the training and motivation of the human team. At times such as those we are living today, we wish to use this section to congratulate all the staff in these companies for their professionalism, stamina and human qualities, which is allowing them to continue their day-to-day work despite the massive pressure they are under.

Winery Supplies Group

This group attracts few complaints and they are addressed immediately and directly. The cooperages do not receive many complaints but they are more common for the distributor, particularly regarding late deliveries and logistical errors.

Complaints are not reported at the corporate level in this sector.

Auxiliary Financial Services Group to Caja Rural de Navarra

These are companies providing services to final customers where complaints mainly relate to disagreements about the cost of services and delays.

In 2019, complaints were received regarding 0.02% of actions and, of these, 96% were resolved to the customer's satisfaction.

2. ENVIRONMENTAL ISSUES

The Flour group uses the most energy in the Caja Rural Group. Flour milling is a power-intensive process and the Flour group consumed around 66 GWh in 2019 (down 7% on 2018).

Of this, in 2019 nearly 11 GWh was derived from renewable sources, with certificate of origin (i.e. outside the grid mix), enough to cover the production of organically sourced flour and bran, wholemeal flours and production of certain specific products.

Also, the heat treatment and softening process of oat flakes used 7.3 GWh piped natural gas in 2019.

In addition, the group's raw materials and product transport fleet consumed approximately 12 GWh of fuel in 2019, unchanged from 2018.

All the factories work to ISO 14000 procedures and have their respective certifications. This system requires a continuous reduction in waste production, which is very low in this sector.

Electricity consumption depends not only on the annual volume of flour produced, but also on other factors such as the cereal varieties milled, temperature and humidity, level of micronized flour, etc. Therefore, a year-to-year comparison may not reflect the work undertaken by the flour production group to improve its energy performance. In addition, we would like to point out that in compliance with RD 56/2016, an energy audit has been carried out in each of the factories. While the conclusions provide recommendations for improvement, the results did not identify significant problems.

Nevertheless, as part of the process of continuous improvement, targets were set that directly impact consumption.

In order to reduce the environmental impact due to energy consumption, in December 2018 the Flour group entered into a long-term power purchase contract that, among other objectives, aims to support the construction of two wind farms. From the second half of 2020, these wind farms will provide approximately 80% of the group's estimated electricity consumption.

In parallel, in recent years, significant investment has been made to upgrade the lorry fleet to the current Euro6 standard, the highest possible environmental rating.

In the Winery Supplies group, we would highlight the actions of Intona, which works with PEFC -certified oak and is certified annually as having a zero-carbon footprint. In order to compensate for its manufacturing carbon footprint, it is planting sessile oak in the Navarre Pyrenees. The cooperages are also compensating for their emissions by collaborating in building up sessile oak populations that will, in the future, be a source of the high-quality raw materials they need for their barrels.

Energy consumption in 2019 was 0.5 GWh of electricity and 0.18 GWh of natural gas. The companies' vehicles used 38,600 litres of diesel (equivalent to 0.44 GWh).

In the Senior Care Group, energy consumption in 2019 was 1 GWh of electricity and 2.1 GWh of piped natural gas. Transport of people and goods required 12,300 litres of diesel (equivalent to 0.14 GWh).

Power consumption by the Bank's Auxiliary Financial Services Group is counted as part of Caja Rural de Navarra's own consumption, whose branch offices it shares.

Finally, we would point out that a large part of the environmental impact of the activities by Caja Rural and its equity investments are offset by the impacts of other investee companies that are not consolidated (equity investments of 25-50%).

Compañía Eólica de Tierras Altas, SA produces between 240 GWh and 280 GWh of renewable electricity per year.

Renovables de la Ribera is building four wind farms in southern Navarra with combined capacity of 111 MW. They are expected to come on-stream in the first quarter 2020.

Bosqalia maintains plantations of the "Populus" genus that, in December 2018, covered 272 hectares.

Environmental Management at each of the Group's companies is included with other production issues considered by the Management Committee. No specific committee has been appointed to date.

The resources dedicated to reducing environmental risks are the following:

Flour Group

| Direct expenses charged to the EMS (EUR) | 2019 | 2018 |
|---|--------|--------|
| Maintaining the Environmental Management System | 22,836 | 18,960 |
| Waste management | 55,384 | 37,326 |
| Total (EUR) | 78,220 | 56,286 |

Senior Care Group

| Direct expenses charged to the EMS (€) | 2019 | 2018 |
|---|--------|--------|
| Maintaining the Environmental Management System | 22,836 | 18,960 |
| Waste management | 55,384 | 37,326 |
| Total (EUR) | 78,220 | 56,286 |

Winery Supplies

| Direct expenses charged to the EMS (€) | 2019 | 2018 |
|---|--------|--------|
| Maintaining the Environmental Management System | 22,836 | 18,960 |
| Waste management | 55,384 | 37,326 |
| Total (EUR) | 78,220 | 56,286 |

As noted above, the Auxiliary Financial Services Sector does not report separate figures. Figures are instead included in those for Caja Rural de Navarra.



ENERGY AND POLLUTION METRICS

Below are the values for energy and water consumption and the implied pollution levels.

The conversion factor for energy units into CO₂ was taken from the document "Emission factors, carbon footprint, offsetting and CO₂ absorption projects" issued by the Ministry for the Ecological Transition and Demographic Challenge and the Catalan Climate Change Office.

1. Flour Group:

This activity accounts for 90% of the Caja Rural Group's total consumption and nearly all its consumption of gas and diesel.

SOURCES:

Electricity ratio: 2019. https://canviclimatic.gencat.cat/es/actua/factors_demissio_associats_a_lenergia/

Gas ratio: Emission factors issued by the Ministry for Ecological Transformation and Demographic Challenge, version 12 April 2020.

| | 2019 | | 2018 | |
|--|-----------|-----------------------|-----------|-----------------------|
| | Units | CO ₂ Eq, T | Units | CO ₂ Eq, T |
| Water - Consumption in m3 | 79,970 | | 77,709 | |
| Gas - MW.h | 7,337 | 1,481 | 7,620 | 1,538 |
| Electricity Non-renewable consumption, MWh | 54,909 | 13,233 | 70,774 | 22,718 |
| Renewable consumption, MWh | 10,993 | 0 | | |
| Fuel consumption, own fleet Diesel, litres | 1,064,632 | 2,768 | 1,170,150 | 3,042 |
| Total CO ₂ equivalent emissions (T) | | 17,482 | | 27,299 |

As the table shows, CO₂ equivalent emissions by the flour sector fell by more than a third compared to 2018. There were improvements in all factors: physical unit consumption, CO₂ emissions per kWh consumed from the national grid and acquisition of renewably sourced energy for specific uses.

2. Other sectors (Senior Care, Auxiliary Financial Services and Winery Supplies)

| | 2019 | | 2018 | |
|--|--------|-----------------------|--------|-----------------------|
| | Units | CO ₂ Eq, T | Units | CO ₂ Eq, T |
| Water - Consumption en m3 | 25,901 | | 77,709 | |
| Gas - MW.h | 2,296 | 463 | 1,444 | 291 |
| Electricity Non-renewable consumption, MWh | 1,517 | 366 | 1,142 | 367 |
| Fuel consumption, own fleet Diesel, litres | 29,415 | 77 | 12,677 | 33 |
| Total CO ₂ equivalent emissions (T) | | 905 | | 691 |

Note that in 2018 certain areas of consumption were not included in the figures as data was unavailable.





CLIMATE CHANGE AND ENERGY MODEL TRANSITION

The activities carried out by the Group's companies produce very low levels of direct pollution. In general, they do not produce waste, as the by-products generated are reused as feed, livestock bedding, raw material for pellets and some oak wood chippings are even burned directly to toast the barrels, following the traditional method.

