Ibercaja

Pillar III Disclosure June 2025



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1
ESG RISKS

1 – ESG risks

This section covers the disclosure requirements on environmental, social, and governance risks (Table 1 – Qualitative information on environmental risk; Table 2 – Qualitative information on social risk; and Table 3 – Qualitative information on governance risk) in accordance with Article 449a of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and amending Regulation (EU) No 648/2012, known as the Capital Requirements Regulation (CRR).

This section provides a summary of the Strategy and business processes, Governance, and Risk Management that Ibercaja has defined to address ESG risks.

Section I – Introduction to sustainability

Aware of its role in the transition towards a sustainable economy, Ibercaja incorporates in its strategy the impact of its activities on the environment and society and embraces the challenge of ensuring that its business objectives drive sustainable development, preserve natural resources, and promote a fairer and more inclusive society.

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

In November 2019, Ibercaja signed the **United Nations Principles for Responsible Banking (PRB),** becoming part of a global coalition of banks whose purpose is to promote and foster the sustainable development of the economy by aligning its actions and commercial strategy with the **Paris Agreement** and the achievement of the **Sustainable Development Goals (SDGs)** of the 2030 Agenda. Through this commitment, it undertakes to increase its contribution by identifying the goals most material to its business and by measuring the progress and impact of the projects and actions carried out. In addition, with regard to this objective, Ibercaja is part of UNEP FI, the United Nations Environment Programme Finance Initiative**,** which aims to mobilize private sector financing for sustainable development, fostering a financial sector that generates positive impacts for people and the planet.

By signing these Principles and through its **Sustainability Policy,** Ibercaja maintains its commitment to align its business strategy with long-term objectives that enable economic growth and help address social and environmental challenges, identifying its greatest potential for contribution. Likewise, it seeks to highlight and formalize the Group's commitment to sustainable development and value creation through its activities, by establishing a global framework for sustainability that reflects the commitments voluntarily undertaken with its stakeholders to promote sustainable, inclusive, and environmentally respectful growth.

This commitment covers all areas and companies of the Ibercaja Group, establishing general principles that include respect, defense and promotion of ethics, good governance, human rights, transparency, and environmental protection. In addition, specific commitments are highlighted such as the promotion of employee development, the management of financial and non-financial risks, and the contribution to social integration. The Policy also emphasizes active listening and dialogue with stakeholders, using multiple two-way communication channels. The governance of the Sustainability Policy is the responsibility of the Board of Directors and corresponds to Senior Management in approving manuals and procedures for the development of the provisions of this Policy.

Within the framework of COP25, in December 2019, **the Collective Commitment to Climate Action** of the Spanish financial sector was signed to measure the carbon footprint of their balance sheets and reduce the climate impact of their financial activity. Also in 2019, Ibercaja joined the **Task Force on Climate-Related Financial Disclosures (TCFD)** to facilitate investor decision-making through comparable reports on the effect that economic activity has on climate change. With this adhesion, a step forward was taken in the clear, consistent, and standardized disclosure of the impacts of climate risks and opportunities on its business and the implications for Ibercaja's strategy.

In April 2021, Ibercaja signed, as a founding member, the **Net Zero Banking Alliance (NZBA)**, an initiative promoted by the United Nations that commits the banking sector worldwide to achieve net-zero CO_2 emissions from operations and its lending and investment portfolios by 2050. In this respect, it is worth noting that Ibercaja has been operationally carbon-neutral since 2020: 100% of its electricity consumption comes from renewable sources, and it invests in offsetting direct emissions that cannot be avoided through certified offset projects.

As a demonstration of the Group's commitment to sustainable investment, since 2021 Ibercaja Gestión has been a signatory of the **Principles for Responsible Investment (UNPRI)**, having previously joined Ibercaja Pensión in 2011, with a Responsible Investment Policy published on its website.

In 2022, Ibercaja also joined the **Partnership for Carbon Accounting Financials (PCAF)** to work on its commitment to achieving net-zero emissions from its lending and investment portfolios by 2050. PCAF has become the international reference framework to help the financial industry align with the Paris Agreement and provide transparency in calculating greenhouse gas (GHG) emissions. This methodology has been consistently applied to measure financed emissions and other indicators related to emission intensity.

Section II – Governance Model

This section includes qualitative information that responds to the requirements of Annex II of Regulation 2022/2453 in relation to environmental risk issues e), f), g), h) and i); and issues (d), (e), (f) and (g) of social risk.

Ibercaja has a solid sustainability governance model that is reflected in the organizational structure and that has the direct involvement of the Board of Directors, as a top-level body, and with the assistance of the Strategy Committee to promote the integration of ESG factors in business strategy and risk management.

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

2.1 Governance framework of the sustainability strategy:

The sustainability governance system is structured through the existing Governing Bodies and Executive Committees, in accordance with the defined ESG functions and responsibilities, with the aim of integrating sustainability in a transversal way, including all functional areas to achieve efficient management, which responds to supervisory expectations. The Sustainability and Reputation Area Management is responsible for proposing and coordinating the implementation of the sustainability strategy, together with the Sustainability and Reputation Committee, at management level and chaired by the CEO.

At the management level, all areas of the Entity participate in the implementation of the sustainability strategy, which prioritizes supervisory and regulatory requirements and is aligned with the **UNEP-FI Principles for Responsible Banking**. Cross-cutting work at the Group level is essential for the integration and alignment of strategic objectives in the field of Sustainability.

Illustration 1: Governing and Management Bodies



This governance design allows the sustainability strategy to be a global project at Group level, with a single roadmap that is part of the Strategic Plan and defined in Initiative 13 "Sustainability and Reputation" with the aim of responding to supervisory expectations, regulatory requirements and voluntarily acquired commitments. This Strategic Initiative prioritizes the lines of action, and they are developed in a coordinated and consensual manner, achieving coherence and consistency in progress and capturing all synergies.

The roles and responsibilities of the Governing and Management Bodies for the correct integration of the Entity's Sustainability Strategy are detailed below:

- The **Board of Directors** is the highest level body in the Entity's governance model and ultimately responsible for approving, promoting and supervising the implementation of the Sustainability Policy and the sustainability strategy, addressing aspects such as the analysis of the impact of climate change, the management of climate risks and the transparent communication of progress in sustainability. It is also responsible for the approval and review of the training policy and dedication of directors in relation to sustainability, among others.

The selection and selection processes for directors are aimed at ensuring diversity in the composition of the **Board of Directors** in terms of gender, age and experience. To this end, the aim is for the least represented gender to reach at least 36 per cent of the total number of directors (currently, it represents 36.4 per cent) and 40 per cent of the total number of external directors (currently 40 per cent). The incorporation of profiles beyond the financial field, such as experts in law, sustainability, technology and auditing, among other disciplines, is one Appointments Committee priorities, so that the Board has multiple perspectives and adopts more enriched decisions. This commitment is in line with the objective recently set by the Council and the European Parliament for listed companies by 2026. Thus, in 2022, three new directors were appointed, one of them an expert in sustainability and ESG risk control.

The **Board of Directors** is made up of six committees: the Executive Committee and the internal advisory committees on Appointments, Compensation, Audit and Compliance, Large Exposures and Solvency and Strategy

- The **Strategy Committee** supports the Council's work on sustainability, with special involvement in the definition and approval of the sustainability strategy, ensuring that there is precise organization for its implementation. The approval of the proposed roadmap and monitoring of the main milestones for its implementation is also the responsibility of the Strategy Committee.
- The main function of the **Large Exposures and Solvency Committee** is to advise the Board of Directors on the different policies related to ESG risks and the top-level metrics within the Risk Appetite Framework, as well as to inform the Board of Directors on how Ibercaja integrates ESG risk into the different prudential risks. assessing whether the allocation of resources allocated by the Entity to cover ESG risk is adequate.
- The **Audit and Compliance Committee** reviews the non-financial information, and in particular, the sustainability information to be disclosed by the Company or its Group, in order to ensure that the Company and, where applicable, its Group of companies, complies with current regulations, especially those relating to sustainability. It also ensures that its members have the necessary training and experience for the correct understanding of sustainability-related information, in its auditing and verification.
- The **Compensation Committee** oversees sustainability-related issues that are related to its specific functions, such as remuneration policy or the incentive system, as these contain specific sustainability-related topics.
- Finally, the **Appointments Committee** is involved in the management of sustainability within the Entity, by defining and reviewing the criteria for the composition of the Board of Directors in line with the Suitability and Diversity Assessment Policy of Ibercaja Banco, S.A., and in compliance with current regulations. All appointments of the members of the Board of Directors have been previously approved by the Appointments Committee and subject to individual and collective evaluation, ensuring the suitability of the directors in terms of experience and relevant knowledge related, among other matters, to climate risks.

The sustainability strategy incorporates among its priorities the identification, management and control of environmental, social and governance (ESG) risks for their progressive incorporation into the Entity's global risk framework.

The lines of action in sustainability are mainly guided by the following policies:

- The **Sustainability Policy** (2020) is considered the framework for the development of the sustainability strategy as it defines the principles of sustainability and the Entity's commitments to its main stakeholders, to promote sustainable and inclusive growth through the gradual development of different lines of action.
- The **Environmental Policy** (2021) identifies the Entity's environmental commitments and promotes good practices, in accordance with the principles established in the Sustainability Policy.
- The Ibercaja Group's **ESG Exclusion Policies** aim to avoid any financing or investment operation that may be considered controversial due to its high environmental, social, ethical or reputational risk.
- The **Ethical Management Model**, made up of the Entity's Code of Ethics (updated in 2024), the Ethical Management Manual, which includes the structure and functions necessary to put the Code into practice, and the Ethics Channel, as an independent means of communication to report possible breaches of the Code.
- The **Supplier Code of Conduct**, the aim of which is to convey the Entity's commitment to sustainability to this stakeholder group and to involve them in its progress.
- The **EFR Conciliation Plan**, which contains the actions to be developed to promote balance between personal, family and professional life, in accordance with the proactive management and continuous improvement defined by the Family-Responsible Company (EFR) certification.

In addition, due to the progress of the sustainability strategy in the identification, management and control of ESG risks and in their incorporation into the global risk framework, Ibercaja's Board of Directors approved in 2023 the **ESG Risk Governance Policy**, which establishes the framework for the identification, management and control of the ESG risks to which the Group is exposed, integrating them into risk management and control procedures.

The ESG Risk Governance Policy sets out the governance framework for climate, environmental, social and governance risks. In line with supervisory expectations, progress has been made in integrating climate and environmental (C&E) risks into management and control and, as specific frameworks and processes are developed, progress will continue to be made in the assessment and management of social and governance risks.

2.2 ESG governance and risk management framework:

In relation to ESG risk management and control, it is the responsibility of the Governing Bodies and Senior Management, within the scope of their respective responsibilities, to establish, approve and supervise the implementation of the business and risk strategy and an appropriate internal control and governance framework. In this way, ESG risks are managed as risk factors integrated into the Entity's prudential risks:

- The **Board of Directors** is responsible for approving all policies relating to ESG risks together with their amendments, and for approving first-level metrics and thresholds (within the Bank's Risk Appetite Framework), following a report from the Large Exposures and Solvency Committee. It also has the function of supervising that ESG risks are integrated into the management of the Entity's prudential risks and that the disclosure of non-financial information required by current regulations is complied with.

- The main function **of the Large Exposures and Solvency Committee** is to advise the Board of Directors on the different policies related to ESG risks and the top-level metrics within the Risk Appetite Framework, as well as to inform the Board of Directors of how Ibercaja integrates ESG risks into the different risks, assessing whether the allocation of resources allocated by the Entity to cover ESG risk is adequate.
- The **Global Risk Committee** is responsible for assessing ESG risk management in an integrated manner with the management of material risks identified in the Bank's Risk Appetite Framework. Specifically, it is responsible for reviewing the proposed updates to the management policies and manuals of the different risks in terms of the integration of climate risk management criteria or guidelines; monitor the Group's risk profile by assessing the indicators set out in the RAF; and to review risk quantification methodologies for the determination of internal economic capital requirements and long-term capital planning.
- The **Sustainability and Reputation Committee** is responsible for integrating ESG risk management within the sustainability-related functions and responsibilities assigned to it in relation to the governance of Ibercaja's sustainability strategy mentioned above.

