Information of Prudential Relevance - ESG

Unicaja Group (June 2024)

Public information

This document is a translation for information purposes of the Pillar III Disclosure originally issued in Spanish. In the event of a discrepancy, the Spanish version shall prevail.

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1. Executive summary

1.1. Introduction

This report complies with Article 449 *bis* of Regulation (EU) 575/2013, presenting in summary form the information on the environmental, social and governance (ESG) risk of the Unicaja Group as of June 30, 2024.

The Pillar III annual report for December 31, 2023 is available on our website and includes more detailed information on ESG risks. In particuar, qualitative information on business strategy and processes, governance and risk management remain in place and adequately reflect the Group's management model as of the date of this report.

Certain information required by current regulations to be included in this report is referenced to the consolidated financial statements and management report of the Unicaja Group for 2023, mainly the Non-Financial Information Statement (hereinafter, NFIS), available in the Sustainability - Social Responsibility Reports section of the corporate website and the Annual Corporate Governance Report (hereinafter, ACGR), also available on the corporate website in the Investors and Shareholders / Audited Financial Statements section of the main menu.

1.2. Regulatory framework

Article 449 bis of Regulation (EU) 575/2013 (CRR) requires large entities that have issued securities admitted to trading on a regulated market in any Member State to disclose, as of June 28, 2022, information on environmental, social and governance (ESG) risks, including physical and transitional risks.

These requirements were further elaborated on sustainability by Implementing Regulation 2022/2453, which published instructions for the disclosure of ESG risks.

With regard to the development of the EU Environmental Taxonomy Regulation (2020/852), which establishes a common framework in the European Union to facilitate sustainable investments, the European Commission published two particularly relevant regulations in 2023:

- The Delegated Regulation (2023/2486), which establishes the technical criteria for determine ing the conditions under which an economic activity can substantially contribute to the four environmental objectives that are pending development: sustainability and protection of water and marine resources, transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

  This Regulation also complements the Delegated Disclosure Regulation (2021/2178) to ensure that the disclosure requirements established therein include the activities that contribute to the four environmental objectives.

- The Delegated Regulation (2023/2485) which incorporates the conditions for a number of new economic activities (not previously included in the current Regulation) to be considered as contributing substantially to the two climate targets of the Taxonomy: climate change mitigation and climate change adaptation.

The two delegated regulations entered into force on December 11, 2023, both of which will be applicable as of January 1, 2024.

1.3. Regulatory developments

During 2024, the following are the main regulatory developments in the ESG area:

- **Directive (EU) 2024/1619 (CRD IV)** amended Directive 2013/36/EU regarding supervisory powers, sanctions, third-country branches and environmental, social and governance (ESG) risks, harmonizing the banking supervisory framework. Member States will transpose this Directive by January 10, 2026 at the latest.

- **Directive (EU) 2024/1760 on Corporate Sustainability Due Diligence (CSDDD)**, amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859, aims to ensure that companies contribute to sustainable development and the transition to sustainable economies and societies by detecting and, where necessary, prioritizing, preventing, mitigating, eliminating, minimizing and correcting actual or potential adverse impacts on human rights and the environment related to companies' own operations, the operations of their subsidiaries and their business partners in business activity chains, as well as ensuring that those affected by a breach of this duty have access to justice and redress. Member States have two years to transpose this into national law by July 26, 2026. Companies will apply the standard gradually as of July 26, 2027, depending on their size and business volume.

- **Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD)** establishes new requirements for sustainability reporting, with the aim of increasing the transparency and comparability of information on the environmental, social and governance (ESG) performance of companies. Specifically:

    - It introduces more detailed reporting standards and requires the information disclosed to be verified by an independent auditor.

    - It establishes the obligation to present sustainability information in a digital format accessible through the XHTM format via the European Sustainability Reporting Standards (ESRS), which provide a clear and understandable framework for reporting.

  At the end of 2024, the Group will prepare the first Sustainability Report in accordance with these standards.

In the name of prudence, it is also worth mentioning the publication of Regulation (EU) 2024/1623, amending Regulation (EU) 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the floor for risk-weighted assets. Most of the requirements set forth in these regulations will be effective as of January 1, 2025.

2. Risks related to environmental, social and governance (ESG) factors

2.1. Description, scope and general policy

ESG risks are non-financial risks arising from environmental, social and governance factors, which may have a material adverse impact on the Group's financial position, business and results. Specifically:

1. Environmental risk

The risk arising from the Bank's exposure to counterparties that might potentially contribute to or be adversely affected by environmental factors, including factors resulting from climate change and other types of environmental degradation. These comprise two main risk factors:

- Physical risk, which refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as environmental degradation, such as air, water and land pollution, loss of biodiversity and deforestation.

  Physical risk is in turn classified as:

  - "Severe", where it arises from extreme events, such as droughts, floods and storms.
  - "Chronic", where it derives from progressive changes, such as rising temperatures, sea level rise, land use change, habitat destruction and resource scarcity.

  For example, this can directly cause damage to goods or a decrease in productivity and can also indirectly lead to further incidents, such as the disruption of supply chains.

- Transition risk refers to any financial losses that may arise directly or indirectly from the process of adjusting to a lower carbon and more environmentally sustainable economy. This may be triggered, for instance, by a relatively abrupt adoption of environmental policies, technological advances or changes that affect the market climate and consumer preferences.

Physical and transition risks can also trigger further damages arising directly or indirectly from legal claims (liability risk) and a loss of reputation if the public, counterparties or investors associate the Bank or its customers – particularly corporate or institutional customers – with adverse environmental effects (reputational risk).

Accordingly, physical and transition risks are factors of the existing risk, in particular the credit risk, the operational risk, the market risk and the liquidity risk, as well as the risks outside Pillar 1, such as migration risk, credit spread risk in the investment portfolio, real estate risk and business and strategic risk.

2. Social risk

Social risk is the risk associated with social factors. These are mainly in the area of labor rights, human rights or others related to service providers, such as those related to conditions in the country where an outsourced service provider is located throughout the value chain.

The Unicaja Group's social commitment is reflected in the performance of its activities, by maintaining its permanent responsibility and attention to the needs of its customers, shareholders and other stakeholders, as well as the economic, environmental and social needs of the territories in which it operates.

3. Governance risk

For Unicaja, governance risk is linked to the existence of an adequate set of rules, principles and procedures that regulate the structure and operation of the governing bodies of an entity and that enable decision-making. The scope of these factors is extrapolated to those associated with the marketing of financial products and their exposure to the public, as well as to the Company's own exposure.

The **new challenge of sustainability** is assumed by the Group as an opportunity for development and improvement in its daily management, for which it works on a new range of products and services and on the reduction of its carbon footprint, while promoting a culture of sustainability, identification and climate risk management. The aim is to ensure that 75% of the investment funds meet ESG standards, developing a range of products in this line that include green mortgages, eco-sustainable agro-financing, energy rehabilitation loans, mobility master plans and eco green motor loans, sustainable investment, pension funds and electric car insurance.

Unicaja considers that the **adequate management of these ESG risks** represents some of the most relevant challenges for society, people and the global economy. From a risk perspective, this management is conditioned by the economic activity (sector), as well as by the geographic location of its counterparties, the issuance of financial instruments and the investment profile.

For the Bank, **such management is also part of an overall work program** which serves to analyze the financial and non-financial, marketing and good governance impacts **in order to position itself as a Bank committed to sustainability and its derived impacts**.

In 2020, the Group began a series of initiatives aimed at measuring the impact of such risks on its financial structure and enabling it to act effectively in this area in the medium and long term. These initiatives included an Action Plan on Sustainable Finance, completed in 2023, which promotes the integration of ESG criteria into its business model.

In addition, during the **February 2024 Board of Directors meeting the "Policy on the integration of sustainability risks in the decision-making process and in the advance on investment and insurance products"** and the **"Due diligence policy in relation to the main adverse impacts on sustainability factors in investment decisions"** were updated.

The Board of Directors' meeting of **April 2024** approved the update of the **Sustainability Policy**, in which the previous Corporate Social Responsibility Policy was integrated, as well as an updated **Environmental, Energy and Climate Change Policy**.

In short, **with its 2022-2024 Strategic Plan and through the development of its ordinary activity, Unicaja aims to become a more profitable, sustainable and digital bank, one with a low risk profile and increasing shareholder remuneration.** To this end, as one of the targets of the aforementioned Strategic Plan, the Group is **committed to sustainability**:

a) Promoting sustainability proposals in all lines of business (financing, savings and investment).

b) Developing an advisory offering linked to *Next Generation EU funds*.

   The Bank has identified metrics for achieving sustainable targets in line with its strat egy, committed to an offer of products and services with a focus on increasing the transparency of financial activities and reducing its own carbon footprint as well as that of its credit and investment portfolios.

c) Developing and executing the **Sustainable Finance Action Plan**, aligned with supervisory expectations on climate and environmental risk management.

   With this Plan, the Bank has ordered the transition towards a model that integrates aspects related to sustainability and has also integrated those risks associated with climate change and the environment into the management model itself, in addition to defining targets and establishing metrics and indicators to facilitate strategic decision-making.

   In 2023, the Bank completed the development and implementation of the most relevant milestones contemplated in said Plan. Specifically, it continues with the incorporation of factors related to climate and environment in risk decision-making, with a special focus on the admission process in the corporate segment.

   Among other measures, Unicaja seeks to promote the transition of its products to sustainability classification, in addition to contributing to the development and marketing of new financial products and services, both retail and wholesale, that promote sustainable consumption and investment.

The **Unicaja Group's General Framework for the management of environmental, social and governance aspects is established by the Sustainability Policy and the Environmental, Energy and Climate Change Policy**, cited above. These documents establish the Bank's commitment to align its strategy with the Global Compact Principles, the 2030 Agenda and the United Nations' Sustainable Development Goals (SDG), seeking not only to reduce negative impacts but also to enhance the positive impacts of its activities. In June 2024, Unicaja adhered to the Principles of Responsible Banking of UNEP FI, which will facilitate management, the generation of positive impacts and reporting on sustainability.

In order to manage any impact of exposure linked to climate change, among other considerations, the Group also approved a series of policies in 2022 aimed at managing the different types of traditional financial risks: credit, market, liquidity and operational. Specific approval was given to the Sustainability Integration Policy for liquidity, market and operational risk and, in relation to credit risk and its importance, a specific policy was defined and revised by the Board of Directors in March 2024 (Policy for the integration of credit risk management sustainability factors).

Sustainability Policy

The **Board of Directors at its meeting on July 28, 2023, approved the Sustainability Policy, which was updated in April 2024**. This policy was revised, providing a greater focus on risk management and business generation in the area of ESG factors.

As mentioned above, this Policy integrates the previous Corporate Social Responsibility Policy.

The purpose of this policy is to define the roles, responsibilities, general principles and specific management aspects on the basis of which sustainability issues, i.e. environmental, social and governance (ESG) factors, will be integrated into the Group's management policies or frameworks in all corporate areas, both business and risk, as well as in relation to its internal organization and other areas outside the organization.

This policy specifies the Group's position with respect to sustainable finance, particularly from the perspective of strategy and general targets, corporate and business management and the design and marketing of financial products and services which meet the needs of customers and investors in accordance with ESG criteria. At the same time, this positioning ensures a harmonious response to the commitment expressly assumed by the Group to achieve the Paris Agreement, the Global Compact Principles, the 2030 Agenda, the Sustainable Development Goals and other initiatives to which the Bank has freely and voluntarily adhered, in response to its own strategic positioning, such as the Collective Commitment to Climate Action, assumed at COP25 in Madrid.

The policy contains a series of specific management aspects or principles, among which the following are worthy of special mention:

- Relationship with stakeholders: The Unicaja strategy will be based on the establishment of a balanced, transparent and clear relationship with stakeholders, particularly with customers, considering, in any case, their concerns in the ESG area.
- People management: Unicaja will promote the management of its employees, fostering their well-being and motivation through measures of conciliation, personal and professional development, health and safety, promoting inclusion and diversity of the human team.
- Relationship with suppliers: Unicaja will promote responsible and sustainable supply chain management, fostering a mutual positive influence to improve the ethical, social and environmental performance of its suppliers.
- Respect for the environment: The Unicaja strategy will enable it to face the global challenge posed by climate change, involving its main stakeholders in the establishment of policies and procedures focused on its adaptation and mitigation in the areas of business and risk management, in particular, through the assumption of international protocols and standards, implementing their best practices.

- Incorporation of ESG criteria in risk policies: Unicaja incorporates these criteria in investment and financing analyses, as well as in credit investment decision-making processes and in investment or insurance advice.
- Coherence: internal coherence in the management of ESG factors governs Unicaja's actions in order to provide an adequate response to compliance with the commitments entered into, applicable regulations and supervisory expectations.
- Transparency: Unicaja observes the principle of transparency in the definition, disclosure and application of strategies, policies and procedures related to the integration of sustainability factors in the corporate strategy.
- Proportionality: Unicaja manages ESG factors in the area of business and related risks in accordance with a line of action based on proportionality, defined on the basis of the nature of the Bank's main activity, the relevance of the assets and counterparties evaluated, the limitations relating to the availability and quality of data and the complexity of the modifications or adaptations to be made to its infrastructure and its policies and procedures.
- With the update undertaken in April 2024, the following new Purpose ("Helping people prosper") and Unicaja Values have also been incorporated: People, Professionalism, Team, Evolution.

For more information, please consult the Sustainability Policy on the Bank's corporate website.

Environmental, Energy and Climate Change Policy

At its meeting on January 27, 2023, the Board of Directors approved the Environmental, Energy and Climate Change Policy, updated in April 2024.

Within the more general framework of action defined by the Sustainability Policy, this Policy aims to establish the basic principles of action in environmental, energy efficiency and climate change management matters in order to reduce the Group's impact and contribute to the protection and conservation of the environment, the preservation of biodiversity and the fight against climate change, among other environmental goals recognized in the European Union's Environmental Taxonomy (Regulation 2020/852).

The following sections include information on each of the ESG risk typologies. However, the Unicaja Group's 2023 NFIS, which is available on its corporate website, provides more information on ESG risk processes, strategy, governance and management. The 2023 ACGR is also available for consultation.

2.2. Governance

Unicaja's governing bodies have established and promoted a strategy that places sustainability as one of its fundamental pillars, integrating it into the Bank's Strategic Plan for the 2022-2024 period.

From this perspective, the Board of Directors has identified the incorporation of sustainability in the Bank's business and operations as an essential pillar of its strategic focus, addressing the related risks and recognizing them as a valuable business opportunity to sustain its growth strategy while addressing its social and environmental commitment for the benefit of its various stakeholders.

