



//ABANCA

**Statement of Progress on the
Principles for Responsible Banking
UNEP FI**

[September 2025]

ABANCA continues to consolidate its role as a **local driver of sustainability** in its area of operation, facilitating the transition towards a sustainable economy with a gradual approach.

The bank continues to advance in the integration of **Environmental, Social, and Governance (ESG)** criteria and reaffirms its commitment to economic development, social progress, and the well-being of people through its **sustainability strategy**.

In 2019, ABANCA became one of the founding signatory banks of the **Principles for Responsible Banking (PRB)**, developed by the United Nations Environment Programme Finance Initiative (UNEP FI). The goal of the Principles is to align the actions of banks with the achievement of the **United Nations Sustainable Development Goals (SDGs) and the Paris Agreement** on climate change.

Since its adhesion, the entity reports annually on the progress made in the application of the Principles. Below are the main advances in implementation, in accordance with the documents published by UNEP FI, “Guidance for Transparency” and “Responsible Banking Progress Statement for PRB Signatories”.

Principle 1: Alignment	Principle 2: Impact and Target Setting	Principle 3: Clients and Consumers
<p>ABANCA has a firm commitment to ensure that its activity drives social improvement and sustainable growth. It is committed to doing so in line with the ten principles of the Global Compact, the SDGs, and the Paris Agreement, and best practices.</p> <p>It is a member of initiatives to combat climate change, environmental protection, and sustainable development, such as the UN Global Compact Network, the Net-Zero Banking Alliance (NZBA), and a signatory of the Principles for Responsible Investment, among other alliances.</p> <p>It has the Commitment to Human Rights, as an annex to the Ethical and Conduct Code, aligned with the highest standards of respect and protection.</p> <p>In 2021, the entity defined its vision of a responsible, sustainable, transparent, and innovative banking model, with permanently profitable economic business and a consequent contribution to social development and environmental protection.</p> <p>In 2024, its Responsible and Sustainable Banking Plan concluded, achieving the defined goals, whose main objectives are continued in the ESG Operational and Strategic Plan.</p>	<p>In 2023, the bank carried out the impact analysis exercise using the Portfolio Impact Analysis Tools for Banks tool and the methodological guides for target setting from UNEP FI.</p> <p>Two impact areas were identified: climate change mitigation and financial health and inclusion.</p> <p>In 2024, within the new regulatory framework defined by the CSRD regulation, ABANCA carried out the Double Materiality Analysis, whose objective is to report on the most relevant sustainability matters and to identify policies, objectives, actions, and metrics, also considering the needs and expectations of stakeholders. This was carried out in accordance with the guidance established by the European Financial Reporting Advisory Group, and the identification of IROs (Impacts, Risks, and Opportunities) has been supported by the UNEP FI methodology, and the aforementioned impact areas were also identified as material: climate change, consumers, and end-users.</p> <p>ABANCA has progressed in the goal of reducing the emissions intensity of the financed portfolio and alignment with net-zero emissions by 2050. In 7 of the 9 sectors with decarbonization targets, the emissions intensity meets the established goals, while in the remaining 2, the deviations are small and/or isolated. In the area of financial health and inclusion, progress has been achieved through various actions during 2024 that contribute to the 3 objectives (territorial cohesion, adapted services for senior clients, financial education).</p>	<p>In line with the business model focused on people and SMEs, it seeks to accompany its clients in their transition towards a more sustainable economic model, marked as one of the objectives of the sustainability plan.</p> <p>For this reason, ABANCA develops products and services aligned with this objective and promotes initiatives that contribute to the transition towards a more environmentally responsible economy. Among the main actions are:</p> <ul style="list-style-type: none"> - the financing of renewable energy projects, energy efficiency products and services, and sustainable mobility; - the action plan with individualized advice for SMEs and self-employed, from which recommendations in the ESG field emerge (solutions linked to product, regulation, and positioning); - in the framework of the sustainable investment strategy, the delegated management of portfolios and funds has grown; - the launch of B100, a new digital banking model based on three pillars: personal health, planet health, and financial health; - the definition of the Transition Plan, whose focus is on advancing ESG risk management, engagement strategy, and promoting transition-linked financing. <p>The sustainable finance portfolio has grown in accordance with Taxonomy, SFDR criteria, and other sustainability standards.</p>
<p>Links and references:</p> <ul style="list-style-type: none"> - Plan de acción de banca responsable y sostenible - Consolidated Non-Financial Information Statement and Sustainability Report 2024: ● 1.3.2. Sustainability as a strategic focus of ABANCA ● 1.4.5. Due Diligence and Human Rights 	<p>Links and references:</p> <ul style="list-style-type: none"> - Consolidated Non-Financial Information Statement and Sustainability Report 2024: ● 1.2.1. Identification and evaluation process for material IROs ● 1.3.2. Interaction between sustainability ● 3.2.3. Colaboramos con nuestros clientes - Decarbonization targets 	<p>Links and references:</p> <ul style="list-style-type: none"> - Consolidated Non-Financial Information Statement and Sustainability Report 2024: ● 1.3.1. ABANCA's strategy and business model ● 1.3.2.4. Products and services related to sustainability ● 2.1.1 Progress towards the transition plan

Principle 4: Stakeholders	Principle 5: Governance and Culture	Principle 6: Transparency and Accountability
<p>One of ABANCA's main objectives is to maintain constant and open dialogue with all its stakeholders. Through various communication channels, it seeks to identify the material aspects of its management, expectations, and needs, as well as associated risks and opportunities. The consulted groups include employees, clients, shareholders, investors, suppliers, society, and non-financial subsidiaries. ABANCA has various tools to encourage consultation and dialogue, actively valuing the opinion of its stakeholders. Furthermore, it evaluates its performance and reports proactively and regularly to all involved actors. In 2024, the ABANCA Group defined and identified the main actors in its value chain, considering the consolidation perimeter that covers all operational levels. Additionally, with the entry into force of the CSRD, this exercise was conducted within the framework of the Double Materiality Analysis, which identifies material impacts, risks, and opportunities in accordance with the thematic ESRS standards, ensuring dialogue with stakeholders. The main material sustainability matters are identified, consulted, and approved with the responsible areas, the Board of Directors, and take into consideration the opinions and interests of the main stakeholders.</p>	<p>ABANCA has a corporate governance model that incorporates international standards and serves to fulfill its mission as a sustainable, profitable, solvent financial entity focused on its stakeholders. The Board of Directors seeks to reconcile the impact of the company's activities on the community as a whole and on the environment with a focus on climate change mitigation and adaptation to its challenges, integrating sustainability and social responsibility into its corporate strategy. That is why the Board's functions include the approval of the sustainability strategy, and the monitoring and supervision of the necessary measures for its development and compliance.</p> <p>The Appointments and Sustainability Committee, the Comprehensive Risk Committee, the Audit and Compliance Committee, the Social Responsibility and Sustainability Committee, and the ESG Steering Committee play a fundamental role in ESG evaluation and management, supervise the achievement of objectives, and advise the Board, ensuring informed decision-making aligned with the principles of sustainability, responsible management, and compliance with commitments (including the Principles for Responsible Banking). That is why the performance of the management and Board is evaluated considering their contribution to the achievement of ESG goals, reinforcing the entity's commitment to a responsible culture and governance.</p>	<p>The references included in this Statement are mainly contained in the Consolidated Non-Financial Information Statement and Sustainability Information 2024 of the ABANCA Group and the Consolidated Management Report, which includes the report by PwC as independent auditor and verifier. ABANCA has prepared the Consolidated Non-Financial Information Statement and Sustainability Information for the 2024 fiscal year in compliance with the requirements established in the Law on Non-Financial Information and Diversity (Law 11/2018). In addition to the European Directive (Directive (EU) 2022/2464) on the presentation of non-financial information and diversity by companies (CSRD) and the requirements of Art. 8 of the European Taxonomy. The entity reports annually under other frameworks such as the United Nations Global Compact, the Principles for Responsible Investment, and CDP, among others. It prepares and publishes the Prudential Relevance Report, whose objective is to comply with EU Regulation 575/2013 (CRR - Capital Requirements Regulation), which includes the integration and progress in the ESG risk strategy.</p> <p>This document has been presented to the Social Responsibility and Sustainability Committee, as part of the periodic monitoring of commitments.</p>
<p>Links and references:</p> <ul style="list-style-type: none"> - Consolidated Non-Financial Information Statement and Sustainability Report 2024: ● 1.1.1. Base general para la elaboración de la Información sobre Sostenibilidad ● 1.3.4. Compromiso con los grupos de interés 	<p>Links and references:</p> <ul style="list-style-type: none"> - Consolidated Non-Financial Information Statement and Sustainability Report 2024: ● 1.4.1. The role of the administration, management and supervisory bodies ● 1.4.4. Incentives system 	<p>Links and references:</p> <ul style="list-style-type: none"> - Consolidated Non-Financial Information Statement and Sustainability Report 2024: ● 1.1.1. General basis for the preparation of the Consolidated Non-Financial Information Statement and Sustainability - Pillar III Disclosure Report

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to the needs of individuals and the goals of society, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

Business Model

Describe (high-level) your bank's business model, including the main client segments served, the types of products and services provided, the main sectors and types of activities in the main geographies where your bank operates or provides products and services. Quantify the information by disclosing, for example, the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e., on-balance and/or off-balance), or by disclosing the number of clients served.

Links and References:

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)

1.3.1.1. ABANCA business model

1.3.1.3. ABANCA's products and services

- [Consolidated annual accounts and Consolidated management report 2024:](#)

4.2. Business and results

ABANCA is one of the main financial entities in the Iberian market, ranking seventh in Spain by balance sheet size and consolidating itself as one of the main institutions in Portugal after the integration of Eurobic bank in 2024. Its strategy combines personalized attention with digital channels, providing an agile and accessible service. Furthermore, it has specialized units that guarantee expert advice, prioritize transparency and simplicity in contracting and managing products and services, and maintain an international focus to expand its reach and competitiveness. To guarantee the provision of products and services, it has a network of offices and teams distributed in: 436 branches in Galicia and 220 in the rest of Spain, 224 in Portugal, 1 in Switzerland, 1 in the USA, and representative offices (Mexico, Panama, Switzerland, Venezuela, Germany, UK, France, and Brazil). As of the end of 2024, the ABANCA Group manages a business volume of 128,441.7 million euros, 13.6% more than in 2023. The retail and business lines have the most weight within the entity's credit structure, representing 86% of the credit investment, and credit to the private sector grew by 11.2%. Regarding the composition of these balances, sight deposits account for 57% of total client funds, time deposits 22%, and off-balance sheet balances another 21%. As for the insurance business, it has continued to show the dynamism of recent years and improved by 16.0% in income generated from the provision of insurance services.

ABANCA defines three priority business lines based on the organizational structure:

- Retail Banking (Financial and pension services for individuals, SMEs, self-employed): This constitutes the main axis around which ABANCA's recurrent activity is developed and is aimed at retail clients who are offered a range of financial and para-financial products through the branch network and alternative channels (mobile banking, POS terminals, ATMs,...). ABANCA applies a segmented and personalized commercial strategy for individual clients, according to their needs: mass market management, value clients, personal banking, and private banking. The complexity of the business segment requires a high degree of technical and client knowledge, in addition to implementing tailor-made financial solutions, for which ABANCA has personalized attention units: Business, SMEs, Companies, Corporate Banking. And it has segmentation based on business specialization: ABANCA Mar and Agro (primary sector), ABANCA Energy (promotion of renewable energy), Insurance, Consumer, Institutional, International, Recoveries, and Real Estate assets.
- Wholesale Banking: operations in financial markets (treasury, issuances, fixed-income portfolio, etc.), as well as the management of the variable-income portfolio in which ABANCA maintains non-significant participations. It also incorporates the activity of mergers and acquisitions advisory, fundamentally based on the comprehensive management of external processes of buying and selling and the entry of partners for companies in the Iberian market, in addition to capital increases, debt restructuring, and other corporate operations.
- Non-financial Subsidiaries: Portfolio of non-financial companies with a vocation to support the productive fabric and support the activities of the parent company.

Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to the needs of individuals and the goals of society, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.

Strategy Alignment

Describe how your bank has aligned and/or plans to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and other frameworks such as the Kunming-Montreal Global Biodiversity Framework (GBF), the UN Guiding Principles on Business and Human Rights. etc. Include any other national and/or regional frameworks with which your bank has a strategy to align when relevant.