The **ESG Risk Governance Policy** is applicable to all entities that are part of the Ibercaja Group, involving all areas that incorporate the principles defined therein in their daily activity. Its mission is to explicitly assign roles and responsibilities for the definition, assessment, management and monitoring of ESG risks in accordance with the three lines of defense model:

- In the **first line of defense** are the **Areas in charge of identifying, evaluating, measuring, managing and reporting ESG risks** in their field of activity and any processes that are in their charge. In addition, its main functions include ensuring the consistency of each unit/subsidiary's ESG risk policies, as well as the correct implementation, evaluation, monitoring and supervision of corporate ESG risk management methodologies. The Sustainability and Reputation Area Department is responsible for collaborating with the business units involved in risk management for the proper integration of ESG risk factors.
- The **Risk Control Unit and the Regulatory Compliance Department** make up the **second line of defense**. Its functions include monitoring and reporting, respectively, of ESG risks and reviewing the application of management policies and control procedures by the front lines. They also ensure that procedures are in line with legislation, regulation and supervisory expectations.
- The **Internal Audit Department**, as a **third line of defense**, reports functionally and hierarchically to the Audit and Compliance Committee of the Board of Directors and, therefore, has absolute independence from the business, management and risk control areas. Its functions include verifying the adequacy and proper functioning of governance, internal control and financial and non-financial risk management systems, including ESG risks; the verification of the proper functioning of the Group's financial, regulatory and management information system; and the review of the operation of the Ibercaja Group's regulatory compliance monitoring procedures.

In turn, the Sustainability and Reputation Area Department maintains direct contact with the Non-Financial Risk Control Unit and the Regulatory Compliance Department to monitor the progress made by the Entity in terms of ESG risk management in a cross-cutting manner, with the aim of aligning these advances with the tasks and plans associated with the control that must be carried out from the second line.

During this year, progress will continue in the identification, measurement, management and monitoring of ESG risks, with the aim of strengthening the role assumed by the three lines of defense to achieve the complete integration of sustainability into the governance model.

2.3 Frequency and reporting lines:

In relation to ESG factors, the **Sustainability and Reputation Area Department** coordinates the information reported to the Sustainability and Reputation Committee to ensure that all progress made and proposals for improvement to integrate ESG risks are transmitted and approved.

In turn, the Areas responsible for each subject report on progress in the integration of ESG factors in risk management and business strategy to the corresponding Executive Committees and Governing Bodies.

In this regard, the **Credit Risk Area Department and the Control Area Department** report to the Global Risk Committee and Governing Bodies on the progress made in the identification, measurement, management and control of ESG risks, emphasizing the reasons that have led to such progress, the results achieved and the Areas involved in the process.

The **Financial Markets Department** reports quarterly to the Global Risk Committee and Governing Bodies the exposure of the investment to transition climate risk of the portfolio of own investments due to their belonging to sectors with a high emissions intensity. In addition, on the issuance of the Entity's first green bond, the Green Bond Working Group was constituted, chaired by the Financial Markets Department, and which reports to the Sustainability and Reputation Committee on the evolution of the eligible green bond portfolio.

The **Control Area Department**, in coordination with the first and second lines of defense, submits for approval to the Global Risk Committee the exercises and methodologies developed to assess the qualitative and quantitative materiality of ESG risks on prudential risks and the quantification of capital requirements for climate risks (physical and transitional).

Specifically, the **Global Risk Committee** has discussed the following ESG-related issues during 2025:

- Quantification of the potential impact of climate risks on the portfolio of productive activities and mortgage portfolio at credit risk.
- Quantification of capital needs for climate risks in credit risk.
- Update of the Climate Stress Testing Framework.

On the other hand, the Sustainability and Reputation Area Department, Retail Business, Business Banking and Credit Risk Department present to the Sustainability and Reputation Committee the progress made in monitoring climate risks through the design of different dashboards of key performance indicators and the monitoring of the decarbonization plan (NZBA Transition Plan) mentioned in the Strategy and Business Model section.

During 2025, the Sustainability and Reputation Committee has addressed the following issues related to ESG risks:

- Follow-up of **supervisory feedback on climate risk management**, including the approval of the 2025 Action Plan in response to the Horizontal Review on C&E risks.
- **Environmental Risk Matrix** and roadmap for its integration.
- **Methodologies for the analysis of climate risks within business risk (***Business Environment Scan*), results of the analysis and potential action plans.
- **Climate and Environmental Materiality Guide**.
- **Decarbonization objectives and monitoring of intensity metrics**, as well as the Decarbonization Plan.
- Tracking eligible **green bond financing**.

- **ESG dashboard**, governance and monitoring model.
- Sustainability disclosure in the **Management Report**.
- Monitoring the implementation of the **Principles for Responsible Banking. Presentation of the *Feedback* received from UNEP-FI** and action plan.
- **Analysis of climate and social impacts**.
- Update **of Greenwashing Risk Prevention Guide**.

In addition, the following issues related to ESG risks were discussed in Governing Bodies:

- Setting **Decarbonization Objectives in Commercial Real Estate and Coal Mining** and **monitoring of the Decarbonization Plan**.
- Compliance with the **2024 Action Plan** in response to the Horizontal Review on climate risks.
- **Double Materiality Analysis** and structure of the sustainability report for the implementation of the ***CSRD:*** methodology and conclusions of the Double Materiality Analysis and disclosure structure of the Sustainability Report to comply with the *CSRD directive*.
- Ibercaja Group's **ESG exclusion policy** and second-line opinion report.

2.4 Sustainability and ESG risks in Ibercaja's remuneration systems

To promote management that reflects a firm commitment to sustainability principles and favors their integration into all functional areas, it is important to incorporate ESG objectives into variable remuneration schemes. In this way, the interests of key managers are aligned with the Entity's strategic sustainability objectives.

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

The corporate objectives of the 2025 variable remuneration scheme included specific ESG metrics, linked to compliance with the Ahora Ibercaja Strategic Plan 2024-2026. Specifically, the following metrics have been included:

- Number of prudential risks with integrated climate risk impact.
- Credit exposure to sectors with high emissions intensity.

In addition, the Bank has defined a long-term incentive, with the aim of aligning the interests of certain key executives of the Bank with the corporate strategy and with the creation of long-term value. These multi-year objectives also have sustainability indicators:

- Implementation of the Climate Decarbonization Plan (tasks to be implemented).

In addition, a metric related to the evolution of the Entity's reputation is included in the variable remuneration scheme and Ibercaja also has a Sustainability Incentive Programme, with the aim of promoting the growth of sustainable financing in companies.

Section III – Environmental Risk

3.1 Business model and strategy

This section includes qualitative information that responds to the requirements of Annex II of Regulation 2022/2453 in relation to environmental risk issues a), b), c) and d).

Ibercaja is committed to a **universal banking model**, focused on the retail business and based on advice, quality of service with proximity and innovation. It has a wide range of banking and financial products and services, with a particular focus on first-home mortgages, SME financing, asset management, and life-savings insurance products and risk insurance.

It serves a stable base of 1.7 million customers (management units): families, companies and public and private institutions. It has specific channels and offers, in addition to basic banking services, other complementary services such as insurance, investment funds and pension plans, relying on a specialized Financial Group, whose companies it owns 100%.

Strategic Plan and Objectives Set

The **Strategic Plan 2024-2026 "Ahora Ibercaja"** maintains the "Sustainability and Reputation" Initiative among its strategic lines. This initiative allows us to accompany customers in the transition to a decarbonized and inclusive economy, adequately managing sustainability risks and opportunities, and enhancing reputation as the Bank's differential strength.

Illustration 2: Objectives of the Strategic Plan 2024-2026

Strategic objectives

1 Manage ESG risks	Progress in the consolidation and integration of ESG risks into prudential risk management and key risk management tools.
2 Take advantage of ESG business opportunities	Design of the 2024-2026 sustainable business strategy for the different business segments and portfolios (credit and savings), aligning them with decarbonization objectives.
3 Strengthen internal and external sustainability reporting	Progress in governed dashboards and progress in responding to regulatory requirements.
4 Strengthen our reputation as a strength of the Group	Proactive management based on measurement and monitoring, development of action plans to optimize reputation and minimize reputational risk, all with the aim of consolidating reputational risk management.

The initiative has defined a series of challenges that ensure compliance with the objectives established for the next three years of the Strategic Plan:

- **Challenge 1:** Integrating ESG factors into risk management. Ibercaja is prioritizing the roadmap in accordance with supervisory expectations. Among other issues, the Bank is strengthening the RAF and ICAAP, the integration of prudential risks into management, the inclusion of ESG risks in the Business Plan and the analysis of scenarios and stress tests.
- **Challenge 2:** Definition and monitoring of ESG business strategy. The Bank is promoting the sustainable business strategy, identifying business opportunities linked to sustainability, responding with products and services (investment and financing) with the aim of accompanying customers in the decarbonization process, and reinforcing the Bank's social commitment to customers and society.

- **Challenge 3:** Integrating sustainability into asset management and insurance. Ibercaja is integrating ESG factors into the strategy and risk management of its Asset Management and Insurance subsidiaries, responding to supervisory expectations, regulatory requirements and commitments, covering governance, risk measurement and management, ESG business model, ESG reporting and regulatory requirements.
- **Challenge 4:** ESG disclosure and *reporting* requirements. The Entity is responding to the regulatory requirements on sustainability disclosure (with a focus on the new corporate sustainability reporting directive, CSRD), highlighting the progress made by the Ibercaja Group in ESG matters and the creation of social value with transparency and truthfulness.

  Work is also being done on the capture and governance of sustainability data, the definition of criteria to meet regulatory requirements and the monitoring and compliance with supervisory expectations. Finally, it is advancing a governance model for internal sustainability reporting.
- **Challenge 5:** Implementation of the ESG data strategy. Ibercaja is making progress in the integration of ESG data into the business architecture, based on a defined roadmap and considering its governance, scalability and flexibility for the integration of new published data or the modification of existing data due to methodological evolutions.
- **Challenge 6:** Proactive reputation management. It is working on strengthening corporate reputation by proactively managing it based on its measurement, monitoring and identification of risks and opportunities. The main points in which progress has been made are internal measurement and *reporting,* the systematization of reputational risk management through the approved Policy and Manual, and internal awareness of the value of reputation.

This initiative has the Management Committee as a sponsor, in order to integrate sustainability in a transversal way into the Group's strategy.

The impact of ESG risks on the business environment

Ibercaja considers the integration of ESG aspects in business and in risk management, especially those related to climate change and nature, to be relevant. It is aware that they should not be identified as a new category of risks, but as risk factors of existing categories. Therefore, the **climate and environmental risk management (C&E) strategy** developed by Ibercaja is the same as that applied to other prudential risks and, in this context, the identification and measurement of risks are two key processes for their integration into the ICAAP. Its objective is to identify and evaluate the S&E risks to which Ibercaja could be exposed, focusing on those that are most relevant due to their materiality and/or probability of occurrence and impact.

These processes are carried out annually, allowing the Entity to identify emerging S&E risk events at all times. The results of this process allow the selection of those risks that are material and that, therefore, must be managed and mitigated.

To determine whether C&E risks are material in a prudential risk, the Entity uses a combination of qualitative and quantitative analyses, following the thresholds and criteria established according to the type of Prudential Financial risk. All material risks present a controlled environment, taking into account risk governance, management, control and auditing.

As a result of the Double Materiality Analysis and in response to the commitment to align the business strategy with the European Central Bank's (ECB) Expectations on S&E risks and the Principles for Responsible Banking (PRB), Ibercaja has analyzed the environment in which the Bank operates from a climate perspective. This process, called *Business Environment Scan* (BES), allows you to identify the environmental factors that may influence your strategic performance, your business model and your future ability to generate revenue.

The BES aims to assess the resilience of Ibercaja's business model through the analysis of the environment in which it operates from a climate perspective. This analysis takes into account the five macrotrends proposed by the EBA (macroeconomic variables, competitive environment, regulatory trends, technological trends and sociodemographic trends) for the definition of the climatic events to be analyzed and evaluates them within a framework that considers: climatic risks and their transmission channels; prudential risks affected, particularly credit and business risk; evolution over different time horizons (short, medium and long term) and with a focus on the Entity's material portfolios.

In this way, it identifies the main risks that could impact its business model and those to which Ibercaja has greater exposure, examining physical and transition climate risks, assessing the predisposition of the prioritized segments in Ibercaja's loan portfolio to be affected by climate events and delving into potential business opportunities.

Likewise, as part of this impact analysis, Ibercaja studied the main areas of social impact most relevant in its customer portfolio to try to minimize the difficulties faced by the most vulnerable groups in financial matters.

In this area, the main needs of young people and *seniors* (vulnerable groups on which the bank focuses) have been identified and the characteristics of these groups in Ibercaja's portfolio have been analyzed (level of education, income, etc.). Subsequently, the main vital moments of these groups have been identified and how the entity can support these moments through the commercial offer. With this, the bank aims to offer a value proposition to the customer that differentiates Ibercaja due to the social focus of its business strategy.