Therefore, the main direct wastes produced are those derived from the staff changing rooms and toilets, those produced by the users and residents in the residential and day centres and certain packaging materials, which are segregated and removed by waste collection and sanitation companies.

Natural gas is consumed in the residences and in the oat factory, as discussed in section 2.1. Natural gas use emits CO₂, and it is estimated that each m³ emits 2.15 kg/Nm³ (10.65 kWh/Nm³).

Therefore, direct emission into the atmosphere in 2018 amounted to approximately 1,944 tonnes in 2019 (1,830 reported in 2018).

We should also add emissions from transport of people and goods, based on fuel consumption which showed direct emissions of 4,844 tCO₂eq in 2019 (4,904 in 2018).

There are also indirect emissions, derived from generating electricity, and these change each year with the energy mix. As established in National Energy Commission Circular 1/2008, electricity mix calculations

do not include green electricity produced from renewable sources that have a guarantee of origin (GoO) issued by the CNMC. This allows certified green electricity with a GoO to be separated from the rest of the grid electricity.

The published grid mix on the Iberian peninsula for 2019 gives a figure of 241g of CO₂/kWh (321g in 2018).

This means indirect CO₂ emissions by Group companies are around 13,600 tonnes in 2019 compared to 23,085 in 2018.

As we noted, part of the reduction in emissions is due to the acquisition of renewable energy, from wind farms run by one of the Group's subsidiaries. Also, these emissions could be considered to have been offset by the production of renewable energy within the group, even though the GdO for this activity is transferred to third parties.

3. SOCIAL AND PERSONAL ISSUES

At the time of writing, Spain has been declared in a “state of alarm” and the healthcare system is close to being overrun. Those who can are working from home and hundreds of thousands of workers from many sectors have been provisionally laid off until people recover their freedom of action and we can return to the normal interplay of demand and supply.

Most employees in the Bank’s equity investments work in essential basic sectors (health/care, food, energy) which have to continue. They are working in solidarity with the community and their colleagues, under heavy workloads and great pressure. We offer them our thanks, proud to know that everyone is striving their utmost and doing everything asked of them and more. The group most affected and subject to unrelenting pressure are workers in the care sector. They deserve special recognition in this CSR report for what they have achieved and for their determination and sense of responsibility.

We continue below with the regulatory information:

EMPLOYMENT

Employment per work centre, summarised by country and region:

| COUNTRY | 2019 | | | 2018 | | |
|---------------------------------|-------|-----|-------|-------|-----|-------|
| | Total | Men | Women | Total | Men | Women |
| Spain | 813 | 398 | 415 | 763 | 374 | 389 |
| France | 16 | 12 | 4 | 21 | 18 | 3 |
| Total active employees at 31/12 | 829 | 410 | 419 | 784 | 392 | 392 |

| SPAIN | 2019 | | |
|-----------|-------|-----|-------|
| | Total | Men | Women |
| Navarre | 549 | 194 | 355 |
| Valencia | 95 | 74 | 21 |
| Andalusia | 65 | 52 | 13 |
| Aragon | 62 | 48 | 14 |

| ESPAÑA | 2019 | | |
|----------|-------|-----|-------|
| | Total | Men | Women |
| Galicia | 36 | 28 | 8 |
| Euskadi | 5 | 2 | 3 |
| La Rioja | 1 | 0 | 1 |

The following is a breakdown of selected statistics relating to the staff in subsidiaries, grouped by activities:

Flour Group:

| Contractual relationship (situation to 31/12) | 2019 | | | 2018 | | |
|---|-------|-----|-------|-------|-----|-------|
| | Total | Men | Women | Total | Men | Women |
| “Active” | 389 | 317 | 72 | 363 | 293 | 70 |
| Leave | 4 | 3 | 1 | 2 | 0 | 2 |
| Service commission (working for other companies but we pay the salary) | 0 | 0 | 0 | 0 | 0 | 0 |
| Early retirees | 6 | 6 | 0 | 5 | 5 | 0 |
| Company contracts | 399 | 326 | 73 | 370 | 298 | 72 |
| Temporary Contracts | 27 | 20 | 7 | 24 | 15 | 9 |
| Temporary full-time | 26 | 19 | 7 | | | |
| Temporary part-time | 1 | 1 | 0 | | | |
| Permanent Contracts | 372 | 306 | 66 | 339 | 278 | 61 |
| Total active employees at 31/12 | 389 | 317 | 72 | 363 | 293 | 70 |

Below we give details of employees who worked for sector subsidiaries during the year but not all year. Figures are not given as an annual average but show the contracts of everyone who worked this year for however short a time. In 2019, the table gives greater detail than last year:

| | No. OF PEOPLE | | | | |
|--|---------------|------------|--------------|-----------|--------------|
| | Total | Men | Women | | |
| General and Area Management | 37 | 31 | 7.6% | 6 | 1.5% |
| Engineers and graduates, reporting to a function area manager | 16 | 14 | 3.4% | 2 | 0.5% |
| Administrative, workshop and shift managers, Sales | 49 | 45 | 11.0% | 4 | 1.0% |
| First-grade managers, administrators and production or quality | 82 | 45 | 11.0% | 37 | 9.1% |
| Second-grade managers, administrators and production or quality | 141 | 115 | 28.2% | 26 | 6.4% |
| Administrative assistants, third-grade workers, assistants, labourers. | 81 | 73 | 17.9% | 7 | 2.0% |
| Trainees and work experience | 2 | 1 | 0.2% | 1 | 0.2% |
| TOTAL | 407 | 324 | 79.4% | 83 | 20.6% |

Of these, one person was reported with a recognised disability (two people in 2018) In 2018:

| Active employees by sex and professional category | 2018 | | | |
|---|------------|------------|-----------|------------|
| | Men | | Women | |
| | No. | % | No. | % |
| Directors | 23 | 8% | 5 | 7% |
| Managers | 22 | 7% | 2 | 3% |
| Technicians | 28 | 9% | 26 | 36% |
| Administrative personnel | 2 | 1% | 23 | 32% |
| Other | 221 | 75% | 16 | 22% |
| Total | 296 | 80% | 72 | 20% |
| Of this total, disabled | 2 | | | |

By age range:

| Age | No. OF PEOPLE | | | | | |
|--------------------|---------------|--------------|-----------|--------------|------------|------------|
| | Total | | Men | | Women | |
| Less than 30 years | 34 | 8.3% | 18 | 4.4% | 39 | 48 |
| 31 to 40 years | 92 | 22.5% | 35 | 8.6% | 110 | 102 |
| 41 to 50 years | 111 | 27.2% | 22 | 5.4% | 118 | 132 |
| 51 to 60 years | 74 | 18.1% | 6 | 1.5% | 73 | 73 |
| Over 60 | 13 | 3.2% | 2 | 0.5% | 10 | 11 |
| TOTAL | 324 | 79.4% | 83 | 20.3% | 350 | 366 |

The movements corresponding to the departure of personnel during the year have been:

| Losses and annual turnover of workers. Departures in the year: | 2019 | 2018 |
|--|------|------|
| Unpaid and statutory leave | 2 | 0 |
| Leave to care for children or family members | 1 | 2 |
| Retirement | 0 | 1 |
| Death and disability | 0 | 1 |
| Voluntary resignation | 13 | 16 |
| End of contract | 23 | 16 |
| Early retirees | 4 | 2 |
| Dismissals of Women in the year | 6 | 3 |
| Dismissals of Men in the year | 11 | 19 |
| Departures of Women in the year | 15 | 23 |
| Departures of Men in the year | 42 | 38 |
| Total departure rate | 15% | 17% |
| Women's departure rate | 21% | 32% |
| Men's departure rate | 13% | 13% |