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)

1.3.2.1. Elements of ABANCA's strategy that refer to and affect sustainability issues

1.3.2.3

Sustainability

objectives

1.3.2.5. Elements of ABANCA's strategy that affect sustainability issues, and main challenges

1.4.3.1. Risk management and internal controls on sustainability issues

1.4.5.1. Due Diligence Process

2.2. Integration of climate change in risk management

- [Pillar III Disclosure Report](#)

The ABANCA Group reaffirms its commitment to economic development, the climate emergency, social progress, and the well-being of people. It materializes this through participation in international alliances and initiatives for sustainable development, the definition of its corporate framework, strategy, and plans according to the main sustainability frameworks and standards. Since the launch of the 2030 Agenda, ABANCA has been working to ensure that its global strategy contributes to the SDGs and the Paris Agreement, both as a provider of financial services and as an active member of the community. It recognizes the interconnectedness of the SDGs and the impact it entails, guiding its actions and strategy towards SDGs 4 +4 (8, 9, 14, 15 + 4, 10, 12, 13). ABANCA's corporate framework defines the principles, processes, and appropriate governance to achieve the vision of responsible and sustainable banking, which extends to the entire Group based on different common policies in this area, especially the Sustainability Policy. The Policy integrates the principles of action and commitments acquired in the field of sustainability with the different stakeholders, such as the Sustainable Development Goals, the Principles for Responsible Investment, and the Paris Agreement, among others. They align with the organizational culture included in the Ethical and Conduct Code that promotes: 1) respect for human rights, 2) transparency, 3) professional ethics, and 4) values that govern internal behavior (responsibility, trust, quality, and innovation).

In 2021, ABANCA launched the Responsible and Sustainable Banking Action Plan with a roadmap to 2024 with the aim of achieving 3 general objectives:

- Address the effects of climate change and promote sustainability in its area of operation,
- Promote sustainable economic activity, integrating ESG aspects into the business model and risks,
- Support the transition of its clients towards sustainability. The reduction paths for intensity are prioritized over the reduction of exposure with these clients.

Principle 1: Alignment

And with three major lines of action to achieve the objectives:

- Environmental: as a response to concerns about the climate emergency and contribution to the protection of biodiversity.
- Socioeconomic: addresses support for the recovery and transformation of the economy towards a sustainable model and inclusive growth; and to education and internal talent.
- Good governance: a solid management model focused on providing an agile response to the needs of stakeholders and with special attention to new risks.

In 2024, ABANCA defined the **ESG Operational and Strategic Plan** that provides continuity to the Responsible and Sustainable Banking Plan, considering the actions and efforts made so far in sustainability, and specifically in the integration of climate and environmental risks and factors within the Entity. In addition to responding to the supervisor's expectations, integrating the conclusions of the Materiality Analysis into risk management, and incorporating the Business Environment Scan into the planning and target-setting process. This Plan integrates the ESG areas into all its main processes through 8 strategic blocks: technological capabilities and data governance, strategy and business model, risk framework and risk appetite, integration into management (credit), reporting and disclosure of information, governance, change management, business, and clients.

ABANCA has defined its decarbonization path in line with the guidelines of the NZBA and the Paris Agreement. This commitment implies advancing in the alignment of financed emissions, attributable to its loan portfolio with net-zero pathways by 2050, ensuring the limitation of the global temperature increase to 1.5°C above pre-industrial levels. Regarding its operational emissions, ABANCA establishes specific goals and actions within the Carbon Footprint and Environmental Plans, reinforcing its commitment to reducing its environmental impact. Among the actions to be developed in the new Plan are: increasing photovoltaic renewable generation, as well as maintaining 100% renewable electricity consumption, improving energy efficiency levels while increasing the number of staff.

ABANCA has a Commitment to Human Rights, complying with the highest standards of respect and protection, aligned with the main international declarations on Human Rights: the UN Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact, the Sustainable Development Goals (SDGs), and the principles concerning fundamental rights established in the International Labour Organization Declaration.

The entity seeks to increase its alliances and relationships with stakeholders, which is a key element of the strategy and corporate culture, allowing it to provide solutions, actions, and forums that seek sustainable development and contribute to progress: it is a member of the Global Compact Network, has joined the Net-Zero Banking Alliance and the global PCAF alliance, is a signatory of the Principles for Responsible Investment and the Principles for a Sustainable Ocean, among other alliances. Furthermore, it has signed the Diversity Charter with the commitment to promote the 10 fundamental principles of equality, diversity, and inclusion.

ABANCA's 25-27 Strategic Plan reinforces these commitments, maintaining the monitoring of the established decarbonization targets and the integration of ESG risk management into the strategy through the current implementation of the ESG Operational and Strategic Plan. The Transition Plan that is under development will deepen this area and ensure compliance with the more detailed expectation conveyed by the supervisor. All of this within a governance framework driven by the Board of Directors in its role as the highest decision-making body, with specific monitoring committees and an indicator system that seeks to align the entire organization in achieving these objectives.

Principle 1: Alignment

Risk Management

The **Corporate Risk Framework** seeks to guide the entity towards the best banking practices, strengthening the risk culture and applying comprehensive management that encompasses all its dimensions, including ESG risk. This implies reviewing the key operational processes to ensure the solvency and resilience of the Bank, in line with the Risk Profile defined by the governing bodies. ABANCA encompasses the integration and management of ESG risks as a risk factor within the structure of traditional risks.

It has adjusted its risk control and management structure, incorporating ESG risks into its governance model, through cross-cutting, coordinated, and progressive management, following a structure that covers the entire entity and is articulated around three lines of defense. In this way, the risk culture is based on the Group's risk management principles, involving the governing bodies and senior management in decision-making.

It has an ESG Risk Management Policy, where it commits to respecting the **EBA expectation guide**, and which addresses the integration of ESG risks in the granting process, exposure monitoring, and information disclosure. It also has robust processes for risk identification and scenario analysis that allow for dynamic and proactive management, as well as their correct integration. These exercises are designed to ensure that climate projections and their implications are aligned with the underlying assumptions used in the preparation of the financial statements and in the double materiality analysis: C&E risk materiality analysis and the BES (Business Environmental Scan).

During the 2024 fiscal year, ABANCA developed a sectoral heat map to measure the impacts and dependencies of natural capital. **The methodology of the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool developed by the Natural Capital Finance Alliance, and referenced by important corporate frameworks and standards, such as TNFD, SBTN, and GRI, was mainly used for this exercise. It has additionally carried out a qualitative evaluation of social and governance risk to identify the potential impact of this type of risk.**

For more information, see section ["6.3 ESG risk management: environmental, social, and governance factors" \(link to ABANCA's Prudential Relevance Report\)](#).

Principle 2: Impact and Target Setting

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

Impact Analysis

Demonstrate that your bank has identified, prioritized, and measured the most significant impacts associated with its portfolio (both positive and negative). Determine the priority impact areas for setting targets. Include details on: scope, portfolio composition, context, and outcome measurement.

Links and References

- Consolidated Non-Financial Information Statement and Sustainability Information 2024:
 - 1.2.1. Process for identifying and evaluating material IROs in the 2024 Sustainability Report
 - 1.3.2.3. Sustainability Objectives
 - 1.3.3.1. Integration of impact, risk, and opportunity management into ABANCA's strategy and business model
 - 2.2.1. Strategy Resilience
 - 2.4. Carbon Footprint and Environmental Plan
 - 3.2.3.1.2. Internal quality metrics
- [Pillar III Disclosure Report](#)
- [PAI Statement 2024](#)

ABANCA integrates sustainability issues, their associated impacts, risks, and opportunities into the Group's comprehensive management. In this way, it ensures decision-making focused on the most relevant issues, as well as organizational resilience. It has several strategic analysis exercises that are part of the control, approval, and governance processes established by the ABANCA Group, with the supervision of the Board of Directors.

In 2023, it carried out the impact analysis following the **Impact Analysis methodology developed by UNEP FI**. For this, a geographical scope based on materiality has been defined, considering the volume of business by balance sheet in the different countries where it operates: it identifies and evaluates its impact areas for the retail and business portfolio in Spain and Portugal.

In 2024, it updated its strategic exercises by carrying out, on the one hand, the **ESG Risk Materiality Analysis**, whose objective is to analyze as comprehensively and detailed as possible the degree of exposure to climate and environmental risks and their materiality in all the entity's business portfolios for different time scenarios, as well as in the context of the management of the corresponding prudential risks (credit, operational, market, etc.). For this, the most relevant transmission channels have been identified, which transfer the impact from climate and environmental risk events to prudential risks, through specific and individual approaches that determine the level of risk materiality in three different time horizons (short, medium, and long term, representing 2027, 2030, and 2050 respectively).

- Regarding the **climate risk materiality analysis**, a total of 25 approaches have been developed, which allow observing the effects of climate risks, distinguishing between physical and transition risks, on the different existing risks of the bank. These analyses were carried out around the most significant portfolios, so specific approaches for the Mortgage Portfolio, SMEs, and Large Corporates are included. Furthermore, analyses were carried out for other portfolios, such as the fixed-income and sovereign portfolio, analyses that reflect the global impacts of the entity, allowing the effects of climate risks to be observed holistically. Throughout this risk materiality exercise, different types of analyses, both quantitative and qualitative, have been carried out, with the aim of observing the possibility of exposure to risk in the different time horizons. For each approach, the results were compared against a materiality threshold, which is consistent with thresholds from other bank processes, such as ICAAP and ILAAP.

Principle 2: Impact and Target Setting

It has identified the main **physical and transition risks** that can affect its portfolios and has identified the potential impact of physical risks on the mortgage portfolio and the SME portfolio as the main monitoring point, derived mainly from an increase in the probability of fires and desertification. Regarding transition risks, factors such as energy performance certificate (EPC) restrictions, carbon price increase, SME regulation, technological adaptation, incomplete transition, reporting/disclosure requirements, and greenwashing regulation have been analyzed. In this case, the potential impact of transition risks on the mortgage portfolio has been identified as the main point to monitor, derived mainly from restrictions on the rental or sale of properties with low energy efficiency labels, as well as on the SME portfolio, due to the greater difficulty in adapting to more sustainable technologies and regulatory changes. The selection of physical risks is based on the risk events that occur in the Iberian Peninsula, the geography where ABANCA develops its activity. As for its own activities, the operational risk management analyzes the physical risks that affect the main central services, offices, and properties, whether owned or foreclosed. This analysis is based on the exact location of the same, both in Spain and Portugal. The analysis places the level of exposure linked to the operating and business continuity model at a very low level. This is essentially due to the fact that all the key properties for business continuity and the entity's operations are located in Spain and Portugal, and they identify a very low level of exposure to environmental physical risks.

- Similarly, ABANCA has developed a **sectoral heat map to measure the impacts and dependencies of natural capital**. The methodology of the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) tool developed by the Natural Capital Finance Alliance, and referenced by important corporate frameworks and standards, such as TNFD, SBTN, and GRI, was mainly used for this exercise. This tool provides a comprehensive evaluation of the 21 ecosystem services on which each of the 167 economic activities depend for their production processes. This analysis includes aspects related to the availability and quality of water, biodiversity and land use, as well as ecosystem pollution and waste generation. In this way, a level of risk and physical environmental impact for economic activities is established. Based on the compiled information and understanding of it, it has defined four fundamental risk drivers on which to base its analysis, which include the factors: water, pollution, circular economy, and biodiversity. Given the incipient nature of the methodologies, qualitative analyses have been carried out, developed taking into consideration the sources recommended or established by the supervisor and complemented with information from specific organizations or sources that allow for a better understanding of how the impacts and dependencies of natural capital, through the selected risk drivers.
- To identify the potential impact on social and governance risks, based on sectoral heat maps of social and governance risk for the time scenarios, a qualitative evaluation has been carried out both for credit risk in the material portfolios (Residential Real Estate, SME portfolio, and Large Corporate portfolio) and for prudential risks.

On the other hand, the Business Environment Scan (BES) process, the resilience analysis, analyzes how climate, environmental risks, and various external trends suggested by the ECB (macroeconomic variables, competitive environment, regulatory trends, technological trends, and socio-demographic trends, which allow identifying possible sources of risk due to external events with potential impact on the entity's environment), can affect the operating environment, business model, and future income generation capacity of the entity.

The impact on the global activity framework is evaluated, as well as the impact on the entity's main portfolios. Furthermore, and aligned with the C&E risk materiality analysis, an effort has been made to identify different transmission channels that transfer the impact to be observed in the different portfolios of the entity (mortgage portfolio, SME portfolio, and large company) and in the different established time horizons (short, medium, and long term). Regarding the identification and evaluation of opportunities, to have a better understanding of the impacts on the portfolios mentioned in the previous section, the global activity analysis begins, incorporating specific reflections on the entity's general environment, relating the visibility of the market from a technological, regulatory, competitive, macroeconomic, and socio-demographic perspective. Subsequently, based on the identification of the main sectors and relevant effects for the entity, these reflections were taken as a starting point for the development of portfolio impact, and the vulnerabilities to which it could be exposed, and the identified opportunities are granularly identified.