Decarbonization goals

In response to the analysis of the potential impact of climate risks, and due to its commitments, Ibercaja seeks to achieve neutrality of its own emissions and that of its portfolio by 2050. As a result, it published intermediate decarbonization targets across all its material portfolios in 2024. During 2025, Ibercaja has set new targets in two new material sectors of the loan portfolio: **Commercial Real Estate** and **Coal Mining**.

Illustration 3: Decarbonization Goals

Sector[1,2]	Scenario	Covered scope	Metric	Baseline[3]	2022	2023	2030 Target
Electricity Generation	NZE 2050 (IEA)	1 y 2	kg CO_2 eq / MWh	**68**	**118** (+74%)	**82** (-31%)	**61** (-10%)
Iron and Steel Production[4]	NZE 2050 (IEA)	1 y 2	kg CO_2 eq / t de acero	**966**	**900** (-7%)	**968** (+8%)	**869** (-10%)
Real Estate Residencial[5]	NZE 2050 (IEA) y CRREM 1,5º	1 y 2	kg CO_2 eq / m^2 y año	**23**	**21,6** (-6%)	**21,4** (-1%)	**19** (-16%)
Real Estate Comercial[5]	CRREM 1,5º	1 y 2	kg CO_2 eq / m^2 y año	**27,3**	**27,3** (=)	**27,2** (-0,3%)	**19,8** (-28%)
Coal Mining[6]	N/A	N/A	M€ exposición (Phase out)	**<1**	**N/A**	**<1**	**0** (-100%)

(1) These four sectors, with the agriculture sector and with the *phase out* in coal mining, are the sectors considered material after studying Ibercaja's exposure in the emissions-intensive part of the sectors defined by the NZBA as the most polluting.

(2) For the agriculture sector, the Entity is working to expand knowledge about its customers and to obtain data.

(3) Base year 2021 for the sectors of Electricity Generation, Iron and Steel Production and Residential Real Estate; 2022 for Commercial Real Estate; 2023 for Coal.

(4) Data subject to variation depending on the disclosure of counterparties in the sectors.

(5) To calculate the emission intensity (kgCO2e/m2/year) of the *Real Estate* sector, each type of building and its estimated or actual energy consumption based on the Energy Performance Certificates (EEC) are considered, as well as the average emission factors of the energy source corresponding to each type of building.

(6) Customers whose revenues from thermal coal mining dedicated to the exploitation, development or export of coal for energy purposes represent more than 10% of their total revenues (in accordance with the provisions of the Ibercaja Group's current ESG Exclusions Policy). An exception will be those customers who have a diversification or decarbonization strategy, in line with those established in the Paris Agreement and can demonstrate progress in it.

The achievement of these objectives involves the collaboration of various Ibercaja Divisions such as the Sustainability and Reputation Area Division, the Credit Risk Area Division, the Retail Business Area Management and the Corporate Banking Area Division, among others, and the established objectives must be reviewed and, if necessary, modified, it would be done at least every five years to ensure consistency with the latest scientific advances[1].

To achieve the intermediate decarbonization targets, the Bank has defined a Decarbonization Plan following the guidelines and recommendations for financial institutions published by the *Glasgow Financial Alliance for Net Zero* (GFANZ).[2]

[1] The *published baseline* on intensity metrics could undergo modifications due to the fact that data, sources of information and methodologies are constantly evolving. However, Ibercaja is committed to maintaining decarbonization objectives linked to scenarios aligned with compliance with the Paris Agreement.
[2] GFANZ is a global coalition of financial institutions that has defined a framework adopted by the NZBA to guide the standardization of *Net Zero plans*.

This Plan is structured around 7 axes:

Illustration 4: Axes of the Decarbonization Plan



Throughout 2024 and the first half of 2025, progress has been made in the implementation of the Plan, highlighting:

- **Commercial actions**: deployment of a pilot to promote energy efficiency reform in the mortgage portfolio and deployment of a commercial financing action aimed at those customers who support the achievement of Ibercaja's decarbonization objectives. The Bank has also made progress in exploring models for *one-to-one* conversations on decarbonization with its business customers.
- **Partnerships**: deployment of a pilot to offer services related to decarbonization to SMEs, such as sustainability reports or CO_2 footprint calculation.
- **Advice on public aid**: throughout the year, the Entity has offered a specialized service to its customers to support them in the processing of public aid, such as the EU's Next Generation funds.
- **Internal training related to decarbonization:** this line has consisted of general training on sustainability, available to all the Entity's staff, and specific training on sectors in which decarbonization objectives have been established, aimed at company managers and risk analysts.
- **Evolution and adaptation of the ESG product offer:** the Entity has revised its ESG product offering, changing the purpose of one of them to adapt it to the requirements of the European Taxonomy. It has also launched a new sustainable mortgage product aimed at companies, the +Sustainable Investment Mortgage Loan for productive activities, and has expanded its savings-investment offer with the launch of the Ibercaja RF Horizon 2027 Fund, Ibercaja RF Horizon 2030, Ibercaja RF Flexible (for private banking customers) and the Ibercaja Horizon 2030 Pension Plan, all of them with sustainable characteristics.

- **Customer profile analysis**: the Entity has made progress in technological developments to incorporate into systems both the energy efficiency certificate of mortgage guarantees and a decarbonization sheet with detailed information per customer, developed within the framework of the Decarbonization Plan. In addition, the Entity monitors the increase in real data related to its customers' decarbonization parameters.
- **Events:** The Bank has organized various events on decarbonization in collaboration with chambers of commerce and business organizations. Several of them were held in the Xplora space, located at Ibercaja's headquarters in Zaragoza, designed as a business meeting point to better understand the environment and explore new management solutions.

Business opportunities in environmental matters

As a result of the analysis of the potential impact of climate risks, the decarbonization objectives for 2030, Ibercaja's mitigating activities and the Bank's commitment to support the transition to a decarbonized economy and finance activities aligned with the environmental objectives of the EU Taxonomy, business opportunities are identified in the most significant segments of the credit portfolio. which allow environmental factors to be integrated into the business strategy.

In this line, the Bank offers its customers a wide range of financing products that pursue the sustainable growth of the economy. During 2024 and the first half of 2025, there has been progress in the launch and improvement of sustainable products and services, including:

- A new product has been launched, **the +Sustainable Investment Mortgage Loan** for productive activities, completing the line of sustainable mortgages, aimed at companies.
- In housing purchase loans, **Energy Performance Certificates have been incorporated** into the processing of operations.
- In mortgage loans, there are specific products for **sustainable mortgages for individuals**.
- In consumer loans, the purpose "**Home improvements and constructions to increase energy efficiency**" has been defined to finance goods and services aligned with the EU Taxonomy.
- In addition, consumer loans include a **special rate for the acquisition of ECO or Zero vehicles**.
- In terms of productive activities, new purposes have been incorporated, both in the **+Sustainable Loan** and in **Sustainable Leasing**, which make it possible to identify projects that contribute to sustainable purposes, based on one of the six environmental objectives set out in the EU Taxonomy Regulation and improve their classification, supporting companies in their decarbonization.
- **Eagronom**, a service to certify the carbon capture of the farms of customers in the agri-food sector, issues the corresponding credit and negotiate it on the market for subsequent payment to the farmer.

In addition, Ibercaja has a wide range of savings and sustainable investment products, which incorporate environmental criteria into their investment strategies, with the aim of achieving an ideal investment proposal for each customer, regardless of the profile of the investors. This offering has been expanded this year with the launch of a new target return fund that promotes sustainability characteristics (art. 8) according to SFDR. Clients' interest in the sustainable range has made it possible to reach more than €5,500 million of investment assets managed under sustainability premises by the end of June 2025.

It should be noted that, in January 2024, Ibercaja issued its first green bond for an amount of €500 million, thus advancing its role as a key player in the financing of the climate transition and its commitment to channel capital flows towards sustainable projects, ensuring that the income of institutional investors is invested in this type of finance. In May 2025, Ibercaja published the 2024 Green Bond Allocation and Impact Report. This report reflects how the allocation of the resources obtained to the financing of the different categories of the Framework has had a final impact on avoided greenhouse gas emissions of 48,890 tonnes CO_2e.

Destination of investments:



Impacts generated:

Green Buildings	**5,189** MWh/year Energy consumption avoided financed by Ibercaja Banco	**534** tCO2e/year Greenhouse gas (GHG) emissions avoided financed by Ibercaja Banco
Renewable Energy	**188,614** MWh/year Green energy generation financed by Ibercaja Banco	**26,833** tCO2e/year Greenhouse gas (GHG) emissions avoided financed by Ibercaja Banco
Clean Transport	**474,336,712** Number of passengers/km	**21,613** tCO2e/year Greenhouse gas (GHG) emissions avoided financed by Ibercaja Banco

Impact on portfolio financing:

Energy Impact Green energy generation + Energy consumption avoided	**193,803** MWh/year 3888 average MWh/year per €M invested	Equivalent to the anual electricity consumption of **49,693** EU Households/year
Impact on GHG Emissions Avoided GHG emissions	**48,980** tCO_2e/year 98 tCO_2e/year avoided per €M invested	Equivalent to the GHG emissions produced by **11,425** Passenger vehicles /year

In conclusion, in accordance with its Corporate Purpose "*To help people build their life story, because it will be our story*", Ibercaja is working to adapt its product and service offer to the needs of its customers, promoting sustainable business models and practices, raising awareness among customers in their necessary transition to decarbonization, identifying their preferences and mitigating the ESG risks they may be exposed to.

In addition, in response to the Bank's commitment to sustainable financing, Ibercaja is developing a **Sustainable Finance Guide** that will serve as a reference framework to guide financial decisions and products towards sustainable activities, promoting the transition to a low-carbon, inclusive and resilient economy. This Guide will include criteria aligned with the main international, European and national standards, highlighting the Taxonomy Regulation.

This Guide will be progressively integrated, and to this end, work has begun on the definition of sustainable criteria and identification of evidence, to subsequently gradually integrate it into the Entity's systems and processes, so that sustainability is incorporated into product design and risk management.

Procedures related to engagement with the counterparty in its strategies to mitigate environmental risks

The decarbonization strategy is complemented by the measures carried out by the Entity to reduce or mitigate its exposure to ESG risks. Thus, Ibercaja has different policies, codes of conduct and internal regulations that seek to accompany customers to achieve sustainable development and thus neutralize and set limits with respect to their environmental, social and governance risks. Among them, Ibercaja has an ESG Exclusions Policy at Group level, applicable to financing and investment, with the aim of avoiding or controlling those risks that may arise from certain controversial activities due to their environmental, social, ethical or reputational risk. The ESG Exclusions Policy establishes a series of general and sectoral exclusions that serve as mitigating factors against all ESG risks:

- General exclusions limit a client's access to financing or investment based on criteria not directly related to the sector in which they operate. These exclusions apply at the company and operation level, and are linked to Human Rights, Labor Rights, the OECD Guidelines for Multinational Enterprises and UNESCO Protected Areas or NICU, among others.
- Sectoral exclusions limit financing or investment based on the sector of activity and are evaluated at the customer level and at the operation level. Regulated sectors include Defense, Mining, Energy, Agriculture and Adult Entertainment.

Likewise, Ibercaja collects ESG information from its clients through ESG Questionnaires that also allow it to keep the level of environmental, social and residual governance risk of each counterparty or project up to date, depending on the sector where it operates and/or its commitment to sustainable development. Based on this ESG risk analysis, the Entity carries out measures to reduce or mitigate its exposure to them.

3.2 ESG risk management

This section includes qualitative information that responds to the requirements of Annex II of Regulation 2022/2453 in relation to questions j), k), l), m), n), o), p) and r) of environmental risk.

The Group's risk management is regulated through the Risk Appetite Framework (RAF), which has as its fundamental objective the establishment of a set of principles, procedures, controls and systems by which the Group's risk appetite is defined, communicated and monitored.

The **Risk Appetite Framework** sets up a consistent management framework, integrated into existing risk management processes, and is approved and reviewed at least annually by the Board of Directors. It sets out the level or profile of risk that the Ibercaja Group is willing to assume and maintain, both in terms of its type and amount, as well as its level of tolerance, and must be aimed at achieving the objectives of the strategic plan, in accordance with the lines of action established therein.

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

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

As part of the "IN13: Sustainability and Reputation" initiative of the 2024-2026 Strategic Plan "Ahora Ibercaja", the Sustainability and Reputation Area Department coordinates the cross-cutting challenge of advancing in the integration of ESG factors in risk management, responding to supervisory and regulatory expectations.