In addition, specific targets have been established to enable the effective implementation, supervision and continuous monitoring of the progress made. This strategic approach empowers the governing bodies to outline the fundamental guidelines for action and oversee their execution by the operational areas in all areas of the Bank's activity.

The **Board of Directors** assumes responsibility for approving corporate policies related to the management of sustainability factors and their eventual updates, ensuring their observance and supervising the Bank's management in all dimensions of sustainability. The Board of Directors is also responsible for defining the Bank's risk management strategy. In the exercise of its functions, the Board establishes risk control and management policies, articulated through the Risk Appetite Framework and the set of policies aimed at managing the different types of risk (both financial and non-financial) to which the Bank may be exposed. These policies outline the fundamental guidelines for consistent and uniform risk management and control throughout the organization, in alignment with the Risk Appetite Framework.

As part of its role in the risk strategy, the Board of Directors also constantly monitors, supervises and controls the risks faced by the Bank and its main business areas, ensuring that risk management remains aligned with the established Risk Appetite Framework. The Board of Directors is also responsible for supervising the information and internal control systems, ensuring their effectiveness and their capacity to identify, measure and manage the relevant risks. This integrated approach ensures that sustainability is managed in a cross-cutting manner along with the management of other risks.

To carry out this important task, the Board of Directors relies on the work of its committees, focused on areas of their respective competencies. It is therefore relevant to underline the proactive role of the **Sustainability Committee**. The Committee plays a key role in overseeing and guiding the Bank's sustainability initiatives, ensuring that sustainable practices are effectively integrated into the overall strategy and day-to-day operations. This collaborative approach enables the Board of Directors to implement coherent and effective sustainability management, aligned with the Bank's strategic targets and commitments.

The Sustainability Committee is also responsible for advising the Board of Directors in decision-making on sustainability matters, as well as providing assistance within the scope of their respective competencies required by with the Audit and Regulatory Compliance and the Risk Committees, collaborating with these and other committees, such as the Digital Transformation, Innovation and Technology Committee, especially with regard to data collection and management.

The main functions of the Sustainability Committee are therefore as follows:

i. Overseeing that the Company's practices related to sustainability are in line with the strategy, the policies established and the commitments acquired.
ii. Reporting on the Sustainability Policies to be submitted to the Board of Directors for approval.
iii. Reporting regularly on the Company's Sustainability Policies in order to promote the inclusion of the corporate culture and fulfill the mission of promoting the social interest, taking into account the different stakeholders.
iv. Supporting the Regulatory Audit and Compliance Committee in its task to ensure the integrity of the content of sustainability reports, as well as compliance with applicable regulations and international reference standards. Evaluating the content of the non-financial information contained in the annual management report prior to its review and report by the Audit and Regulatory Compliance Committee, for its subsequent formulation by the Board of Directors.
v. Monitoring the processes of identification, evaluation, control and management of risks in the area of sustainability.
vi. Evaluating the periodic sustainability reports submitted by the relevant areas of the Company.
vii. Awareness of the texts, reports or communications from supervisory bodies related to sustainability and issue the corresponding reports and proposals, as the case may be.
viii. Advising the Board of Directors in decision-making on sustainability matters, with the Audit and Regulatory Compliance and the Risk Committees providing whatever assistance may be required within the framework of their respective competencies and acting in coordination with both Committees.
ix. Making proposals to the Board of Directors regarding sustainability.

It is also important to highlight the role of the **Risk Committee**, which assists the Board of Directors in the incorporation of sustainability criteria within the Group's risk analysis, planning and management framework, in addition to supervising the implementation of such strategies.

The Audit and Compliance Committee also plays a crucial role in the supervision of the Bank's non-financial risks, as well as in the supervision of the financial, non-financial and diversity information reporting process, following current regulations and international reference standards.

Similarly, the **Remuneration Committee** contributes significantly to promoting the integration of sustainability indicators within the Bank's variable remuneration scheme. This integration reflects the Bank's commitment to promoting sustainable practices through its governance structure, ensuring that sustainability is considered transversally in all corporate activities and decisions.

Finally, the **Steering Committee**, specifically in the area of ESG, acts as follows:

– It proposes the corporate strategies and policies related to sustainability to the Governing Bodies, as well as the information to be disclosed to the market in this area.

– It oversees and supervises the degree of compliance with basic principles contemplated in corporate policies related to sustainability.

The Bank also has a **specific structure for the promotion of sustainability**, updated in October 2023 and which principally comprises the following:

- The role of the **Retail Business Department** includes the identification, evaluation and monitoring, as the first line of defense, of sustainability-related risks relevant to a customer's creditworthiness and credit rating. It is also responsible for defining and promoting the distribution of ESG products in coordination with the ESG Strategy Department and for implementing the appropriate due diligence procedures. It is worth noting that all this area is strengthened through commercial actions developed by the managers of the commercial network.

- The **Credit Risk and ESG Department**'s mission includes designing the necessary actions to respond to stakeholder expectations on sustainability, identifying and promoting the materialization of new business opportunities arising both from accompanying customers in the necessary investments for the transition to a more sustainable model and the development of ecosystems and a catalog of sustainable products.

- The mission of the **ESG Strategy Department**, which reports to the CEO's Office and Strategy Department, is to promote and coordinate the implementation of an ethical environmentally and socially responsible management model, integrated into the Bank's strategy and processes.

- The functions of the **Financial Risk Control Department and the Non-Financial Risk Control Department**, which report to the Risk Control and Supervisory Relations Department (CRO), include risk control as a second line of defense, including ESG aspects.

- The functions of the **Internal Audit Department** include risk control as the third line of defense, including ESG aspects.

It is important to note that the various governing bodies of the Bank hold regular meetings in order to supervise the management of environmental risks and evaluate the potential impacts of these risks in the short, medium and long term. To facilitate this process, an ESG Business Scorecard and ESG Risk Scorecard, aimed at risk management and sustainable business development, are presented to the various committees and the Board of Directors. In addition to these scorecards, other reports are presented that include a detailed breakdown of the main developments and progress in relation to environmental, social and governance aspects, thus ensuring a comprehensive and up-to-date view on the implementation of sustainable practices within the organization and their linkage to the credit and business portfolio more generally.

Unicaja integrates sustainability into its daily operations, in both its dealings with customers and its internal processes. The implementation of a strategy that prioritizes sustainability and climate change is characterized by its transversality, being a duty shared by all areas of the Bank to incorporate these principles progressively in its strategic agenda and in its work dynamics. This position is also reflected in the Bank's compensation policy, as detailed in the corresponding chapter of this document.

2.3. Environmental risk

2.3.1. Environmental analysis

Climate change represents one of the most significant challenges for entities. Experts from various scientific fields have stressed the importance of achieving a sustained reduction in greenhouse gas emissions to mitigate the effects of climate change.

Following the **adoption of the Paris Agreement on climate change and the UN 2030 Agenda for Sustainable Development** in 2015, public administrations have started adopting measures towards transitioning to low-carbon economies. The European Union has therefore established the **European Green Deal**, which pursues the goal of making Europe the first climate-neutral continent by 2050, which has been reinforced by the adoption of the European Climate Law (Regulation (EU) 2021/1119). A crucial role for the financial sector in this process is recognized, as reflected in the **European Commission's 2018 Action Plan for Financing Sustainable Growth**, updated in 2021 and based on three pillars:

1) Taxonomy, developed through Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 and its delegated acts. This Regulation introduces a common language, endowed with a solid scientific basis, to define activities that contribute substantially to one of the six sustainability targets and are not detrimental to any of the other targets and comply with social safeguards.
2) Development of tools such as the EU climate benchmarks or the green bond standard, which ensure market adoption of these targets.
3) Publication of information to reduce information asymmetries and allow the market to judge the capacity of the instruments used to achieve environmental objectives. One element related to this pillar is Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (CSRD) on sustainability reporting by companies.

In conclusion, the transition to a low-carbon economy presents both risks and opportunities for the economic and financial sector, while the physical damage resulting from climate change and environmental degradation has the potential to significantly impact the real economy and the financial system.

2.3.2. Business strategy and processes

The November 2020 European Central Bank Guidance on Climate-related and Environmental Risks (hereafter ECB Guidance on C&E Risks), which summarizes supervisory expectations on risk management and risk communication, states that banks should analyze and understand how climate and environmental risks affect their business environment in order to be able to design an appropriate response strategy.

Pursuant to Expectation 1.1 of the ECB Guideline on C&E risks, when analyzing their business environment, entities are expected to identify risks arising from climate change and environmental degradation in key sectors and territories and in relation to the products and services in which they operate or are considering operating.

Taking all this into consideration, Unicaja Management has prepared this document which includes an analysis of how climate and environmental risks affect the business environment of the Bank and its Group, analyzing the repercussions on political, economic, social, technological, ecological and legal factors (PESTEL).

The general scheme followed for the analysis is as follows:

The Bank has developed a set of **Transmission Channel Matrices** for traditional credit, market, liquidity, operational, reputational and business risks. These matrices significantly improve the Bank's ability to assess and manage the risks associated with climate change that could impact its operations, investments and, more broadly, its financial performance. The matrices detail and classify climate risks in various channels through which these risks can affect the economy, the market and the Bank itself, taking into account a short, medium and long-term time horizon.

Unicaja has made progress in integrating the aforementioned risks into the analysis processes prior to making investment decisions. This encompasses both physical risk – derived from the direct impacts of climate change – and transition risk related to the process of adaptation towards a low-carbon economy. The methodology adopted seeks to favor those operations that are in line with the objectives of ecological transition, involving an active dialogue with customers, especially those of a corporate nature, in order to evaluate their commitment and sustainability strategies.

Specifically, in the case of **transition risk**, the main analysis performed by the Bank was initially based on implementing advanced information systems in order to identify the sectors potentially most affected by this risk.

It has specifically focused on analyzing the impact of transition risk at the sector level using a transition risk concentration metric which integrates the PCAF (Protocol for Carbon Accounting for the Financial Sector) factors at the 2-digit CNAE classification level, which makes it possible to establish an initial level of transition risk. This initial level is subsequently reviewed and adjusted by expert judgment, also at a sectoral level, based on a detailed analysis of sectoral dynamics in the face of the climate transition, using official data and the results of research studies. After this adjustment, the Bank proceeds to identify and monitor its level of exposure to transition risk, allowing effective monitoring of its sectoral exposure in terms of transition risk.

Unicaja has also developed a **specific methodology to measure the carbon footprint of its investment portfolios**. This tool makes it possible to detect those sectors with high levels of greenhouse gas emissions, thus facilitating the implementation of measures aimed at reducing exposure to these sectors and establishing specific emission reduction targets. The inclusion of these harmonization parameters reinforces the Bank's commitment to responsible environmental management and the promotion of sustainable investment practices (see Section 3.1. Potential transition risk linked to climate change of this document, which details the calculation methodology used by the Group for the emissions financed).

It also analyzes **the transition impact on mortgage guarantees**, assuming that less energy-efficient properties will be less attractive in the future. Section 3.1. Potential transition risk linked to climate change of this document provides details on the collateralized mortgage loans and their level of energy efficiency.

As for **physical risk**, a physical risk concentration metric was used to evaluate the physical risk associated with each Spanish province. This methodological approach ensures a comprehensive and detailed assessment of physical risk, allowing the Bank to anticipate and proactively manage the potential impacts of climate change on its portfolio and operations. Section 3.2. Potential physical risk linked to climate change of this document provides details on the methodology for calculating this risk.

In conclusion, this strategic approach underlines Unicaja's proactive view of environmental risk management, highlighting the importance of constructive interaction with customers to promote the adoption of sustainable practices. In doing so, the Bank not only contributes to mitigating the risks associated with climate change, but also supports the transition to a greener and more resilient economy.

Sources of data used to measure risks

Unicaja is actively engaged in ensuring that detailed and relevant information is obtained for an accurate assessment of the level of ESG risk exposure of its corporate and business banking customers, which encompasses the collection of specific data on emissions, eligible and/or aligned activities and decarbonization targets. With regard to retail customers, the mortgage portfolio is the most relevant and the focus of its information is centered on energy efficiency, geographic location and year of construction of the real estate collateral.

To this end, the Bank has allocated significant resources and has undertaken considerable efforts to develop a series of procedures for the efficient collection of sustainability-related information. The strategy adopted for the accumulation of this information is broad and benefits from a variety of sources, including internal resources, publicly available databases, collaborations with external data providers and the development of methodologies specifically designed by Unicaja. This comprehensive approach ensures a complete and detailed perspective of the ESG risks linked to each customer, thus enhancing the Bank's ability to manage these risks effectively.

Unicaja's implementation of the **Corporate Policy for the Integration of Sustainability Factors in Credit Risk Management**, revised in March 2024, marks a significant advance towards a more informed and responsible risk management, in alignment with sustainability principles and environmental, social and corporate governance practices. This policy introduces key provisions focused on governance and the acquisition of information relevant to effective ESG risk management.

It specifies Unicaja's need to ensure the availability of sufficient and relevant information to adequately assess the level of ESG risk exposure of certain customer segments. It also emphasizes the management procedures to be applied in the credit risk admission and monitoring processes to consider, including the social and governance risks to which its main borrowers may be exposed, among others.

In terms of data governance, the ESG Department, which reports to the Credit and ESG Department, plays an important role. It is responsible for addressing and mitigating any challenges related to the availability and quality of ESG data, including the creation of an information repository which tracks the evolution of sustainability issues, as well as being a tool for data-driven analysis and decision-making.

2.3.3. Commitments assumed by Unicaja

In line with this institutional consensus, Unicaja considers it essential to support its customers, the economy and society as a whole in this important transition, establishing a management model aimed at favoring business options aligned with sustainability targets, as well as establishing a risk management model aimed at adequately measuring and managing climate, social and governance risks, through continuous improvement of information that contributes to decision-making management in line with the objectives of decarbonizing the economy.

During the first half of 2024 and 2023, significant steps were taken to implement these commitments, which are continuously monitored by the Bank, as shown below:

i) In December 2019, Unicaja formalized its adherence to the **Collective Commitment for Climate Action (CCAC)**, an initiative led by the United Nations Climate Change Conference (COP 25). This commitment has as its **main goal the alignment of the portfolios of the participating entities with the targets established in the Paris Agreement for 2030.**

   Unicaja's participation in this commitment entails several key responsibilities, including the **calculation and public disclosure of the Bank's carbon footprint,** covering Scopes 1, 2 and 3, highlighting in the latter case, Category 15, which corresponds to the carbon emissions of the totality of its financed portfolios. Additionally, it involves the establishment of **specific emission reduction targets for these portfolios**, ensuring their alignment with the targets of the Paris Agreement.

ii) Alignment with the Principles of Responsible Banking

   Since June 2024, Unicaja has been a signatory to the Principles for Responsible Banking, the financial initiative of the United Nations Environment Program (UNEP FI).