Principle 2: Impact and Target Setting

The result of the BES identifies support for the transition as a new business opportunity for ABANCA, given the growing need for financing to address the investments that support these sectoral transitions. Specifically, ABANCA identifies the following strategic opportunities linked to certain sectors and clients: renewable energies, waste treatment, large companies, and SMEs. These opportunities represent key areas in which ABANCA can contribute to the sustainable transition, aligning with its commitment to support the transformation of the business and financial fabric. In this regard, it has included factors linked to pollution, biodiversity loss, or natural resource scarcity in the identification of environmental risks. The detail of the exercise carried out can be found in section "2.2.1 Strategy Resilience" of the Sustainability Report.

Furthermore, ABANCA and ABANCA Gestión de Activos consider the **main adverse impacts of their investment decisions on sustainability factors**. The due diligence process in relation to the PAIs (Principal Adverse Impacts) is part of the management process, along with the integration of ESG risks. With the consideration of PAIs, ABANCA aims to identify, prioritize, manage, and, where possible, minimize or mitigate the negative impacts that certain sectors, economic activities, companies, assets, etc. in which it invests may generate on the environment and society. ABANCA publishes annually the Statement on the main adverse impacts of its investment decisions.

Additionally, in the 2024 fiscal year, ABANCA evolved its **Impact Materiality Analysis** towards a Double Materiality approach (from an impact and financial point of view) as established under the CSRD regulation. The main objective of this analysis is to be able to report on these matters and define strategies and initiatives that respond to the needs and expectations of stakeholders. The cited strategic exercises have served as input for the Double Materiality Analysis, which will be updated annually, ensuring and improving constant dialogue with stakeholders, with the aim of seeking continuous improvement in the identification and management of IROs, as well as the integration of sustainability issues into its strategy and business. Under this approach, material impacts, risks, and opportunities have been identified, associated with the different material matters defined under the European Sustainability Reporting Standards (ESRS), following the different phases according to the guide established by the European Financial Reporting Advisory Group:

1. Context and stakeholder analysis: it has defined and identified the main actors in its value chain considering the consolidation perimeter detailed in this report, and covers all operational levels of ABANCA: "upstream" activities (suppliers and resource sources), own operations, "downstream" (clients and other key groups), society, silent groups. The analysis includes both the internal environment, reviewing the Group's internal structure, activities, and strategies, and the external context, taking into account market factors, regulations, and financial sector trends considering best practices.

2. Identification of Impacts, Risks, and Opportunities:

- Focus of themes based on context analysis
- Reference to the framework established by UNEP-FI
- Validation with ABANCA's responsible areas
- Dependencies between impacts and risks/opportunities: an analysis of the interdependence between impacts (positive and negative) and risks and opportunities has been carried out, evaluating how each impact can lead to possible new risks/opportunities. The interrelationship between impacts and risks or opportunities does not imply that, when an impact occurs, it alone generates the associated risks or opportunities (and vice versa). As part of the IRO identification process, responsibility for their management, supervision, and monitoring has been assigned to specific people and areas within the company, who have the necessary training to carry out these tasks. Furthermore, the opinion of shareholders and ESG ratings has been considered, thus reinforcing alignment with external expectations. Additionally, consultations have been held with the corresponding areas to ensure the final approval and validation of the identified IROs, while the Board of Directors has supervised and approved the Double Materiality Analysis, ensuring its integration into the business strategy.

Principle 2: Impact and Target Setting

3. Evaluation of Impacts, Risks, and Opportunities: in this phase, the evaluation criteria established by the CSRD have been applied, ensuring a detailed assessment of each identified IRO in terms of its materiality (impact or financial) and relevance for ABANCA. **** This process has involved the analysis of each impact, risk, and opportunity based on key factors such as scale, scope, probability, and irremediability (in negative impacts). **** For each positive/negative, actual/potential impact identified, different factors have been evaluated.

4. Materiality Thresholds: a topic is considered material when it is related to an IRO identified as material (i.e., exceeding the threshold of 3.4).

As a result, four material sustainability matters have been identified for the Group: Climate Change, Own Personnel, Consumers and End-users, as well as Business Conduct. Generally, the material impacts, risks, and opportunities (15 positive impacts, 7 negative impacts, 8 risks, and 4 opportunities) identified in the thematic areas of Climate Change and Consumers and End-users are concentrated in the downstream value chain. On the other hand, the IROs identified in the thematic areas of Own Personnel and Business Conduct tend to be more associated with the Group's own operations. Based on these results, ABANCA adapts its strategy and business model.

For more detail on the list of material impacts, risks, and opportunities of ABANCA, as well as the identification and evaluation methodology, see section "1.2.1 Process for identifying and evaluating material IROs". Likewise, throughout the Sustainability Report, the management of IROs and the most relevant sustainability issues for ABANCA are detailed. This management is based on clear policies and objectives, which translate into specific goals backed by concrete actions, whose progress is evaluated using defined metrics.

The materialization of the identified risks and opportunities could generate a financial effect for the entity, either positive or negative. However, during the 2024 fiscal year, no risk or opportunity identified in the double materiality analysis has materialized, so there are no current financial effects.

ABANCA has not identified material IROs outside the thematic areas defined by EFRAG in AR16 of ESRS1 of the ESRS standards, however, it reports all additional information required by Law 11/2018, which is not contemplated under the CSRD Directive or the ESRS standards.

Within the framework of ABANCA's internal planning process (PIPE), impacts, risks, and opportunities are identified and integrated with the aim of anticipating and adapting to possible challenges that may affect the entity's activity, in a changing environment and context. The entity's Strategic Plan has a triennial horizon.







ABANCA is currently immersed in its 2025-27 Strategic Plan. In this context, various mechanisms help reduce the entity's vulnerability to possible adverse events: Macro scenario review, Annual review of objectives, Semi-annual budget review, Consideration of Base and Adverse scenarios in planning, Analysis of C&E factors and their impact on the business model. ABANCA's 2025-2027 Global Strategic Plan is set in a scenario characterized by an economic context with high doses of uncertainty associated with geopolitical tensions and a growing asynchrony between the monetary policies of the ECB and the FED that raises volatility in the behavior of financial markets. Economic prospects for the euro area point to a slight recovery in activity in a context of less restrictive monetary policy, although central economies will continue to face difficulties in reactivating their manufacturing industry. While Spain and Portugal are expected to prolong the expansionary cycle. The main risks to growth are linked to greater protectionism or the escalation of conflicts in Ukraine and the Middle East, which could generate new shocks in energy markets and global supply chains, generating new inflationary pressures and slowing down world trade. In the competitive environment, the activity of the financial sector will continue to be marked by a framework in which regulatory and supervisory pressure will be maintained, with ongoing initiatives that deepen greater competitive pressure, favoring access under advantageous conditions for new competitors such as fintech or bigtech also favored by increasingly digital customer relationship frameworks (regulations such as FIDA, MICA, or PSD3). The focus will remain on transparency or customer defense (Accessibility Law or RIS), and attention to risk management, resilience, and capital position, with a special focus on cyber-risks, climate or environmental risks, or geopolitical risks (DORA, EBA ESG Guide, etc.). A demanding horizon that requires maximizing the design of the strategy in which the ABANCA Group sets the vision of its 2025-27 Plan: "to be the reference Iberian bank in financial, insurance, and payment services for families and companies, in an efficient, solid, and profitable way. Close to people and committed to our environment".










Principle 2: Impact and Target Setting

To achieve this Vision, three fundamental strategic axes are defined: 1) Promoting diversified growth, 2) boosting customer proximity and engagement, and 3) continuing to advance in an efficient and resilient transformation of the bank with an ESG focus.

These axes seek to respond to the main challenges the entity will face in the coming years and to continue generating opportunities. Specifically in the field of sustainability, this new plan marks the roadmap for the ESG Operational and Strategic Plan (mentioned in the previous section) and the plans designed for each area of action (such as the Carbon Footprint and Environmental Plan) and the articulation of the new Transition Plan according to the EBA Guidelines on the management of environmental, social, and governance risks (EBA/GL/2025/01). Likewise, the decarbonization targets for the credit portfolio will continue to be monitored, and the integration of ESG risks in management will be deepened, in the pursuit of meeting the needs of stakeholders, beyond legal requirements, and to manage change in the most efficient and inclusive way possible, maintaining its participation in alliances that allow the development of solutions and frameworks for action through alliances and forums that seek sustainable development. The ESG Operational and Strategic Plan identifies tasks, objectives, and completion dates that allow for traceability, monitoring, and follow-up on the processes and commitments set out as part of the plan. The operational plan, its implementation, and the execution monitoring are reported to the ESG Steering Committee and the Appointments and Sustainability Committee. Regarding the measurement of results in general for commitment and progress in sustainability, ABANCA has established different objectives and performance indicators.

- In 2024, ABANCA advances in the objectives of the Responsible and Sustainable Banking Plan, in line with the SDGs and acquired global commitments. This progress is carried out through the application of the SMART methodology (more information on this section in the Sustainability Report).

ENVIRONMENTAL			
Associated SDGs	OBJECTIVES	2023 ^a	2024 ^b
     	1. Reduction of energy intensity/employee (Gj/employee)	1- 14.19	1- 13.24
	2. Emissions avoided by reusing electronic waste.	2- 84 tCO _{2e}	2- 2.64 tCO _{2e}
	3. Emissions avoided by using 100% renewable energy.	3- 6,252.51 tCO _{2e}	3- 5,972.96 tCO _{2e}
	4. Generation of renewable energy in proprietary photovoltaic plants.	4- 1,459.81 GJ	4- 1220.86 GJ
	5. Number of head offices with Zero Waste measures implemented.	5- 10	5- 10
	6. Establishment of the portfolio decarbonisation pathway	6- 7 (intermediate objectives in 2030)	6- 9 (intermediate objectives in 2030)
	7. Support in the transition through the financing of renewable energy projects (following EU Taxonomy criteria).	7- 939.9 M€	7- 966 M€

GOVERNANCE			
Associated SDGs	OBJECTIVES	2023	2024
     	1- Number of employees with internal promotion.	1- 595	1- 519
	2- Number of employees whose performance was evaluated.	2- 95%	2- 95%
	3- Investment in training.	3- €2.4 million	3- €2.4 million
	4- Percentage of employees with training in sustainable finance.	4- 78.8%	4- 71.92%
	5- Number of customers over 65 who participate in person in the financial, digital and fraud prevention education training programmes (mobile banking, electronic banking, ATMs).	5- 3,777	5- 3,467
	6- Beneficiaries of the financial education programme.	6- 202,680	6- 202,667
  	1- Percentage of women in the Board of Directors.	1- 33.3%	1- 33.3%
	2- Percentage of independent directors.	2- 75.0%	2- 75.0%
	3- Percentage of national suppliers by amount.	3- 90.53%	3- 89.67%

- The Carbon Footprint and Environmental Plan 2025-2027 provides continuity to the 2022-2024 Plan, consolidating ABANCA's commitment to sustainability and efficiency in all its operations. This new Plan recognizes the achievements reached in the previous stage, such as the reduction of Scope 1 emissions, the improvement of the energy monitoring system, and the reduction of paper consumption, among others, and establishes more ambitious objectives for the next period. Taking 2024 as a reference year, this new Plan reinforces the entity's commitment to climate action and the reduction of direct impacts, under a continuous improvement approach that guides its strategic actions.

Principle 2: Impact and Target Setting

Among the actions to be developed in the new Plan are: increasing photovoltaic renewable generation, as well as maintaining 100% renewable electricity consumption, improving energy efficiency levels while increasing the number of staff, which incorporates a new lever focused on Mobility. **The main objectives of the Carbon Footprint and Environmental Plan 2025-2027, measured in terms of intensity or percentages, under the axes of Carbon Footprint and Compensation are:**

Areas	Targets	2024 (Baseline year)	2027
GHG emissions	Reduction of total Scope 1 emissions (tCO _{2e} /employee)	0.178	0.166 (down 6.7% on 2024)
	Maintenance of GOs for Scope 2 emissions	100%	100%
	Reduction of total Scope 3 emissions (tCO _{2e} /employee)	0.420	0.396 (down 5.5% on 2024)
	Offset of total emissions (compared to 2023)	100%	100%
Energy	Energy efficiency KPI	2% LB kWh/m ²	PTE
Mobility	Reduction of mobility-related emissions (Employee cars, air travel and train travel) (tCO _{2e} /employee)	0.283	0.269 (down 5.0% on 2024)

Areas	Targets	2024 (Baseline year)	2027
Paper	Reduction of paper consumption (excluding correspondence) (%)	246,855 kg paper	225,298 (down 3.0% on 2024)
Water	Water consumption (m ³) by employee	53,197 m ³ water consumption (6.77m ³ water/no. employees)	6.56 m ³ water/no. employees (1% down on 2024)
Waste	Compliance with the Zero Waste methodology criteria: Remaining fraction less than 5%	<5%	<5%

The **Strategic Energy Efficiency Plan** responds to the positive impacts and material opportunities identified in relation to Energy, as well as the material positive impact related to climate change mitigation, focused on saving and energy efficiency, the use of renewable energies, and the optimization of operating costs related to the reduction of energy consumption. In 2024, the 2022-2024 Strategic Energy Efficiency Plan remained in force, a fundamental tool for advancing the decarbonization of the organization through the reduction of energy consumption. ABANCA's strategy to reduce its carbon impact is based on minimizing CO₂ emissions and offsetting those that cannot be reduced from an operational perspective, which was set as the goal of becoming a carbon-neutral organization before 2024 in relation to its own activity. ABANCA uses carbon credits independently of its emission reduction targets. To guarantee the quality of the carbon credits used, ABANCA has so far selected projects registered in the inventory of the Spanish Climate Change Office of MITECO, within the framework of the agreement with the ARUME Foundation and the Galician Forestry Association. This agreement allows progress in decarbonization through the restoration of degraded areas with the support of expert teams.