Thus, in its commitment to continue making progress in the inclusion of ESG factors in the processes of admission and monitoring of credit risk, Ibercaja has continued to make progress during this year in the integration of sustainability in its policies and manuals, and in the development and improvement of ESG risk identification, evaluation, monitoring and control exercises. especially in credit risk management, operational risk, business risk, liquidity risk, market risk and reputational risk.

In line with the ECB's Expectations, Ibercaja prioritizes the analysis of S&E risks. However, during this year it has made progress in identifying and evaluating social factors, such as the promotion of financial inclusion and diversity, and governance, and continues to collect qualitative information from counterparties on the management of these risks, through the completion of ESG Questionnaires and decarbonization sheets.

The Bank also participates in the Sustainable Finance Sector Group and the Sustainability Observatory at the sectoral level, which analyze legislative progress and Supervisory Expectations in the field of sustainability, in order to identify the applicable requirements and adapt to the legislative proposals promoted by the European Commission's Action Plan to Finance Sustainable Development.

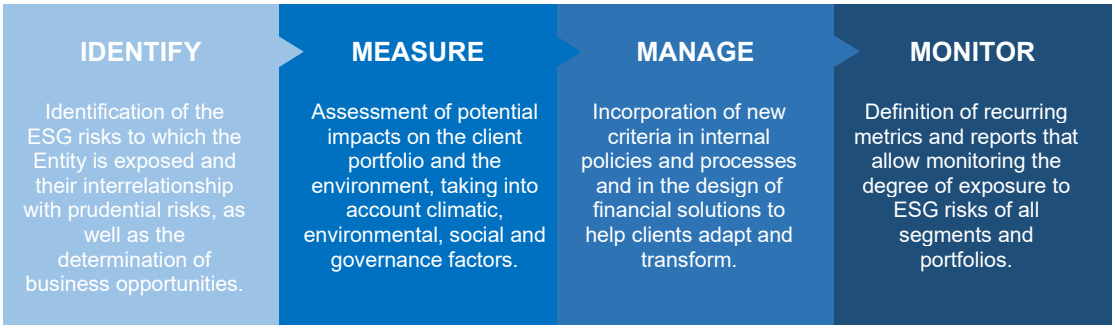
Environmental risk identification and management processes

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

The Entity seeks to respond to its commitments and ESG regulatory requirements, integrating these aspects in a cross-cutting manner. This is done by identifying and controlling activities and exposures vulnerable to ESG risks, thanks to the development of action plans on which it has worked over the last few years and which will continue to be reviewed and updated regularly with the aim of assessing how these risks may evolve depending on the development of technology, the policy framework, the business environment, stakeholder preferences, and changes in the environment.

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

Illustration 5: Phases of ESG risk management

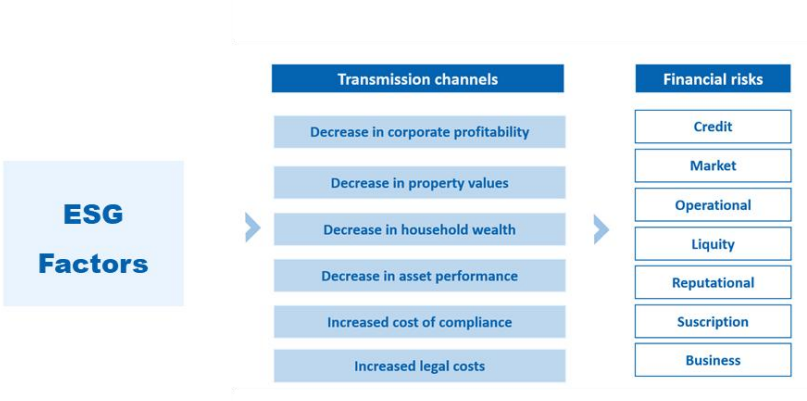


ESG risk management is carried out through the following blocks:

i. **Identification:**

Ibercaja identifies ESG risks as risk factors that are likely to impact prudential risks through its counterparties and/or invested assets and through its own operations or decisions through certain transmission channels, taking into account the Entity's own business, which represent the chain of causality by which a factor and/or inefficient management thereof have a negative impact on the Entity:

Illustration 6: Channels of transmission from S&E risks to financial risks



- **Credit risk:** Environmental impacts can compromise borrowers' ability to pay and the quality of the loan portfolio. Physical events could damage assets that support loans, and transition risks could affect the viability of carbon-intensive sectors. In addition, environmental degradation and overexploitation of resources threaten key economic activities. These risks can affect both companies and mortgage lending, with possible losses for entities with high exposure to the retail segment. On the other hand, social and governance factors can influence the credit quality of counterparties by altering their operational or economic conditions. Factors such as exposure to regulatory requirements, social tensions or weaknesses in governance could increase the likelihood of default and affect credit operations.
- **Market risk:** the degradation of natural capital and climate change affect the valuation of financial assets. Physical events can generate losses in real estate and companies, while transition risks can devalue stocks and bonds in exposed sectors. In addition, market volatility may increase, driven by regulatory changes and demand for sustainable assets. Social and governance factors can lead to adjustments in the valuations of financial assets due to changes in market expectations, investment flows or risk perception. These movements can generate volatility, impairment losses or divergences between asset prices and alter liquidity ratios. This forces entities to adjust their investment strategies to mitigate losses.
- **Operational risk:** extreme weather events can disrupt the operations of entities, affect their properties and increase vulnerability to cyberattacks. Transition risks can lead to regulatory penalties and litigation for *greenwashing* or inadequate advice on sustainable investments. Poor management can affect business continuity and customer and investor confidence. Social and governance factors can cause negative impacts derived from internal failures related to processes, people, systems or external events. In addition, incidents or vulnerabilities in suppliers could generate operational disruptions, economic losses or legal and regulatory implications for the Entity.
- **Reputational risk:** poor management of climate risks can damage an entity's perception among its *stakeholders*. Failure to comply with environmental commitments can affect customer and investor confidence and attract the attention of regulators. Greenwashing is a key risk, as it can lead to loss of credibility, penalties, and affect the ability to attract investment and talent. Negative exposure to ESG factors can erode *stakeholder trust*. The perception that the Entity is acting contrary to ethical or environmental standards may result in loss of value, deterioration of business relationships and social or institutional pressure. In addition, the relationship with counterparties that do not comply with ESG standards can transfer indirect risks to the Entity, deteriorating its public image and affecting its legitimacy.
- **Liquidity risk:** Climate impacts can reduce the liquidity of assets exposed to environmental risks. Regulatory and market changes can make it difficult to sell assets with a high carbon footprint. The degradation of natural capital and restrictions on polluting sectors can affect the financial stability of key sectors, increasing the risk of mismatches between assets and liabilities. As with market risk, social and governance factors can lead to adjustments in the valuations of financial assets due to changes in market expectations, investment flows or risk perception. These movements can generate volatility, impairment losses or divergences between asset prices and alter liquidity ratios.

- **Business risk:** regulatory and market changes can affect the strategy and profitability of financial institutions. The penalization of polluting sectors can limit traditional business opportunities, while physical risks can affect the financial stability of key sectors. Insufficient or inadequate integration of social and governance risks into decision-making processes may limit the Entity's ability to anticipate structural changes in the economic, regulatory or social environment. All of this can compromise their competitiveness, adaptability and sustainability. Adapting to the climate transition is key to maintaining competitiveness and profitability in the long term.

In short, ESG risks have the potential to impact financial risks due to the increasing incidence of extreme weather events, the need to adapt to a low-carbon economy, the current or future effects of social factors (labour relations, human rights, diversity…) and the negative effects derived from governance factors (governance structure, regulatory compliance, transparency...).

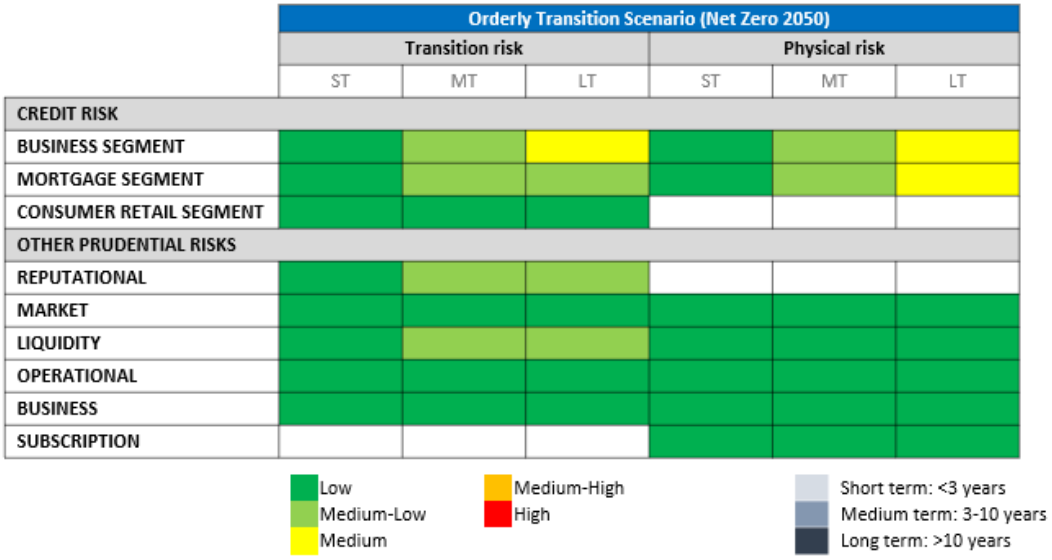
Aware of the potential impact that ESG risks can have on prudential risks through various transmission channels, as well as on the Entity's business model, strategy and activity, Ibercaja is developing an ESG Materiality Guide, which includes the procedures that allow identifying its most sensitive exposures to these risks, with the aim of being able to quantify and monitor them progressively to minimize their possible impacts.

Specifically, in order to analyze the materiality of climate risks in the different risk categories in a qualitative way, different climate risk maps are made according to the NGFS projections in three climate scenarios (*Net Zero 2050, Delayed Transition and Current Policies*) and for different time horizons (short, medium and long term). This process allows us to understand the characteristics and particularities of climate risks, the identification of the main risks that may affect the Group and its transmission channels, and the consolidation of the risk management model.

Considering the current development of policies and regulations in the European Union and the planning of measures for the energy transition and decarbonization to 2050, the orderly transition scenario (*Net Zero 2050*) was selected as the base scenario. Still, there is a possibility that the evolution of these measures could be diverted in the future towards a disorderly transition scenario or a *Hot House Word* scenario, which is why all three scenarios are included in the climate risk impact analysis.

Its preparation, which requires an annual update, has the coordinated work of the Entity's first and second lines of defense to assess and review the relevance of climate risks and how they may affect the different business and risk areas and is submitted annually to the Global Risk Committee for approval.

Illustration 7: Qualitative Materiality Matrix of Climate Risks 2024



In this regard, taking into consideration the result of the analysis of the qualitative materiality of the 2024 climate risks on the baseline scenario (Net *Zero 2050* orderly transition), it is concluded that climate risks are material on credit risk. For this reason, the Bank has focused on quantifying the potential impacts of climate risks on the loan portfolio for productive and mortgage activities and on calculating the capital needs arising from this exposure. In addition, during 2025 Ibercaja is working on analyzing the qualitative materiality of climate risks under the severity and frequency approach, making a detailed analysis in those sectors in which it has greater exposure.

However, it is not only climate risks that can be essential to maintain the value capacity of organizations. Environmental, social and governance factors also have the potential to play a crucial role, with a positive or negative impact on your bottom line.

The dependence on nature and natural resources of certain productive activities means that any alteration in the environment can have a considerable potential impact on the development of goods and services. Likewise, organizations can generate significant impacts on natural capital, causing adverse effects such as biodiversity loss, water pollution or the alteration of hydrological cycles.

For this reason, in 2024 it deepened the materiality analysis of environmental risks in prudential risks, focusing on credit risk, in order to know the potential impact of environmental risks on the activities it finances. In this way, ecosystem services and impact drivers were analysed and the sectors subject to greater dependencies or impacts of the portfolio of productive credit activities were identified through the ENCORE tool.

This initial assessment, which resulted in the environmental risk matrix, reveals that, although the sectors analyzed show certain impacts on nature and, to a lesser extent, dependencies, the effect of environmental risks on credit risk is limited in view of the Entity's medium-low risk profile and the lack of specific information on the production processes of each counterparty. However, Ibercaja has designed a roadmap to continue deepening the assessment and measurement of the impacts and dependencies of environmental risks, for their integration into management.