   The Bank thus joins a coalition of nearly 200 banks worldwide and is committed to aligning its business with the Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. These principles set a global benchmark for banking in terms of sustainability and provide practical guidance for action to create value for shareholders and society at large.

iii) Define and publish alignment targets for the sectors identified in the *Net Zero Banking Alliance* Guide.

As part of the commitment to achieve zero net emissions by 2050, **emissions generated by customers who receive financing from the bank** are also covered. In order to facilitate the transition of its customers towards a more sustainable future with specific plans and goals, Unicaja has made a commitment **to defining and publishing alignment objectives for the sectors identified in the *Net Zero Banking Alliance* Guide for setting targets**.

To formulate these targets, the Bank calculated the carbon footprint of its financed portfolios at the end of the first half of 2024 and at year-end 2023, using methodologies and databases provided by recognized international organizations and institutions in the sector.

Based on the analysis of emissions from the different portfolios and sectors, **in April 2023 the Board of Directors of the Bank approved the establishment of intermediate decarbonization targets for those sectors that are more intensive in Greenhouse Gas emissions and have a greater contribution to its carbon footprint**: Fossil fuels (oil & gas), energy and residential mortgage portfolio

To establish these targets, the application of carbon footprint calculation methodologies was specifically combined with the use of reference climate scenarios for the decarbonization of the different sectors, considering the expected evolution of the portfolios and the Bank's business strategy, as well as the intermediate decarbonization targets set by the different counterparties. Section 3.1. Potential transition risk linked to climate change of this document provides the details on the methodology used to determine the intermediate decarbonization targets.

The targets were established exclusively for the loan portfolio, taking 2022 as the base year. In the three sectors, the 1.5ºC or Net Zero by 2050 scenario has been considered, this being the most ambitious scenario accepted by the sector, complying with the requirements of sectoral initiatives such as the NZBA (Net Zero Banking Alliance).

These targets imply a reduction in emissions intensity of 28% for the residential mortgage portfolio and 62% and 28% for the Energy and Fossil Fuels sectors, respectively.

Sector / Cartera	Escenario de referencia	Alcance de emisiones	Métrica	Año base 2022	Objetivo 2030	% descarbonización
Oil & Gas	IAE Net Zero 2050	1 + 2 + 3	tCO_2eq/ M€	3.013	2.169	- 28%
Energía	IAE Net Zero 2050	1 + 2	$KgCO_2eq/MWh$	115	44	- 62%
Cartera hipotecaria residencial	IAE Net Zero 2050	1 + 2	$KgCO_2eq/m^2$	54	39	- 28%

Once the targets have been established, Unicaja performs a **quarterly monitoring of the commitments assumed**. To this end, we have proceeded to do the following:

– Calculate the issuance intensity of the three target portfolios, considering their composition at the end of each of the two quarters of 2024.

– Compare the result obtained with the intensity figure foreseen on December 31, 2024 in the base scenario used for setting the targets.

The results obtained referring to the close of June 30, 2024 were as follows:

Sector / Cartera	Métrica	Año base 2022	Objetivo 2030	% s/ Objetivo 12/2023	Objetivo 12/2024	Intensidad 06/2024
Oil & Gas	tCO_2eq/ M€	3.013	2.169	- 11%	2.981	3.072
Energía	$KgCO_2eq/MWh$	115	44	+19%	80	81
Cartera hipotecaria residencial	$KgCO_2eq/m^2$	54	39	- 27%	49	34

During the first half of 2024 there was a decrease in the intensity of the energy sector due to a triple effect:

i. Update of the intensities of the main customers with their information as at 12/31/2023, with a significant improvement compared to the previous data dated 12/31/2022.

ii. Update of the energy emission factor used to measure their intensities: emission factor for Non-GdO Marketers provided by MITECO, which has gone from 273 $KgCO_2eq/MWh$ in 2022 to 260 $KgCO_2eq/MWh$ in 2024.

iii. Expert review of the intensities of customers with eminently renewable activity.

Regarding the oil and gas sector, during the first half of 2024 there was an increase in intensity due to the updating of the emissions of the main customers with their information as at 12/31/2023 with a poor performance compared to the previous data dated 12/31/2022.

The drop in emissions intensity in the residential mortgage portfolio is due to the update during the first six months of 2024 of the information on energy efficiency certificates, where the available information increased, especially as regards the most efficient certificates.

In short, the Bank has defined these targets as a first step in its strategy to promote the decarbonization of the most emission-intensive sectors included in its loan portfolio. In doing so, it has taken into account the information currently available, the methodologies commonly applied by the sector, its business strategy and the emission intensities and reduction targets of its main counterparties.

These targets may therefore be subject to possible modifications based on new market information, changes in the decarbonization targets published by the counterparties or the development of methodological improvements.

Since June 30, 2024, the Bank has been analyzing possible new decarbonization targets for other sectors (steel, aviation, etc.)

iv) Availability of a wide range of sustainable financial products, based on a taxonomy complementary to the basic principles of the European Union's Environmental Taxonomy or the framework for issuing green bonds[1].

In recent years, Unicaja has intensified its focus on sustainable financing, introducing a variety of ESG financial products for investment and financing. These products include the following:

- **Discount-rate *Oxígeno* mortgages:** This mortgage product, in different modalities (fixed rate, variable rate and mixed), is marketed through the bank's branch network. It is designed to finance the purchase of homes with a high energy efficiency rating (A and B), offering subsidized financial conditions for meeting these criteria. The terms of these mortgage loans vary from a minimum of 10 years to a maximum of 30 years.
- **Individual *Ecomovilidad Particulares* loans:** This fixed-rate personal loan, with a term of up to 8 years, is for the purchase of sustainable vehicles. It includes a wide range of zero-emission or low-emission motor vehicles (less than 50 g CO_2/km). Credit is also available for other motor vehicles with fewer than four wheels and recreational boats with zero direct CO_2 emissions.
- **Loans for the promotion and development of clean energy:** Of note are products such as the energy rehabilitation loan for homeowners' associations, the efficient home loan for efficient home renovations and installations, the self-consumption solar loan for the installation of photovoltaic panels and the ICO residential building rehabilitation line.
- **Loans for the promotion of sustainability in agriculture:** The eco-sustainable agro financing loan, aimed at financing sustainable investment projects in the agricultural and livestock sector, is worth noting. Also worthy of mention is the loan for the installation of

[1] The Green Bond Framework and the allocation and impact reports can be consulted in the Investors and Shareholders section of the corporate website.

drip irrigation systems and the advances for forestation aid.

- **Loans with a social component**: Of note are the mortgages for young people under agreements signed with several Autonomous Communities for the purchase of their first home. The adhesion to the ICO My First Home Line, for young people and families with minor children who meet certain requirements should also be highlighted.
- **Investment funds:** Collective Investment Institutions (CIIs) that invest the resources raised from investors in projects that promote environmental or social characteristics.
- **Pension funds:** The assets of these funds are invested in projects that meet sustainability criteria.

Unicaja continues to actively evaluate the feasibility of introducing new sustainable products in the future. This consideration is part of the Bank's ongoing commitment to promoting responsible financial practices and supporting the transition to a more sustainable economy. Unicaja remains attentive to market trends and the needs of its customers to develop financial solutions that not only meet the highest sustainability standards, but also contribute effectively to broader environmental and social objectives.

v) Generation of sustainable financing

Unicaja's strategy for the generation of sustainable financing considers the **channeling of financial resources towards activities or customers that are considered sustainable**, based on specific criteria.

This strategy is mainly articulated through promoting the development of sustainable activity, subsidizing products and purposes with social and environmental objectives and promoting the Sustainable Financing Framework. This framework has the following characteristics:

- **Selection of Sustainability Criteria/Objectives for Evaluation (KPIs):** These criteria must be meaningful and relevant to the borrower's sustainability principles, as well as to its business or management strategy. The evaluation criteria or KPIs needs to be as follows: (i) Relevant, (ii) Measurable and quantifiable, which makes it possible to establish a time frame for their evaluation during the period of the operation and (iii) Comparable, ideally with reference to an external standard.
- **Calibration of Sustainability Targets (SPTs):** The calibration of SPTs or targets for KPIs is critical to the structuring of sustainability-linked financing, as it will be the expression of the level of ambition to which the borrower is willing to commit.
- **Model for determining incentives or financial implications:** The conditions of the financial operations generally include an incentive in the form of a reduction in the interest rate or in the applicable spread if the established targets are achieved.
- **Particular and specific conditions of the financing transactions:** Any customer, regardless of their starting point in terms of sustainability, can access this type of financing. The conditions related to sustainability (the ESG Covenants) must be clearly defined and detailed in a specific section or annex within the financing contract.
- **Model for verification and validation of compliance with targets:** Borrowers are obliged to provide, as stipulated in the contract, updated and sufficient information to monitor performance. This information should preferably be disclosed publicly.

vi) Mitigation measures

Climate risk mitigation measures constitute an essential set of strategies and actions designed to reduce greenhouse gas emissions and limit the impact of climate change on the planet. At a time when the adverse effects of climate change are becoming increasingly evident, through phenomena such as rising global temperatures, melting ice caps and the intensification of extreme weather events, the implementation of mitigation measures is becoming an urgent priority for governments, businesses, communities and individuals around the world.

Unicaja's commitment to climate risk mitigation measures also involves a proactive approach to adapting and reorienting economic and social systems towards sustainability, fostering innovation and the development of new technologies and establishing regulatory frameworks and policies that facilitate a just and equitable transition. As a credit institution, **Unicaja has implemented a series of measures to evaluate and mitigate environmental and social risks (ESG) in the credit generation process,** including the following notable actions:

- The Bank has developed **metrics to mitigate risk** in operations, mainly focused on identifying physical risks, the carbon footprint of greenhouse gas emissions financed and the intensity of these per thousand of euros of turnover.
- **A specific ESG questionnaire (ESG due diligence) has been designed.**

  Firstly, the completion of the questionnaire is mandatory for segmented corporate banking or business banking customers and with an outstanding risk of more than one million euros.

  Based on the information gathered, the methodology makes it possible to assign a total ESG score and a disaggregated score for the environmental, social and governance sections, depending on the accreditor's sector of activity. The questionnaires and resulting scores are incorporated into the Bank's administrative and technological processes, with the information generated then integrated into corporate databases and reporting systems for monitoring purposes.

  In 2023, the Bank specifically incorporated the completion of these questionnaires on a recurring basis in the credit risk admission and monitoring processes for borrowers who meet the following conditions:

  - **Sector of activity (CNAE):** customers that carry out their activity in one of the 22 sectors (grouping of CNAEs) considered to be most exposed to sustainability factors.
  - **Commercial or management segment:** Accredited in Corporate Banking or Business Banking, meaning that they have an overseer or specialist manager, with a complete knowledge of the situation of the company in relation to these factors.
  - **Minimum exposure determined** in order to focus information gathering, knowledge and analysis efforts on the Bank's main borrowers.

During the first half of 2024, controls have been established to ensure the completion of the questionnaires.

- In order to avoid financing activities that contravene the Group's sustainability principles, the Bank has established a **Policy on exclusions for those activities with a high environmental, social or economic impact,** taking into account the use of resources, the human capital involved and the controversy generated by these activities (see Section 3.1. Potential Transition Risk linked to Climate Change herein, which includes the exposure excluded from the benchmarks aligned with the Paris Agreement).

- **Identification of crisis scenarios in the Business Continuity Plan,** which considers scenarios related to climate risks, including seismic risks, flooding, facility fires and electrical storms, to ensure operational resilience in the face of adverse events.

- **Underwriting of the Bank's mortgage portfolio as a strategy to protect against potential losses associated with real estate risks.** This measure, especially relevant in the context of climate and environmental risks, is in addition to the traditional prudence in the management of the relationship between the financing granted and the appraised value of the property (LTV), reinforcing protection against direct and significant impacts on real estate properties.

2.3.4. Governance

Unicaja's sustainability governance scheme is structured around an appropriate organization of the governing bodies and strong executive support, promoting the transversality of the ESG Strategy Department together with the implementation of the strategic priority in the various business areas. This makes it easier for the Board of Directors and its supporting

Committees to have the necessary information to make informed decisions and to exercise their supervisory and control function effectively.

Specific targets have also been established to ensure the proper implementation, monitoring and follow-up of the integration of sustainability into the Bank's operations and activities, addressing the associated risks and viewing them as significant business opportunities that support its growth strategy. This approach allows the governing bodies to establish clear guidelines and supervise compliance with them by the operational areas at all levels of the Bank.

For further details on the governance model, see Section 2.2.

2.3.5. Alignment of the Remuneration Policy with ESG goals

Unicaja's compensation policy is designed with the fundamental purpose of creating and increasing value in a sustainable manner over the long term, achieving synergy between the interests of the different stakeholders through prudent and responsible risk management. Within this framework, Unicaja's general remuneration policy is oriented towards the establishment of total compensation, including salaries and discretionary pension benefits, in line with the principles and requirements applicable to credit institutions in the area of remuneration.

This policy is framed within an adequate and efficient risk management, promoting such management without encouraging the assumption of risks above the Bank's tolerance threshold. It is also aligned with the group's business strategy, targets, values and long-term interests, incorporating mechanisms to prevent conflicts of interest. In this context, transparency plays an essential role in achieving these targets, ensuring that all stakeholders have a clear understanding of how the remuneration policy is structured and applied.

Unicaja is making progress in the incorporation of new indicators for variable remuneration, focusing especially on aspects related to climate risks. This commitment is part of the Bank's comprehensive strategy to further align its compensation practices with sustainability and environmental responsibility targets.

2.3.6. Risk management

Unicaja has recognized the risks associated with climate change, both transitional and physical, as additional factors that impact the risk categories previously identified and defined by the Bank. Accordingly, these risks are managed through Unicaja's existing risk management frameworks, ensuring consistent integration within established processes and governance structures and taking into consideration current regulations and supervisory trends.

Climate change risk management at Unicaja originates in the risk planning process, which is influenced by the risk appetite defined by the Bank and materializes in the daily risk management frameworks.

Unicaja has made significant progress in incorporating climate and environmental aspects into its risk management cycle, aligning itself with regulatory and supervisory requirements.