Senior Care Group:

| Contractual relationship (situation to 31/12) | 2019 | | | 2018 | | |
|--|-------|-----|-------|-------|-----|-------|
| | Total | Men | Women | Total | Men | Women |
| "Active" | 339 | 35 | 304 | 307 | 25 | 282 |
| Leave | 1 | 0 | 1 | 2 | 0 | 2 |
| Service commission (working for other companies but we pay the salary) | 0 | 0 | 0 | 0 | 0 | 0 |
| Early retirees | 0 | 0 | 0 | 0 | 0 | 0 |
| Company contracts | 340 | 35 | 305 | 307 | 25 | 282 |
| Temporary Contracts | 121 | 20 | 101 | 127 | 11 | 116 |
| Temporary full-time | 59 | 15 | 44 | | | |
| Temporary part-time | 62 | 5 | 57 | | | |
| Permanent Contracts | 219 | 15 | 204 | 180 | 14 | 166 |
| Total active employees at 31/12 | 339 | 35 | 304 | 307 | 25 | 282 |

The table below covers all people who have had a contract during the year:

| | 2019 No. OF PEOPLE | | | | | |
|---|--------------------|-----|-------|-----|-------|--|
| | Total | Men | Women | | | |
| General and area managers | 5 | 2 | 0.4% | 3 | 0.6% | |
| Doctors, psychologists | 7 | 1 | 0.2% | 6 | 1.2% | |
| Nurses, nutritionists and physiotherapists | 79 | 7 | | 72 | | |
| Nursing and geriatric assistants | 327 | 30 | 5.8% | 297 | 57.6% | |
| Administrators and technical staff in socio-cultural activities | 4 | 2 | 0.4% | 2 | 0.4% | |
| Administrative assistants, cleaners, ward staff | 94 | 6 | 1.2% | 88 | 17.1% | |
| TOTAL | 516 | 48 | 9.3% | 468 | 90.7% | |

By contract type:

| | 2019 No. OF PEOPLE | | | | | |
|---|--------------------|-----|-------|-----|-------|--|
| | Total | Men | Women | | | |
| Permanent full-time | 184 | 13 | 2.5% | 171 | 33.1% | |
| Permanent part-time or discontinuous | 35 | 3 | 0.6% | 32 | 6.2% | |
| Work experience, trainees and apprentices | 0 | 0 | 0.0% | 0 | 0.0% | |
| Temporary contract (replacing those on parental, sickness or holiday leave) | 172 | 15 | 2.9% | 157 | 30.4% | |
| Temporary full-time contracts for time-limited work or services | 21 | 6 | 1.2% | 15 | 2.9% | |
| Temporary part-time contracts for time-limited work or services | 104 | 11 | 2.1% | 93 | 18.0% | |
| TOTAL | 516 | 48 | 9.3% | 468 | 90.7% | |

2018 data was given as an annual average. Comparable data is therefore as follows:

| Employees by sex and professional category Annual average staff | 2019 | | | | 2018 | | | |
|--|------|-----|-------|-----|------|----|-------|-----|
| | Men | | Women | | Men | | Women | |
| | Nº | % | Nº | % | Nº | % | Nº | % |
| Directors | 2 | 1% | 2 | 1% | 1 | 0% | 0 | 0% |
| Healthcare workers (nutritionists, doctors and nurses) | 4 | 1% | 47 | 16% | 1 | 0% | 44 | 18% |
| Nursing assistants | 19 | 6% | 184 | 61% | 6 | 2% | 147 | 61% |
| Ward staff and cleaners | 0 | 0% | 34 | 11% | 0 | 0% | 26 | 11% |
| Administrative personnel | 2 | 1% | 9 | 3% | 2 | 1% | 7 | 3% |
| Full-time | 22 | 81% | 244 | 88% | 16 | 7% | 137 | 57% |
| Part-time | 5 | 19% | 32 | 12% | 1 | 0% | 87 | 36% |
| Total | 27 | 9% | 276 | 91% | 17 | 7% | 224 | 93% |
| Of this total, disabled | | | 0 | | | | 0 | |

By age range (2019, all staff, 2018, annual average):

| | 2019 | | | 2018 Average |
|--------------------|-------|-----|-------|--------------|
| | Total | Men | Women | |
| Less than 30 years | | 22 | 115 | 66 |
| 31 to 40 years | 131 | 11 | 120 | 53 |
| 41 to 50 years | 137 | 8 | 129 | 71 |
| 51 to 60 years | 92 | 7 | 85 | 47 |
| Over 60 | 19 | 0 | 19 | 3 |
| Total staff | 516 | 48 | 468 | 241 |

The movements corresponding to the departure of personnel (total movements) during the year have been:

| Losses and annual turnover of workers | 2019 | 2018 |
|--|------------|------------|
| Departures in the year: | 782 | 829 |
| Unpaid and statutory leave | 0 | 2 |
| Leave to care for children or family members | 1 | 4 |
| Retirement | 0 | 0 |
| Death and disability | 0 | 0 |
| Voluntary resignation | 40 | 34 |
| End of contract | 819 | 786 |
| Early retirees | 0 | 0 |
| Dismissals of Women in the year | 4 | 3 |
| Dismissals of Men in the year | 2 | 0 |
| Departures of Women in the year | 779 | 769 |
| Departures of Men in the year | 87 | 60 |
| Total departure rate | 255% | 270% |
| Women's departure rate | 256% | 273% |
| Men's departure rate | 249% | 240% |



Winery Supplies Group:

| Contractual relationship (situation to 31/12) | 2019 | | | 2018 | | |
|---|-------|-----|-------|-------|-----|-------|
| | Total | Men | Women | Total | Men | Women |
| "Active" | 63 | 49 | 14 | 73 | 63 | 10 |
| Leave | 0 | 0 | 0 | 0 | 0 | 0 |
| Service commission (working for other companies but we pay the salary) | 0 | 0 | 0 | 0 | 0 | 0 |
| Early retirees | 1 | 1 | 0 | 1 | 1 | 0 |
| Company Contracts | 64 | 50 | 14 | 74 | 64 | 10 |
| Temporary Contracts | 7 | 6 | 1 | 16 | 15 | 1 |
| Temporary full-time | 6 | 6 | 1 | 0 | 2 | 0 |
| Temporary part-time | 0 | 0 | 0 | 18 | 17 | 1 |
| Permanent Contracts | 57 | 44 | 13 | 55 | 46 | 9 |
| Total active employees at 31/12 | 63 | 49 | 14 | 73 | 63 | 10 |

In 2019 the workers employed by the company for periods less than a full year were working in the following occupations:

| | No. OF PEOPLE | | | | |
|---|---------------|-----------|--------------|----------|--------------|
| | Total | Men | Women | | |
| General and Area Management | 5 | 5 | 6.8% | 0 | 0.0% |
| Engineers, architects and graduates, reporting to a function area manager | 1 | 1 | 1.4% | 0 | 0.0% |
| Administrative, workshop and shift managers Sales | 11 | 10 | 13.7% | 1 | 1.4% |
| First-grade managers, administrators and production or quality | 2 | 2 | 2.7% | 0 | 0.0% |
| Second-grade managers, administrators and production or quality | 13 | 11 | 15.1% | 2 | 2.7% |
| Administrative assistants, third- grade workers, assistants, labourers. | 41 | 35 | 47.9% | 6 | 8.2% |
| Trainees and work experience | 0 | 0 | 0.0% | 0 | 0.0% |
| TOTAL | 73 | 64 | 87.7% | 9 | 12.3% |