Taking this into consideration, the short-, medium- and long-term qualitative assessment of the materiality of environmental risks on all categories of financial risk is based on the potential impact of these risks on productive activities, the degree to which the degradation of the

environment affects the value of underlying collateral or assets, and the growth of regulatory trends. social or market in relation to the care of the environment.

Illustration 8: Environmental Risk Materiality Matrix 2024

	ST	MT	LT
CREDIT RISK			
BUSINESS SEGMENT			
MORTGAGE SEGMENT	N/A	N/A	N/A
OTHER PRUDENTIAL RISKS			
REPUTATIONAL			
MARKET			
LIQUIDITY			
OPERATIONAL			
BUSINESS			

Low
Medium-Low
Medium
Medium-High
High
Short term: <3 years
Medium term: 3-10 years
Long term: >10 years

In this sense, it was concluded that these risks are not material in any risk category. However, Ibercaja has made progress in 2025 in the analysis of environmental risks by extending its qualitative assessment to the rest of the prudential risks, under a focus on severity and frequency analysis and analyzing different environmental events aligned with the TNFD (*Taskforce on Nature-related Financial Disclosures*), allowing greater knowledge to be obtained of how these could affect the different prudential risks.

In the integration of reputational risk as a non-financial risk, Ibercaja has continued to work on strengthening its identification, management and control by 2025, always in coordination with the Non-Financial Risks Unit and with operational risk, given the strong link between the two. In addition, work was done on alignment with the rest of the Entity's regulatory frameworks.

Thus, in 2025, it has deepened the framework of reputational risk management with a Reputational Risk Management Policy and Manual, documents that set out the functions and responsibilities of the Governing Bodies and the lines of defense, as well as the processes and procedures for the proper management and control of reputational risks. During this year, the Entity is making progress in the inclusion of climate risk management in reputational risk management, including litigation and *greenwashing* risk. To this end, work is being done, among other aspects, on the identification of supervisory expectations and priorities, the development of a governance framework for assessing climate reputational risks with mitigating factors and controls, and on the integration into the ESG Materiality Guide.

In addition, the Entity continues to update the Entity's risk map and operational controls annually. To this end, it analyses, in addition to physical risks in the field of C&E risks, those related to the risk of transition with a Group approach, such as poor *greenwashing* practices, and incorporates them into the assessment tools.

ii. Measurement:

The eminent retail nature of the business is reflected in the structure of the balance sheet and in the low risk profile. Housing credit represents 59.6% of normal credit (excluding temporary acquisition of assets) and retail deposits 86.0% of external financing.

Ibercaja has a presence exclusively in Spain and has a leading position in its traditional area of operation (the autonomous communities of Aragon and La Rioja and the provinces of Guadalajara, Burgos and Badajoz), where 60% of customers are concentrated and obtains 59% of retail turnover. The market share in this territory, of 27% in private sector deposits and 19% in lending, reaches 39% and 26% respectively in Aragon. It also has a significant presence in other areas of great economic relevance such as Madrid and the Mediterranean Arc (including the autonomous communities of Catalonia and Valencia), called its growth markets, which account for 31% of the Bank's customers and turnover.

For this reason, together with the fact that climate risks are material with regard to the portfolios of productive activities and mortgage credit risk, the most exhaustive measurement exercises focus on credit risk and on the geographical areas and segments that concentrate the majority of revenues and assets in this business. Apart from the repurchase of assets and impaired assets, the composition of loans and advances to customers is based on three segments:

- At the end of 2024, credit to households accounted for more than 65% of loans and advances to customers. The main component of this financing is loans for the purchase of housing, since consumer credit or other financing to households only reaches 6% of total financing.
- Business-linked credit comprises about 30% and is divided into financing for productive activities and real estate development.
- Financing for the public sector or other agencies, on the other hand, accounted for less than 5 per cent of loans and advances to customers.

In accordance with this, the analysis carried out on the predisposition to climate risks is carried out on the retail segment (mortgage portfolio) and the business segment (productive activities and real estate developments) of the credit portfolio[3]:

a) Retail segment (mortgage portfolio)

The assessment of climate risks in the retail segment focuses on the mortgage portfolio because it accounts for approximately 91% of the weight of the entire segment. Due to the weight in the portfolio, the type of financing and the average maturity (mostly short-term) of consumer credit, it is not considered relevant for the purposes of exposure to climate risks.

Ibercaja analyses the exposure to transition climate risks in the mortgage portfolio through the actual Energy Performance Certificates (registered in the Official Registers of each Autonomous Community) and estimated Energy Performance Certificates (*proxies* used to undertake the exercise).

Physical climate risks are assessed based on the location and type of property of the collaterals following a two-pronged approach. On the one hand, information from an external data provider is used for the analysis of the potential predisposition to impacts from coastal floods, fires, desertification and volcanic activity. On the other hand, a *bottom-up* approach is followed through the modelling and simulation of the potential impact of river floods on these properties under guarantee.

[3] See Pillar III ESG Quantitative Templates 1, 2 and 5 for more details on the climate risk exposure of the credit portfolio.

Based on these climate risk measurement methodologies, in 2024 Ibercaja quantified the impact on credit risk and capital requirements for transition and physical climate risks in the mortgage portfolio, derived from the potential exposure of the mortgage portfolio to both types of climate risk.

The prospective quantification of the potential impact of climate risks on credit risk through the mortgage portfolio was €669 million.

b) Business segment

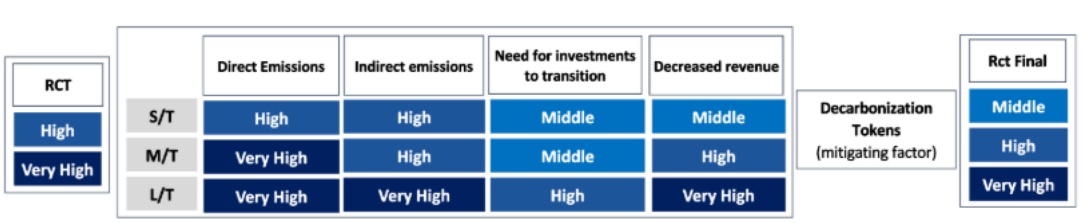
Promoter segment:

In order to assess the predisposition of this segment to the impact of transition climate risks, the Energy Performance Certificate of the real estate developments in the portfolio registered by the real estate developer in the Official Register of each Autonomous Community is evaluated. The aim is to analyze the exposure to climate risks of transition of real estate developments that, in the short term, will become individual loans within the mortgage portfolio.

Portfolio of productive activities:

On the one hand, to assess the climate risk of transition of the most carbon-intensive productive activities, the PCAF (*Partnership for Carbon Accounting Financials*) framework is used, which includes the intensity of emissions at the sectoral level, and specific heat maps for the most intensive activities following the approach proposed by UNEP FI in phase II of the project on the assessment and management of financial risks related to climate change for financial institutions. This approach makes it possible to measure the predisposition of sectors of economic activity to climate transition risks over different time horizons (short, medium and long term). In addition, the commitment of counterparties to address the climate transition as a mitigating factor of this risk is analyzed.

Illustration 9: Diagram with illustrative example of the climate risk methodology for transition productive activities



On the other hand, Ibercaja measures the exposure of its portfolio of productive activities to physical, acute or chronic risks, according to the average maturity of the operations contracted by customers. The evaluation is carried out based on sectoral heat maps, which determine the sensitivity of economic activities to severe climate impacts in the short, medium and long term, and the predisposition to physical risks of the Spanish geography, taking as a reference the evaluation of the *ThinkHazard tool* and considering the location of the headquarters of the counterparts.

Illustration 10: Diagram with illustrative example of the methodology for physical climate risks productive activities



Until now, the quantification of capital requirements focused on the most carbon-intensive counterparties, but in 2024 this methodology was enriched by incorporating the forward-looking approach used in the assessment of transition risks, and adding the analysis of physical risks over different time horizons.

The prospective quantification of the potential impact of climate risks on the portfolio of productive activities of credit risk was €1,044 million.

Regarding the environmental risks, Ibercaja analyzed how they could impact natural resources through the financing of its portfolio of productive activities. Taking this into consideration, the assessment of environmental risks is based on the matrix of dependencies and impacts at the sectoral level:

Illustration 11: Dependencies and impacts of natural capital on the credit portfolio for productive activities 2024



Selected sectors*
Manufacturing industry (1011-3320)
Wholesale Trade (4511-4690)
Construction (4100-4399)
Transport and Storage (4910-5320)
Other Industries
Agriculture and Livestock (0111-0322)
Power Supply (3512-3530)
* The sectors have been selected by
• Exposure volume
• Mean materiality of impacts-dependencies

Impact/ Dependence	Numeration
Low	1
Medium-Low	2
Medium	3
Medium-High	4
Very High	5

In December 2024, the manufacturing industry, wholesale trade and the agricultural sector stood out as the most sensitive within the Entity's portfolio, due to their high exposure and strong dependence on natural capital, as well as the significant impact they can have on it.

Therefore, these activities may present a potential increase in credit risk, as a result of their subjection to natural capital, and in reputational risk, derived from the damage caused by these activities in nature. This conclusion also results from the exposure presented by Ibercaja's loan portfolio of productive activities in the economic sectors that ENCORE assesses with greater materiality on natural capital.

Under the same approach, there are other activities, mainly included in the manufacturing industry, construction, transport and energy storage and supply, which have a lower degree of dependence on ecosystem services and, therefore, are more associated with reputational risk than with credit risk.

This assessment reveals that, although the sectors analyzed show certain impacts on nature and, to a lesser extent, dependencies, the effect of environmental risks on credit risk is limited in view of the Entity's medium-low risk profile and the lack of specific information on the production processes of each counterparty.

Ibercaja is aware that it must continue to deepen the assessment and measurement of the impacts and dependencies of environmental risks in order to strengthen these results. For this

reason, during 2025 it has made progress in the analysis of how environmental factors can affect prudential risks through different transmission channels and has made an analysis of the dependencies and impacts on natural resources of those economic sectors in which it has greater exposure.

At the same time, in 2024 the Entity developed methodologies for quantifying the potential impact of climate risks, business and operational risk with the aim of anticipating new regulatory, political or market trends and new natural disasters. Thus, the Bank ensures adequate identification, assessment and supervision of climate risks in all traditional financial risks and manages to obtain a response aligned with sustainability and resilience objectives, while mitigating possible adverse effects on its activity.

Regarding business risk, Ibercaja analyzed the impact of climate risks on the business model through the *Business Environment Scan* (BES), which is based on a general analysis of events on Ibercaja's environmental dimensions (at the bank level, at the portfolio level of productive activities and at the mortgage portfolio level) that are considered to affect the Business Plan.

To carry out the BES, a three-phase approach is followed: firstly, a list of events with potential impact from a qualitative point of view is obtained (Phase 1: Development of a *"longlist"*), then the most relevant/plausible events to be considered and analyzed in detail are selected (Phase 2: Selection of a *"shortlist"*). For the latter, an analysis is defined to measure the possible impact they could have on Ibercaja (Phase 3: Impact analysis).

To this end, climatic events that may have a greater impact on the Entity's business environment in these time horizons were selected and their analysis was deepened, concluding that climatic risks are not material in business risk. During 2025 it is working on updating this exercise.

Regarding operational risk, Ibercaja carries out the recurrent assessment of operational risks and controls by risk managers. An exercise called VaR (*Value At Risk*) is carried out, which consists of an internal calculation methodology that Ibercaja uses as a support for the analysis and review of its operational results, in addition to the regulatory methodology for calculating capital by Operational Risk through the Standard Method (Pillar I of Basel II).

The VaR methodology is based on the modelling of an operational loss distribution based on the adjustment of frequency and impact distributions from the frequency and impact data obtained in self-assessment questionnaires, completed by the expert managers in each risk, using the SIRO tool. In this sense, the VaR exercise takes into account climatic, physical and transition risks, in order to obtain the overall result of the analysis.

On this calculation of the VaR, Ibercaja applies stress measures to one and three years. In the latter case, it follows the methodology used by the EBA to determine the three-year loss floor in the adverse scenario. Given that the VaR contemplates, among others, some of the operational risks arising from climate change, this stress exercise incorporates the potential impact of climate risks in the short term. However, in order to know and prepare the Entity regarding the potential impact of the effects of climate risks on Ibercaja's operations over a longer time horizon, an additional theoretical stress exercise is carried out considering the NGFS projections in three climate scenarios: *Net Zero 2050, Delayed Transition* and *Current Policies*.