ABANCA has the seals "Calculo y Reduzco" (Calculate and Reduce) and "Compenso" (Offset) granted by the Spanish Climate Change Office.

For more details on the established objectives and indicators, see section "2.4. Carbon footprint and environmental plan" of the sustainability report.

Principle 2: Impact and Target Setting

- **The implementation and monitoring of the ESG Operational and Strategic Plan are carried out following the execution control methodology of the bank's strategic plan and project portfolio, whose execution involves the entire organization**, with a long-term transformation vision, and a more tactical management perspective in the short term. The objective is to prioritize, focus efforts, and achieve the alignment of the entire organization in achieving the objectives based on a clear and shared roadmap that, among others, materializes in a project portfolio that allows acquiring the necessary capabilities to achieve the strategic objectives, including the ESG scope. Attention to execution is achieved through the Control of Strategic Plan Execution (CEPE), which seeks to maintain the intensity and priority on strategies that ensure key business results. During this process, the monitoring of unit plans (which are aligned with the Bank) is carried out, which allows making decisions about the fulfillment of strategic premises, reorienting the strategy if necessary, and preparing actions to correct deviations from the established objectives.

Within the framework of the strategy monitoring and execution process (CEPE) and with the aim of supporting the organization's orientation towards the management of ESG parameters, ESG objectives and KPIs that reflect their level of compliance have been incorporated or reinforced for all areas of the bank, whether support or business. These indicators allow monitoring aspects of a different nature, in terms of exposure, energy certifications, emission reduction, etc.

Scope	KPI	Periodicity
Bank Panel	IPN Customer Value	Monthly
	Synthetic Indicator. Aggregate weighted compliance of: finance to less sensitive sectors (40%), % A+B+C Certifications in portfolio (30%), Milestones contemplated in the adhered agreements (30%).	Monthly
BSC Total Entity*	% Compliance with Sustainability Tools and Labels: - ESG data sheet incorporated into 90% of transactions to be sanctioned in CC (20%). - Energy certifications in mortgage approvals (35%). - C&E admission issues (35%). - Specialised renewable energy questionnaires (10%).	Quarterly
	% of financing to less sensitive sectors-stock	Monthly
	ESG rating (Sustainalytics and Vigeo)	Annual
	Volume of business linked to support for the transition (**) (financing and deposits): -Volume in DPM and advisory (Abanca and third-party funds) classified as art. 8 and 9 of SFDR - Associated financing and real estate with A+B+C certifications. - Financing associated with eco-friendly vehicles. - Financing with indication of support for the corporate transition. - Financing to support the transition of companies and SMEs. - Financing to support the retail transition.	Quarterly
	Positioning and awareness in social commitment and sustainability and its connection with the ABANCA brand	Quarterly
	Degree of progress ESG Operational Plan	Monthly
Others	GHG emissions carbon footprint (Scope 1)	Quarterly
	% Aligned Portfolio on Green Bond Issued Amount	Quarterly
	Exposure in sectors with published decarbonisation targets	Quarterly

*NOTE: Latest available data. In addition to these BSC indicators, which apply to the entire organisation, there are KPIs specific to certain areas within the organisation (e.g., Zero Waste project, reduction of electrical emissions, etc.).

(**) Definition of transition according to internal criteria

- **ABANCA has several indicators in the Risk Appetite Framework, in the areas of business, credit, and market risk, which allow monitoring the evolution of climate risk.** It should be noted that these indicators, largely, are linked to the sectors most sensitive to the transition, thus guaranteeing exhaustive monitoring of these clients from the three perspectives (business, credit, and market). During the 2024 fiscal year, the C&E risk indicators followed the planned evolution, all of them being within the defined profile. Specifically, regarding the RAF indicators, all of them are within the established thresholds, without having violated the alert levels and fixed limits at any time. It also has an ESG monograph (monitoring by portfolios, geographies, etc.) that is raised monthly to the entity's Governing Bodies.

Principle 2: Impact and Target Setting

Impact and Target Setting Objectives, Implementation of objectives and Action Plans/Transition Plans

Demonstrate that your bank has set and published a minimum of two SMART targets that address at least two different areas of most significant impact that your bank identified in its impact analysis. Once the targets are set, explain the actions taken and the progress achieved. Include details on: alignment, base year, targets, implementation, and monitoring of targets (and KPIs), as well as action plans/transition plans and milestones.

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024](#)
 - 2.1.1. Progress towards the transition plan
 - 2.6. Accompanying our customers in decarbonisation

Since adhering to the Principles, the entity has progressed in their implementation: it has identified priority impact areas in previous exercises (climate change mitigation and financial health and inclusion) which have been ratified with the evolution of the entity's analysis exercises and identification of material IROs, it has defined objectives for progress and has taken a set of indicators as a basis and monitored their evolution. **** Below is the situation update.

A) SMART Target 1 in the area of climate change mitigation: the reduction of the emissions intensity of the financed portfolio to achieve the Net Zero objective by 2050.

Decarbonization path and objectives:

ABANCA responds to the commitment to face the climate emergency and, as a member of the NZBA, which aims to achieve the decarbonization of credit and investment portfolios by 2050 to meet the objectives of the Paris Agreement. It has set its intermediate targets for the decarbonization of its loan portfolio by 2030 for those industries most intensive in CO2 emissions. The definition of these targets is established in terms of intensity and not reduction of exposure (except Coal), which demonstrates the entity's commitment to continue supporting its clients in a sustainable transition.

In December 2022, emission reduction targets were established for the Steel, Cement, Aviation sectors and the phase-out plan for coal financing by 2030. In December 2023, decarbonization targets were published for the Fossil Fuel, Aluminum, and Automotive portfolios. The publication of these targets for the most significant sectors is completed in June 2024, in which ABANCA establishes new intermediate targets and commits to emission reduction by 2030 in two key sectors, such as: the electric power generation sector, and the residential real estate sector, committing to reduce the carbon emission intensity of its credit portfolio by 34% for the electric power sector and 17% for the residential real estate sector between 2023 and 2030. In this way, ABANCA has extended its published decarbonization path to a total of nine sectors. The objectives and monitoring have been approved by the entity's highest governing body, the Board of Directors, which monitors progress. In the coming years, the increasing availability of data on intensity per unit produced will allow for expanding the scope of the analysis and refining the target-setting methodology.

As sectoral objective analyses are implemented, this methodology will continue to evolve and be enriched. In sectors such as agriculture, the lack of maturity of global methodologies and the low availability of homogeneous and comparable data currently make it difficult to establish quantitative decarbonization targets, although the entity maintains active monitoring of its portfolio in the sector through ABANCA Agro, accompanying our clients in their transition towards a more sustainable model, paying special attention to issues such as their adaptation to the new CAP (Common Agricultural Policy, which allows the agricultural sector to fulfill its functions providing benefits, not only for the agri-food system, but also for society, such as the conservation of the environment and the fight against climate change), which is more demanding in this regard, or the modernization of irrigation. For the maritime transport sector, the diversity of financed vessels in ABANCA's portfolio and the long useful life of the assets currently make it difficult to set decarbonization targets. However, ABANCA Mar continues to work on accompanying the sector with a focus on improving energy efficiency, by promoting the financing of fleet renewal, or the conservation of biodiversity.

Principle 2: Impact and Target Setting

The reduction targets follow emission intensity metrics per unit of production, with a starting point in 2021, 2022, and 2023, and a target for 2030 for the nine sectors (among the sectors identified by the NZBA as most intensive). These metrics follow the Sectoral Decarbonization Approach methodology, which considers certain elements of PACTA, and the NZE 1.5°C scenario of the International Energy Agency is selected as the reference scenario, so the emission reduction goals are considered science-based and based on conclusive evidence.

SECTOR	EMISSIONS SCOPE	METRICS	REFERENCE SCENARIO	BASE YEAR*	TARGET 2030	REDUCTION TARGET
Steel	1+2	tCO ₂ e/t-steel	IEA Net Zero 2050	0,79	0,593	25%
Aviation	1	kgCO ₂ e/Revenue Tonne Kilometer	IEA Net Zero 2050	1,269	0,799	37%
Coal	1	tCO ₂ e	Phase-out commitment in 2030	-	Phase-out in 2030	100%
Cement	1+2	tCO ₂ e/t-cement	IEA Net Zero 2050	0,707	0,566	20%
Fossil fuel	1+2+3	tCO ₂ /GJ	IEA Net Zero 2050	0,081	0,057	30%
Automotive	3	tCO ₂ e/K€ (revenue)	n/a	1,205	0,903	25%
Aluminium	1+2	tCO ₂ e/t-aluminium	IEA Net Zero 2050	0,631	0,504	20%
Power (generation)	1+2	kgCO ₂ e/MWh	IEA Net Zero 2050	45,4	30,0	34%
Real Estate (residential)	1+2	kgCO ₂ e/m ²	CRREM 1,5°C	33,3	27,7	17%

ABANCA carries out a monitoring process with the aim of verifying whether the decarbonization advances align with what was initially planned, identifying possible deviations and facilitating an analysis of trends or significant changes in the performance of the main emitters at the sectoral level to achieve the established goals. The level of exposure in each sector with decarbonization targets is monitored quarterly, as a proxy for the portfolio intensity.

The setting of decarbonization targets is based on three key concepts: (i) the reference pathway, which defines the intensity reduction trajectory aligned with the 1.5°C goal of the Paris Agreement, using data from PACTA, TPI (Transition Pathway Initiative), and IEA; (ii) the initial intensity, which establishes the starting point of each sector and its comparison with the reference pathway; (iii) the decarbonization pathway, which defines the reduction curve up to the final goal, including intermediate milestones.

- In NFC credit portfolios, ABANCA starts from the intensity per sector, combining data from large clients and sectoral estimates. Based on the comparison with the sector average and the reference scenario (1.5°C of the IEA), the reduction path is defined using an internal tool. With this, the necessary reduction percentage for 2050 is determined.
- In the Real Estate sector, the energy consumption of the property, the PCAF emission factor, the surface area, and the emission attribution according to the financed balance are considered. With these data, the intensity of the residential mortgage portfolio is calculated.

ABANCA, which is also a signatory of the global PCAF alliance, aims to establish a harmonized and robust approach for measuring financed emissions that facilitates the setting of emission reduction targets.

Principle 2: Impact and Target Setting

Decarbonization Strategy

ABANCA's climate strategy is based on helping clients contribute to the development of a low-carbon economy, prioritizing engagement over divestment. ABANCA's vision is that decarbonization targets should not push the entity to divest from certain sectors only to be replaced by other activities with less ambitious climate targets. Within this engagement framework, ABANCA maintains its commitment to accompanying its clients in their transition, through the financing of projects that allow implementing levers and strategies to promote a more sustainable and efficient approach in their production.

The Levers implemented by ABANCA in 2024 are related to the material IROs identified regarding the credit portfolio.

1. **Integration of climate risks in the admission process**

2. **Engagement with clients:** as part of its new Transition Plan, it has initiated the integration of engagement with its clients as a key element in monitoring their decarbonization efforts with the aim of maximizing value, improving the relationship, and advancing in the achievement of financial and sustainability objectives. The sectoral transition plans, together with the aforementioned tools (evaluation systems integrated into admission circuits and mechanisms for integrating C&E factors) allow for an evaluation of the maturity level of clients' transition at the sector level to deploy an accompaniment strategy, strengthen strategic dialogue with them, and offer them a value proposition adapted to their needs. The actions that will cement this Engagement strategy are:

- Capture information and analyze the ESG performance of the most relevant counterparties, evaluating their emission profile, as well as their decarbonization strategies.
- Evaluate current and potential future counterparties, with the aim of categorizing them according to the maturity of their decarbonization plans.
- Generate a dialogue with clients about their transition strategies, seeking opportunities to support them through financing solutions.

Decarbonization evolution

The degree of progress of the decarbonization strategy and the pathway are detailed in the ABANCA Sustainability Report and corporate website.