By contract type:

| | No. OF PEOPLE | | | | | |
|--|---------------|-----------|--------------|----------|--------------|--|
| | Total | Men | | Women | | |
| 1. Permanent full-time | 47 | 40 | 54.8% | 7 | 9.6% | |
| 2. Permanent part-time or discontinuous | 3 | 1 | 1.4% | 2 | 2.7% | |
| 3. Work experience, trainees and apprentices | 0 | 0 | 0.0% | 0 | 0.0% | |
| 4. Temporary contract (replacing those on parental or sick leave, departure or political activity) | 0 | 0 | 0.0% | 0 | 0.0% | |
| 5. Temporary full-time contracts for time-limited work or services | 22 | 22 | 30.1% | 0 | 0.0% | |
| 6. Temporary part-time contracts for time-limited work or services | 1 | 1 | 1.4% | 0 | 0.0% | |
| TOTAL | 73 | 64 | 87.7% | 9 | 12.3% | |

In 2018 the same information was given as an annual average.

| Employees by sex and professional category Annual average staff | Average 2019 | | | | Average 2018 | | | |
|---|--------------|------------|----------|------------|--------------|------------|-----------|------------|
| | Men | | Women | | Men | | Women | |
| | Nº | % | Nº | % | Nº | % | Nº | % |
| General and Area Management | 5 | 9% | | 0% | 3 | 4% | | |
| Engineers, architects and graduates, reporting to a function area manager | 1 | 2% | | 0% | | | | |
| Administrative, workshop and shift managers Sales | 8 | 14% | 1 | 2% | 4 | 6% | 1 | 1% |
| First-grade managers, administrators and production or quality | 2 | 4% | | 0% | 15 | 21% | 1 | 1% |
| Second-grade managers, administrators and production or quality | 10 | 18% | 2 | 4% | 9 | 13% | 3 | 4% |
| Administrative assistants, third-grade workers, assistants, labourers. | 23 | 40% | 5 | 9% | 29 | 41% | 6 | 8% |
| Trainees and work experience | | 0% | | 0% | | | | |
| Total | 49 | 86% | 8 | 14% | 60 | 85% | 11 | 15% |
| Full-time | 1 | | 6 | | 58 | | 11 | |
| Part-time | 48 | | 2 | | 2 | | 0 | |

By age range:

| | 2019 | | | | | 2018 Average |
|--------------------|-------|-----|-------|-------|-------|--------------|
| | Total | Men | | Women | | |
| | | No. | % | No. | % | |
| Less than 30 years | 10 | 10 | 13.7% | 0 | 0.0% | 6 |
| 31 to 40 years | 15 | 12 | 16.4% | 3 | 4.1% | 21 |
| 41 to 50 years | 31 | 27 | 37.0% | 4 | 5.5% | 28 |
| 51 to 60 years | 14 | 12 | 16.4% | 2 | 2.7% | 15 |
| Over 60 | 3 | 3 | 4.1% | 0 | 0.0% | 1 |
| Total staff | 73 | 64 | 87.7% | 9 | 12.3% | 71 |

The movements corresponding to the departure of personnel during the year have been:

| Losses and annual turnover of workers | 2019 | 2018 |
|--|-----------|-----------|
| Departures in the year: | 17 | 16 |
| Unpaid and statutory leave | 0 | 0 |
| Leave to care for children or family members | 0 | 0 |
| Retirement | 1 | 2 |
| Death and disability | 0 | 1 |
| Voluntary resignation | 3 | 7 |
| End of contract | 11 | 2 |
| Early retirees | 0 | 0 |
| Dismissals of Women in the year | 0 | 1 |
| Dismissals of Men in the year | 2 | 3 |
| Departures of Women in the year | 0 | 2 |
| Departures of Men in the year | 16 | 6 |
| Total departure rate | 16 | 6 |
| Women's departure rate | 0 | 38% |
| Men's departure rate | 33% | 20% |

Auxiliary Financial Services Group:

| Contractual relationship (situation to 31/12) | 2019 | | | 2018 | | |
|--|-------|-----|-------|-------|-----|-------|
| | Total | Men | Women | Total | Men | Women |
| "Active" | 38 | 9 | 29 | 37 | 10 | 27 |
| Leave | 1 | 0 | 1 | 1 | 0 | 1 |
| Services committee | 0 | 0 | 0 | 2 | 0 | 2 |
| Early retirees | 0 | 0 | 0 | 0 | 0 | 0 |
| Company Contracts | 4 | 1 | 3 | 40 | 10 | 30 |
| Temporary Contracts | 12 | 2 | 10 | 0 | 0 | 0 |
| Temporary full-time | 10 | 2 | 8 | 1 | 0 | 3 |
| Temporary part-time | 2 | 0 | 2 | 10 | 0 | 10 |
| Permanent Contracts | 26 | 7 | 19 | 28 | 10 | 18 |
| Total active employees at 31/12 | 38 | 9 | 29 | 38 | 10 | 28 |

The table below shows occupations and type of contract/ 2019 figures include everyone who worked for the company at any time. 2018 figures are annual averages.

| | No. OF PEOPLE | | | | |
|---|---------------|-----------|--------------|-----------|--------------|
| | Total | Men | Women | | |
| General and area managers | 3 | 3 | 6.3% | 0 | 0.0% |
| Engineers, architects and graduates, reporting to a function area manager | 0 | 0 | 0.0% | 0 | 0.0% |
| Administrative heads | 1 | 0 | 0.0% | 1 | 2.1% |
| First-grade managers, administrators | 14 | 6 | 12.9% | 8 | 16.7% |
| Second-grade managers, administrators | 21 | 2 | 4.2% | 19 | 39.6% |
| Administrative assistants | 5 | 0 | 0.0% | 5 | 10.4% |
| Trainees and work experience | 4 | 0 | 0.0% | 4 | 8.3% |
| TOTAL | 48 | 11 | 22.9% | 37 | 77.1% |

By contract type:

| | No. OF PEOPLE | | | | | |
|--|---------------|-----------|--------------|-----------|--------------|--|
| | Total | Men | | Women | | |
| 1. Permanent full-time | 28 | 9 | 18.8% | 19 | 39.6% | |
| 2. Permanent part-time or discontinuous | 0 | 0 | 0.0% | 0 | 0.0% | |
| 3. Work experience, trainees and apprentices | 6 | 0 | 0.0% | 6 | 12.5% | |
| 4. Temporary contract (replacing those on parental or sick leave, departure or political activity) | 0 | 0 | 0.0% | 0 | 0.0% | |
| 5. Temporary full-time contracts for time-limited work or services | 9 | 2 | 4.2% | 7 | 14.6% | |
| 6. Temporary part-time contracts for time-limited work or services | 5 | 0 | 0.0% | 5 | 10.4% | |
| TOTAL | 48 | 11 | 22.9% | 37 | 77.1% | |

2018 figures are averages:

| Employees by sex and professional category Annual average staff | Average 2019 | | | | Average 2018 | | | |
|---|--------------|------------|-----------|------------|--------------|------------|-----------|------------|
| | Men | | Women | | Men | | Women | |
| | Nº | % | Nº | % | Nº | % | Nº | % |
| General and area managers | 3 | 8% | | 0% | 3 | 9% | | |
| Engineers, architects and graduates, reporting to a function area manager | | 0% | | 0% | | | | |
| Administrative heads | | 0% | 1 | 3% | 3 | 9% | 2 | 6% |
| First-grade managers, administrators | | 0% | 8 | 21% | | | | |
| Second-grade workers, administrators | 5 | 13% | 14 | 37% | 5 | 14% | 25 | 71% |
| Administrative assistants | 2 | 5% | 3 | 8% | | | | |
| Trainees and work experience | | 0% | 2 | 5% | | | | |
| TOTAL | 10 | 26% | 28 | 74% | 11 | 31% | 27 | 77% |
| Full-time | 10 | | 26 | | 11 | | 24 | |
| Part-time | 0 | | 2 | | 0 | | 3 | |