For this calculation, the Climate VaR has been developed, a methodology for the prospective quantification of the potential impact of climate risks on operational risk. To do this, the growth estimated by the NGFS for the macroeconomic variables of the REMIND model and *Climate Analytics Institute* (CAI) is taken as a reference to assess the impact of climate change due to transition and physical risks. This calculation comprises the basis of the prospective quantification exercise of the impact of climate risks that was carried out during 2024, for different time horizons and scenarios, in line with supervisory expectations.

In addition, during 2024 the Entity continued to analyze the potential probability that physical weather risks (e.g. extreme winds, torrential rains, etc.) could cause damage to business continuity, or that floods due to the overflow of the Ebro River, storms or the rupture of pipes could affect Ibercaja's central building. This impact on your owned properties is made using the data provided by ST Analytics. The methodology used by the data provider for the assessment of flood risks in the Spanish provinces is based on the SNCZI (National System of Flood Zone Mapping) definition of flood zones, which allows the generation of hazard maps, as well as on the assessment of the possible adverse consequences derived from floods, in order to develop risk maps.

In the measurement of transition climate risks over market risk, Ibercaja assesses the concentration in sectors with high CO_2 emissions intensity (measured as $tCO_2eq./€$) based on the information provided by PCAF on its securities portfolio. This analysis, as in the portfolio of productive credit activities, has made it possible to develop the indicator called Transition Climate Risk (TCR) that allows companies to be classified according to their CNAE. During 2025, Ibercaja is working on a methodology to quantify the potential impact of climate risks on market and liquidity risk, with the aim of being able to identify those assets that could be affected in value in the event that these risks materialize.

iii. Management and Monitoring:

Finally, as part of the Group's commitment to sustainability and prudent risk management, different indicators are monitored in order to comprehensively monitor exposure to C&E risks and comply with supervisory expectations. During 2024, work was carried out on a review and evolution of these indicators, including data on the distribution of formalization and exposure in the mortgage portfolio by Energy Performance Certificate, and specific indicators to monitor the sectors with decarbonization objectives in the portfolio of productive activities.

These indicators are regularly monitored by the Credit Risk Area Department and are reported quarterly to the Global Risk Committee, the Large Exposures and Solvency Committee and the Board of Directors.

Credit Risk

Ibercaja has worked on the inclusion of climatic factors in the processes of admission and monitoring of credit risk, in line with the EBA Guide to Loan Origination and Monitoring.

With regard to the Ibercaja Group's portfolio of productive activities, Ibercaja has an ESG Exclusion Policy approved by the Board of Directors in 2024. Ibercaja seeks in its financial activity to balance economic growth with social cohesion and the preservation of the environment, aligning its actions with its corporate purpose, and advancing in the integration of ESG criteria in its decision-making. Therefore, the objective of this Policy is to avoid any financing or investment that may be considered inappropriate due to its high environmental, social, ethical or reputational risk or due to the significant decrease in the value of the assets on the balance sheet and that, therefore, may negatively affect the projection of its financial statements, cash generation and financial valuation. as well as on the Bank's own reputation.

In addition, Ibercaja has developed ESG questionnaires at the customer and operation level with the aim of collecting and managing a greater volume of ESG information. This allows for residual environmental, social and governance risk to be obtained, as part of the customer and operations assessment process. Among other aspects, in the environmental field, the questionnaires include data on customers' decarbonization plans, the location of their assets, environmental certifications and assessments of their supply chain.

In this way, the Entity can make progress in assessing the C&E risk of customers and operations that are part of the target audience. The information is reflected, where appropriate in accordance with the Entity's internal criteria, in the Credit Transaction Risk Report.

Likewise, with the aim of advancing in the analysis of all its customers and in the integration of climate risks in credit risk management, Ibercaja prepares decarbonization sheets to monitor the transition plans of significant counterparties that carry out their activity in emissions-intensive sectors and/or those for which decarbonization targets have been defined by 2030.

On the other hand, the Bank integrates climate risks as part of the Comprehensive Monitoring Principle within the Credit Risk Monitoring Policy. This principle applies to all the counterparties of the Entity's productive activities and aims to identify the information necessary to carry out the periodic monitoring of individually significant borrowers, including the global vision in their transition climate risk (TCR) profiles.

In order to limit exposure to sectors with a high transition climate risk, Ibercaja defined a concentration metric of exposure to sectors with high CO_2 emissions intensity (measured as $tCO_2eq./€$). This metric, which is part of the Risk Appetite Framework, has thresholds, establishing limits based on the appetite for highly carbon-emitting sectors, which trigger different actions with the aim of correcting possible scenarios considering the Entity's risk appetite:

- Appetite Threshold: percentage of exposure to high and very high risks below which exposure to transition risks is considered to be controlled and does not require the action of additional plans or controls.
- Tolerance Threshold: high and very high percentage of exposure to risks between situations of appetite and non-compliance that may lead to the execution of additional control.
- Capacity Threshold: percentage of exposure to high and very high risks above which it will be necessary to define action plans to correct and solve the situation of non-compliance.

As part of the Risk Appetite Framework, this metric has the governance of the RAF in terms of reporting periodicity, monitoring and control, with the review chain beginning with the Risk Control Department, whose task is to assess the degree of compliance with the metrics, as well as their periodic monitoring.

On the other hand, in 2024, the application for the Energy Performance Certificate of the properties by the branches and their assessment by the analyst was included in the admission process for customers within the mortgage portfolio, whether individuals or self-employed, with the aim of improving the quality of the data and promoting awareness of the importance of identification. Measurement and monitoring of climate transition risk.

In addition, the energy rating reported in the energy efficiency certificate available for the +Sustainable Mortgage is integrated into the monitoring of the mortgage portfolio and, since 2024, the energy rating of the mortgage portfolio has been monitored periodically, given the relevance of this segment in the total credit portfolio.

Market Risk

In the management of market risk, Ibercaja also has the ESG Exclusions Policy of the Ibercaja Group. In addition, the Bank develops a transition risk concentration metric by applying the transition climate risk indicator (TCR), similar to that used for credit risk management. This metric allows the companies in which investments are classified according to their exposure to climate transition risks arising from their activity and is integrated into the Bank's Risk Appetite Framework. The Bank continuously monitors the evolution of this metric, which allows constant monitoring of the level of exposure of the investment portfolio to transition risks.

On the other hand, in the field of portfolio management, Ibercaja implements an exhaustive monitoring of indicators that define ESG criteria, with a particular focus on aspects related to climate and environmental risks. These indicators have been complemented with specific asset selection criteria that facilitate the characterization of private fixed income and equity portfolios, ensuring that investments comply with sustainability standards and encouraging greater commitment in the composition of portfolios. During this year, Ibercaja is working on a methodology for the prospective quantification of the potential impact of climate risks on market risk.

The Ibercaja Group's asset managers, Ibercaja Pensión and Ibercaja Gestión, committed to the development of society and the care and protection of the environment through socially responsible investment, have incorporated an internal and progressive model for selecting investments and managing extra-financial risks that is in addition to traditional fundamental analysis. For this reason, they have the Ibercaja Group's ESG Exclusions Policy and have worked to comply with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector and Delegated Regulation (EU) 2022/1288. analyzing the PIAS with the aim of disseminating its Statement of Main Adverse Impacts of investment decisions on sustainability factors. Likewise, during 2024, work and progress continued on updating the different ESG policies already approved.

Operational Risk

The Ibercaja Group has a business continuity management system (BCMS) certified in ISO 22301 and whose objective is to have sufficient preparation, organization and resources to respond adequately to the materialization of a threat that affects the availability of an asset necessary for the operation of its most important business processes.

The Business Continuity program is a continuous cycle of activities that the policy implements. These activities are carried out following the business continuity management life cycle, thus allowing to build organizational resilience. Among the activities of the program, in the analysis stage, the criticality is reviewed for material impact in the event of unavailability to determine the importance of the business process for the organization (MTPD, RTP, RPO...) and then a substitutability analysis is carried out to determine if the continuity measures implemented in the different operational assets (people, buildings, technology, internal and third-party services) allow the recovery of the disposition of the business process to continue providing services or operations in a time proportional to its criticality for the different scenarios contemplated in the business continuity management system.

In addition, the Entity keeps the map of risks and operational controls permanently updated linked to the climate risk map according to the progress achieved.

Liquidity Risk

With regard to liquidity risk management, and as an introduction to the impact of climate risks on the Entity's liquidity, both in the Financial Markets and Ibercaja Vida portfolios, a depreciation of unsustainable bonds continues to be applied (analyzing the difference in spreads between a green bond and a brown bond from the same equivalent issuer) in the liquidity self-assessment exercise, with the aim of integrating climate risks into this prudential risk. During this year, Ibercaja is working on a methodology for the prospective quantification of the potential impact of climate risks on liquidity risk.

Reputational Risk

For the integration, identification, management and control of reputational risk, in 2024 Ibercaja updated the reputational risk map, with the assessment of the first lines of defense, including a specific mention of reputational risks derived from *greenwashing,* as defined in EBA/REP/2024/09[4], and focusing on the identification of other possible reputational risks derived from climate risk.

In order to control, manage and mitigate the risk of *greenwashing*, Ibercaja has designed a series of controls that apply both at the entity level (disclosure, strategic sustainability objectives, publications, etc.) and at the product/service level (mainly in relation to investment products).

These controls are implemented by the first line of defense and reviewed by the Risk Control Department, the Regulatory Compliance Department and the Internal Audit Department, which have specific functions assigned in relation to this risk:

- It assesses and manages the risks of reputational damage arising from liability, bad publicity or future litigation due to non-compliance with current or expected regulatory requirements of climate regulations:

  All three lines of defense are assigned responsibilities to prevent the risk of *greenwashing* from materializing. Specifically, it is worth highlighting the role of the Regulatory Compliance Department, which, with its reviews, guarantees compliance with applicable laws, rules, regulations and standards in order to avoid litigation and sanctions arising from the risk of *greenwashing* and its consequent reputational risk if they are made public. In this regard, the Regulatory Compliance Department is assigned responsibilities to:
    - Ensure that the areas involved adopt the necessary measures to adapt their procedures to ESG regulatory provisions, including possible new regulations. The objective is to ensure compliance with applicable laws, regulations, and standards regarding sustainability and transparency in the disclosure of information.
    - Review the approval and launch of new banking and investment products and services, in order to verify that the ESG characteristics approved by the first line of defense are met.
    - Review the regulations related to ESG aspects, including those specifically affecting the risk of *greenwashing*, that apply to the Ibercaja Group for its activity as a credit institution, including its asset management businesses.

[4] EBA Final Report on Greenwashing Monitoring and Supervision, 31 mayo 2023.

The Risk Control Department has an inventory of the controls related to the risk of greenwashing applied by the first line of defense, the effectiveness of which must be evaluated in periodic reviews carried out, not only by the Regulatory Compliance Department, but also by the Internal Audit Department, which has functions assigned to it for this purpose.

- It establishes controls to ensure that financial products are in line with reasonable expectations in terms of the best interests of customers in relation to ESG characteristics:
    - With the aim of preventing and mitigating the sources of greenwashing risk existing in investment products, Ibercaja Gestion, Ibercaja Pension, Ibercaja Vida and Ibercaja Banco, when providing portfolio management services, have procedures in place to evaluate the criteria established in all those products or services considered sustainable or with sustainability-related implications. These developments have associated controls to ensure the inclusion of customers' sustainability preferences in the services provided, in accordance with regulations and supervisory guidelines, as well as the governance and documentation of each product.
    - The Risk Control Department has an inventory of these controls whose effectiveness must be assessed in periodic reviews carried out by the Regulatory Compliance Division and the Internal Audit Division, which have assigned functions in relation to sustainable or sustainability-related investment products.

Underwriting Risk

In addition, as part of the risk and solvency self-assessment process (ORSA), Ibercaja Vida incorporates climate risks into the assessment of risk events that could impact its results, preparing the Climate ORAS. As a first assessment, it analyses the potential impact of physical and transition risks on all financial risks, including underwriting risk.

Climate Resistance Testing Framework

Ibercaja focuses most of its progress on managing C&E risks, following the ECB's expectations and the EBA's recommendations. In this sense, the Entity has been working on a framework of climate resistance tests as a methodological document that establishes the basic principles for the different internal processes in which climate resistance tests are used, as well as for the design of potential exercises that can be implemented. Its main tasks are to inventory the exercises in climate matters, provide basic criteria and principles and ensure consistency in the Entity's climate stress tests by establishing the general principles in relation to key factors to be considered.

The Sustainability and Reputation Area Department is responsible for preparing and updating this Framework and is responsible for requesting updated information from other Divisions and Units responsible for the internal exercises and processes included. The Global Risk Committee has the final power to approve and validate the Framework.