Below is a summary of the main levers and actions with clients for decarbonization by sector:

1. The main actions with clients for the decarbonization of the **steel sector** involve the financing of investment projects linked to:

- Low-carbon technologies, such as process electrification and the use of green hydrogen.
- Initiatives that promote recycling and efficiency in the use of materials to reduce the demand for virgin steel.
- Projects that boost the adoption of Carbon Capture, Storage, and Utilization (CCUS) in traditional production plants, taking advantage of financial and regulatory incentives.
- Collaborative projects with clean energy suppliers to guarantee a competitive and stable supply of renewable electricity for EAF processes.

1. The main actions with clients for the decarbonization of the **aviation sector** involve the financing of investment projects linked to:

- R&D for the development of alternative fuels: prioritizing research into biofuels and synthetic fuels for a sustainable energy transition.
- Promote sectoral collaboration: encourage cooperation between airlines, manufacturers, governments, and research organizations to share knowledge and technologies.
- Facilitate adaptation to future regulations: proactively prepare airlines to adapt to future stricter environmental regulations.

1. The main actions with clients for the decarbonization of the **coal sector** involve the financing of investment projects linked to: ABANCA set the goal in 2022 to exit the financing of said sector by 2030. This commitment is consistent with the expectation of the sector's disappearance. As of June 2024, there is no longer a drawn balance for this sector in the entity's credit portfolio. Given that the current exposure is practically nil, it has not been considered necessary to include a specific graph on this sector, since its relevance within the portfolio as a whole is insignificant and its future evolution will remain aligned with the commitment to total divestment.

Principle 2: Impact and Target Setting

1. The main actions with clients for the decarbonization of the **cement sector** involve the financing of investment projects linked to:
 - Investment in R&D for new technologies, such as carbon capture and clinker substitution.
 - Increase the use of fuels such as biomass, waste, and other non-fossil fuels in the production process.
 - Improve the infrastructure for recycling construction materials, and maximize the use of waste from other industries.
 - Promote industrial collaboration: establishing alliances between cement companies and related sectors to share best practices in the implementation of clean technologies.
1. The levers for the reduction of intensity in **fossil fuels** are related to engagement with clients to enhance their decarbonization plans:
 - Diversifying their activity towards clean energies: Oil & Gas companies must begin to diversify towards the production of green hydrogen and other forms of clean energy.
 - Progressively reducing dependence on oil: promoting the gradual decrease in oil production, focusing on natural gas and other cleaner alternatives.
 - Investing in CCUS technologies: accelerating the implementation of CCUS technologies with the aim of reducing emissions in oil and gas operations.
1. The priority for the decarbonization of the **automotive sector** is related to the production and use of a vehicle fleet that is more efficient both energetically and in terms of emissions.
 - Support electrification or, where appropriate, the use of synthetic fuels in vehicles with combustion engines, as well as the development of technologies that optimize fuel.
 - Promote investment in advanced technologies, allocating resources to R&D in more efficient and less polluting batteries.
 - Implement renewable energies in operations, through the use of sources such as solar/wind in production plants, evaluate renewable energy purchase agreements (PPAs).
1. **Actions with clients for the aluminum sector:**
 - Promote the adoption of renewable energies in the aluminum production chain, particularly for the electricity supply in smelting plants.
 - Boost aluminum recycling and create infrastructure that allows increasing recycling rates in the sector.
 - Develop new technologies such as inert anodes and carbon capture to mitigate emissions from the production process.
 - Collaborate with governments and international organizations to create financial incentives that facilitate the adoption of low-carbon technologies.
1. The main levers for the decarbonization of the **electric power generation sector** involve the financing of investment projects in:
 - Renewable energy: with the objective of significantly increasing renewable energy generation capacity and promoting innovation in clean technologies such as hydrogen.
 - Projects that promote the electrification of energy-intensive sectors: promote electrification in industry and transport, encourage the use of clean energy in these sectors.
 - Initiatives that allow advancing in energy storage optimization: promote the development and use of storage technologies to stabilize the electrical grid.
1. The decarbonization of the residential mortgage sector is based on the rehabilitation of the existing housing stock and the construction of new, more efficient properties. Thus, the levers available for achieving this objective are based on:
 - Possible development of regulatory requirements that limit transactions and rental of homes with a worse energy profile and thus serve as an incentive for owners to carry out improvements in terms of energy efficiency in the used housing stock;
 - Availability of public aid for the improvement of the energy efficiency of existing properties;
 - Progressive amortization of the mortgage portfolio on homes with a worse energy profile, increase in the new origination of mortgages with A+B+C certifications.
 - Changes in the energy mix of homes with a greater weight of renewable energies over fossil energies.

Despite all the actions carried out by the entity to support clients in their transition towards a more sustainable economic model, the success of decarbonization is also leveraged on the changes that may occur in governmental policies and environmental and climate regulations of countries, as well as changes in consumer behavior, scientific developments, and new technologies.

Principle 2: Impact and Target Setting

B) SMART Target 2 in the area of financial health and inclusion: contribute to the development and improvement of financial inclusion levels in the regions where ABANCA operates.

Objectives and indicators: ABANCA determined three sub-objectives that offer greater granularity related to achieving the financial inclusion impact.

1. Territorial cohesion: guarantee that clients who live and/or carry out their economic activity in the rural environment where ABANCA operates have levels of accessibility to financial services that avoid any risk of vulnerability due to financial exclusion. For this, ABANCA will evaluate its performance using the following indicators:
 - % of clients over the total in rural regions.
 - % of rural municipalities in Spain where ABANCA offers financial services.
2. Adapted services for senior clients: offer greater basic financial coverage to clients who are in situations of special vulnerability through an offer of adapted products or services. For this, ABANCA will evaluate its performance using the following indicators:
 - Number of senior clients benefiting from training in financial and digital skills.
 - Number of senior clients benefiting from the adaptation of services to their needs.
3. Financial education: increasing training and financial health to promote informed and accurate financial decision-making by citizens throughout their life cycle, as well as enjoying healthier economic habits. For this, ABANCA will evaluate its performance using the following indicators:
 - Number of people who have benefited from ABANCA's training programs.
 - Number of young people trained in financial and digital skills in the 4 program axes.

Strategy

ABANCA's governance model, described in previous sections, reinforces the entity's commitment to sustainability, social responsibility, and priority attention to the expectations of clients and other stakeholders, consolidating transparent management aligned with corporate values.

Beyond the positive impact generated by the banking business on GDP and employment (The Economic Analysis and Modeling Group of the Institute of Studies and Development of Galicia prepared a study on the economic impact of ABANCA's activity in Galicia. See more detail in section 3.3.1 of the Sustainability Report), the Group also has a strong commitment to society through its social action, which is mainly materialized in the social and cultural programs developed by Afundación, ABANCA's Social Work, and through the promotion of a corporate culture of social support.

ABANCA is the sole patron of Afundación and, in 2024, made a contribution of nine million euros. With this investment, the bank's total contribution to Afundación, since 2014, amounted to 82.2 million euros. This social investment by ABANCA aims to contribute to the financial sustainability of Afundación, enabling it to carry out educational, social, and cultural action that contributes to improving society inside and outside Galicia, allowing for the comprehensive development of people. Afundación's strategic plan promotes digital transformation, sustainability, and social involvement, transversal axes in its four key areas: education, culture, seniors, and volunteering, paying special attention to vulnerable groups and the Galician rural population.

- Education

Based on a bidirectional approach focused on formal and extracurricular education, with recognition through specific awards for contributions in the fields of teaching and educational research, and permeated by the principle of permanent innovation, the commitment of ABANCA's Social Work, Afundación, to the dissemination of knowledge permeates, directly or indirectly, almost all of its programming. With specific proposals for all age groups and with a vocation for geographical capillarity, the activities of ABANCA's Social Work are a reference in its field.

Principle 2: Impact and Target Setting

- Culture

The conjunction between Afundación's carefully curated annual cultural program, the consolidated local implementation of our headquarters and centers, and the firm commitment to inter-institutional collaboration as a mechanism for developing proposals that satisfy public demand constitute the three main axes on which Afundación's cultural activity is based, oriented towards the promotion of knowledge and the transmission of ethical values. Exhibitions, performing and audiovisual arts, awards for journalistic and poetic literature, cultural heritage, and innovation stand as the main frameworks for the implementation of Afundación's initiatives in this area.

- Seniors

Based on an approach that combines research to understand the needs of people and intervention to address them, Afundación positions itself as the reference entity in the field of senior citizens, developing innovative programs focused on recognizing their experience, promoting volunteering activities, and scheduling courses and workshops for the prevention of cognitive health and the improvement of emotional skills, and offering learning opportunities throughout life.

- Volunteering

Based on the commitment to social involvement and environmental care, ABANCA's Social Work designs a varied, dynamic, and innovative program for all audiences, with broad geographical scope and in which, furthermore, volunteering, within the framework of the «Actúa» program, assumes a leading role.

The volunteer force is composed of ABANCA and Afundación professionals, active or retired, as well as family members, friends, members of Espazos +60, users of our activities, clients, and collaborators, who understand volunteering as a way to express and channel, altruistically and solidarity, the commitment to the environment, providing disinterested help to social and environmental causes, as well as to the local communities in which it operates.

Evolution

Below is a summary of the SMART objectives and indicators associated with each impact area, according to their monitoring and compliance and the different sustainability governance structures that already exist in the entity. And the materialization of the strategy through a wide variety of initiatives related to territorial cohesion, adapted services for senior clients, and financial education.

They are differentiated in the set of actions according to the 3 axes to achieve the different sub-objectives defined above.

Territorial cohesion:

Indicators	2023	2024
% of rural municipalities in Spain where ABANCA offers financial services.	Presence in 303 municipalities of the 313 existing in Galicia (97% of the total). Office branches in 266 municipalities (10 of them with mobiles office branches).	Presence in 303 municipalities of the 313 existing in Galicia (97% of the total). Office branches in 267 municipalities (10 of them with mobiles office branches).

Principle 2: Impact and Target Setting

ABANCA continues to increase the number of digital clients, as it has more than 1.3 million digital clients, and its mobile banking is among the best rated in the Spanish financial system. ABANCA has a network of 1,243 integrated ATMs and an extensive network of point-of-sale (POS) terminals (59,749 units) for transaction payment and a card fleet (debit, credit, wallet, etc.) that exceeds three million units. Although ABANCA makes great efforts to offer its clients the latest digital innovations, it also continues to evolve its actions focused on ensuring that clients who live and/or carry out their economic activity in the rural environment where ABANCA operates, clients who mostly correspond to senior clients. These actions focus on:

- Continuing with the ATM installation plan to improve coverage and the level of financial inclusion of the Galician rural client, as well as its commitment to the community and the initiative promoted by the Xunta de Galicia to bring financial services closer to Galician municipalities that lack them.
- Maintaining the commitment to permanence in the Galician rural municipalities and the installation of ATMs in rural areas to improve the level of coverage and financial inclusion.
- Maintaining the capillarity of ABANCA's commercial network to seek an increase in the level of accessibility to financial services in rural areas.
- Promoting financial inclusion solutions for people who, for various reasons, have difficulty accessing traditional banking facilities or services.
- Actively maintaining our involvement with rural environments and primary sector production, our willingness to continue supporting less digitized profiles, our policy of high specialization in strategic segments, such as SMEs/companies, private banking, personal banking, primary sectors agriculture or sea, energy sector.
- The maintenance of the capillarity of ABANCA's commercial network in Galicia places the Galician Community as the Autonomous Community with the greatest accessibility to financial services. Only 1% of the municipalities (3) lack access points to financial services, compared to the state average of 33%.
- ABANCA has a commitment to permanence in 142 Galician municipalities where ABANCA is the only entity with an office (fixed and/or mobile).
- It actively maintains its involvement with rural environments and primary sector production, our willingness to continue supporting less digitized profiles, our policy of high specialization in strategic segments, such as SMEs/companies, private banking, personal banking, primary sectors agriculture or sea, energy sector.

Adapted services for senior clients:

Indicators	2023	2024
Number of senior customers benefiting from financial and digital skills training.	Number of customers over 65 who participate in person in the financial, digital and fraud prevention education training programmes (mobile banking, electronic banking, ATMs): 3,777	Number of customers over 65 who participate in person in the financial, digital and fraud prevention education training programmes (mobile banking, electronic banking, ATMs): 3,467
Number of senior customers benefiting from the adaptation of services to their needs.	Number of senior customers (+60) in Spain and Portugal to whom the entity offers financial products and services: 726379.	Number of senior customers (+60) in Spain and Portugal to whom the entity offers financial products and services: 769,053

Regarding the senior group, they have a higher risk of vulnerability due to their more limited knowledge of new technologies. For this, ABANCA continues to evolve the following measures to understand the perspectives of the senior group:

- Continuing with personal and priority attention for the senior group, both through telephone treatment and in offices.
- Maintaining the teller service hours in our entire network until 2 p.m. at the teller.
- Continuing with the simplification of ATM menus located in rural areas with the aim of facilitating their use for senior citizens.
- Maintaining the advance payment of pensions to the 25th of each month.
- Continuing to support the senior group through financial education and new technology use programs (mobile banking, ATM, etc.) that allow them a 24/7 level of accessibility to financial services, without being conditioned by physical presence or office hours.