By age range:

| | 2019 No. OF PEOPLE | | | | | Average 2018 |
|--------------------|--------------------|-----|-------|-------|-------|--------------|
| | Total | Men | | Women | | |
| | | No. | % | No. | % | |
| Less than 30 years | 8 | 0 | 0.0% | 8 | 16.7% | 6 |
| 31 to 40 years | 18 | 4 | 8.3% | 14 | 29.2% | 21 |
| 41 to 50 years | 18 | 6 | 12.5% | 12 | 25.0% | 8 |
| 51 to 60 years | 4 | 1 | 2.1% | 3 | 6.3% | 3 |
| Over 60 | 0 | 0 | 0.0% | 0 | 0.0% | 0 |
| Total staff | 48 | 11 | 22.9% | 37 | 77.1% | 38 |

The movements corresponding to the departure of personnel during the year have been:

| Losses and annual turnover of workers | 2019 | 2018 |
|--|-------|------|
| Departures in the year: | | |
| Unpaid and statutory leave | 0 | 1 |
| Leave to care for children or family members | 1 | 0 |
| Retirement | 2 | 0 |
| Death and disability | 0 | 0 |
| Voluntary resignation | 3 | 1 |
| End of contract | 6 | 3 |
| Early retirees | 0 | 0 |
| Dismissals of Women in the year | 1 | 0 |
| Dismissals of Men in the year | 0 | 0 |
| Departures of Women in the year | 8 | 3 |
| Departures of Men in the year | 1 | 2 |
| Total departure rate | 23.7% | 13% |
| Women's departure rate | 27.6% | 11% |
| Men's departure rate | 11.1% | 20% |

REMUNERATION

Remuneration is based on sector collective agreements, supplemented in some jobs by professional performance bonuses. There are no differences based on age or sex, beyond supplements for years of service with the company that may exist in certain agreements

Selected remuneration parameters are provided below. The data are recorded as a value that represents the annual gross salary multiplier for the sector analysed, so that the metrics can be compared without breaching the confidentiality of the data.

In 2019, there are two comparisons. The first is with the official sector agreement applicable to each category. The second is with the average of all workers who have been active in any Caja Rural Group company in the different sectors during 2019 compared to the 2018 figures.

Flour Group

The sector benchmark is taken to be a person classed as lab assistant in the collective agreement for the sector (Collective Agreement for Companies in the Bread Flour and Semolina Sector), which is column 2019C. Columns 2019M and 2018M compare figures with the average of Caja Rural de Navarra subsidiaries in the sector. The statistics are as follows:

| AVERAGE SALARY | 2019C | 2019M | 2018M |
|----------------|-------|-------|-------|
| Women | 2.04 | 0.97 | 0.86 |
| Men | 2.72 | 1.29 | 1.04 |
| Difference M/W | 0.68 | 0.32 | 0.18 |

| Age | 2019C | | 2019M | | 2018M | |
|--------------------|-------|-------|-------|---------|-------|-------|
| | Men | Women | Men | Mujeres | Men | Women |
| Less than 30 years | 1.75 | 2.36 | 0.83 | 1.12 | 0.82 | 0.76 |
| 31 to 40 years | 3.87 | 1.99 | 1.84 | 0.95 | 0.95 | 0.89 |
| 41 to 50 years | 2.28 | 1.75 | 1.08 | 0.83 | 1.08 | 0.89 |
| 51 to 60 years | 2.47 | 2.49 | 1.18 | 1.18 | 1.11 | 0.95 |
| Over 60 | 2.23 | 1.64 | 1.06 | 0.78 | 1.34 | 0.69 |
| Total | 2.72 | 2.04 | 1.29 | 0.97 | 1.04 | 0.86 |



| Employees by sex and professional category Annual average staff | 2019C | | 2019M | | 2018M | |
|--|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| General and area managers | 3.80 | 3.66 | 2.14 | 1.74 | 2.00 | 1.12 |
| Engineers and graduates, reporting to an area manager | 2.39 | 1.63 | 1.14 | 0.77 | | |
| Administrative, workshop and shift managers Sales | 2.27 | 1.73 | 1.08 | 0.82 | 1.34 | 1.19 |
| First-grade managers, administrators and production or quality | 5.59 | 2.35 | 2.66 | 1.12 | 1.04 | 0.87 |
| Second-grade managers, administrators and production or quality | 2.09 | 1.65 | 0.99 | 0.78 | 0.92 | 0.79 |
| Administrative assistants, third-grade workers, assistants, labourers. | 1.55 | 1.04 | 0.74 | 0.50 | 0.91 | 0.84 |
| Trainees and work experience | 1.08 | 1.56 | 0.51 | 0.74 | | |

Senior Care Group

The dual comparison is also made here. 2019 figures are compared to the collective agreement - official state collective agreement on personal care of dependent people and development of the promotion of personal autonomy (private residences for the elderly and home care services), working in geriatric care - in column 2019C, and to the companies of Caja Rural de Navarra sector subsidiaries, under 2019M and 2018M. The calculation is based on average daily salary.

| AVERAGE SALARY | 2019C | 2019M | 2018M |
|----------------|-------|-------|-------|
| Women | 1.48 | 0.99 | 0.97 |
| Men | 1.71 | 1.13 | 1.35 |
| Difference M/W | 0.33 | 0.14 | 0.38 |

| Employees by sex and professional category Annual average staff | 2019C | | 2019M | | 2018M | |
|--|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| General and area managers | 5.15 | 2.28 | 3.42 | 1.51 | | |
| Engineers and graduates, reporting to an area manager | 1.74 | 3.01 | 1.16 | 2.00 | 1.86 | 2.14 |
| Administrative, workshop and shift managers Sales | 2.81 | 2.21 | 1.87 | 1.47 | | |
| First-grade managers, administrators and production or quality | 1.24 | 1.59 | 0.82 | 1.06 | 1.42 | 1.43 |
| Second-grade managers, administrators and production or quality | 1.35 | 1.35 | 0.90 | 0.89 | | |
| Administrative assistants, third-grade workers, assistants, labourers. | 1.21 | 1.2 | 0.80 | 0.81 | 0.88 | 0.86 |
| Trainees and work experience | | | | | | |

| Remuneration by age | 2019C | | 2019M | | 2018M | |
|---------------------|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| Less than 30 years | 1.81 | 1.40 | 1.20 | 0.93 | 1.00 | 0.88 |
| 31 to 40 years | 1.31 | 1.68 | 0.87 | 1.12 | 1.23 | 0.98 |
| 41 to 50 years | 2.21 | 1.45 | 1.47 | 0.97 | 1.60 | 1.01 |
| 51 to 60 years | 1.45 | 1.37 | 0.96 | 0.91 | 2.18 | 0.96 |
| Over 60 | | 1.44 | 0 | 0.96 | | 1.16 |

Winery Supplies Group

Comparisons are with the post of lab assistant in the collective agreement for the wine, alcohol, spirits and cider sector of navarre. data are given in 2019C and companies in this sector are compared with averages in 2019M and 2018m.