Environmental risk management is carried out through three main blocks:

i. Identification and evaluation of environmental risks.

Risk identification at Unicaja involves a detailed analysis of potential events that could threaten its strategic goals.

This process is supported by a **methodology that includes a set of risk events, an impact and probability matrix and time horizons**. This identification is essential to understand the internal and external threats arising from environmental and climate change, affecting the business model, profitability, solvency and overall strategy.

This set of risks and the materiality assessment exercises form the basis for classifying, identifying and assessing significant environmental risks for the portfolios. In addition, the strategic analyses carried out by the risk function highlight threats to the targets, facilitating support for the transition to a more sustainable and low-carbon economy, in line with the policies approved by the Bank and the risk appetite statement.

It is important to note that **Unicaja has developed a series of transmission channel**

matrices for credit, real estate, market, liquidity, operational, reputational and business risks. This process seeks to assess the potential impacts that environmental risks, both transitional and physical, could have on traditional risks. This analysis is crucial for making strategic decisions and defining priorities for specific sectors, sub-sectors, industries, customers and regions.

The analysis carried out using matrices makes it possible to determine the relevance of environmental risks over traditional risks. This evaluation is carried out for short- (0-3 years), medium- (4-5 years) and long-term (6-10 years) time horizons.

The time horizon is a relevant factor to consider. Some risks associated with the transition of the economy to a more sustainable model (regulatory, reputational risks) or associated with acute physical risks (floods, periods of extreme heat or drought, etc.) are more likely to materialize in the short or medium term, while other effects such as chronic physical risks (sea level rise, increase in average temperature, desertification, etc.) are more relevant in the long term.

Considering this, the analysis performed by Unicaja's management includes all relevant time horizons, understood as the following:

- Short term (0-3 years): These are the impacts of climate and environmental risks that materialize or may materialize in Unicaja's business environment immediately or within a relatively short time horizon (up to three years).

- Medium term (4-5 years): These are the impacts of climate and environmental risks that could materialize in Unicaja's business environment in a period between four and five years, which is not long term, but neither do they represent an immediate or primary impact.

- Long term (6-10 years): These are the impacts of climate and environmental risks that are expected to materialize in Unicaja's business environment in the relatively distant future, but limited to the next ten years (and more than five years), since it is understood that the risks that could affect an even longer term (more than ten years) are subject to a higher level of uncertainty and do not fall within the definition of relevant time horizons for the purposes of the exercises being carried out.

These time horizons are consistent with those used by Unicaja's management in other climate and environmental risk impact assessment exercises, as is the case, for example, with the analysis of the impact of these risks on traditional risk factors (credit risk, market risk, operational risk, liquidity risk, etc. which cover a three-year horizon), by examining the risk transmission channels.

Based on the above analysis, the **Bank has identified that climate risks, both transitional and physical, may have a significant impact on credit and real estate risk over the short-term time horizon, particularly in corporate portfolios, retail portfolios and foreclosed assets.** Within such a context, the Bank considers that, apart from credit and real estate risk, **the impact of climate risks is not material in the rest of the types of risks in the short-term time horizon**.

Regarding **physical risk**, the materiality studies focus on the **five acute risks** identified: heat wave and drought, landslide, river flooding, urban flooding and forest fire risk. These risks are considered more imminent in the short term, which is the time horizon addressed in the materiality studies integrated in the Bank's Internal Capital Adequacy Assessment Process (ICAAP), although **they have been considered immaterial.**

As for **chronic physical risks** they are perceived as longer-term threats, the materiality of which is significantly lower in short periods.

The Bank has assessed their materiality considering the impact of the five acute risks mentioned above on the different collaterals backing the mortgage exposure, especially in those sectors most vulnerable to climate change. This evaluation also considered the effect on the value of foreclosed assets, adjusting the values used in estimating the expected loss for both collateral and foreclosed assets.

In the case of the **physical risk materiality**, it is felt that the risk of heat wave and drought could affect the agricultural and livestock sectors, as well as the construction sector.

To **assess the materiality of the transition risk**, the Bank has developed different estimation methodologies depending on the portfolios analyzed.

- In the case of legal entities (non-financial companies), different stress scenarios and their corresponding impact on PD parameters (*probability of default*) have been established.

- In the case of individuals, a mixed situation has been set up in which both stressed scenarios and their impact on PD are analyzed, as well as their influence on the value of the collateral itself via LGD (*loss given default*).

- Finally, in the case of foreclosed properties, the stress situation has focused on the reduction in the value of the property.

The Group has proposed three stress scenarios based on the paper The Road to Paris: stress testing the transition towards a net-zero economy as part of the European Central Bank's Occasional Paper Series.

ii. Tracking and reporting

Unicaja monitors environmental risks, guided mainly by the Bank's risk appetite, which defines the aggregate level and types of risk considered acceptable in accordance with its business strategy, as well as by two ESG Scorecards (Business and Risk). The Bank adopts a three-lines-of-defense model to ensure continuous monitoring and supervision, with specialized control functions that report periodically to the Board of Directors and its support committees on the risk profile and compliance with the established risk appetite limits.

Unicaja includes a series of risk metrics and indicators specifically related to climate and environment within its Risk Appetite Framework (RAF). These metrics, classified as Levels 1 and 2, are monitored periodically and escalated to the governance and management bodies for review and action, as mentioned above.

In addition and on an equally regular basis, **an ESG Business Scorecard and an ESG Risk Scorecard are presented to the governing bodies,** aimed at risk management and sustainable business development. Other reports are also presented that include a detailed breakdown of the main developments and progress in relation to environmental, social and governance aspects, thus ensuring a comprehensive and updated view on the implementation of sustainable practices within the organization and their linkage with the credit and business portfolio more generally, strengthening its commitment to sustainability and responsible environmental risk management.

iii. Risk mitigation

Policies represent a fundamental component of the risk mitigation strategy.

The proactive approach and implementation of these policies demonstrate Unicaja's commitment to sustainability, ensuring that climate and environmental risk management is considered transversally in all of the Bank's activities and strategic decisions.

A key aspect of this process is the **updating of the Corporate Sustainability Policy in April 2024**, which contains the main public commitments and goals through the establishment of guidelines designed to support the strategy in this area.

2.4. Social risk

2.4.1. Environmental analysis

As a Bank committed to its corporate social responsibility, Unicaja signup to **the Global Compact** in July 2013 and the Spanish network in April 2017, assuming and reinforcing the commitment to integrate the principles of the Compact into its strategy, culture and operational actions in order to strengthen its commitment to sustainable and balanced economic development. It is also committed to communicating these principles to its various stakeholders.

The United Nations Global Compact is the largest international corporate responsibility initiative, bringing together organizations that are voluntarily committed to supporting its Ten Principles concerning Human Rights, Labor Standards, Environment and Anti-Corruption.

With more than 20 years of experience and presence in more than 70 countries, the Spanish Global Compact Network stands out as one of the first national platforms and the local network with the largest number of adhered entities and the highest number of Progress Reports submitted.

Unicaja is also a signatory to various codes and agreements:

- Code of Best Practices: Regulated in Royal Decree-Law 6/2012 and its successive updates, highlighting the latest version in Royal Decree-Law 19/2022.
- Code of Best Practices for mortgage debtors at risk of vulnerability: Established in Royal Decree-Law 19/2022.
- Agreement for the creation of a Social Housing Fund (FSV): Established on January 17, 2013 with the objective of offering affordable rentals to families in a situation of special vulnerability. The term of the FSV is extended until January 2025.
- Update in February 2022, the strategic protocol promoted by the sector to reinforce the social and sustainable commitment of the banking sector, especially with regard to the elderly and the disabled.
- Formalization of a new revision of the sector protocol, in October 2022, to include new aspects related to financial inclusion in rural areas.
- Adherence since 2010 to the National Financial Education Plan, an initiative promoted by the Bank of Spain, the CNMV and the Department General of Insurance and Pension Funds, with the aim of improving the financial culture of the population. This series of adhesions and actions reflect Unicaja's ongoing commitment to social responsibility, sustainability and community welfare.
- Adherence as of June 2024 to the Principles of Responsible Banking (UNEP FI), which have an impact on the social aspect.

2.4.2. Business strategy and processes

Unicaja considers it essential to support its customers, the economy and society as a whole, establishing a management model aimed at favoring business options aligned with sustainability targets, as well as a risk management model geared toward adequately measuring and managing, specifically, social risks in companies, through the continuous improvement of policies and procedures, as well as information and management decision-making.

Unicaja is defined by values such as transparency, prudence, solvency and business efficiency. Beyond these principles, the Bank is actively committed to social and economic development, supporting projects that promote job creation, financial education, environmental protection and other initiatives of social interest, reaffirming its role as a socially responsible player in the community.

Specifically, the consideration of sustainable growth has governed the development of the business activity and its relationship with stakeholders for many years, as can be seen in the "**Corporate Sustainability Policy**", which integrates the concepts innate to corporate social responsibility and to sustainable finances, based on the Group's values and stakeholder relations and expectations.

The aforementioned Policy cements Unicaja's positioning from the perspective of strategy and general targets, corporate and business management and the design and marketing of financial products and services in accordance with ESG criteria.

All this allows, at the same time, a harmonious response to the commitment expressly assumed by Unicaja to achieve the Paris Agreement, the Global Compact Principles, the 2030 Agenda and the Sustainable Development Goals (SDGs) and other initiatives to which the Bank has freely and voluntarily adhered in response to its own strategic positioning.

Moreover, the Sustainability Policy determines that the purpose of sustainable finance is, in a broad sense, to ensure that in financing and investment decision making, both by financial institutions and other related economic agents, due consideration be given to the "three dimensions of sustainable development" – environmental, social and governance (ESG), in order to contribute to the achievement of solid, balanced and inclusive growth.

This policy describes the **basic principles on sustainability,** to be taken into account by the Bank[2]:

- Collaborating in the transition to a more sustainable economy (transition financing). Unicaja is committed to financing ecological and sustainable projects, accompanying its customers in their own transition towards climate neutrality.
- Measuring the corporate carbon footprint. Unicaja is committed to measuring and reducing its carbon footprint, implementing more sustainable practices in its financial operations and promoting energy efficiency in general, with the goal of achieving climate neutrality by 2050 at the latest.
- Promotion of positive social impact and social inclusion: no one is to be left behind, especially vulnerable groups (elderly or disabled people, inhabitants of rural areas, people affected by the digital divide, etc.) Unicaja will take into consideration the social development of the communities and territories in which it operates, both through its own financial activity and by supporting initiatives aimed at social investment.
- Financial inclusion: we will work to improve access to financial services for all segments of society, especially those in vulnerable situations. Unicaja will facilitate access to the financial services offered through the various physical and digital channels under equal conditions, ensuring non-discrimination.
- Financial education: the Bank will strive to promote financial education among its customers and the community in general, helping to make informed, responsible and sustainable economic and financial decisions.
- Responsible transparency and governance: Unicaja will establish business and best governance practices, ensuring that its decisions are aligned with the principles of sustainability and social responsibility, on the one hand and independence and diversity, on the other.

  In terms of business policies and practices, Unicaja will take into account environmental and social impacts in the design of products and services, as well as in relation to its pricing policies, favoring those that generate added environmental or social value.
- Good governance will also be promoted, as well as the best practices of good corporate and internal governance.

[2] For further information, please refer to the Sustainability Policy on the Bank's corporate website, in the Sustainability and Corporate Social Responsibility section.

The foregoing allows the Bank to respond appropriately to the dual challenge of generating value for shareholders and investors and for other stakeholders, such as employees or suppliers, for example.

Given the nature of the financial services offered, human rights due diligence is achieved through ongoing dialog with stakeholders, especially with suppliers. For example, with regard to employees, communication with the workers' legal representatives is permanent, allowing us to identify their concerns and expectations. With respect to customers, they have the possibility of submitting their observations and complaints to the Customer Service Department and to bank branches, facilitating the identification of the Group's activity and its impact on this group and the possible initiation of actions on an ongoing basis.

With regard to certain issues related to the **promotion and defense of human rights**, in view of the Group's activities, the geographical area in which it operates and offers its services and the origin and profile of its suppliers, the risks associated with forced or compulsory labor or child labor are not considered to be significant. **Following its accession to the United Nations Global Compact in 2013, the Group fully supports such targets** (the fourth and fifth principles of the Compact respectively).

In 2023 and the first six months of 2024, there have been no cases of discrimination or complaints of human rights violations.

2.4.3. Mitigation measures

Unicaja implements various initiatives to mitigate risks linked to social factors, integrating considerations on human rights, labor practices, impact on local communities and customer relationship management. These actions are key components of a sustainability strategy, aimed at fostering a positive social impact while protecting the Bank from potential financial and reputational risks.

Unicaja has identified **strategic and operational targets linked to social risk management and which contribute to mitigating this risk,** among which the following are worthy of mention:

- The promotion of positive social impact, with measures such as collaboration in programs associated with sports and education, or programs aimed at vulnerable groups.
- The promotion of financial inclusion and culture, with measures such as favoring digitalization among groups with greater difficulties and favoring access to financial services in smaller municipalities in rural areas.
- The promotion of transparency and responsible marketing, maintaining a responsible advertising activity, with adequate protection of consumers and customers in general, as well as considering customer satisfaction in the services provided.

These measures reflect Unicaja's commitment to responsible and ethical banking practices, underscoring its dedication to making a significant contribution to the social and economic well-being of the communities with which it interacts.

From the perspective of risk management by counterparties and as mentioned above, a specific ESG questionnaire (ESG due diligence) has also been designed to identify the social risks of certain borrowers, among other aspects.

2.4.4. Governance

The Board of Directors is responsible for approving the policies and strategies that guide the Bank's general management. This supervisory role encompasses all areas of the organization, including the implementation of strategies and policies aimed at sustainable business.

As part of this oversight, the Board ensures that these policies are not only formally adopted, but also effectively applied in the Bank's day-to-day operations. This includes periodically assessing progress toward established targets and adapting strategies as necessary to respond to emerging challenges and opportunities for improvement.

For further details on the governance model, see Section 2.2. Governance.

2.4.5. Alignment of the Remuneration Policy with social objectives

To ensure that the Remuneration Policy is aligned with the Bank's social objectives, Unicaja adopts the principle of equal pay in its corporate remuneration policy, applicable to all employees. This approach ensures there is no discrimination, except that based on the evaluation of corporate performance and behavior and promotes gender-equitable salary management.