Principle 2: Impact and Target Setting

- Promote the commercialization of specific products or adapted conditions for vulnerable people, such as those affected by unemployment, dependency, or old age.
- Contribute to eradicating ageism, continue advancing towards a society free of stereotypes towards the elderly and enhance their experiences through collaborative and training initiatives promoted from the 11 Espazos +60 of ABANCA's Social Work in Galicia.
- Active participation in intergenerational and social volunteering programs led by the elderly.

Financial education:

Indicadores	2023	2024
Número clientes del colectivo sénior beneficiados de formación en competencias financieras y digitales.	Número de clientes >65 años que participan presencialmente en los programas de formación en educación financiera (banca móvil, electrónica, cajeros), digital y prevención de fraude: 3.777	Número de clientes >65 años que participan presencialmente en los programas de formación en educación financiera (banca móvil, electrónica, cajeros), digital y prevención de fraude: 3.467
Número clientes del colectivo sénior beneficiados por la adaptación de servicios a sus necesidades.	Número de clientes sénior (+60) en España y Portugal a los que la entidad ofrece productos y servicios financieros: 726.379.	Número de clientes sénior (+60) en España y Portugal a los que la entidad ofrece productos y servicios financieros: 769.053

- Maintain ABANCA's and Afundación's financial education program, with a universal and inclusive nature, including activities adapted to the financial training needs presented by different social groups depending on the stage of life they are in, from childhood to those over 60 years of age.
- The programming is designed around four main axes: learning to manage money, learning to manage risks, financial health and literacy, and fostering an entrepreneurial culture.
- Expand the training and digital capacity building program for seniors. In June 2023, ABANCA began expanding the training and capacity building program for seniors in rural areas to other autonomous communities.

Training

Regarding the measures established to understand the perspectives of especially vulnerable clients, online training is offered to the Group's staff on the training platform, which addresses the basic concepts of how to provide the best treatment and experience to the most vulnerable clients, such as those with cultural, functional, generational diversity or the senior group. In addition to mandatory, regulatory, and catalog training, the staff in charge of resolving client complaints and feedback periodically hold territorial meetings that address topics focused on the client experience, how to provide better client treatment, as well as debating best practices for dealing with them and presenting success stories. Likewise, ad-hoc training is carried out for managers whenever necessary.

Social response after the DANA (Depresión Aislada en Niveles Altos - Isolated Depression at High Levels)

In 2024, ABANCA, due to the Isolated Depression at High Levels (DANA) that took place in the Valencian Community, Castilla La Mancha, and Andalusia, made a donation of one million euros to the Spanish Red Cross and Cáritas Española with the aim of helping the numerous people who experienced a critical situation and needed the maximum collaboration to alleviate the effects of the catastrophe. This economic donation was accompanied by other measures adopted from the first moment of the catastrophe, such as prioritizing claims attention, a financing line with preferential conditions, and on-site support work for affected clients, companies, and individuals to offer them the help they need; as well as the activation of a solidarity account for all those people or entities who wish to make donations.

Principle 3: Clients and Consumers

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

Commitment to clients and consumers

Describe how your bank has worked and/or plans to work with its consumers and clients to encourage sustainable practices and enable sustainable economic activities. It should include information on the client relationship strategy, including, among others, the identified impact areas/set targets, awareness activities with clients and consumers, relevant policies and processes, planned/implemented actions to support client transition, selected indicators on the client relationship, and, where possible, the impacts achieved.

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024](#)

1.3.1.2.	Value	chain	of	ABANCA
3.2.1.	Basics	of	the	customer
3.2.2.	Care of our customers			experience

All of ABANCA's activity is regulated by internal policies and procedures that ensure the entity's responsible behavior and constitute the corporate framework that guides its actions in the field of client management and commitment. The bank has an ethical and conduct code and other responsible behavior policies such as the anti-corruption policy, the commitment to human rights, commercial communication policy, product governance policy, client privacy policy, etc.

The entity focuses on building solid and trusting relationships with its clients, ensuring that every experience exceeds their expectations and reinforces our commitment to excellence. It ensures that the interests, opinions, and rights of clients and end-users are considered, which is why the client experience is considered one of the priorities of the Strategic Plan. **The client is at the center of the strategy, which is why it is important to provide the client with the means and channels to listen to them and act accordingly, improving processes, promoting changes that lead to better adaptability to client requests, and allowing them to obtain a better experience.**

Among the processes that the ABANCA Group has improved based on the opinions and comments of our clients is the digital onboarding process. The Sustainability Report includes complete information on how the Group responds to the impacts, risks, and opportunities identified in the aforementioned double materiality analysis related to clients. Once the impacts and risks related to clients are identified, the strategy and business model are adapted to mitigate them, and different initiatives are launched, such as: In the area of client security and privacy, new actions have been designed aimed at improving the use of personal data we have. An analysis of the data generated by the offices is carried out periodically to identify possible areas for improvement and, if necessary, establish concrete action plans that optimize the experience in each office. During 2024, 82,550 clients shared their experience with us, which allowed us to collect their critical valuations, suggestions, and congratulations. The results are used to develop the indices (ICS, CES, IPN, RCO) that help understand our clients' satisfaction and are used to align client interests with the different phases they go through.

Regarding the measures established to understand the perspectives of especially vulnerable clients, online training is offered to the Group's staff on the Training platform, which addresses the basic concepts of how to provide the best treatment and experience to the most vulnerable clients, such as those with cultural, functional, generational diversity or the senior group. Furthermore, actions continue to be carried out, within the Financial Education Program, to improve the financial education of our clients, including younger clients. For this, more training courses and financial health courses are offered where informed and accurate financial decision-making by citizens throughout their life cycle is promoted, as well as enjoying healthier economic habits.

Principle 3: Clients and Consumers

Business Opportunities

Describe which strategic business opportunities in relation to increasing positive impacts and reducing negative impacts your bank has identified and/or how it has worked on them during the reporting period. Provide information on products and services related to sustainability and existing frameworks that support clients' transition needs, the size of the sustainable financing portfolio or as a percentage of its portfolio, and in which SDGs or impact areas it strives to have a positive impact (e.g., green mortgages, social bonds, financial inclusion, etc.).

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)

1.3.2.4. Products and services related to sustainability
2.6. Accompanying our customers in decarbonisation

ABANCA positions itself as a central player in the integration of its value chain, standing out for its focus on sustainability, diversification of operations, and the personalization of services for different types of clients. Through the definition of its value chain, it structures the key activities to generate value for its clients, maximize operational efficiency, and promote sustainability. Its main objective is to offer the best and most complete service with a focus on retail business, always seeking to achieve the highest level of satisfaction in each of its products and services, with a commercial strategy based on client segmentation according to their typology, allowing it to offer products and services adapted to their needs. This offer is based on a differentiated service model, in a multi-channel environment, that facilitates the interrelation between the client and the entity. The commitment is to accompany clients in their transition towards a sustainable business model, creating a new value proposition that supports their transformation, through financing that promotes the development of new, less emission-intensive technologies, thus facilitating their transformation processes and efficiency improvement. Among the main actions carried out to achieve the established objectives in the field of sustainable finance:

- **Financing of renewable energy projects:** it has developed financing lines for projects that promote the use of more efficient energy technologies, contributing to the mitigation and adaptation to climate change. Its main focus is on photovoltaic and wind energy initiatives, as well as innovative projects based on hydrogen, biomethane, and repowering. In 2024, financing projects that promote a transition to a low-CO2 emission economy resulted in €1,145 million.
- **Sustainable wholesale markets and financing:** it has developed an Issuance Framework aligned with the Sustainable Development Goals, the ICMA Green, Social, and Sustainability Bond Principles, and the Taxonomy Regulation criteria (under the best-effort approach). And it has successfully placed two Senior Preferred green bond issues, for a total amount of 1,000 million euros, backed by Sustainalytics' opinion on the Framework.
- **ABANCA Sustainable Action Plan:** during 2024, an action plan developed in response to the support needs in sustainability detected in client-companies was implemented, which consists of several axes. On the one hand, the teams have been equipped with specific tools to address the sustainability challenges of the bank and clients, and a commercial systematic and an external accompaniment plan have been defined to carry it out. Furthermore, a specific training plan with external accreditation has been designed so that the bank's professionals can successfully support our clients in their transition path towards a more sustainable economy. The advisory model is free for the client (launched to 15,000), starts from an individual ESG analysis of each client, from which not only recommendations in the ESG field emerge, but also solutions linked to product and regulatory advice. And it has accompaniment from the ABANCA team and an expert external support team for client support.
- **Specialized business:** it has specialized teams for interconnected areas and sectors: primary, insurance, consumer, institutional, international, recoveries, and real estate. ABANCA Mar and ABANCA Agro focus on supporting the primary sector in its transition towards more sustainable business models. This includes the dissemination of information about aid for improving their operations, accompaniment in their management, the financial inclusion of professionals in the sector, as well as the advance payment of subsidies and the financing of projects aimed at reducing the environmental impact and promoting investments in the social sphere. ABANCA Next Generation: a unit that collaborates closely with public administrations and companies to develop their projects (circular economy, digitalization, energy transition, etc.) and make them eligible to access European funds.

Principle 3: Clients and Consumers

ABANCA Energy focuses on meeting the demand of clients with a sustainable profile, offering a variety of products aimed at individuals, self-employed, SMEs, companies, and property communities, in renewable energy lines (such as self-consumption and storage facilities), efficient housing, sustainable mobility. Its objectives are to support companies and families in the transition process, promote the development of energy projects, and promote the abandonment of fossil fuel-based energies and their replacement with new sustainable sources.

- **Collaboration agreements and conventions:** collaboration with public and private organizations through agreements that promote access to financing for SMEs, self-employed, and young people, fostering social, economic, and energy development. Initiatives stand out for: credit accessibility, business sustainability, supported by European funds and official programs.
- **Sustainable investment:** all ABANCA funds and GDC (Discretionary Portfolio Management) strategies integrate ESG risks based on the entity's responsible investment policy. More than 93% of the underlying funds of the GDC strategies are funds classified as Art. 8 and Art. 9 according to the SFDR Regulation. Furthermore, ABANCA portfolios have a sustainable investment commitment of at least 5% and take into account the Principal Adverse Sustainability Impacts. In 2024, the total managed volume classified as Art. 8, following the SFDR criterion, was €1,284.59 million.
- **Launch of B100:** this is a new digital banking model based on three pillars: personal health, planet health, and financial health, creating a new category: Healthy Banking. On the one hand, B100 allocates 25% of the income from each payment made by a client with their "Pay to Save" debit card to a project to combat marine pollution. Furthermore, it rewards physical activity with its Health Account in which the client can establish a daily step goal, which allows for extra money savings. It offers savings tools, such as different types of rounding, scheduled periodic transfers, or the possibility of dividing its Save Account, which is also remunerated, into different piggy banks, among others. For ABANCA, the objective of Healthy Banking is not only to take care of its clients' financial health but also their personal health and the planet's health.

Within the framework of its ESG Plan and in accordance with the assumed decarbonization objectives and the commitment to supporting the transition, ABANCA continues to work on strengthening the client engagement strategy, based on an accompaniment approach in the transition, recognizing that smaller companies need more time to develop their plans, and prioritizing engagement over divestment.

ABANCA has integrated the evaluation of the suitability of financing operations that include sustainability characteristics into the credit operations analysis. In this way, the bank implements robust mechanisms to advance in the fulfillment of its NZBA objectives and dedicates efforts to the harmonization of its credit portfolio with the Taxonomy Regulation (as of the end of 2024, the portfolio in the renewable energy and housing financing lines, in accordance with the Taxonomy criteria, amounts to 1,527.4 million euros). The application of the levers, detailed in the Sustainability Report, contributes to the achievement of the objective of limiting and mitigating the impact of climate change, as well as the potential adverse effects on the environment derived from the credit granting activity to clients, as established in the ESG Risk Management Policy. The two main levers implemented by ABANCA in 2024 are related to the material IROs identified regarding the credit portfolio:

1. **Integration of ESG risks in the admission process:** the evaluation systems that have been integrated into the admission circuits, such as the general C&E risk analysis questionnaires; and the mechanisms for integrating C&E factors in pricing/RAROC.
2. **Engagement with clients as part of its new Transition Plan.**

Principle 4: Stakeholders

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

Identification and consultation of stakeholders

Describe which stakeholders (or groups/types of stakeholders) your bank has identified, consulted, engaged, collaborated or partnered with in order to implement the Principles and enhance your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed / results achieved and how they contributed to the action planning process.