| AVERAGE SALARY | 2019C | 2019M | 2018M |
|----------------|-------|-------|-------|
| Women | 1.49 | 0.93 | 0.90 |
| Men | 1.62 | 1.01 | 1.02 |
| Difference M/W | 0.13 | 0.08 | 0.11 |

| Employees by sex and professional category Annual average staff | 2019C | | 2019M | | 2018M | |
|--|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| General and functional area managers | 4.00 | | 2.50 | | 2.61 | |
| Administrative, workshop and shift managers Sales | 1.94 | N/I | 1.21 | N/I | 1.74 | 1.56 |
| First-grade managers, administrators and production or quality | 1.74 | | 1.08 | | | |
| Second-grade managers, administrators and production or quality | 1.30 | 0.96 | 0.81 | 0.60 | 0.78 | 0.87 |
| Administrative assistants, third-grade workers, assistants, labourers. | 1.31 | 1.65 | 0.81 | 1.03 | | 1.04 |
| Trainees and work experience | N/A | N/A | N/A | N/A | | |

| Remuneration by age | 2019C | | 2019M | | 2018M | |
|---------------------|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| Less than 30 years | 1.22 | | 0.76 | 0 | 0.80 | |
| 31 to 40 years | 1.22 | 1.80 | 0.76 | 1.12 | 0.85 | 1.09 |
| 41 to 50 years | 1.99 | 1,40 | 1.24 | 0.87 | 1.33 | 0.87 |
| 51 to 60 years | 1.69 | 1.20 | 1.05 | 0.75 | 1.11 | 0.72 |
| Over 60 | 1.00 | | 0.63 | | 1.01 | |

Financial Services Group

For this group comparisons are with the Group V post (tasks carried out under supervision but under own initiative, with professional knowledge or trial period) under the Navarre Collective agreement for Offices. Data are given in 2019C and compared against averages for companies in this sector in 2019M and 2018M.

| AVERAGE SALARY | 2019C | 2019M | 2018M |
|----------------|-------|-------|-------|
| Women | 0.99 | 0.88 | 0.84 |
| Men | 1.56 | 1.39 | 1.39 |
| Difference M/W | 0.57 | 0.51 | 0.55 |

| Employees by sex and professional category Annual average staff | 2019C | | 2019M | | 2018M | |
|--|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| General and Area Management | 2.45 | | 2.19 | | 2.06 | |
| Administrative heads | | N/I | | N/I | 1.08 | 1.17 |
| Skilled workers administrators | 1.34 | 1.21 | 1.19 | 1.08 | | |
| Second-grade workers administrators | 0.98 | 1.04 | 0.88 | 0.93 | 0.93 | 0.81 |
| Administrative assistants | | 0.92 | | 0.82 | | |
| Trainees and work experience | | 0.61 | | 0.55 | | |

| AGE | 2019C | | 2019M | | 2018M | |
|--------------------|-------|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women | Men | Women |
| Less than 30 years | | 0.72 | | 0.64 | | 0.66 |
| 31 to 40 years | 1.13 | 1.05 | 1.01 | 0.94 | 1.11 | 0.92 |
| 41 to 50 years | 1.51 | 1.05 | 1.35 | 0.94 | 2.19 | 0.98 |
| 51 to 60 years | 3.53 | N/I | 3.15 | N/I | 3.00 | N/I |
| Over 60 | | | | | | |

ORGANIZATION OF WORK HEALTH AND SAFETY

All group companies table working time in compliance with the working hours laid down by the collective agreement. Shifts have to be worked in some areas to cover (nearly) the whole year.

Health and safety is relevant in all areas, but we focus on the industries where the risks are higher.

Accident statistics are collected in all manufacturing centres, even for accidents that do not require medical attention or time off since analysing these figures may give indications as to where improvements can be made.

The data on accidents and resulting time off work are presented below.

Flour Group

| WORKPLACE ACCIDENTS | 2019 | 2018 |
|-----------------------|-------|--------|
| Accidents | 48 | 24 |
| Accident incidence(1) | 0.074 | 0.0336 |
| Accident severity(2) | 5.66 | 8.357 |

(1) Accidents resulting in time off work per 1,000 hours worked.

(2) Hours lost per accident per 1,000 theoretical working hours.

Half the accidents recorded in 2019 required medical time off.

| HOURS OFF WORK AND ABSENTEEISM RATE | 2018 | 2018 Men | 2018 Women |
|-------------------------------------|--------|----------|------------|
| Accident and illness | 38,264 | 32,623 | 5,641 |
| Maternity | 5,416 | 0 | 5,422 |
| Paternity | 1,505 | 1,505 | 0 |
| Childcare | 0 | 0 | 0 |
| Care of the sick | 0 | 0 | 0 |
| Total hours off work | 45,185 | 34,128 | 11,063 |
| Absenteeism rate | 7.1% | 6.6% | 8.8% |

In 2019:

| HOURS OFF WORK AND ABSENTEEISM RATE | HOURS 2019 | | TOTAL |
|-------------------------------------|------------|-------|--------|
| | Men | Women | |
| Accidents | 3,684 | 0 | 3,684 |
| Common illness | 17,805 | 1,839 | 19,644 |
| Maternity | 0 | 4,080 | 4,080 |
| Paternity | 3,307 | 0 | 3,307 |
| Childcare | 0 | 0 | 0 |
| Care of the sick | 552 | 224 | 776 |
| Other personal motives | 384 | 128 | 512 |
| Jury service, union work, etc. | 208 | 0 | 208 |
| Total hours off work | 25,940 | 6,271 | 32,211 |
| | 5.01% | 4.69% | 4.95% |

Senior Care Group

| WORKPLACE ACCIDENTS | 2018 | 2019 |
|--------------------------------------|------|-------|
| Accidents without time off work | 21 | 11 |
| Accidents resulting in time off work | 25 | 27 |
| Total accidents | 46 | 38 |
| Accident incidence(1) | 0.06 | 0.075 |
| Accident severity(2) | 7.83 | 15.65 |

(1) No. accidents resulting in time off work per 1,000 hours worked.

(2) Hours lost per accident per 1,000 theoretical working hours.

The breakdown in 2018 was as follows:

| HOURS OFF WORK AND ABSENTEEISM RATE | 2018 | 2018 Men | 2018 Women |
|-------------------------------------|-----------|----------|------------|
| Accident and illness | 27,896.82 | 88.23 | 27,808.59 |
| Maternity | 6,477.12 | 0.00 | 6,477.12 |
| Paternity | 0,00 | 0.00 | 0.00 |
| Childcare | | | |
| Care of the sick | | | |
| Total hours off work | 34,373.94 | 88.23 | 34,28.71 |
| Absenteeism rate | 0.09% | | |

In 2019:

| HOURS OFF WORK AND ABSENTEEISM RATE | HOURS 2019 | | TOTAL |
|-------------------------------------|------------|--------|--------|
| | Men | Women | |
| Accidents | | 6,332 | 6,332 |
| Common illness | 878 | 22,252 | 23,130 |
| Maternity | | 10,577 | 10,577 |
| Paternity | 0 | 0 | 0 |
| Childcare | 0 | 0 | 0 |
| Care of the sick | 0 | 0 | 0 |
| Other personal motives | 0 | 0 | 0 |
| Jury service, union work, etc. | | 3,696 | 3,696 |
| Total hours off work | 878 | 42,857 | 43,735 |
| Absenteeism rate (1) | | | 10.81 |

(1) No. accidents resulting in time off work per 1,000 hours worked.

Winery Supplies Group

| WORKPLACE ACCIDENTS | 2019 | 2018 |
|-----------------------|-------|-------|
| Accidents | 10 | 10 |
| Accident incidence(1) | 0.114 | 0.099 |
| Accident severity(2) | 15.8 | 39.8 |

(1) No. accidents resulting in time off work per 1,000 hours worked.