The remuneration system at Unicaja rewards the value contributed by employees, based on universal principles that include:

- Ensuring that there is no discrimination based on gender, age, culture, religion or ethnicity in the application of remuneration practices and policies.

- Ensuring that remuneration is set in a manner that is consistent with the level of responsibility, leadership and performance within the organization, which contributes to the retention of key professionals and the attraction of top talent.

In addition, the 2024-2026 Directors' Remuneration Policy expressly states that the variable remuneration criteria must ensure an incentive structure adjusted to the Bank's risk propensity and business targets in relation to sustainability risks, the adoption of measures to prevent conflicts of interest and the promotion of actions with a positive impact in the area of ESG factors (environmental, social and corporate governance), ensuring that specific metrics linked to this area are included in the definition of the variable component of the remuneration. The aim is for variable compensation to contribute to making the Company's business strategy sustainable and socially responsible.

2.4.6. Risk management

From the perspective of policies and procedures, as a starting point for company social risk management, in 2022 the Board of Directors of Unicaja approved and in 2024 updated a series of policies aimed at establishing the basic principles, responsibilities and management and reporting systems for the consideration of sustainability factors in the management of the different types of traditional financial risks: credit, market, liquidity and operational.

With regard to **credit risk, given its importance, a specific policy was defined for the integration of sustainability factors in credit risk management, with particular emphasis on the management procedures to be carried out to consider, among others, corporate social risks, in the overall processes of granting and monitoring credit risk**.

Unicaja's social risk management involves several stages:

i. Identification and evaluation of social risks.

The identification and assessment of social risks is of critical importance, not only because of their potential impact on the organization's reputation and sustainability, but also because of their relevance in maintaining financial stability and consumer confidence. These risks, which can range from unfair labor practices to human rights violations and the negative impact on the communities where they operate, require a meticulous approach tailored to the particularities of the financial sector.

For Unicaja, social risk management involves a systematic process of identification, evaluation and mitigation of risks that may arise in the course of its operations, investments and financial services. This process is not only essential in order to comply with increasingly demanding regulations and ethical standards, but also to foster sustainable and ethical relationships with customers, employees and other stakeholders.

To conclude on these areas, the Bank prepared a matrix of risk drivers of social and governance risks, which identifies the issues that could have a potential economic impact on the Bank and its Group (in the form of economic losses), **concluding that, for all risk drivers of social and governance risks and in all time horizons, the risk of relevant economic losses occurring is remote.** Unicaja considered a short-term (0-3 years), medium-term (4-5 years) and long-term (6-10 years) time horizon for this exercise.

ii. Tracking and reporting

Unicaja adopts a three-lines-of-defense model to ensure continuous risk monitoring and supervision.

In this regard, Unicaja identifies the following risk drives of social risk for evaluation and monitoring:

- Risk of impact or damage to the community.
- Occupational risk related to social issues.
- Risk of human rights violations.
- Risk associated with customers and financial exclusion.
- Risk associated with suppliers.
- Counterparty risk due to social risk factors.

iii. Risk mitigation

Unicaja implements various initiatives to mitigate risks linked to social factors, integrating considerations on human rights, labor practices, impact on local communities and customer relationship management. These actions are key components of a broader Sustainability strategy, which subsumes Corporate Social Responsibility, aimed at fostering a positive social impact while protecting the Bank from potential financial and reputational risks.

2.5. Governance risk

2.5.1. Governance

The management of governance-related risks represents a crucial component in two different dimensions: firstly, in relation to Unicaja's governance, an aspect that has been previously detailed in the section dedicated to environmental risk; and, secondly, with respect to Unicaja's evaluation of its customers' governance practices.

This dual perspective underscores the importance of comprehensive risk management, which not only addresses the governance aspects of Unicaja, but also extends its assessment to the governance structures and policies of its customers. Such an approach ensures a thorough understanding and accurate assessment of the associated risks, enabling Unicaja to implement effective mitigation measures and adapt its collaboration and financing strategies and policies accordingly.

The customer governance assessment involves a detailed analysis of its practices in this area, including, but not limited to, transparency in decision-making, business ethics, corporate responsibility and conflict of interest management. This process is fundamental to ensuring that Unicaja's business relationships are aligned with its corporate values and the sustainability and corporate social responsibility standards it promotes.

Unicaja's risk management model is aimed, among other things, at adequately measuring and managing corporate governance risks through continuous improvement of policies and procedures, as well as information and management decision-making.

The commitment to the principles of good corporate governance, both in relation to the Bank's own activity and in relation to the respect for these same principles in the different stakeholders, constitute essential elements in the Bank's corporate strategy.

The importance of these issues is reflected in the incorporation of a series of basic principles for the management of governance-related factors to be taken into account, which are detailed below in the **Corporate Sustainability Policy**:

- Consideration of transparency, independence, diversity and sustainability-related factors as essential elements of the Group's corporate governance.
- Integration of risks related to corporate governance of companies and institutions in the Group's processes, including the analysis of the materiality of risks and, where appropriate, establishing targets and limits in relation to sustainability risks.
- Integration of risks related to corporate governance of companies and institutions in the analysis and decision-making processes in credit risk management, as well as in the financing of investment projects and asset management.
- An unequivocal commitment to compliance with current legislation and human rights, prevention of corruption and other illegal conduct, as well as basing its fiscal policy on principles of responsibility, prudence and transparency.

In relation to conflict of interest and specifically, suppliers must comply with the provisions of the Policy for the prevention and management of conflicts of interest of the Group's employees, as well as the Group's Code of Ethics, accessible from the Group's website.

Specifically, the supplier's bidding and negotiation process expressly mentions that, in the negotiation process, the following aspects must be evaluated in any case:

- Economic evaluation of the bids, with both the Purchasing Center team and the requesting centers ensuring that a comparison is always made between homogeneous bids.
- Level of compliance with the technical requirements of the bids.
- Other aspects, such as ISO certifications, business solvency or absence of conflicts of interest.

The Unicaja Banco Group Code of Ethics also establishes Unicaja's general rules of conduct in its relations with customers and other stakeholders, including suppliers. In terms of sustainability, it specifically establishes the following: "Unicaja and its Group require their suppliers to respect current labor legislation and human rights, as well as the social and environmental principles promoted by the United Nations".

As regards internal communication of critical aspects, it is worth mentioning the existence of a whistleblower channel on the corporate website with a specific section for suppliers.

Law 2/2023, of February 20, 2023 regulating the protection of persons who report regulatory infringements and the fight against corruption, similarly obliges and protects the following:

i) public employees and employed workers.

ii) the self-employed.

iii) shareholders, participants and people belonging to the administrative, management, or supervisory body of a company, including non-executive members.

(iv) any person working for or under the supervision and direction of contractors, subcontractors and suppliers.

It also presupposes the existence of a whistleblower channel with the requirements established in law for such purposes.

For more details on the governance model, see Section 2.2. Governance.

2.5.2. Risk management

From the perspective of policies and procedures and as a starting point for company governance risk management, the Board of Directors of Unicaja approved in 2022 and updated in 2024 a series of policies aimed at establishing the basic principles, responsibilities and management and reporting systems for the consideration of sustainability factors in the management of the different types of traditional financial risks: credit, market, liquidity and operational.

To conclude these aspects, the Bank prepared a matrix of risk drivers of social and governance risks, which identifies the issues that could have a potential economic impact on the Bank and its Group (in the form of economic losses), **concluding that, for all risk drivers of social and governance risks and in all time horizons, the risk of relevant economic losses occurring is remote.**

3. Quantitative information on ESG risks

Article 449 *bis* of Regulation (EU) 2013/575 requires large entities that have issued securities admitted to trading on a regulated market in any Member State to disclose, as of June 28, 2022, information on environmental, social and governance (ESG) risks, including physical and transitional risks.

These requirements were set forth in Implementing Regulation 2022/2453. In this Regulation, three qualitative tables are established that focus on environmental risk, social risk and governance risk respectively, as well as ten quantitative templates on transition risk, physical risk and climate change mitigation measures (aligned with the EU Environmental Taxonomy Regulation), where the requirements are established.

Regulation (EU) 2020/852 identifies six environmental objectives:

1. Climate change mitigation
2. Adaptation to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and recovery of biodiversity and ecosystems.

In order to assess whether an activity is environmentally sustainable, it must first be framed within those detailed as “eligible” by the EU environmental taxonomy, which are those that can potentially contribute to one or more environmental objectives. Secondly, a check needs to be carried out to confirm that the activity is “aligned” according to the EU environmental taxonomy, for which the following technical criteria are to be verified:

- The activity contributes substantially to one or more of the six environmental objectives.
- The activity does not cause significant harm to any of the other Do No Significant Harm (DNSH) environmental objectives.
- The activity is carried out pursuant to the Minimum Social Safeguards (MSS).

Alignment with EU Environmental Taxonomy to be disclosed in Pillar 3 compared to the NFIS

Financial institutions are required to disclose information on European Union taxonomy, both in the consolidated financial statements (through the Non-Financial Information Statement (NFIS)) and in the prudential relevance report (Pillar 3).

The information related to the alignment with the European Union Environmental Taxonomy published in this document is coherent and consistent with the information included in the Group’s 2023 Non-Financial Information Statement, although less information is required in this report by the European Banking Authority (EBA). Specifically, the main differences are as follows:

- Information regarding alignment with Taxonomy is only included for the first two Taxonomy objectives: Mitigation and adaption to climate change. There is no requirement therefore to publish information related to the remaining four objectives of the Taxonomy.
- Only key performance indicators in terms of counterparty turnover should be considered, thus avoiding the publication of duplicate templates (based on turnover and CapEx).
- The information relating to the detailed templates on nuclear energy and fossil gas activities is not included.
- Information relating to off-balance sheet items is not included.

3.1. Potential transition risk linked to climate change

As indicated above, this risk is linked to the transition to a low-carbon economy in response to climate change, which stems from changes in legislation, the market, consumers, etc. to mitigate and address the requirements arising from climate change.

Transition risk indicators for exposure to non-financial companies operating in carbon-related sectors, as well as the credit quality of such exposure as of June 30, 2024, are shown below:

Table 1 – Template 1. Bank portfolio. Indicators of potential transition risk linked to climate change: credit quality of exposure by sector, emissions and residual maturity (millions of euros)

		a	b	c	d	e	f	g	h
		Gross carrying amount (millions of euros)					Accumulated impairment, accumulated negative changes in the fair value due to credit risk and provisions (millions of euros)		
			Of which: exposure to companies excluded from the Paris-aligned EU benchmarks (2)	Of which: environmentally sustainable (CCM)	Of which: Phase 2 exposure	Of which: doubtful exposure		Of which: Phase 2 exposure	Of which: doubtful exposure
1	Exposure to sectors that contribute to climate change (*)	**6,233**	**177**	**111**	**1,008**	**467**	**(303)**	**(73)**	**(179)**
2	**A – Agriculture, livestock and fisheries**	**509**	**1**	**—**	**117**	**50**	**(29)**	**(11)**	**(12)**
3	**B – Extractive industries**	**27**	**1**	**—**	**2**	**2**	**(1)**	**—**	**(1)**
4	*B.05 – Mining of anthracite, hard coal and lignite*	—	—	—	—	—	—	—	—
5	*B.06 – Crude oil and natural gas extraction*	—	—	—	—	—	—	—	—
6	*B.07 – Mining of metallic minerals*	*16*	—	—	—	—	—	—	—
7	*B.08 – Other extractive industries*	*10*	—	—	*1*	*2*	*(1)*	—	—
8	*B.09 – Support activities for mining and quarrying industries*	*1*	—	—	*1*	—	—	—	—
9	**C – Manufacturing industry**	**1,084**	**143**	**29**	**183**	**73**	**(44)**	**(10)**	**(26)**
10	*C.10 – Food industry*	*300*	—	—	*53*	*23*	*(14)*	*(3)*	*(8)*
11	*C.11 – Manufacture of beverages*	*69*	—	—	*26*	*8*	*(4)*	*(1)*	*(2)*
12	*C.12 – Tobacco industry*	—	—	—	—	—	—	—	—
13	*C.13 – Textile industry*	*11*	—	—	*3*	*1*	*(1)*	—	—
14	*C.14 – Manufacture of garments*	*5*	—	—	*2*	—	—	—	—
15	*C.15 – Leather and footwear industry*	*4*	—	—	*1*	*2*	—	—	—
16	*C.16 – Wood and cork industry, except furniture; basketmaking and wickerwork*	*21*	—	—	*4*	*5*	*(2)*	—	*(2)*
17	*C.17 – Paper industry*	*18*	—	—	*2*	—	—	—	—
18	*C.18 – Graphic arts and reproduction of recorded media*	*9*	—	—	*4*	*2*	*(1)*	—	—

		a	b	c	d	e	f	g	h
		Gross carrying amount (millions of euros)					Accumulated impairment, accumulated negative changes in the fair value due to credit risk and provisions (millions of euros)		
			Of which: exposure to companies excluded from the Paris-aligned EU benchmarks (2)	Of which: environmentally sustainable (CCM)	Of which: Phase 2 exposure	Of which: doubtful exposure		Of which: Phase 2 exposure	Of which: doubtful exposure
19	*C.19 – Petroleum coking and refining*	*141*	*141*	—	—	—	*(1)*	—	—
20	*C.20 – Chemical industry*	*24*	—	—	*3*	*2*	*(1)*	—	—
21	*C.21 – Manufacture of pharmaceutical products*	*10*	—	—	*1*	—	—	—	—
22	*C.22 – Manufacture of rubber and plastic products*	*18*	—	—	*2*	*1*	*(1)*	—	—
23	*C.23 – Manufacture of other non-metallic mineral products*	*32*	—	—	*7*	*4*	*(2)*	—	*(2)*
24	*C.24 – Metallurgy; manufacture of iron, steel and ferro-alloy products*	*157*	—	*28*	*17*	*3*	*(2)*	*(1)*	*(1)*
25	*C.25 – Manufacture of metal products, except machinery and equipment*	*82*	*1*	—	*31*	*7*	*(4)*	*(2)*	*(1)*
26	*C.26 – Manufacture of computer, electronic and optical products*	*19*	—	—	*1*	*2*	*(1)*	—	—
27	*C.27 – Manufacture of electrical material and equipment*	*17*	—	—	*1*	*9*	*(4)*	—	*(4)*
28	*C.28 – Manufacture of machinery and equipment not*	*20*	—	—	*7*	*2*	*(1)*	—	*(1)*
29	*C.29 – Manufacture of motor vehicles, trailers and semi-trailers*	*19*	—	—	*7*	*1*	*(3)*	*(1)*	*(2)*
30	*C.30 – Manufacture of other transport equipment*	*48*	—	—	*1*	—	—	—	—
31	*C.31 – Manufacture of furniture*	*8*	—	—	*2*	*1*	*(1)*	—	—
32	*C.32 – Other manufacturing industries*	*40*	—	—	*5*	—	—	—	—
33	*C.33 – Repair and installation of machinery and equipment*	*9*	—	—	*3*	*1*	—	—	—
34	**D – Supply of electric power, gas, steam and air conditioning**	**879**	**15**	**50**	**15**	**2**	**(12)**	**(2)**	**—**