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)

1.2.1.	Identification	and	evaluation	process	for	material	IROs
1.3.4.1.		Dialogue			with		Stakeholders
1.3.4.2.	Integration of stakeholders' opinions in the strategy and business model						

Each year, ABANCA works to strengthen its alliances and relationships with stakeholders, considering them a key element of its strategy and corporate culture. This allows it to offer solutions, initiatives, and forums that promote sustainable development and contribute to progress.

It has a Communication Policy whose objective is to establish a general framework for dialogue and communication with the various stakeholders. This policy seeks to preserve and strengthen the entity's reputation and image, promote its corporate values, and support the fulfillment of its strategic objectives, disseminating information with criteria of transparency, truthfulness, rigor, coherence, efficiency, equity, responsibility, and sustainability.

The consulted groups include employees, clients, shareholders, investors, suppliers, society, and non-financial subsidiaries. Furthermore, the so-called silent stakeholders are taken into account in accordance with the CSRD regulation, which includes the environment and future generations, whose representation is not direct, but whose needs and rights are fundamental for the materiality analysis.

ABANCA has various tools to encourage consultation and dialogue, actively valuing the opinion of its stakeholders. Furthermore, it continuously evaluates its performance and reports proactively and regularly to all involved actors. Additionally, collaboration with the main stakeholders has been carried out through the Double Materiality exercise, where ABANCA identifies, consults, and approves the main material sustainability matters with the responsible areas, the Board of Directors, and takes into consideration the opinions and interests of the stakeholders (suppliers, clients, and shareholders).

In 2024, in the Double Materiality exercise, ABANCA begins with a detailed study of the entity's context, considering market trends, as well as reference methodologies and standards. In this initial phase, the expectations of the main stakeholders have been identified and analyzed with a particular focus on sustainability and corporate responsibility issues. To ensure effective management, specific responsibilities have been assigned to people and areas within ABANCA for the supervision of the IROs, also integrating the vision of shareholders and the evaluation of ESG ratings. In this way, the analysis structurally incorporates all involved parties and covers each stage of the value chain, ensuring its alignment with the business strategy and strengthening the integration of sustainability in corporate decision-making.

Within the framework of the preparation of the Strategic Plan, ABANCA creates dialogue spaces to understand how its activity affects the different stakeholders, carrying out a detailed analysis of the environment and client behavior, and current market trends, with the aim of understanding their expectations and opinions and incorporating them into strategic decision-making. In this regard, the entity has various engagement channels that allow it to receive feedback recurrently in the normal course of its activity. This approach allows ABANCA to adjust its business model and lines of action to respond more effectively to market needs as well as maintain its competitiveness.

Principle 4: Stakeholders

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

his dialogue orientation also marks the new 2025-27 Strategic Plan. Specifically in the field of sustainability, the ESG Operational and Strategic Plan and the plans designed for each area of action will be continued with the aim of continuing to advance in the transition towards a low-carbon economy that promotes sustainable development. **The Strategic Plan is communicated and shared with all employees of the entity**, ensuring that they are informed and aligned with the bank's vision and objectives. This process not only facilitates the effective implementation of the strategy but also fosters the commitment and active participation of the teams in achieving the organizational goals.

At ABANCA, the Board of Directors is informed about the opinions and interests of affected stakeholders through a structured dialogue and information gathering process, through a dashboard completed by the different areas. This dashboard collects, among other things, the main concerns and issues related to the main stakeholders, including sustainability impacts. The compiled information is analyzed and presented during the Board of Directors' sessions, ensuring that it is informed and can proactively address the concerns identified by the areas. In this way, ABANCA ensures decision-making aligned with stakeholder expectations, as well as the Group's sustainability objectives.

In addition to these, other initiatives have been developed where active listening has been carried out with the different identified stakeholders:

- Among the practices to improve relations with the bank's clients are (focus groups, satisfaction surveys): the ABANCA Escucha Delta, ABANCA Colabora, and Mystery shopper programs that seek to listen to and understand client needs and expectations, and the service charters.
- ABANCA participates in the working groups corresponding to the commitments it adheres to, which aim to project and implement a set of measures, and which are translated into dialogue with its clients and stakeholders: the Net Zero Banking Alliance, PCAF, Principles for Responsible Banking, Principles for Responsible Investment, and the Global Compact Network or Alianza Galega polo Clima.
- Monitoring and participation in regulatory consultation processes, in the sectoral observatory of sustainable finance regulation, and in various sectoral projects launched through banking associations.
- ABANCA actively participates in various associations to contribute to the definition of a consensual position within the sector. However, in specific cases, it also directly communicates its own positions to regulators and public authorities.
- Participation in ESG meetings with investors, analysts, and rating agencies.
- Attendance at the different committees of banking associations (CECA and AEB), the Spanish Mortgage Association, the Portuguese Banking Association, and the Portuguese Leasing, Factoring, and Renting Association.
- Organization of the III Sustainable Finance Conference with the aim of analyzing.
- Likewise, ABANCA has representatives in foundations and sectoral entities that promote the development of the agricultural, forestry, fishing, and industrial sectors, as well as in non-profit and institutional organizations within its area of action. The bank meets recurrently to promote its collaboration and create tailor-made solutions to respond to the challenges of the primary sector (fishing and agriculture), such as the low incorporation of young people and sustainable management initiatives.
- Awareness and training of the staff through news on the intranet about sustainability.
- Homologation of suppliers based on sustainability criteria where, furthermore, suppliers have been listened to through a satisfaction survey. During 2024, we participated in the second edition of the 'Sustainable Suppliers' training program of the UN Global Compact Spain, in which 65 SMEs from our supplier chain participated.
- Dialogue with NGOs through ABANCA's Social Work, Afundación.

Principle 5: Governance and Culture

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

Governance structure for the implementation of the principles

Describe the relevant governance structures, policies, and procedures your bank has established/plans to establish to manage the significant (potential) positive and negative impacts and support the effective implementation of the Principles.

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)

- 1.4.1.2. Functions and responsibilities of administrative, management and supervisory bodies
- 1.4.1.3. Controls and procedures for managing impacts, risks and opportunities
- 1.4.2.1 Involvement of the Board of Directors in managing impacts, risks and opportunities

At ABANCA, the governing bodies play a key role in defining and supervising goals related to sustainability issues, as well as in managing their associated impacts, risks, and opportunities. To this end, **ABANCA has established a governance framework that includes setting strategic objectives, assigning responsibilities, and implementing control mechanisms.**

The Double Materiality Analysis identifies material sustainability impacts, risks, and opportunities, which are considered in the definition of the new 2025-2027 Strategic Plan, ensuring that the company's strategy is resilient, sustainable, and aligned with the principles of social responsibility. In this way, the Board of Directors plays a crucial role in building a business model that balances the company's growth with ESG aspects, thus being able to anticipate adverse scenarios, adapt to a dynamic environment, and ensure balanced decision-making aligned with the interests of all. Through its **Appointments and Sustainability Committee**, the Board periodically evaluates and reviews the sustainability strategy, in order for it to fulfill its mission of promoting social interest and take into account, as appropriate, the legitimate interests of the remaining stakeholders. Likewise, it supervises that the Company's sustainability practices adhere to the fixed strategy and policies. This body is responsible for establishing the guidelines on risk management governance through the Corporate Framework. The **Risk Committee**, in turn, is entrusted with supervising the execution of the entity's relevant risk management strategies, including ESG risks, in order to evaluate their adequacy to the approved risk strategy and risk appetite. To this end, it systematically reviews exposures to the main types of risk, including the underlying climate and environmental risk factors in each case, and analyzes and evaluates proposals on risk management strategy and control policies. The **Audit and Compliance Committee's** functions include the knowledge, supervision, and evaluation of the preparation process and the integrity of both financial and non-financial information. Furthermore, it supervises the internal control and risk management systems, ensuring compliance with regulatory requirements and the correct application of criteria, presenting, where appropriate, recommendations or proposals to the Board of Directors, aimed at safeguarding its integrity.

ABANCA has a **Social Responsibility and Sustainability Committee** with the function of proposing the strategic sustainability lines to the corresponding governing bodies, establishing management and control measures, monitoring and reviewing key performance indicators, and reviewing and approving projects in this area, among other functions. The Committee delegates the management of climate change and environmental change plans and initiatives of the operational part to the Energy and Environmental Efficiency Working Group (EEA), which develops the necessary procedures to make the application of the energy and environmental efficiency policy viable and fulfill the objectives that underpin it.

The ESG Steering Committee should be highlighted, whose objective is to advance in the integration of ESG aspects in management and risks, and is composed of representatives from different units. The **ESG Steering Committee** meets monthly and internally supports the introduction of information into the bank's systems for the integration of ESG criteria, support in the transition of the product catalog, training in the field of sustainability, and progress in regulatory expectations, among other functions. The progress of the work developed by this ESG Steering Committee is reported monthly to the two aforementioned Committees.

ABANCA has a procedure and tasks for the areas involved for the adherence, governance, reporting, and monitoring of the main sustainability commitments and alliances. The processing of adhesions to alliances or commitments in the field of Sustainability is carried out based on a proposal for adhesion to the Social Responsibility and Sustainability Committee (and/or to the specific committee of the scope of that commitment, after communication to the Social Responsibility and Sustainability area). Once evaluated, it is raised for approval to the Appointments and Sustainability Committee and/or the Board of Directors. Specifically, regarding the progress of the implementation of the Principles for Responsible Banking, it is reported recurrently to the Board of Directors, through the Appointments and Sustainability Committee, integrated into the reporting of the ESG project, which includes the section on commitments/alliances (a summary of the monitoring of the most relevant commitments (which have a specific annual report or milestone associated) and the synthetic indicator). And the monitoring of the milestones related to the fulfillment of commitments is raised to the Social Responsibility Committee bi-monthly, in detail.

Principle 5: Governance and Culture

Fostering a culture of responsible banking

Describe your bank's initiatives and measures to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability training for client-facing roles, inclusion in remuneration and performance management structures, and leadership communication, among others).

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)

1.4.4.2. Inclusion of ESG indicators in the variable remuneration for board members

3.1.2. Equality and diversity

3.1.3. Quality employment

3.1.4. Talent management

All ABANCA Group teams are committed to four non-negotiable values: responsibility; reliability; innovation and quality, the basis of the Ethical and Conduct Code. Furthermore, it is guaranteed that the entire staff is aware of the policies, norms, and procedures that support ABANCA's activity and that ensure the development of responsible behaviors throughout the entire scope of action.

ABANCA has an established process for reporting on sustainability issues to the administration, management, and supervision bodies, as well as to the committees, which integrates the identification and management of relevant sustainability matters for the Group, identifying possible deviations and adopting corrective measures when necessary.

To ensure that the staff is involved with corporate values and to foster an environment of well-being and development, we consider open and bidirectional communication essential. The ABANCA Group has made several communication channels available to the staff so that all workers can express their concerns or needs and, in the same way, ensure that the review of the received communications is effective. The intranet and the corporate website allow for constant communication, as staff can access updated information whenever they need it.

Our **team management model** is based on a firm commitment to guaranteeing staff well-being, attracting and retaining the best talent, as well as fostering their development and commitment. Since the staff is the engine of the Group and their professional and personal growth is key to success and sustainability, we work on the implementation of measures aimed at fostering an equitable, motivating, and healthy work environment, where each person feels valued and has development opportunities. Continuous learning is promoted through the different training programs that the Group makes available to its employees. This approach not only enhances individual talent but also strengthens the organizational culture and the Group's competitiveness.

- Awareness actions and support programs have been implemented aimed at both staff and their families, with the purpose of guiding them in obtaining or renewing the disability certificate.
- These initiatives seek to promote inclusion and offer support to those who need it inside and outside the workplace. Different training courses focused on the development of staff skills and knowledge have been designed. These training programs include specialized programs in privacy and cybersecurity, ensuring that employees have the necessary tools for personal data protection and regulatory compliance in this matter.
- Young staff and the senior group have been identified as groups with greater vulnerability to suffer the material impacts, risks, and opportunities. With the aim of anticipating possible risk situations, climate and engagement surveys are carried out that seek to know their situation and understand their concerns and needs. Based on the identification of these situations, action plans are developed that improve or mitigate these situations and the associated risks. Furthermore, listening and accompaniment spaces are periodically maintained to delve into their concerns. In the case of young talent, much emphasis is placed on their training and professional development, and in the case of the senior group, reskilling programs are carried out that help them better adapt to the different functions that are required.
- To ensure the achievement of its objectives in terms of equality and diversity, ABANCA has adhered to the Diversity Charter and has implemented a series of equality plans aimed, among other aspects, at establishing an equitable compensation system between men and women, as well as guaranteeing equal opportunities within the organization based on meritocratic criteria, without considering, among other issues, reasons of sex, race, or age.
- To respond to training needs, the 2024 Training and Change Management Plan has been defined with the following objectives:
 1. Ensure the best adoption of changes and transformations in the business and the organization.
 2. Provide the necessary skills and knowledge for professionals in the business areas to fulfill their objectives.
 3. Ensure compliance with ABANCA staff training obligations and mitigate the risks associated with the activity of each professional.
 4. Facilitate the cultural and professional integration of people from entities integrated into the ABANCA Group

Principle 5: Governance and Culture

It thus commits to ensuring compliance with the training obligations of the regulations that affect our activity (Privacy, Artificial Intelligence, MIFID and IDD in ESG, LCCI, Insurance Mediation, Money Laundering Prevention, Criminal Risks, Code of Conduct, Occupational Risk Prevention among the most relevant) and seeks to respond to commitments with other stakeholders such as the Group's professional staff or Society.