(2) Hours lost per accident per 1,000 theoretical working hours.

| HOURS OFF WORK AND ABSENTEEISM RATE | 2018 | 2018 Men | 2018 Women |
|-------------------------------------|-------|----------|------------|
| Accident and illness | 3021 | 2809 | 212 |
| Maternity | 0 | 0 | 0 |
| Paternity | 512 | 512 | 0 |
| Childcare | 24 | 20 | 4 |
| Care of the sick | 153 | 70 | 83 |
| Total hours off work | 3710 | 3411 | 299 |
| Absenteeism rate | 3.48% | 3.8% | 1.9% |

In 2019:

| HOURS OFF WORK AND ABSENTEEISM RATE | HOURS 2019 | | TOTAL |
|-------------------------------------|------------|-------|-------|
| | Men | Women | |
| Accidents | 1,347 | 0 | 1,347 |
| Common illness | 1,684 | 740 | 2,424 |
| Maternity | 0 | 0 | 0 |
| Paternity | 2,300 | 0 | 2,300 |
| Childcare | 0 | 0 | 0 |
| Care of the sick | 93 | 32 | 125 |
| Other personal motives | 9 | 0 | 9 |
| Jury service, union work, etc. | 0 | 0 | 0 |
| Total hours off work | 5,433 | 772 | 6,196 |
| Absenteeism rate | 7.50 | 6.06 | 7.28 |

Financial Services Group

| WORKPLACE ACCIDENTS | 2019 | 2018 |
|-----------------------|------|------|
| Accidents | 0 | 0 |
| Accident incidence(1) | 0 | 0 |
| Accident severity(2) | 0 | 0 |

(1) No. accidents resulting in time off work per 1,000 hours worked.

(2) Hours lost per accident per 1,000 theoretical working hours.

In 2018:

| HOURS OFF WORK AND ABSENTEEISM RATE | 2018 | 2018 Men | 2018 Women |
|-------------------------------------|------|----------|------------|
| Accident and illness | 1602 | 42 | 1560 |
| Maternity | 784 | 0 | 784 |
| Paternity | 196 | 196 | 0 |
| Childcare | 216 | 0 | 216 |
| Care of the sick | 0 | 0 | 0 |
| Total hours off work | 2798 | 238 | 2560 |
| Absenteeism rate | 4% | 1% | 5% |

In 2019:

| HOURS OFF WORK AND ABSENTEEISM RATE | HOURS 2019 | | TOTAL |
|-------------------------------------|------------|--------|--------|
| | Men | Women | |
| Accidents | 0 | 0 | 0 |
| Common illness | 14 | 536 | 550 |
| Maternity | 0 | 441 | 441 |
| Paternity | 0 | 0 | 0 |
| Childcare | 0 | 216 | 216 |
| Care of the sick | 0 | 0 | 0 |
| Other personal motives | 0 | 0 | 0 |
| Jury service, union work, etc. | 0 | 0 | 0 |
| Total hours lost | 14 | 1.193 | 1.207 |
| Total working hours | 16,043 | 47,330 | 63,373 |
| Total hours off work | 14 | 1.193 | 1.207 |
| Absenteeism rate | 0,08% | 2.5% | 1.9% |

Financial Services Group

| WORKPLACE ACCIDENTS | 2019 | 2018 |
|-----------------------|------|------|
| Accidents | 0 | 0 |
| Accident incidence(1) | 0 | 0 |
| Accident severity(2) | 0 | 0 |

(1) No. accidents resulting in time off work per 1,000 hours worked.

(2) Hours lost per accident per 1,000 theoretical working hours.

In 2018:

| HOURS OFF WORK AND ABSENTEEISM RATE | 2018 | 2018 Men | 2018 Women |
|-------------------------------------|-------|----------|------------|
| Accident and illness | 1,602 | 42 | 1,560 |
| Maternity | 784 | 0 | 784 |
| Paternity | 196 | 196 | 0 |
| Childcare | 216 | 0 | 216 |
| Care of the sick | 0 | 0 | 0 |
| Total hours off work | 2,798 | 238 | 2,560 |
| Absenteeism rate | 4% | 1% | 5% |

In 2019:

| HOURS OFF WORK AND ABSENTEEISM RATE | HOURS 2019 | | TOTAL |
|-------------------------------------|------------|--------|-------|
| | Men | Women | |
| Accidents | 0 | 0 | 0 |
| Common illness | 14 | 536 | 550 |
| Maternity | 0 | 441 | 441 |
| Paternity | 0 | 0 | 0 |
| Childcare | 0 | 216 | 216 |
| Care of the sick | 0 | 0 | 0 |
| Other personal motives | 0 | 0 | 0 |
| Jury service, union work, etc. | 0 | 0 | 0 |
| Total hours lost | 14 | 1,193 | 1,207 |
| Total working hours | 16,043 | 47,330 | 6,373 |
| Total hours off work | 14 | 1,193 | 1,207 |
| Absenteeism rate | 0.08% | 2.5% | 1.9% |

SOCIAL RELATIONSHIPS

Each group of companies identified in each sector has its own collective agreement, as follows:

- Flour Group: national collective agreement for the bread flour and semolina sector
- Senior Care group: subject to the state collective framework agreement for care services for dependent persons
- Winery Supplies group: each of the three companies is subject to its own agreement. For Intona this is the agreement relating to the wood industries, the French equivalent in the case of Tonnellerie de L'Adour and, for Bouquet Brands, the agreement relating to the Navarre food storage sector.
- Auxiliary financial services group: Navarre regional agreement for offices.

TRAINING

The following tables summarise training delivered during the year:

Flour Group

| 2019 | HOURS | | ATTENDEES | | 2018 |
|---|--------------|------------|------------|-----------|--------------|
| Courses taken by employees | Men | Women | Men | Women | Hours |
| Administration | 233 | 161 | 10 | 15 | 750 |
| Sales | 354 | 42 | 36 | 6 | |
| Quality | 176 | 107 | 18 | 19 | |
| R&D | 90 | 201 | 11 | 17 | |
| Management | 81 | 29 | 13 | 5 | 113 |
| Production | 893 | 79 | 164 | 2 | 1045 |
| Total | 1,827 | 619 | 252 | 64 | 1,908 |
| External costs | | | | 52,624 | |
| Costs attributed to personal attendance | | | | 41,398 | |

Senior Care Group

| 2019 | HOURS | | ATTENDEES | | 2018 |
|---|-------|-------|-----------|--------|-------|
| Courses taken by employees | Men | Women | Men | Women | Hours |
| Administration | 12 | 18 | 2 | 3 | 135 |
| Sales | | 6 | | 1 | |
| Face-to-face | 48 | 968 | 7 | 155 | 379 |
| External costs | | | | 19,398 | |
| Costs attributed to personal attendance | | | | 12,624 | |

Winery Supplies Group

| 2019 | HOURS | | ATTENDEES | | 2018 |
|---|-------|-------|-----------|-------|-------|
| Courses taken by employees | Men | Women | Men | Women | Hours |
| Administration | | 97 | 0 | 3 | 28 |
| Sales | 6 | 6 | 1 | 1 | |
| Face-to-face | 86 | 0 | 3 | 0 | 22 |
| Production | 360 | 56 | 24 | 4 | 71 |
| External costs | | | | 4,561 | |
| Costs attributed to personal attendance | | | | 9,150 | |

Auxiliary Financial Services Group to Caja Rural de Navarra

| 2019 | HOURS | | ATTENDEES | | 2018 |
|----------------------------|-------|-------|-----------|-------|-------|
| Courses taken by employees | Men | Women | Men | Women | Hours |
| Administration | 314 | 1,538 | 10 | 55 | 109 |
| Sales | 79 | | 2 | | 0 |

EQUALITY

Recruitment processes are based on the merits of the candidates, without considering other external factors or gender.