		a	b	c	d	e	f	g	h
			Gross carrying amount (millions of euros)				Accumulated impairment, accumulated negative changes in the fair value due to credit risk and provisions (millions of euros)		
			Of which: exposure to companies excluded from the Paris-aligned EU benchmarks (2)	Of which: environmentally sustainable (CCM)	Of which: Phase 2 exposure	Of which: doubtful exposure		Of which: Phase 2 exposure	Of which: doubtful exposure
35	*D35.1 – Production, transmission and distribution of electricity*	*729*	*10*	*45*	*14*	*1*	*(11)*	*(2)*	—
36	*D35.11 – Electricity production*	*329*	—	*10*	*12*	—	*(6)*	*(2)*	—
37	*D35.2 – Production of gas; distribution of gaseous fuels through pipelines*	*148*	*5*	*5*	*1*	—	*(1)*	—	—
38	*D35.3 – Steam and air conditioning supply*	*2*	—	—	—	*1*	—	—	—
39	**E – Water supply, sewerage, waste management and decontamination activities**	**200**	**—**	**20**	**5**	**1**	**(2)**	**—**	**(1)**
40	**F – Construction**	**1,080**	**4**	**13**	**184**	**116**	**(83)**	**(18)**	**(61)**
41	*F.41 – Construction of buildings*	*679*	—	*2*	*124*	*79*	*(62)*	*(15)*	*(46)*
42	*F.42 – Civil engineering*	*150*	—	*7*	*13*	*11*	*(8)*	*(1)*	*(6)*
43	*F.43 – Specialized construction activities*	*252*	*4*	*4*	*47*	*26*	*(13)*	*(3)*	*(9)*
44	**G – Wholesale and retail trade; repair of motor vehicles and motorcycles**	**815**	**15**	**—**	**202**	**63**	**(37)**	**(12)**	**(16)**
45	**H – Transportation and storage**	**497**	**—**	**—**	**80**	**46**	**(22)**	**(5)**	**(13)**
46	*H.49 – Land and pipeline transportation*	*283*	—	—	*31*	*16*	*(7)*	*(2)*	*(3)*
47	*H.50 – Maritime and inland waterway transport*	*26*	—	—	*2*	*6*	*(1)*	—	*(1)*
48	*H.51 – Air transportation*	*18*	—	—	—	*17*	*(7)*	—	*(7)*
49	*H.52 – Warehousing and related transport activities*	*168*	—	—	*46*	*6*	*(7)*	*(3)*	*(2)*
50	*H.53 – Postal and courier activities*	*1*	—	—	*1*	—	—	—	—
51	**I – Hospitality**	**338**	**—**	**—**	**119**	**47**	**(29)**	**(6)**	**(21)**
52	**L – Real estate activities**	**803**	**—**	**—**	**101**	**67**	**(44)**	**(9)**	**(28)**

		a	b	c	d	e	f	g	h
		Gross carrying amount (millions of euros)					Accumulated impairment, accumulated negative changes in the fair value due to credit risk and provisions (millions of euros)		
			Of which: exposure to companies excluded from the Paris-aligned EU benchmarks (2)	Of which: environmentally sustainable (CCM)	Of which: Phase 2 exposure	Of which: doubtful exposure		Of which: Phase 2 exposure	Of which: doubtful exposure
53	**Exposure to sectors other than those contributing to climate change***	**2,642**	**18**	**112**	**167**	**120**	**(105)**	**(15)**	**(62)**
54	**K – Financial and insurance activities**	**1,095**	**17**	**20**	**5**	**2**	**(16)**	**—**	**(1)**
55	**Exposure to other sectors (CNAE codes J, M – U)**	**1,547**	**1**	**91**	**162**	**118**	**(89)**	**(15)**	**(61)**
56	**TOTAL**	**8,875**	**195**	**223**	**1,175**	**587**	**(408)**	**(88)**	**(241)**

(1) Pursuant to Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/2011 as regards minimum standards for EU climate transition benchmarks and EU Paris-aligned benchmarks – Climate Benchmarks Regulation – Recital 6: Sectors listed in Sections A to H and Section L of Annex I of Regulation (EC) 1893/2006
(2) Pursuant to Article 12.1 (d) to (g) and Article 12.2 of the Regulation on Climate Benchmark Standards.

		i	j	k	l	m	n	o	p
		Greenhouse gas emissions financed (emissions of Scopes 1, 2 and 3 of the counterparty) (T CO_2 equivalent)		Greenhouse gas emissions: percentage of gross carrying amount of portfolio derived from information reported by the company	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity (years)
			Of which: financed Scope 3 emissions						
1	**Exposure to sectors that contribute to climate change (*)**	**3,231,208**	**2,059,993**	**26**	**3,270**	**1,098**	**1,095**	**770**	**6**
2	**A – Agriculture, livestock and fisheries**	**411,355**	**143,125**	**12**	**228**	**132**	**94**	**55**	**6**
3	**B – Extractive industries**	**4,712**	**2,814**	**6**	**5**	**1**	**3**	**18**	**7**
4	*B.05 – Mining of anthracite, hard coal and lignite*	58	32	40	—	—	—	—	4

		i	j	k	l	m	n	o	p
		Greenhouse gas emissions financed (emissions of Scopes 1, 2 and 3 of the counterparty) (T CO_2 equivalent)	Of which: financed Scope 3 emissions	Greenhouse gas emissions: percentage of gross carrying amount of portfolio derived from information reported by the company	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity (years)
5	*B.06 – Crude oil and natural gas extraction*	—	—	—	—	—	—	—	—
6	*B.07 – Mining of metallic minerals*	52	29	—	—	—	—	16	5
7	*B.08 – Other extractive industries*	3,784	2,313	7	4	1	3	2	8
8	*B.09 – Support activities for mining and quarrying industries*	817	441	—	1	—	—	—	3
9	**C – Manufacturing industry**	**1,156,441**	**990,554**	**30**	**832**	**138**	**38**	**76**	**3**
10	*C.10 – Food industry*	226,987	200,974	3	176	76	14	34	4
11	*C.11 – Manufacture of beverages*	18,829	16,147	4	52	10	2	6	4
12	*C.12 – Tobacco industry*	—	—	—	—	—	—	—	—
13	*C.13 – Textile industry*	3,589	2,895	—	8	2	1	—	3
14	*C.14 – Manufacture of garments*	1,403	1,085	—	4	1	—	1	3
15	*C.15 – Leather and footwear industry*	1,521	991	—	3	1	—	—	3
16	*C.16 – Wood and cork industry, except furniture; basketmaking and wickerwork*	7,190	5,041	—	14	1	2	4	4
17	*C.17 – Paper industry*	6,734	4,358	32	16	—	—	1	3
18	*C.18 – Graphic arts and reproduction of recorded media*	2,221	1,524	—	6	2	1	1	5
19	*C.19 – Petroleum coking and refining*	644,389	589,101	96	136	5	—	—	2
20	*C.20 – Chemical industry*	26,876	15,629	4	17	6	—	1	3
21	*C.21 – Manufacture of pharmaceutical products*	3,708	3,524	27	8	2	—	—	3
22	*C.22 – Manufacture of rubber and plastic products*	8,026	6,967	14	15	1	1	—	4
23	*C.23 – Manufacture of other non-metallic mineral products*	17,128	5,587	—	17	4	6	4	5
24	*C.24 – Metallurgy; manufacture of iron, steel and ferro-alloy products*	102,664	66,146	78	148	3	—	6	3

		i	j	k	l	m	n	o	p
		Greenhouse gas emissions financed (emissions of Scopes 1, 2 and 3 of the counterparty) (T CO_2 equivalent)	Of which: financed Scope 3 emissions	Greenhouse gas emissions: percentage of gross carrying amount of portfolio derived from information reported by the company	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity (years)
25	*C.25 – Manufacture of metal products, except machinery and equipment*	35,294	31,236	19	59	8	4	11	3
26	*C.26 – Manufacture of computer, electronic and optical products*	3,522	1,436	3	17	2	—	—	2
27	*C.27 – Manufacture of electrical material and equipment*	3,465	1,932	13	14	—	—	3	4
28	*C.28 – Manufacture of machinery and equipment not covered*	4,473	3,743	2	12	4	3	1	5
29	*C.29 – Manufacture of motor vehicles, trailers and semi-trailers*	4,287	3,975	6	15	3	—	—	3
30	*C.30 – Manufacture of other transport equipment*	20,418	18,511	22	46	—	—	1	1
31	*C.31 – Manufacture of furniture*	2,070	1,369	—	5	1	2	1	5
32	*C.32 – Other manufacturing industries*	9,394	6,548	25	38	2	—	1	3
33	*C.33 – Repair and installation of machinery and equipment*	2,254	1,839	—	6	1	1	—	4
34	**D – Supply of electric power, gas, steam and air conditioning**	**892,850**	**385,743**	**62**	**618**	**63**	**117**	**81**	**5**
35	*D35.1 – Production, transmission and distribution of electricity*	631,323	174,204	64	528	47	116	37	5
36	*D35.11 – Electricity production*	156,154	56,670	15	166	37	114	13	3
37	*D35.2 – Production of gas; distribution of gaseous fuels through pipelines*	260,093	211,124	53	89	15	—	44	3
38	*D35.3 – Steam and air conditioning supply*	1,434	415	—	1	1	1	—	7
39	**E – Water supply, sewerage, waste management and decontamination activities**	**31,017**	**18,521**	**46**	**85**	**35**	**41**	**39**	**7**
40	**F – Construction**	**133,478**	**107,734**	**19**	**367**	**104**	**317**	**293**	**9**
41	*F.41 – Construction of buildings*	37,595	31,511	6	126	68	282	203	12
42	*F.42 – Civil engineering*	40,214	36,541	61	98	10	7	34	3
43	*F.43 – Specialized construction activities*	55,669	39,681	21	142	26	27	56	5

		i	j	k	l	m	n	o	p
		Greenhouse gas emissions financed (emissions of Scopes 1, 2 and 3 of the counterparty) (T CO_2 equivalent)		Greenhouse gas emissions: percentage of gross carrying amount of portfolio derived from information reported by the company	<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity (years)
			Of which: financed Scope 3 emissions						
44	**G – Wholesale and retail trade; repair of motor vehicles and motorcycles**	**381,029**	**324,871**	**24**	**581**	**104**	**55**	**75**	**4**
45	**H – Transportation and storage**	**174,083**	**70,194**	**31**	**275**	**137**	**53**	**32**	**5**
46	*H.49 – Land and pipeline transportation*	68,556	44,572	15	125	108	35	16	6
47	*H.50 – Maritime and inland waterway transport*	42,539	5,949	—	10	14	1	—	5
48	*H.51 – Air transportation*	1,500	470	—	18	—	—	—	4
49	*H.52 – Warehousing and related transport activities*	61,364	19,138	68	122	15	17	15	4
50	*H.53 – Postal and courier activities*	123	65	—	1	—	—	—	6
51	**I – Hospitality**	**14,801**	**8,543**	**9**	**89**	**162**	**80**	**7**	**8**
52	**L – Real estate activities**	**31,442**	**7,892**	**3**	**190**	**223**	**296**	**95**	**9**
53	**Exposure to sectors other than those contributing to climate change***				**1,658**	**252**	**170**	**562**	**4**
54	**K – Financial and insurance activities**				**690**	**54**	**40**	**311**	**3**
55	**Exposure to other sectors (CNAE codes J, M - U)**				**968**	**198**	**130**	**251**	**5**
56	**TOTAL**	**3,231,208**	**2,059,993**	**26**	**4,929**	**1,350**	**1,265**	**1,332**	**5**

(1) Pursuant to Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 regarding minimum standards for EU climate transition benchmarks and EU Paris-aligned benchmarks – Climate Benchmarks Regulation – Recital 6: Sectors listed in Sections A to H and Section L of Annex I of Regulation (EC) 1893/2006.

Methodology for calculating financed emissions

The **calculation of financed emissions for all portfolios is performed at the asset level, following the calculation methodology provided by PCAF** (Partnership for Carbon Accounting Financials), a benchmark methodology in the sector on a collaborative basis, which aims to establish a harmonized and robust approach for the measurement of financed emissions to facilitate the establishment of reduction targets.

The PCAF methodology is initially based on the classification of the Bank's assets and investments into a series of portfolios and sectors.

- For the loan portfolio, a distinction is made between the sub-portfolios of corporate loans, mortgage loans, loans for the acquisition of motor vehicles, project finance and loans to public administrations.
- For the fixed-income portfolio, a distinction is made between the corporate bond and sovereign debt sub-portfolios.
- For the equity portfolio, a distinction is made between the sub-portfolios of holdings in listed and unlisted companies and project finance.

Once these portfolios have been defined, the investments are classified by sector of activity in order to identify those activities that contribute most to climate change.

The customer's global emissions in its Scopes 1, 2 and 3 are similarly obtained through different metrics. These emissions are verified in the event that they are published by the counterparty or estimated based on estimation tables provided by PCAF and take into account the quality of the available data (the score).

Finally, the proportion of such emissions that are allocated to loans or investments must be defined, in accordance with a concept called the attribution factor, which corresponds to the percentage of financing granted by Unicaja to the counterparty over the total equity plus the latter's debt.

Once the emissions have been obtained on the basis of the aforesaid methodology, they are classified according to the selection criteria established in the template (non-financial companies) and by sector of activity according to the CNAE code, as well as by accounting status of the risk.

The calculation of financed emissions is made at each closing (updated on June 30, 2024) and includes the estimated emissions of each counterparty in its Scopes 1, 2 and 3.