All the risk management exercises explained above are subject to the guidelines outlined in the ESG Risk Governance Policy, which highlights and formalises the governance, management and control of ESG risks and reinforces the Group's commitment to sustainable development.

Availability and quality of data used during ESG risk measurement

Given that Ibercaja's portfolio of productive activities is mainly made up of SMEs, the availability of ESG information from counterparties is at an initial stage that should evolve over the next few years, as the regulations regarding the disclosure of sustainability information applied to SMEs do. In this regard, Ibercaja currently has the information contained in this IRP regarding ESG risk management and continues to define action plans to compile a greater degree of detail of data, mainly related to climate, environmental, social and governance risks, from its counterparties, including the role of the highest governing body in the presentation of non-financial information, as well as to integrate this information and results into their internal management processes, in accordance with the evolution of the regulatory framework and sectoral advances.

Ibercaja is aware of the relevance of its clients' non-financial information for the correct integration of ESG factors and to advance in the metrics and objectives necessary to assess and manage the risks and opportunities arising from them. For this reason, it develops a specific line within the Strategic Sustainability Initiative to work on non-financial data, incorporating them as one of the informational areas in the business architecture and in the Entity's data governance model.

The availability of such data is relevant for the integration of climate factors into business and decision-making. For this reason, the Entity is working with external providers to collect its customers' non-financial information and its subsequent incorporation into systems, evaluating its availability, transparency, quality and external verifications to which it is subjected.

By way of example, some of the fields obtained are related to the environment, such as the availability of environmental policies, waste management plan and breakdown, polluting emissions, water and energy consumption or ISO14001 certification, among others. In the social sphere, fields of information such as the wage gap, work-life balance measures, job creation, training, percentage of male and female employees, etc., stand out. Finally, it includes areas related to the governance of its clients, such as the number of directors, independent directors, remuneration of the Board or the number of men and women on the Board, among others.

Currently, a total of more than 122 fields of data are received from business clients obliged to publish ESG information, which will increase in accordance with regulatory requirements. Such non-financial information will be available for consultation in internal tools for the last three years for which information is available.

The lack of homogeneous standards and the volume of external and internal requirements have led Ibercaja to generate an inventory of priority ESG data, built from internal or external ESG data (depending on the source of information for each one), as part of a specific line within the Strategic Sustainability Initiative to work on non-financial data.

The ESG data to be prioritized has been determined according to its need to be implemented for the generation of external reports, the development of internal processes, the response to regulatory requirements and the implementation of supervisory expectations. Ibercaja has also defined the strategy for integrating ESG data into the Entity's information systems, specifying its specific uses and has designed the roadmap for its implementation, taking into account that it will have to continue adapting and incorporating the new ESG data requirements. This roadmap has begun to be implemented on the occasion of the new strategic cycle and is identified as one of the priority milestones, with the aim of developing a Sustainability Datamart integrated into the Bank's data architecture.

In addition, during this year Ibercaja has worked on the design of the Project for obtaining and improving CEE data with the aim of making progress in obtaining it and improving the quality of the data. It is a transversal project and made up of a multidisciplinary group, with the aim of activating actions that allow the capture and improvement of the quality of CEE data.

Ibercaja intends to progressively integrate counterparties' corporate governance information, as well as other sustainability information, into its credit risk analyses, as a complement to traditional economic and financial analyses. In this regard, the relevant information has been integrated into the ESG risk assessment of the Entity's portfolio in the information environments, in order to exploit it in Ibercaja's processes:

- The data provided by ST Analytics and Datacentric on Ibercaja's real estate guarantees have been integrated.
- The Energy Efficiency Certificate has been included in systems at the admission and monitoring level in credit risk and in real estate development operations.
- The level of transition climate risk has been integrated based on the RAF metric.
- The level of residual environmental risk provided in the ESG questionnaires has been included in the Entity's internal systems.

In addition, in line with the tasks defined in the Entity's Decarbonization Plan, work has been carried out on a decarbonization sheet that collects information relating to the decarbonization plans of the counterparties.

Currently, Ibercaja is collecting ESG information published in the non-financial information statements of its counterparties in its systems. In this way, the analysis of good governance, social aspects and controversies in which the counterparty has been involved continues to be deepened, and this information can be incorporated into the concession process for certain sectors.

In addition, due to the current relevance of environmental risks for the supervisor, Ibercaja strives to collect real information on scope 1, 2 and 3 emissions data from its counterparties and to identify all the information necessary to assess exposure to physical risks or calculate the percentage of its portfolio aligned with the EU Taxonomy.

In addition, the Entity participates in sectoral sessions and working groups that pursue the objective of combining efforts and knowledge to try to homogenize the available data and methodologies, providing the exercises with comparability with similar entities.

Section IV – Social Risk

4.1 Business model and strategy

This section includes qualitative information that responds to the requirements of Annex II to Regulation 2022/2453 in relation to questions a), b) and c) of the registered office.

Objectives and measures to mitigate social risk

Beyond climate-related aspects, another of the fundamental ESG factors for the Entity is the impact on society and people. In this regard, Ibercaja is working on different strategic lines to mitigate social risks:

Leadership and Talent

In the 2024-2026 strategic cycle, Ibercaja has designed the "Leadership and talent" initiative with the aim of continuing the path of incorporating new talent and retaining existing talent, with a cross-cutting professional development model.

23 colleagues from the Entity graduated on June 2 in the Xplora Talent Program. An initiative that is part of the Strategic Plan 2024-2026 Ahora Ibercaja and that aims to enhance the talent of the Bank's workforce. The objective of the program is to enhance people's professional growth and contribute to the evolution of their skills, in line with the Bank's strategic priorities, while at the same time seeking to strengthen the link between participants and the organization. From the first session, the members of the group have been discovering the main trends and key aspects in areas such as economics and geopolitics, negotiation and conflict management, business management or leadership, with the help of speakers of recognized prestige and professional career. This programme complements the 2025 training plan, which aims to make Ibercaja an attractive organization for Talent.

Throughout 2025, six week-long immersion sessions were held with the aim of integrating Ibercaja's new hires, reflecting on the importance of working with a common goal to achieve the bank's goals and continue building a solid culture that drives the Bank into the future. During this week, participants have the opportunity to learn first-hand about the work that takes place in offices and also in the different Central offices of the Bank's executives. Throughout the week, they also participate in different dynamics that invite them to reflect on the essential behaviours that underpin Ibercaja's corporate culture.

Ibercaja has been recognized as Top Employer 2025 for the excellence of its practices in the field of comprehensive people management and for its contribution to their personal and professional development. The certification process of the Top Employers Institute, a global reference authority in the evaluation of the professional environment that organizations provide to their employees, entails an exhaustive and very rigorous analysis of people management practices and their impact, both on the organization as a whole (strategy and results) and on engagement, talent attraction and development.

In addition, Ibercaja has achieved fifth place in LinkedIn's ranking of "Top Companies 2024 Spain: the 15 companies with less than 5,000 employees to develop your career".

Foundations and social projects

Ibercaja's commitment to society is present through its financial activity and with the involvement of its shareholder foundations who, with their activity, work continuously to improve the lives of the people who need it most, care for and protect the environment and promote quality education and culture.

The Foundation's social action takes the form of calls in different areas that allow third sector entities to carry out their work.

- Call for Children's Aid: The objective of this initiative is to support projects that address situations of vulnerability in the field of children. In this way, the call is aimed exclusively at promoting proposals whose purpose is to improve child welfare, promote equal opportunities and promote the comprehensive development of minors. So far this year, grants have been approved for projects worth a total of €215,000.
- Call for the digitalization of the third sector: This first edition of the call, promoted by the Ibercaja Foundation, the Hiberus Foundation and Amazon launched last April, aims to support the different Aragonese social entities in their digital transformation process. An essential requirement today to provide the necessary tools and technological resources that allow them to improve their operations. A purpose that will be carried out by offering Amazon Web Services (AWS) cloud technology, thus improving its efficiency, reach and capacity to serve the community.

Other initiatives stand out, such as the twentieth edition of the Call for Social Projects or the signing of a new collaboration agreement between the Ibercaja Foundation and the Red Cross, which consolidates its commitment to social inclusion and sustainable development through two priority lines of action: the promotion of employment for people in vulnerable situations and the fight against energy poverty in Aragon.

Volunteering

During the first half of 2025, Ibercaja's corporate volunteering has continued to consolidate itself as a strategic tool for social commitment and internal mobilization, reinforcing its corporate culture and the purpose of building a fairer, more inclusive and sustainable society.

During this period, numerous activities have been carried out that have allowed them to channel the solidarity of their professionals and families and connect with the realities of their immediate environment. In total, 24 volunteering actions have been developed, in collaboration with 19 social entities, covering such relevant topics as the inclusion of people with disabilities, the accompaniment of people in street situations, support for young people in the educational field, the dissemination of financial education or care for the environment.

Among the most outstanding successes of this period, it is worth mentioning the long-term volunteering, where more than 28 volunteers collaborate on a recurring basis in actions with the linked associations, weekly or monthly. In addition, environmental days have been held, one of them was the reconstruction and cleaning of mountain refuges, contributing to the regeneration of natural spaces and the promotion of ecological awareness.

The Group also continues to make progress in measuring the impact of its actions, not only in quantitative terms, but also qualitatively, collecting perceptions from participants and collaborating entities. The results show a high degree of satisfaction, both on the part of the beneficiaries and the volunteers, who especially value the possibility of generating a positive change and the personal enrichment that this experience brings them.

Volunteering in figures:

- Total participants among employees and family members: 326 people.
- 500 hours of continued volunteering.
- Participation: 75% employees.
- 28% more employees than in 2024.

“Tu Dinero con Corazón”

During the first half of 2025, €1,116,000 have been donated to 19 projects of associations and non-profit organizations, in collaboration with the shareholder foundations and through the Ibercaja Sustainable and Solidarity Investment Fund and Pension Plan. This initiative has donated more than €5.2 million to social and environmental projects since 2021.

Among the projects supported are initiatives such as the Cris Hematological Tumors Unit of the Cris Foundation against cancer, the "Protecting children in situations of violence" Project of Save The Children or the "Reviving nature of SEO/BirdLife" Program.

Ibercaja organized its IV Solidarity Dinner in June that brought together more than 900 attendees, where a large part of this aid was delivered and where funds were raised in favour of the "Gota de Leche" program of the Brotherhood of the Refuge of Zaragoza that serves babies and newborns from families in vulnerable situations.

As of 30 June, the Ibercaja Sustainable and Solidarity Investment Fund and Pension Plan has a total assets of €823 million and 41,361 participants, who see their savings profitable, invested with sustainability criteria, while facilitating all this type of aid for projects with a high social and environmental impact.

Social Business Strategy

In the social scope, in response to Ibercaja's historic commitment to creating value and having a positive impact on society, Ibercaja continues to focus on the *senior segment*. To this end, it maintains different collaboration agreements and alliances with other organizations such as Pensium, Depencare or Taxdown.

Likewise, in its commitment to supporting the young segment, Ibercaja adheres to the Code of Good Mortgage Practices to support the most vulnerable mortgage customers and has products such as the Youth Loan and the Postgraduate Master's Training Loan to support young people in their educational investment needs. In addition, the current 24-26 Strategic Plan develops, within the "Customer Programme", a strategic initiative aimed at young people with banking needs, with the aim of providing an empathetic and comprehensive response to their financial needs, also taking into account their social and environmental sensitivity.

On the other hand, in 2024 Ibercaja launched "Pensumo", a pioneering application to make it easier for Spaniards to save for retirement without requiring additional effort. This is a tool that was developed within the framework of the first Financial *Sandbox* promoted by the Treasury and the Department General of Insurance and Pension Funds of the Ministry of Economy, Trade and Business and on which the Entity has been working for more than two years.

In its firm commitment to offering inclusive and accessible banking for all, it has deployed voice-guided functionality in its ATMs, guaranteeing the confidentiality of information and the protection of sensitive data at all times. This functionality also offers greater autonomy to people with visual impairment or difficulties in reading screens, being able to carry out their operations through verbal instructions that guide them through each step.

Procedures related to engagement with the counterparty in its strategies to mitigate social risks

Ibercaja has different policies, codes of conduct and internal regulations that seek to accompany customers to achieve sustainable development and thus neutralize and set limits with respect to their environmental, social and governance risks. Among them, Ibercaja has an ESG Exclusions Policy of the Ibercaja Group, applicable to financing and investment, with the aim of avoiding or controlling those risks that may arise from certain controversial activities due to their environmental, social, ethical or reputational risk. The ESG Exclusions Policy establishes a series of general and sectoral exclusions that serve as mitigating factors against all ESG risks:

- General exclusions limit a client's access to financing or investment based on criteria not directly related to the sector in which they operate. These exclusions apply to the company and operation level, and are linked to Human Rights, Labor Rights, the OECD Guidelines for Multinational Enterprises and UNESCO Protected Areas or NICU, among others.
- Sectoral exclusions limit financing or investment based on the sector of activity and are evaluated at the customer level and at the operation level. Regulated sectors include Defense, Mining, Energy, Agriculture and Adult Entertainment.