Internal promotion policies are applied, as well as cross-promotion between companies in the same sector.

RESPECT FOR HUMAN RIGHTS

Caja Rural de Navarra's company values policies extend to the companies controlled via equity stakes. Human and labour rights are respected not only because this is required by law, but because this is the way we understand our work in Cooperative Credit Institutions.

Respect for a decent wage, adequate working conditions, job security, freedom of association, adequate hours and respect for labour regulations are core to our investee companies and the policy is also extended to include our suppliers.

Extension of human rights policies to suppliers and customers

These values are not only respected within Spain but are also considered in certain transactions with an international scope, even beyond the borders of the EU, such as importing cereals, when we work with other international cooperatives or companies with recognised CSR values.

Procedural checks have not been established for transactions involving clients and suppliers within the European Union.

Outside the EU, where we carry out operations in Africa and Asia, care is taken to

get to know our customers' and/or suppliers' key characteristics. For sales, given the small volume of each transaction in these countries (from one to four containers, essentially flour, semolina or oats), it is not possible to establish an exhaustive customer monitoring system and we rely on information obtained directly from the customer, the financial insurer for the deal or the internet. In cereal purchasing operations, which are high volume, we work exclusively with companies with defined and known ethical values.

There are no reports of human rights violations among the group's suppliers or customers.

CORRUPTION AND BRIBERY

The Group's values start at the top and are projected down through the company. When selecting key managers, their ethical values and management qualities are as important as their technical knowledge and capabilities in the business world.

For Caja Rural, more important than achieving our set targets is the manner in which they are achieved. We strive to do this in a way that creates a motivated, autonomous and capable work team along with optimal conditions for future growth, where behaviour that is unethical or dubious is unacceptable even though it may not fall within the criminal definition of corruption.

SOCIAL CONTEXT

The company's commitments to wider society

We take the view that our commitment to our community should be considered for the Caja Rural Group as a whole and not on a company by company basis. This

is why, as explained above, the Group's values are projected into all its companies and employees as well as the Bank's Social Welfare Fund.

Secondly, each company must adapt to its type of business and location. This requires some explanation. In certain cases, our investee company is an important part of the industrial development of a region and a major employer in the region, such as Harinera de Tardienta or Harinera del Mar. Sustaining high levels of activity and employment is far more important to its community than the collaboration of NGOs in the local area.

In sections 6.2 and 6.3 we will more precisely define two key aspects of our investee companies, and we wish to emphasise the following key aspects in our commitment to wider society:

A. Management of our activities

- Products and services produced must meet the customer's needs and be of the highest quality.

- R&D makes the business sustainable and adapts our products and services to changing needs.

- Productive investments tied to quality

B. The team

- Training

- Shift planning and work-life balance

- Internal promotion

- Ownership interest in the organization and procedures through lean manufacturing and associated programmes

- Rigorous recruitment policy based on the merits of each candidate

C. Wider society

- Involvement in specific charitable initiatives or those with a high local social impact

- Solera Asistencial is involved in numerous activities focused on improving the health of the elderly, whether residents or not, and inclusion in their families

Impact on the local economy

Detailed information on the impact of our subsidiaries' business activities on the local and regional economy is not available.

Food Safety

In recent years, the Caja Rural de Navarra Group's food companies have focused on achieving excellence in food safety, both in investments and procedures.

In addition to obtaining the appropriate approvals from certification bodies (OCA) and industrial customers, we are aware that our product is a food or a food ingredient, and that if we do not take extreme care of this aspect, efficiency and productivity are meaningless.

Our Group is an active member of the Spanish Flour and Semolina Manufacturers' Association (AFHSE), one of whose areas of focus is food hygiene, generally in collaboration with the Ministry.

Our factories carry out periodic training workshops with craft bakers, mainly to improve their product range and competitiveness in the face of big industry. The best methods for product preparation and care are also defined at these workshops. The main incidents relating to quality or safety each month are reviewed by the Management Committees and at regular meetings with Caja Rural de Navarra executives. The implementation of "lean manufacturing" methodologies and the involvement of personnel in them has been an important way to improve this aspect. Incidents are grouped by type and their severity is assessed, so that measuring these variables can feed into future improvements. Similarly, non-conformities in raw materials are also analysed.

For each incident, a responsible party is identified along with an alert date and a resolution date, as well as, if applicable, a

conclusion from the customer regarding the event and its resolution.

We must be grateful for the demands of certain industrial customers as they push us to improve sustainably and maintain our commitment to food safety.

Senior Care

Service quality metrics have been defined for Solera Asistencial's residences, day centres and home care services to determine compliance with our objectives and the level of satisfaction of residents and families.

These metrics cover a number of aspects:

- Global satisfaction survey
- Response time in resolving complaints
- Aspects related to cleaning, laundry, food, diets, time taken to formalise an admission, etc.
- Health care, medication Administration, punctuality of treatments, etc.
- Entertainment activities
- Physiotherapy and cognitive stimulation activities.
- Staff training, absenteeism.
- Metrics related to facility maintenance.

Goals are set for these indicators each year and performance is reviewed monthly and annually.





Tax information

The Group complies with its local, regional and state tax obligations. 2019 and 2018 figures for all the subsidiaries are the following:

| | ES | FR | Total 2019 | ES | FR | Total 2018 |
|---------------|-----------|----------|------------|------------|-------------|-------------|
| IAE | 256,086 | 8,543 | 264,629 | 746,632.67 | 70,884.00 | 817,516.67 |
| Contributions | 530,002 | 23,212 | 553,214 | | | |
| Income tax | 1,248,395 | 5,165 | 1,253,560 | 713,414.46 | 20,160.00 | 733,574.46 |
| VAT | -393,065 | -444,365 | -837,430 | 237,627.22 | -393,935.00 | -156,307.78 |

The figures for Value Added Tax are negative because flour production pays a reduced rate of 4% (both cereals and flour) which its consumption of inputs, investment and outsourced services are taxed at the standard rate. Also, some activities are for export.

Subsidies: investee companies request, when appropriate, subsidies for investment or operations. Any amounts approved are linked to the restriction that the Group remains a large company.

There are no data on subsidies received in 2019 and 2018.

The subsidiaries located in the Common Tax Territory are consolidated into a single tax group for the purposes of Company Income Tax.

ANNEX III

12 AENOR CERTIFICATE



**CAJA RURAL
DE NAVARRA**

AENOR

VERIFICACIÓN DE LA MEMORIA DE SOSTENIBILIDAD

VMS-2020/0019

AENOR ha verificado la Memoria de la organización

CAJA RURAL DE NAVARRA, S. COOP. DE CREDITO

**TITULADA: MEMORIA DE RESPONSABILIDAD SOCIAL CORPORATIVA DE
CAJA RURAL DE NAVARRA Y ESTADO DE INFORMACIÓN NO
FINANCIERA DEL GRUPO CAJA RURAL DE NAVARRA
CONSOLIDADO 2019**

Conforme con: Estándares GRI

Opción GRI aplicada: Exhaustiva

Proceso de Verificación: Para conceder este Documento de Verificación, AENOR ha comprobado la adecuación de la memoria a lo requerido por GRI y ha trazado los datos e información contenidos en dicha memoria.

Fecha de emisión: 2020-06-01


Rafael GARCÍA MEIRO
Director General

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