Exposure excluded from benchmarks aligned with the Paris Agreement

The template also requires the **identification of exposure excluded from Paris Agreement-aligned benchmarks**. To this end, Article 12.1 (d) to (g) and Article 12.2 of the Commission Delegated Regulation (EU) 2020/1818 have been applied. This regulation establishes certain exclusions including quantitative criteria for the following sectors: i) exploration, extraction, distribution and refining of anthracite, hard coal and lignite, ii) exploration, extraction, distribution and refining of liquid fuels, iii) exploration, extraction, distribution and refining of gaseous fuels and iv) generation of electricity with a certain emissions intensity. Specifically:

- At least 1% of revenue comes from prospecting, mining, extraction and distribution or refining of anthracite, hard coal and lignite.
- At least 10% of revenue comes from the exploration, extraction, distribution, or refining of liquid fuels. At least 50% of revenue comes from the prospecting, extraction, production, or distribution of gaseous fuels.
- At least 50% of revenue comes from the production of electricity with a GHG-emissions intensity greater than 100 g CO_2 equivalent/kWh.

In order to apply these criteria to the Bank's portfolio, the Group has reviewed the exposure in the aforementioned business sectors, verifying the characteristics of the various counterparties.

Details of collateralized mortgage loans and information on the level of energy efficiency

With respect to the mortgage portfolio of individuals, the transition risk is measured mainly based on the information provided by the Energy Efficiency Certificate (EEC) of the financed homes. This certificate is a classification of buildings according to their energy efficiency, which is calculated in accordance with Article 2, Point 12 of Directive 2010/31/EU.

Presented below as of June 30, 2024 is the **gross carrying amount of loans secured by commercial and residential real estate and repossessed real estate collateral,** including information on the energy efficiency level of the collateral measured in terms of energy consumption in kWh/m², as it relates to the energy performance certificate (EPC) label of the collateral:

Table 2 – Template 2. Bank portfolio. Indicators of potential transition risk related to climate change - loans secured by collateral consisting of real estate - Energy efficiency of collateral

	Counterparty sector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount (millions of euros)															
			Energy efficiency level (in units of kWh/m² of collateral)						Energy efficiency level (EPC label of the collateral)							No collateral EPC label	
			0: <= 100	> 100: <= 200	> 200: <= 300	> 300: <= 400	> 400: <= 500	> 500	A	B	C	D	E	F	G		Of which: estimated level of energy efficiency (in kWh/m² of collateral)
1	**Total EU area**	**34,619**	**5,500**	**11,449**	**9,396**	**2,227**	**645**	**431**	**617**	**813**	**924**	**2,196**	**8,911**	**1,371**	**1,869**	**17,918**	**72**
2	*Of which: loans secured through commercial real property*	*2,746*	*391*	*257*	*115*	*29*	*25*	*20*	71	154	125	137	95	31	25	2,109	*9*
3	*Of which: loans secured through residential real property*	*30,782*	*5,066*	*11,087*	*9,200*	*2,182*	*604*	*394*	546	651	794	2,047	8,699	1,329	1,832	14,884	*85*
4	*Of which: collateral obtained by taking possession: residential and commercial real estate*	*1,091*	*43*	*111*	*81*	*16*	*16*	*17*	—	8	4	13	117	11	12	925	*13*
5	Of which: estimated energy efficiency level (PE measurement in kWh/m² guarantee)	12,942	1,920	5,854	3,816	735	339	277	—	—	—	—	—	—	—	12,942	100
6	**Total non-EU area**	**20**	—	—	—	—	—	—	—	—	—	—	—	—	—	**20**	—
7	*Of which: loans secured through commercial real property*	*20*	—	—	—	—	—	—	—	—	—	—	—	—	—	*20*	—
8	*Of which: loans secured through residential real property*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	*Of which: collateral obtained by taking possession: residential and commercial real estate*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	*Of which: estimated energy efficiency level (PE measurement in kWh/m² guarantee)*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Accordingly, 88.3% of the homes financed by the Bank have either an EEC or an estimate thereof, obtained through a model developed by a specialized third party.

Methodology used to determine intermediate decarbonization targets

In relation to Template 3 of Implementing Regulation (EU) 2022/2453, Banking portfolio: indicators of potential transition risk linked to climate change: Alignment metrics), as of June 30, 2024 **presents information for the sectors in which alignment targets have been defined for 2030,** the detail of the metrics chosen, the alignment for the reference year, as well as, the distance to the scenario considered (see Table 3):

Table 3 – Template 3. Bank portfolio. Indicators of potential transition risk linked to climate change: harmonization parameters

	a	b	c	d	e	f	g
	Sector	CNAE Sectors (minimum)	Gross carrying amount of portfolio (millions of euros)	Alignment metrics (2)	Reference year	Distance from IEA NZE2050 scenario in % (1)	Target (reference year + 3 years)
1	Electricity	3511, 3512, 3513, 3514, 3530	1,429	81.24 $KgCO_2e/MWh$	2023	—	—
2	Fossil fuel combustion	610, 620, 910, 990, 1920, 2014, 3521, 3522, 3523, 4612, 4671	299	3072.49 tn CO_2-eq/M€ Assets	2023	44%	—
3	Automotive	—	0	—	—	—	—
4	Aviation	—	0	—	—	—	—
5	Maritime transportation	—	0	—	—	—	—
6	Cement, clinker and lime production	—	0	—	—	—	—
7	Iron and steel, coke and metal ores production	—	0	—	—	—	—
8	Chemicals	—	0	—	—	—	—
9	Mortgage – Individuals	—	30,262	34.24 $KgCO_2e/m2$	2023	141%	—

(1) PiT distance (time point) from 2030 NZE2050 scenario in % (for each parameter)

(2) The alignment metric is based on the one granted for the credit portfolio in the decarbonization perimeter.

The process followed by the Bank to establish its intermediate decarbonization targets is described below.

- **Determination of target sectors:** Once the carbon footprint generated by the Bank's corporate and individual credit portfolios at the close of 2022 (the reference year) were estimated, the sectors or sub-portfolios for the establishment of intermediate decarbonization targets were selected as those with the greatest contribution to the estimated emissions at that date.

  The sectors or sub-portfolios chosen were as follows: the energy sector, with 24.2% of total emissions, the residential mortgage portfolio, with 21.4%, and the fossil fuel sector with 14.5%. These sectors or sub-portfolios account for 60.1% of the total estimated emissions for the Bank's corporate and individual loan portfolio.

- **Establishment of metrics:** Based on the available information, the metrics to be used to calculate the emission intensity in each of the three sectors or sub-portfolios mentioned above were selected:

Sector / Sub-portfolio	Metrics
Energy	$KgCO_2eq/MWh$
Fossil fuels	$TnCO_2eq/M€$ Active
Residential mortgage portfolio	$KgCO_2eq/m^2$

- **Selection of climate scenarios and determination of the reference pathway:** The reference pathway refers to the set of intensity levels needed in the future to limit global warming to a certain degree. This pathway serves as a basis for knowing to what extent and over what period of time the intensities in the portfolio must be reduced.

  The reference pathway used in setting decarbonization targets for the Bank is the 1.5ºC scenario of the International Energy Agency or Net Zero by 2050.

- **Establishment of the decarbonization or aspirational pathway:** Once the initial emission intensities were calculated, with data as of the close of 2022, the Bank proceeded to establish its decarbonization or aspirational pathway, applying the reference methodology for the financial sector for the definition of targets based on a scientific basis: Science-Based Targets initiative (SBTi). Within this methodology, the method used was the Sectoral Decarbonization Approach (SDA).

  Therefore, the Bank's decarbonization or aspirational pathway is the result of the application of the SDA methodology, i.e., the intensity curve from the starting point in 2022 to convergence with the reference pathway in 2050.

- **Setting of intermediate decarbonization targets (2030).** Once the decarbonization or aspirational pathway was established, the Bank assessed the actual capacities of the assets and counterparties included in the chosen sectors or sub-portfolios. Analysis and projections have therefore been made from the reference year (2022 to 2030), based on the following axes:

  - Current portfolio: The analysis has considered the current composition of the portfolio and the expected evolution of the exposure (e.g., expected amortization of operations). It is very important to take into account in the projections of the decarbonization targets of the main counterparts included in the energy and fossil fuel sectors.

  - Expected evolution of portfolios (new production): In this case, we have considered the definition of targets for each sector or sub-portfolio, both in terms of volume and expectations regarding the expected characteristics of the main operations.

  - Variables or market conditions: In this section, we have considered several variables that may affect each sector or sub-portfolio and that represent their possible evolution (such as the forecast of the evolution of the technological mix in the energy and fossil fuel sectors, or the variables of energy consumption, improvement in energy efficiency and evolution of the emission factor in the residential mortgage portfolio) that do not depend on the Bank.

On the basis of the projections **made, the Bank has proceeded to set its intermediate decarbonization targets to be achieved by**

2030 in the energy, fossil fuels and residential mortgage portfolio sectors.

Exposure against the 20 companies with the highest carbon emissions

In relation to "Template 4 Bank portfolio. Indicators of potential transition risk linked to climate change: exposure to the twenty companies with the highest carbon emissions", Unicaja has contrasted the positions in the Bank's investment portfolio at June 30, 2024 with:

- the 20 companies considered the world's biggest polluters included in the TopTwenty CO_2e 1965-2018 Table published at https://climateaccountability.org, whose information is based on data collected in 2018, published in 2020.
- the 20 companies considered the world's biggest polluters included in the study The Carbon Majors Database - CDP Carbon Majors Report 2017 – 100 fossil fuel producers and nearly 1 trillion tons of greenhouse gas emissions published in July 2017 by the Carbon Disclosure Project, prepared in collaboration with Climate Accountability Institute.

From the result of both contrasts, no investment in these counterparties has been detected.

3.2. Potential physical risk linked to climate change

As indicated above, this risk stems from climate change and can be caused by more frequent and severe extreme weather events or long-term weather changes and can lead to physical damage to company assets, disruptions in the supply chain or increased expenses required to deal with them.

Table 4 reflects the **exposure of Unicaja's banking portfolio, as of June 30, 2024, to non-financial corporations on loans secured by real estate and on recovered real estate collateral exposed to chronic and acute climate-related hazards**, with a breakdown by sector of economic activity:

Table 4 – Template 5. Bank portfolio. Indicators of potential physical risk linked to climate change: exposure subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount (millions of euros)													
			Of which: exposure sensitive to the impact of physical events of climate change												
			Breakdown by maturity category					Of which: exposure sensitive to the impact of chronic events of climate change	Of which: exposure sensitive to the impact of acute events of climate change	Of which: exposure sensitive to the impact of chronic and acute events of climate change	Of which: Phase 2 exposure	Of which: doubtful exposure	Accumulated impairment, accumulated negative changes in the fair value due to credit risk and provisions (millions of euros)		
	Geographic area subject to physical risk of climate change - acute and chronic events		<= 5 years	> 5 years <= 10 years	> 10 years <= 20 years	> 20 years	Weighted average maturity (years)							Of which: Phase 2 exposure	Of which: doubtful exposure
1	A – Agriculture, livestock, forestry and fisheries	509	222	129	93	51	6	35	55	405	114	45	(29)	(10)	(12)
2	B – Extractive industries	27	4	1	3	1	8	–	9	–	2	2	(1)	–	–
3	C – Manufacturing industry	1,084	4	1	–	–	4	–	5	–	2	–	–	–	–
4	D – Supply of electric power, gas, steam and air conditioning	879	–	–	–	–	7	–	–	–	–	–	–	–	–
5	E – Water supply, sewerage, waste management and decontamination activities	200	75	32	41	15	7	–	163	–	4	1	(2)	–	(1)
6	F – Construction	1,080	47	8	28	10	8	–	94	–	12	55	(33)	(1)	(32)
7	G – Wholesale and retail trade and repair of motor vehicles and motorcycles	815	52	6	2	4	3	–	64	–	19	5	(3)	(1)	(1)
8	H – Transportation and storage	497	–	–	–	–	2	–	–	–	–	–	–	–	–
9	L – Real estate activities	803	10	15	8	–	8	–	33	–	8	2	(1)	–	(1)
10	Loans secured through residential real property	30,782	8	23	81	132	20	1	240	3	13	4	(2)	–	(1)
11	Loans secured through commercial real property	2,767	55	201	167	12	9	51	22	362	71	40	(19)	(4)	(12)
12	Collateral recovered	1,091	–	–	–	24	–	2	3	20	–	–	(15)	–	–
13	Other important sectors (breakdown where relevant)	2,981	1	–	1	–	7	–	1	–	–	1	–	–	–

Physical risk measurement calculation methodology

For the measurement of physical risk, the Unicaja Group has developed a **methodology based on the evaluation of the exposure, according to their geographic location**, real estate collateral, real estate for own use and foreclosed assets to adverse environmental events (low -no risk, medium-low, medium-high, high or very high) for each type of risk for which there is public information with sufficient granularity.

The methodology has been defined based on the analysis of the geolocation of the properties and their relationship with the physical risk maps offered by the Global Facility for Disaster Reduction and Recovery of the World Bank Group on its *Think Hazard* platform, by the World Resources Institute on its Aqueduct platform. The methodology is also based on information from by the National Forest Fire Information Coordination Center (CCINIF), attached to the Forest Fire Defense Area (ADCIF), under the Ministry of Ecological Transition and Demographic Challenge, based on the annual information provided by the Autonomous Communities.

The typology of climatic events considered, based on the identification of climatological phenomena analyzed in various studies carried out by the ECB, combined with that of the *Global Facility for Disaster Reduction and Recovery* and the *World Resources Institute*, was as follows:

- Acute events: These are those originated by extreme weather events whose frequency and intensity would increase due to global warming. Its effects manifest themselves to a greater extent in the short term:
    - Water stress or drought episodes: It measures the relationship between freshwater demand (total withdrawals) and available quantity (available surface and groundwater reserves). Therefore, there will be water stress events when there is a deficit in the available quantity of water reserves with respect to consumption or extraction.
    - River flooding: Measures the percentage of the population expected to be affected by a river flood in the average year, taking into account existing flood protection standards. Higher values indicate that a greater proportion of the population is expected to be affected by river flooding on average.
    - Forest fire: Measures the probability of forest fires occurring in a given locality. Higher values are indicative of a higher probability of forest fires.
- Chronic events: These are those resulting from a medium- and long-term change in climate behavior, especially due to a general increase in temperatures, the effects of which are manifested in the medium- or long term:
    - Desertification: Desertification tells us where chronic droughts are likely to occur and the vulnerability of people and assets to adverse effects. Higher values indicate a greater risk of drought.
    - Coastal flooding or sea level rise: This measures the percentage of the population expected to be affected by coastal flooding in the average year, taking into account existing flood protection standards. Higher values indicate that a greater proportion of the population is expected to be affected by coastal flooding on average.