Likewise, Ibercaja collects ESG information from its clients through ESG Questionnaires that also allow it to keep the level of environmental, social and residual governance risk of each counterparty or project up to date, depending on the sector where it operates and/or its commitment to sustainable development. Based on this ESG risk analysis, the Entity carries out measures to reduce or mitigate its exposure to them.

On the other hand, with the aim of promoting the principles of good governance in its value chain, Ibercaja has a Supplier Code of Conduct, in which it transfers its principles of responsible management, with a focus on social aspects, with interaction and dialogue being key aspects to promote a stable and enriching relationship with its suppliers. based on ethics, transparency and compliance with the agreed commitments. In Ibercaja's commercial contracts with its suppliers, they must assume the principles of the United Nations Global Compact on Human Rights, Labour Rights, Environmental Protection and Anti-Corruption, undertaking to adopt in their organization the measures that are favorable to compliance with these and to promote, among the third parties with whom they contract, compliance with the aforementioned principles.

In line with the Entity's processes and criteria, progress was also made in the inclusion of ESG criteria in the bidding process and contracting of suppliers. In the bidding and awarding process, certifications that promote care for the environment, society, its employees and good governance are positively valued, both qualitatively and quantitatively.

4.2 Social risk management

This section includes qualitative information that responds to the requirements of Annex II to Regulation 2022/2453 in relation to questions d), e), f) and g) of the registered office.

International methodologies and standards underpinning the social risk management framework

Ibercaja is aware that the management of social and governance risks is constantly evolving and, therefore, progress in the identification and management of these risks will be gradually incorporated into the Entity's processes, in line with regulatory, market and methodological advances.

In this regard, it is working to keep up to date with new standards or regulations and best practices and trends in social risk management. The Entity respects and supports the dignity and labour rights of all people, and in particular freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the elimination of discrimination in employment and occupation, and a safe and healthy work environment, taking as a reference international frameworks such as the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work.

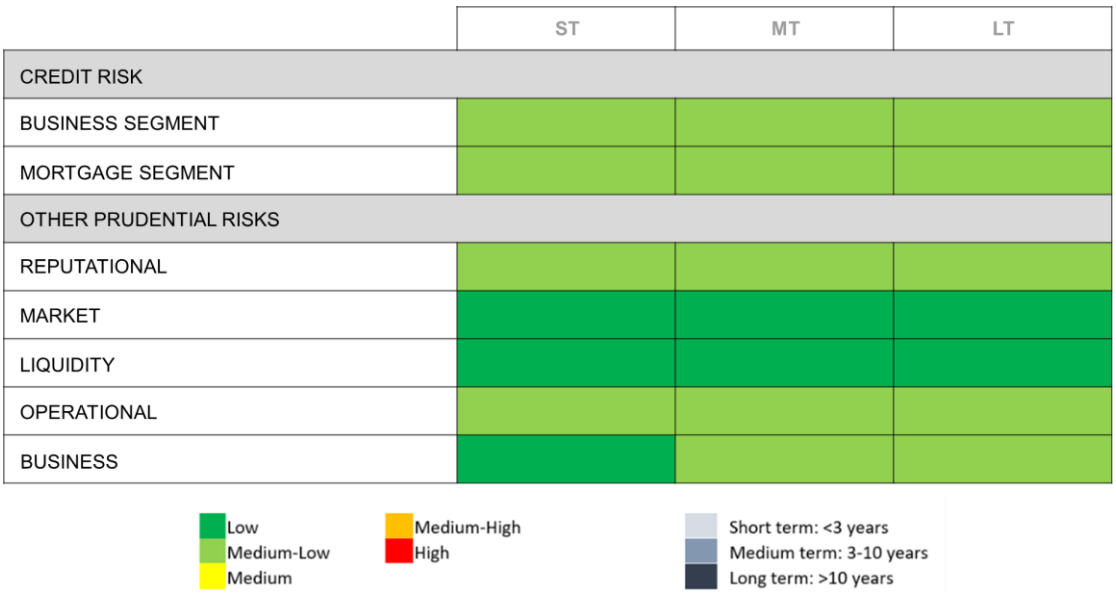
Integration of social factors into the risk framework

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

I. Identification

Social risks, on the other hand, are those that arise from any negative financial impact on institutions, derived from the current or future impacts of social factors on their counterparties or investments. Although the sectoral component has a lower weight in these risks, challenges such as financial inclusion stand out as key challenges for the financial sector. For this reason, in 2024 Ibercaja updated the social risk map to review the prudential risks most subject to social factors independently and for different time horizons (short, medium and long term). This qualitative assessment concluded that the greatest potential impact of social risks is found in the two business and retail segments within credit risk, as well as in reputational and operational risk. However, for the time being, they are not material for the Entity as a result of the controls, policies and mitigating processes that it has implemented and the heterogeneity of its portfolios.

Illustration 12: Social Risk Materiality Matrix 2024



In addition, the Entity developed a sectoral project to carry out a first identification of the sectors that could present a greater vulnerability to social risks. The main characteristics of the analysis carried out are the following:

- In line with the Double Materiality Analysis, social risks related to one's own workforce, value chain workers, affected communities, and consumers and end-users were assessed.

- A dual materiality perspective was adopted, considering both the impact of the sectors' social factors on their stakeholders, and the way in which social risks may influence the bank's own activity.
- The analysis took into account social risks from a temporal perspective, assessing them in the short, medium and long term.

During 2025, Ibercaja has made progress in the analysis of the qualitative materiality of social risks in the different prudential risks. To this end, it has carried out an analysis of the main social factors (working conditions, relationship with consumers, consumer protection and safety) that could affect from an *inside-out* and *outside-in* perspective through different events and transmission channels. This assessment is being carried out through a methodology with a focus on severity and frequency in each of the prudential risks and making a detailed analysis of credit risk in those sectors in which it has a greater exposure in the portfolio of productive activities.

ii. Measurement

In social matters, following the United Nations Principles for Responsible Banking, meeting the needs of its customers is a priority for Ibercaja so, at all times and of its own volition, it seeks the best solutions to help them in the most difficult situations.

This challenge responds to the Corporate Purpose "Helping people to build their life story" and is part of Ibercaja's commitment to sustainability, demonstrating its sensitivity to the social demands of the territory where it operates.

Ibercaja evaluates its contribution to the impact area of financial inclusion, through the periodic review of products and services focused on the two segments of individuals with the greatest relevance in its customer portfolio and potentially the most vulnerable within the financial system (younger and older individuals).

In addition, Ibercaja is beginning to collect information through social information data providers of its business customers

iii. Management and monitoring

The Ibercaja Group's ESG Exclusion Policies are intended to limit exposure to socially controversial productive activities. Ibercaja, firm in its social commitment since its origins, to support the territory and the business fabric, seeks in its financial activity to balance economic growth with social cohesion, aligning its actions with its corporate purpose and advancing in the integration of ESG criteria in its decision-making.

In addition, from the ESG Questionnaires at the customer level and at the operation level, the inherent social risk (derived from the business activity) and residual (as a result of the commitment of a specific company) of its most significant counterparties is obtained. These Questionnaires include the commitment of companies in relation to human and labour rights, occupational health and safety and the promotion of equality and work-life balance, among other data, and are recorded in the customer and operations assessment process, so they are accessible to all the Entity's staff.

Additionally, the Entity, in collaboration with external data providers and relying on internal data sources, collects information on the assessment of training capabilities, aspects of shareholder continuity and aspects related to the governing bodies and their commitments of its client portfolio.

As in the case of environmental risks, all social risk management exercises explained above are subject to the guidelines outlined in the ESG Risk Governance Policy.

Section V – Governance Risk

5.1 Governance model

This section includes qualitative information that responds to the requirements of Annex II to Regulation 2022/2453 regarding questions a), b) and c) on governance risk.

At Ibercaja, Risks linked to governance are analyzed and managed, from the point of view of Ibercaja's internal governance, as well as from the point of view of the governance of counterparties.

This second perspective includes:

- The analysis of the highest governing bodies of the counterparts as well as the committees that make the main economic decisions.
- The responsibility of the counterparty's highest governing body in the preparation and supervision of non-financial information.
- The integration by the counterpart of governance factors such as ethical considerations, risk management, inclusion, transparency, conflict management and internal communication.

Details of the ESG risk governance model that includes governance risk can be found in section 2.2 ESG risk governance and management framework.

5.2. Risk Management

This section includes qualitative information that responds to the requirements of Annex II to Regulation 2022/2453 in relation to the issues set out in requirement d) on governance risk.

Integration of good governance practices into risk management processes

The main phases of governance risk management on which Ibercaja is working are risk identification, management and monitoring:

i. **Identification**

Non-compliance with good governance practices represents a significant risk for financial institutions, as it can negatively impact both their counterparties and the assets managed or invested. This includes the lack of adequate governance mechanisms to integrate environmental, social, and ethical factors into their policies, processes, and procedures, which could lead to regulatory sanctions, loss of stakeholder trust, and adverse effects on the financial and reputational stability of financial institutions.

Taking into account that governance risks depend on the business management of each counterparty and have a minimal link to productive activities, the materiality of these risks in all categories of financial risk has been qualitatively assessed based on different examples of risk derived from good governance factors.

Thus, the 2024 governance risk map concluded that the greatest potential impact of governance risks is linked to credit, operational and business risk in all the time horizons assessed. However, this impact is below the materiality threshold defined by the Entity.

Illustration 13: Governance Risk Materiality Matrix 2024

	ST	MT	LT
CREDIT RISK			
BUSINESS SEGMENT			
MORTGAGE SEGMENT	N/A	N/A	N/A
OTHER PRUDENTIAL RISKS			
REPUTATIONAL			
MARKET			
LIQUIDITY			
OPERATIONAL			
BUSINESS			

Low
Medium-Low
Medium
Medium-High
High
Short term: <3 years
Medium term: 3-10 years
Long term: >10 years

Similar to the analysis of social risks, the sectoral project developed also addressed governance risks. The main features of the analysis conducted are as follows:

- Governance risks have been evaluated in line with the Double Materiality analysis, with a primary focus on aspects related to business conduct.
- A double materiality perspective has been adopted, analyzing both the impact of governance factors from the sectors on their stakeholders and how these risks may affect the bank's own activities.
- The analysis has considered governance risks from a temporal perspective, covering the short, medium, and long term.

During 2025, Ibercaja has made progress in analyzing the qualitative materiality of governance risks within various prudential risks. To do this, it has conducted an analysis of the main governance factors (corporate governance, information disclosure and management, etc.) that could affect both from an inside-out and outside-in perspective through various events and transmission channels. This assessment is being carried out through a methodology focused on severity and frequency for each of the prudential risks, with a detailed analysis of credit risk in those sectors where there is greater exposure in the productive activities portfolio.

ii. Management and monitoring

The current ESG Exclusion Policies aim to reduce exposure to governance risks by including financing or investment limits in companies that do not meet minimum international standards, such as compliance with Human Rights, Labor Rights (according to the ILO), or provisions contained in the OECD Guidelines for Multinational Enterprises. Additionally, exclusions of this kind are applied at the operational level, with the goal of maximizing risk mitigation. Non-compliance with these aspects will result in the inability to finance these companies by the Entity.

If the operation is significant, the risk report includes a specific section that analyses governance-related aspects, such as the company's capital structure. In case risks associated with ownership are identified, these aspects are detailed in the report, assessing their impact on the solvency of the operation.

Regarding the good governance factors included in the ESG Questionnaires at both the client and operational levels, information is collected about the Board of Directors members and their involvement in sustainability issues, the existence of whistleblowing channels, the opinion of the external auditor when applicable, as well as the implementation of preventive policies, supplier standardization, and conflict of interest policies, among others.

If the operation is significant, potential ethical controversies that the counterparty may be facing will be addressed during the admissions process.

Additionally, Ibercaja, aware of the impacts that its banking activity and business model can generate, has a system in place to combat corruption and bribery, with a criminal risk prevention system to limit the risk of actions by members of the organization that could constitute crimes in this area. The Entity also has an internal control system to prevent and prevent operations that may be related to money laundering or the financing of terrorist activities.