In recent years, different actions have been launched to incorporate sustainability into our functioning as an organization and into our financial activity. Based on all this, **ABANCA Sostenible has been created, a training and awareness program** that brings together all these actions, confirming our commitment to sustainability, linking the staff through training and awareness actions.

During the 2024 fiscal year, the expectations of Senior Management regarding the objectives of the Sustainable Finance awareness and training plan cover the following aspects:

1. Focus on business, introducing the transition to a sustainable economy into conversations with our clients, especially in the SME and company segments.
2. Specialize the professional groups with the greatest impact on the previous challenge as quickly as possible, especially people who work with the sectors most exposed to transition challenges.
3. Obtain third-party accreditations that allow visualizing the efforts and enhancing the knowledge of our staff.
4. Ensure that sustainable finance has continuous resonance in the organization, fostering an awareness of its impact and achieving greater staff involvement in future initiatives.

To meet this challenge, a certification plan has been defined that has provided our staff with the knowledge and tools to safely carry out the ESG dialogue with our clients: **ESG advisory certification program for SMEs and companies (ABANCA Sostenible)**. Additionally to the mentioned training, the sustainability awareness plan "**Nuevos Días**" (New Days) was launched in March 2024, which reached ABANCA staff through two main lines: brief informative pills on sustainability and its key concepts, published on the company's intranet, and the Google chat "Nuevos días" (New Days) with voluntary adherence, with short posts explaining the objectives of ABANCA Sostenible and with periodic challenges, which reached 1,170 active people. Looking ahead to the 2025 fiscal year and as a result of the evaluations of the course attendees, new actions are planned.

The entity continues to disseminate the Guide to good environmental practices, which aims to raise awareness among teams about the importance of responsible resource consumption and achieving a more sustainable company, and the campaign for responsible energy consumption awareness. Also, the ABANCA Board of Directors has specialized knowledge in sustainability, complemented by initiatives that strengthen its commitment in this area. The Director Training Plan is updated annually. In recent years, the members of the Board of Directors have received training on sustainability and ESG risks, which allows them to supervise sustainability issues. Training on sustainability has been carried out by recognized specialists.

Another action in this area is the implementation of a series of policies that seek to promote gender equality and pay equity, ensuring that staff remuneration is determined exclusively based on roles and responsibilities, without distinction by gender. In addition, the staff has access to a Flexible Remuneration Plan and a package of measures to promote work-life balance.

ABANCA, through its remuneration policies, seeks to: reduce discrimination in the labor market; promote a more inclusive and equitable society; reduce the wage gap.

These principles are implemented through the Remuneration Policy and the Remuneration Policy for the Board of Directors. The Remuneration Policy focuses on four pillars of action, which are complemented by the Equality Plan, aligns with EBA and ESMA guidelines, it should be noted that just like the members of the ABANCA Board of Directors, 10% of the ABANCA Group staff's variable remuneration is linked to certain ESG metrics. The metrics coincide with those of the Board members and are summarized below:

- 5% of the variable remuneration linked to the client experience (Value Client IPN).
- 5% of the variable remuneration linked to a synthetic indicator of progress in the ESG transition that includes three key elements: financing of less sensitive ESG transition activities (40%), mortgages with energy rating (30%), compliance with commitments derived from ESG agreements to which ABANCA adheres (30%).

The Remuneration Policy of the Board of Directors of ABANCA Corporación Bancaria describes the objectives pursued by the remuneration system for the Entity's directors, its general principles and correct alignment with risk, the elements that make up the system, and the governance, approval, and control framework for remuneration decisions affecting the directors.

The performance of senior management and, in the case of the Board of Directors, is evaluated specifically considering their contribution to the achievement of sustainability-related goals and impacts, reinforcing the entity's commitment to ESG principles (environmental, social, and governance). Since 2023, the relevance of ESG indicators in the variable remuneration of Board members has been increased, which represents 10% of the organization's general objectives. By integrating these indicators into performance evaluation, the ABANCA Group ensures that senior management's strategic decisions are aligned with sustainability objectives, promoting a positive and lasting impact in all areas of management.

Principle 5: Governance and Culture

Risk and Due Diligence Processes and Policies

Describe the processes your bank has implemented to identify and manage the environmental and social risks associated with your bank's portfolio. This may include aspects such as the identification of significant/prominent risks, due diligence processes, mitigation of environmental and social risks and the definition of action plans, monitoring and reporting on risks, and any existing grievance mechanisms, as well as the governance structures your bank has in place to oversee these risks.

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)

1.4.3.1. Risk management and internal controls on sustainability issues

1.4.5.1. Due Diligence Process

2.2. Integration of climate change in risk management

4.1.7. Internal Whistleblowing System

The Group's organizational model for risk control and management follows the guidelines of the Basel Committee on Banking Supervision, establishing a **cross-cutting risk management that encompasses the entire organization and is specified in the three lines of defense, encompassing ESG risk management.**

Given the cross-cutting nature of ESG risks, the General Directorate of Corporate Control and Risks is responsible for coordinating the integration of climate and environmental risks into the Group's Corporate Risk Framework, being responsible for defining policies, regulations, and methodologies, taking into account market best practices and supervisory requirements, as well as defining the risk appetite and monitoring its compliance. For its part, the General Directorate of Corporate Governance and Legal Affairs, which includes the compliance function, includes supervisory regulations related to ESG risks among those normative areas on which to exercise intensive supervision. From the Compliance function, through the verification of the applicable requirements in the decision-making of investment products and services, the integration of these risks in the referred products and services offered by ABANCA is supervised. In this context, they are raised monthly to the Appointments and Sustainability Committee, as well as to the Comprehensive Risk Committee (CRI), which specifically supervises ESG risks. There is an ESG regulation observatory that allows monitoring normative changes and anticipating their impact on the entity's strategy. Additionally, the ESG strategic plan and the eligible portfolio are monitored, as well as the decarbonization objectives, in addition to the approval of related policies, at least once a year. The Audit and Compliance Committee's functions include supervising the effectiveness of internal control and risk management systems, as well as approving the identified impacts, risks, and opportunities. Furthermore, it receives reports on internal incidents, originating from the internal information and control systems, as well as from the bank's internal audit function, evaluating and promoting the necessary corrective actions.

These mechanisms are based on the approval of the sustainability strategy by the Board of Directors, ensuring effective supervision and consistent progress in complying with the established commitments and the necessary measures for their development and implementation. This body is also responsible for establishing the general guidelines on the governance of its risk management through the Corporate Risk Framework, having integrated this as a risk factor within the structure of traditional risks.

ABANCA has robust policies and processes for risk identification and scenario analysis that allow for dynamic and proactive risk management, as well as its integration into the Entity's global strategy. These exercises are designed to ensure that climate projections and their implications are aligned with the underlying assumptions used in the preparation of the financial statements.

The **Policy focuses on the management of climate and environmental risks**, including the identification, evaluation, and management of physical and transition risks, addressing the identified material risks related to adaptation to climate change. It addresses the integration of ESG risks in the risk granting process, exposure monitoring, and the disclosure of information on climate and environmental risks. Through its application, it commits to respecting the European Central Bank guidelines on ESG risks.

Principle 5: Governance and Culture

ABANCA is committed to channeling the necessary resources to facilitate the transition towards sustainability, including the implementation of a new environmental rating for clients with assigned CNAE, reflecting their alignment with the criteria of the EU Green Taxonomy. And it has developed an internal procedure to identify sustainable operations applying other recognized standards, such as those issued by LMA/ICMA.

In the area of providing discretionary and individualized portfolio management services for clients and advisory services, whether on financial instruments or insurance-based investment products, and on decision-making regarding its own portfolio investments, the ABANCA Group has the **responsible investment and sustainability risk integration policy**. The integration of sustainability risks or ESG risks in the decision-making and due diligence process allows complementing the quantitative risk analysis from a qualitative perspective, improving the evaluation of investment risks. Furthermore, it has an engagement policy, for participation in the decision-making of the companies and issuers in which they invest, taking into consideration ESG criteria.

The management of climate and environmental risks is key to reinforcing the resilience of the strategy and business model against climate change. As mentioned, **ABANCA's Business Environmental Scan** process is based on identifying how climate and environmental risks, as well as different trends (macroeconomic, competitive, regulatory, technological, and socio-demographic environment) can impact the general framework in which the entity operates, its business model, and the future income generation capacity. The conclusions of the C&E Risk Materiality Analysis have been used as the main input source, whose objective is to analyze comprehensively and detailed the degree of exposure to climate and environmental risks and their materiality in all the entity's business portfolios for different time scenarios, as well as in the context of the management of the corresponding prudential risks. Furthermore, and aligned with the C&E Risk Materiality Analysis, an effort has been made to identify different transmission channels that transfer the impact to be observed in the different portfolios and in the different time horizons. After analyzing the climate and environmental impact in its business environment in the BES, ABANCA can make informed decisions that integrate risks and opportunities into the entity's strategic planning. Likewise, the aforementioned analysis allows identifying by means of relevance classifications in planning the events to maintain under surveillance in the monitoring of the exercise and the incorporation of these within the different tools of the control framework. One of the main contributions is the mitigation measures through the development of products for the transition of sectors/counterparties or portfolios with greater risk perception. Furthermore, the materiality analysis and other internal processes and their advances have allowed developing key tasks, grouped and integrated into the ESG Strategic and Operational Plan.

Under the regulatory framework of Directive (EU) 2022/2464, in 2024 the ABANCA Group carried out the Double Materiality Analysis for this purpose, where the process covers not only its own activities but also those related to the previous and subsequent phases of its value chain, including its products, services, and business relationships. It is aligned with the standards established in the United Nations Guiding Principles on Business and Human Rights, as well as the OECD Guidelines for Multinational Enterprises. As mentioned, the impacts, risks, and opportunities identified and evaluated as material for ABANCA are raised and communicated to the Audit and Compliance Committee. Through its **Commitment to Human Rights**, the Ethics Committee carries out the supervision and monitoring of reports related to possible breaches in the field of Human Rights.

ABANCA has continuous and frequent dialogue with the main stakeholders. Through dialogue, ABANCA develops policies, with the aim of managing and implementing specific actions to prevent and mitigate possible negative impacts identified on people and the environment. The whistleblowing channel is a mechanism that ABANCA implemented in 2016 and allows employees of the Group's different companies, suppliers, and their related employees to communicate possible risks or breaches derived from actions or behaviors that may be contrary to legality or to those principles or internal regulations that the entity has included in its codes of conduct or in any of its internal norms or protocols. The operation of the **Internal Whistleblowing Information System** is set out in the General Policy of the Internal Whistleblowing Information System.

Principle 6: Transparency and Accountability

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

Links and References

- [Consolidated Non-Financial Information Statement and Sustainability Information 2024:](#)
- 1.1.1. General Basis for the preparation of Information
- Limited verification report issued by PwC (page 407)
- [Pillar III Disclosure Report](#)

The content of this Statement is mainly based on the Consolidated Non-Financial Information Statement and Sustainability Information, which is part of the ABANCA Group's 2024 Consolidated Management Report and includes, among other contents, the impact analysis, progress in climate and social objectives, as well as the governance and risk management structure.

The preparation of the Consolidated Non-Financial Information Statement for the 2024 fiscal year responds to compliance with the mandates of Law 11/2018 and the European CSRD Directive (Directive (EU) 2022/2464), in addition to the requirements of Article 8 of the European Taxonomy.

The Report has been verified by PwC, acting as independent auditor, and approved by the entity's highest governing body, the Board of Directors, prior to its publication.

Annually, ABANCA also submits its reports under other international standards such as the United Nations Global Compact, the Principles for Responsible Investment, and CDP. To comply with EU Regulation 575/2013 (CRR), the entity prepares and publishes a Prudential Relevance Report that details the integration of its ESG risk strategy. Finally, the document has been reviewed by the Social Responsibility and Sustainability Committee as part of the process of monitoring its commitments. This document has been presented to the Social Responsibility and Sustainability Committee, prior to its publication, within the periodic monitoring of commitments.

An aerial photograph of a dense, lush green forest. The trees are packed closely together, creating a textured canopy of various shades of green. The lighting is bright, highlighting the tops of the trees. In the center-left portion of the image, the text "//ABANCA" is overlaid in a bold, white, sans-serif font. The double slashes are slightly larger than the letters.

//ABANCA