Since the analysis of exposure, by geographic location, only takes into account the different impact of physical risks due to the geolocation of the property, it is necessary to **complement this analysis with the degree of sensitivity of physical risks between property types.** Several studies, such as the one conducted by MSCI Research in its report “Climate risk in private real estate portfolios: What is the exposure?”, show that different physical risk events do not affect all properties equally, as it will depend on their typology.

Therefore, once the exposure has been obtained by geographical location for the different types of acute and chronic physical risks, **the Bank performs a qualitative analysis on the sensitivity of each property to each of these risks, considering the type of property:** housing, rural property, development, land and properties linked to economic activities. For each of these types of property and for each type of risk event, property sensitivity levels are **determined on a scale with three values: high, medium and low.**

The intersection of these values at high sensitivity and exposure levels per event at very high or high levels determines a risk level for each type of event. For each property, the highest value is taken for the types of events classified as acute or chronic risks, in order to obtain the final value of the property.

In Table 4, **Template 5 corresponding to physical counterparty risk exposure without collateral**, the following criteria have been followed:

- Identification of the head office of the counterparty and assignment of the corresponding physical risk value considering the type of real estate corresponding to real estate linked to economic activities.
- Consideration of the following sectors as particularly affected by physical risk events and at high risk.
  - Agriculture, livestock, forestry and fisheries: these are the sectors most affected by droughts and heat waves, as they are outdoor activities that affect crop fertility, animal welfare and the availability of fish.
  - Extractive industries: Mining is a sector particularly vulnerable to climate change that is intrinsically dependent on the natural environment. The long-term viability of the industry is directly linked to the location of the extracted resources. Consequently, the industry cannot be relocated if environmental conditions are no longer favorable. The mining sector requires adequate environmental conditions including, among others, a livable climate, access to water resources and supporting infrastructure to extract resources and process them. For this reason, the change in climatic conditions will impact the mining sector directly (operational and performance) and indirectly (guaranteed supplies and increased energy costs). These include water-related effects (droughts, floods, cyclones and storms), heat (forest fires and heat stress) and sea level rise. A combination of these effects may jeopardize the viability of the sector and these risks are compounded by the fact that some of the world's largest mining operations currently operate in remote and climate change-sensitive regions.

3.3. Green Asset Ratio (GAR)

The Green Asset Ratio (GAR) is an indicator to reflect the extent to which certain assets on the balance sheet are aligned with the EU taxonomy, which sets harmonized criteria for determining whether an economic activity can be considered environmentally sustainable. It expresses the ratio between the volume of assets allocated to activities that comply with the Environmental Taxonomy requirements and the assets covered.

The following information is provided below:

- Table 5 – Template 6: Summary of GAR KPIs: Includes the resulting main indicators on the Bank's alignment with the Environmental Taxonomy.

Table 5 Template. 6. Summary of key performance indicators on taxonomy-compliant exposure (%)

	Key performance indicator			
	Climate change mitigation	Adaptation to climate change	Total (mitigation of climate change + adaptation to climate change)	% coverage (of total assets) (*)
GAR stock	**3.1**	**0**	**3.1**	**66.3**
GAR flow	**1.2**	**0**	**1.2**	**55.5**

(*) % of assets covered by the KPI out of the banks' total assets

- Table 6 – Template 7: Mitigation measures: assets for GAR calculation: This includes a detailed breakdown of all the assets considered in the calculation of the GAR, both in the numerator and in the denominator.
- Table 7 – Template 8: GAR (%): This includes in proportional terms the alignment results broken down in accordance with the regulations.

Table 6 Template. 7. Mitigation measures: assets for GAR calculation

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		June 30, 2024															
			Climate change mitigation (CCM)					Adaptation to climate change (ACC)					TOTAL (CCM + ACC)				
	millions of euros	Total gross carrying amount	Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)				
				Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)			
					Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators
	GAR – Assets included in both the numerator and denominator																
1	Loans and advances, debt securities and equity instruments not held for trading eligible for the GAR calculation	34,589	32,135	1,987	1,593	28	1,718	41	8	—	—	7	32,176	1,995	1,593	28	1,725
2	**Financial corporations**	**1,367**	**219**	**120**	**114**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**219**	**120**	**114**	**—**	**—**
3	Credit institutions	1,252	182	120	114	—	—	—	—	—	—	—	182	120	114	—	—
4	Loans and advances	415	27	3	—	—	—	—	—	—	—	—	27	3	—	—	—
5	Debt securities, including statements on the use of funds	836	155	118	114	—	—	—	—	—	—	—	155	118	114	—	—
6	Equity instruments	—	—	—		—	—	—	—		—	—	—	—		—	—
7	Other financial companies	115	37	—	—	—	—	—	—	—	—	—	37	—	—	—	—
8	Of which: investment services companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Debt securities, including statements on the use of funds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Equity instruments	—	—	—		—	—	—	—		—	—	—	—		—	—
12	Of which: management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

	millions of euros	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		June 30, 2024															
		Total gross carrying amount	Climate change mitigation (CCM)					Adaptation to climate change (ACC)					TOTAL (CCM + ACC)				
			Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)				
				Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)			
					Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators
14	Debt securities, including statements on the use of funds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity instruments	—	—	—		—	—	—	—		—	—	—	—		—	—
16	Of which: insurance companies	115	37	—	—	—	—	—	—	—	—	—	37	—	—	—	—
17	Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Debt securities, including statements on the use of funds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19	Equity instruments	115	37	—		—	—	—	—		—	—	37	—		—	—
20	**Non-financial companies subject to NFRD disclosure requirements**	**2,083**	**778**	**388**	**—**	**28**	**239**	**41**	**8**	**—**	**—**	**7**	**819**	**396**	**—**	**28**	**245**
21	Loans and advances	2,017	758	381	—	28	233	41	8	—	—	7	799	390	—	28	239
22	Debt securities, including statements on the use of funds	5	5	—	—	—	—	—	—	—	—	—	5	—	—	—	—
23	Equity instruments	61	14	6		—	6	—	—		—	—	14	6		—	6
24	**Households**	**31,125**	**31,125**	**1,479**	**1,479**	**—**	**1,479**						**31,125**	**1,479**	**1,479**	**—**	**1,479**
25	Of which: loans secured through residential real property	30,271	30,271	1,479	1,479	—	1,479						30,271	1,479	1,479	—	1,479
26	Of which: building renovation loans	609	609	—	—	—	—						609	—	—	—	—
27	Of which: loans for vehicles	245	245	—	—	—	—						245	—	—	—	—
28	**Local government financing**	**13**	**13**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**13**	**—**	**—**	**—**	**—**
29	Housing finance	13	13	—	—	—	—	—	—	—	—	—	13	—	—	—	—

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		June 30, 2024															
			Climate change mitigation (CCM)					Adaptation to climate change (ACC)					TOTAL (CCM + ACC)				
	millions of euros	Total gross carrying amount	Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)				
				Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)			
					Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators
30	Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31	Collateral obtained by taking possession: residential and commercial real estate	614	614	—	—	—	—	—	—	—	—	—	614	—	—	—	—
32	**TOTAL GAR ASSETS**	**35,203**	**32,749**	**1,987**	**1,593**	**28**	**1,718**	**41**	**8**	**—**	**—**	**7**	**32,790**	**1,995**	**1,593**	**28**	**1,725**
	Assets excluded from numerator for GAR calculation (included in denominator)																
33	**Non-financial EU companies (not subject to NFRD disclosure requirements)**	**6,843**															
34	Loans and advances	6,725															
35	Debt securities	59															
36	Equity instruments	60															
37	**Non-financial non-EU companies (not subject to disclosure requirements under NFRD)**	**36**															
38	Loans and advances	35															
39	Debt securities	1															
40	Equity instruments	—															
41	Derivatives	1,198															
42	Interbank demand loans	282															

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		June 30, 2024															
			Climate change mitigation (CCM)					Adaptation to climate change (ACC)					TOTAL (CCM + ACC)				
	millions of euros	Total gross carrying amount	Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)					Of which: to taxonomy-relevant sectors (taxonomy-eligible)				
				Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)					Of which: environmentally sustainable (conforming to taxonomy)			
					Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators
43	Cash and cash-related assets	469															
44	Other assets (goodwill, raw materials, etc.)	20,400															
45	**TOTAL ASSETS IN THE DENOMINATOR**	**64,432**															
	Other assets excluded from both the numerator and denominator for the GAR calculation																
46	Sovereign issuers	24,975															
47	Exposure to central banks	7,636															
48	Negotiation portfolio	194															
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**32,805**															
50	**TOTAL ASSETS**	**97,237**															

Table 7 – Template 8. GAR (%)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		06/30/2024 KPI in stock															
		Climate change mitigation (CCM)					**Adaptation to climate change (ACC)**					**Total (CCM + ACC)**					
		Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of total assets covered
			Of which: environmentally sustainable					Of which: environmentally sustainable					Of which: environmentally sustainable				
	% (compared to total assets included in denominator)			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators	
1	**GAR**	**51**	**3**	**2**	**—**	**3**	**—**	**—**	**—**	**—**	**—**	**51**	**3**	**2**	**—**	**3**	**66**
2	Loans and advances, debt securities and equity instruments not held for trading eligible for the GAR calculation	93	6	5	—	5	—	—	—	—	—	93	6	5	—	5	36
3	Financial corporations	16	9	8	—	—	—	—	—	—	—	16	9	8	—	—	1
4	Credit institutions	15	10	9	—	—	—	—	—	—	—	15	10	9	—	—	1
5	Other financial companies	32	—	—	—	—	—	—	—	—	—	32	—	—	—	—	—
6	Of which: investment services companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Of which: management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Of which: insurance companies	32	—	—	—	—	—	—	—	—	—	32	—	—	—	—	—
9	Non-financial companies subject to NFRD disclosure requirements	37	19	—	1	11	2	—	—	—	—	39	19	—	1	12	2
10	Households	100	5	5	—	5	—	—	—	—	—	100	5	5	—	5	32
11	Of which: loans secured through residential real property	100	5	5	—	5	—	—	—	—	—	100	5	5	—	5	31
12	Of which: building renovation loans	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	1
13	Of which: loans for vehicles	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	—
14	Local government financing	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	—
15	Housing finance	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	—
16	Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Collateral obtained by taking possession: residential and commercial real estate	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	1

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		06/30/2024 KPI on flows															
		Climate change mitigation (CCM)					Adaptation to climate change (ACC)					Total (CCM + ACC)					
		Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of total new assets covered
			Of which: environmentally sustainable					Of which: environmentally sustainable					Of which: environmentally sustainable				
	% (compared to total assets included in denominator)			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators	
1	**GAR**	**10**	**1**	**1**	**—**	**1**	**—**	**—**	**—**	**—**	**—**	**10**	**1**	**1**	**—**	**1**	**56**
2	Loans and advances, debt securities and equity instruments not held for trading eligible for the GAR calculation	78	10	5	—	8	—	—	—	—	—	79	10	5	—	8	7
3	Financial corporations	13	1	—	—	—	—	—	—	—	—	13	1	—	—	—	1
4	Credit institutions	13	1	—	—	—	—	—	—	—	—	13	1	—	—	—	1
5	Other financial companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Of which: investment services companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Of which: management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Of which: insurance companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Non-financial companies subject to NFRD disclosure requirements	38	25	—	—	15	1	—	—	—	—	39	25	—	—	15	1
10	Households	100	7	7	—	7	—	—	—	—	—	100	7	7	—	7	5
11	Of which: loans secured through residential real property	100	7	7	—	7	—	—	—	—	—	100	7	7	—	7	5
12	Of which: building renovation loans	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	—
13	Of which: loans for vehicles	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	—
14	Local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Housing finance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

		q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
		06/30/2024 KPI on flows															
		Climate change mitigation (CCM)					**Adaptation to climate change (ACC)**					**Total (CCM + ACC)**					
		Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of eligible assets financing sectors relevant to taxonomy					Proportion of total new assets covered
			Of which: environmentally sustainable					Of which: environmentally sustainable					Of which: environmentally sustainable				
	% (compared to total assets included in denominator)			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators			Of which: specialized financing	Of which: transitional	Of which: facilitators	
17	Collateral obtained by taking possession: residential and commercial real estate	100	—	—	—	—	—	—	—	—	—	100	—	—	—	—	—

3.4. Other mitigation measures

Mitigation measures consist of either complying with the Green Bond Principles (GBP) criteria for the destination of investment financing or with the sustainability criteria defined in the contractual framework of the operations.

Table 9 shows, as of June 30, 2024, the **other climate change mitigation measures and includes counterparty exposure that do not conform to the Environmental Taxonomy within the meaning of Regulation (EU) 2020/852,** including green bonds, sustainable bonds linked to aspects of climate change, sustainability-related bonds linked to climate change aspects, green loans and sustainability-related loans linked to climate change aspects:

Table 9 – Template 10. Other climate change mitigation measures not included in Regulation (EU) 2020/852

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (millions of euros)	Type of risk mitigated (climate change transition risk)	Type of risk mitigated (physical risk of climate change)	Qualitative information on the nature of the mitigation measures
1	Bonds (e.g. green, sustainable, sustainability-linked according to standards other than those of the European Union etc.)	**Financial entities**	**—**	**NO**	**NO**	
2		**Non-financial corporations**	**—**	**NO**	**NO**	
3		*Of which: bonds collateralized by commercial real estate*	—	*NO*	*NO*	
7		**Other counterparties**	**—**	**NO**	**NO**	
8	Loans (e.g. green, sustainable, linked to sustainability according to standards other than those of the European Union etc.)	**Financial entities**	**—**	**NO**	**NO**	
9		**Non-financial corporations**	**375**	**YES**	**YES**	**Operations granted in which there are improvements in the financial conditions linked to the improvement or compliance with sustainability criteria.**
10		*Of which: loans secured through commercial real property*	—	*NO*	*NO*	
11		**Retailers**	**1**	**YES**	**NO**	**Operations granted for sustainable purposes.**
12		*Of which: loans secured through residential real property*	—	*YES*	*NO*	
13		*Of which: loans for home renovations*	—	*YES*	*NO*	
14		**Other counterparties**	**102**	**YES**	**NO**	**Operations granted in which there are improvements in the financial conditions linked to the improvement or compliance with sustainability criteria and operations granted for sustainable purposes.**

In relation to the Corporate Bonds section, all bonds forming part of the Bank's fixed income investment portfolio that are considered green bonds according to the Green Bond Principles (GBP) have been identified. For these counterparties, an individualized review of the disclosures made by these companies has been carried out in order to determine the part of the company's activities that are aligned with the EU Environmental Taxonomy, for the purposes of their information in the GAR. Subsequently, Template 10 was excluded and the rest remained.