



**CAJA RURAL
DE NAVARRA**

—
CSR REPORT
2017

CORPORATE SOCIAL RESPONSIBILITY REPORT 2017
www.cajaruraldenavarra.com

***Our aim is to improve
each year in what we do,
how we do it and
how we report it.***



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CHAIRMAN'S LETTER

At **Caja Rural de Navarra** we have been working to prepare our first Corporate Social Responsibility Report.

In the past, our annual reports have given a full and fair reflection of the Bank's economic activities, including its key ratios and business indicators, solvency and results. All these points are essential to the future of the Bank. But there are other equally important factors which are increasingly scrutinised by our customers and wider society and used to differentiate companies by criteria that go beyond the essential one of economic success.

I am talking about the way these figures are achieved, the way each company goes about its day-to-day work, the values that, explicitly or implicitly, guide the institution to achieve the aims and targets it has set.

The social character of the Bank is deeply rooted in its origins. Cajas Rurales as an institution started to develop in Spain at the beginning of the last century, building on a successful model which had existed in the nineteenth century in central Europe, especially Germany. And the motivating force behind this expansion was the creation of cooperative social models to provide access to finance that, at the time, especially in the primary sector, was dominated by usurious practices.

And this same social character continues today and remains the essential core of Caja Rural de Navarra active in all sectors of the economy, in a local regional market, whose development depends almost uniquely on the social and economic development of this region. It is a symbiosis of survival. The Bank will exist as long as its region exists, and for both to thrive, each needs the other.

The region generates initiatives for development and we support them financially and socially. This social character of the business is closely tied to its ownership structure. When an entity is owned by more than 140,000 members in a local population, we can conclude that it is effectively part of this society's social heritage.

Now, it is up to us to explain to our members, our customers and society in general how we do things.

In some respects we are already half-way there, as Caja Rural de Navarra, by statutory mandate, returns 10% of its profits to society through its Social Welfare Fund. We are being audited by consultancies specialising in this field such as Sustainalytics, which has assigned us a rating that, we are sure, we will be able to improve on year by year. And we have issued sustainable bonds which were well received by the Spanish and international money markets.

The aim of this report is to draw together in one document all the information needed to explain how we go about our business, our style, our values and the character of Caja Rural de Navarra. Basically, how we have achieved the economic successes detailed in our annual financial report.

To compile this report we will be applying a comparable and standardised methodology used in the major international economic and social environments. This is the first. Unquestionably, the second will be better. Our aim is to improve each year in what we do, how we do it and also in how we reflect it in the report which follows.

Ignacio Terés Los Arcos / President



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2017
**About the
Report**



**CAJA RURAL
DE NAVARRA**



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1. ABOUT THE REPORT

This year Caja Rural de Navarra publishes its first Corporate Social Responsibility (CSR) report, following the standards set by the Global Reporting Initiative (GRI). We plan to continue publishing an CSR report each year. The report seeks to give an overall view of Caja Rural de Navarra's progress in 2017, its management model, its place in the Spanish financial system and its exercise of corporate social responsibility in the various areas where it applies.

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

Quantitative and qualitative information is for financial year 2017. As for the reporting scope, we report on Caja Rural de Navarra, as a financial institution, and not on the set of companies in which it invests.

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

 Available to people and agents who contributed to its preparation.

 Published on the website www.cajaruraldenavarra.com.

 Distributed to the main representatives of stakeholder groups.

Requests for information:

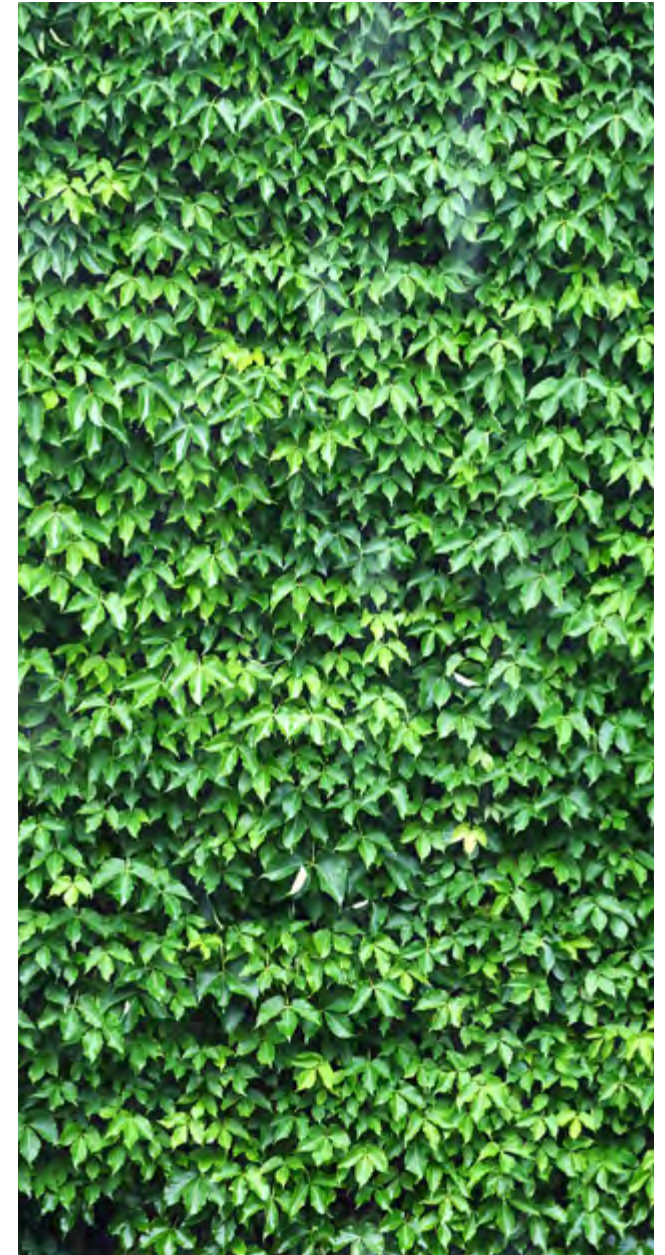
Information that is not included in this report can be found at www.cajaruraldenavarra.com or requested by applying to the contact addresses below:

e-mail:

buzon.crnavarra@cajarural.com

mail:

Servicio de Atención al Cliente
(Customer Services Department)
CAJA RURAL DE NAVARRA
Plaza de los Fueros 1
31003 Pamplona.



2. OUR STAKEHOLDERS

Having carried out an analysis and initial diagnostic, one of the first steps we took was to set in train a dialogue with stakeholders. This process was seen not only as an essential tool to determine what should be included in this report but also as a channel through which the Bank's different stakeholders could participate actively in its CSR strategy.

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

It is important to embed a commitment to stakeholders. This means initiating a set of actions and efforts to understand and involve these groups in Caja Rural de Navarra activities and decision-making.

The stakeholder groups identified by Caja Rural de Navarra are:



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

The abovementioned groups have been consulted by Caja Rural de Navarra to determine which CSR issues they see as most pressing for Caja Rural de Navarra and the results have been distilled into a single priority list of relevant material issues for the stakeholders consulted.

Channels for communication with stakeholders:

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

STAKEHOLDERS

CUSTOMERS

- Individual
- Corporate
- Private banking
- Institutions

COMMUNICATION CHANNELS

- Customer services - Social networks
- Quality reviews – *Te escuchamos* (We’re listening)
- Customers satisfaction assessment
- Suggestion boxes
- Cajaruraldenavarra.com website
- General commercial relationships
- Materiality Survey for the preparation of this report
- Personal materiality interviews for the preparation of this report
- Materiality Focus Group for the preparation of this report with corporate customers

EMPLOYEES

- Caja Rural de Navarra intranet
- Internal portal: ideas and experiences
- Comité de Empresa* (works council)
- Internal Communication Group
- Materiality Focus Group for the preparation of this report

SUPPLIERS

- Commercial and contractual relationships
- Quality surveys



3. MATERIALITY ANALYSIS

For the first time, as part of the process of preparing the CSR report to GRI standards (see <https://www.globalreporting.org/standards/>), Caja Rural de Navarra has carried out a materiality analysis. The aim is to identify those issues that most impact the organization and its stakeholders and which it is therefore essential to report on.

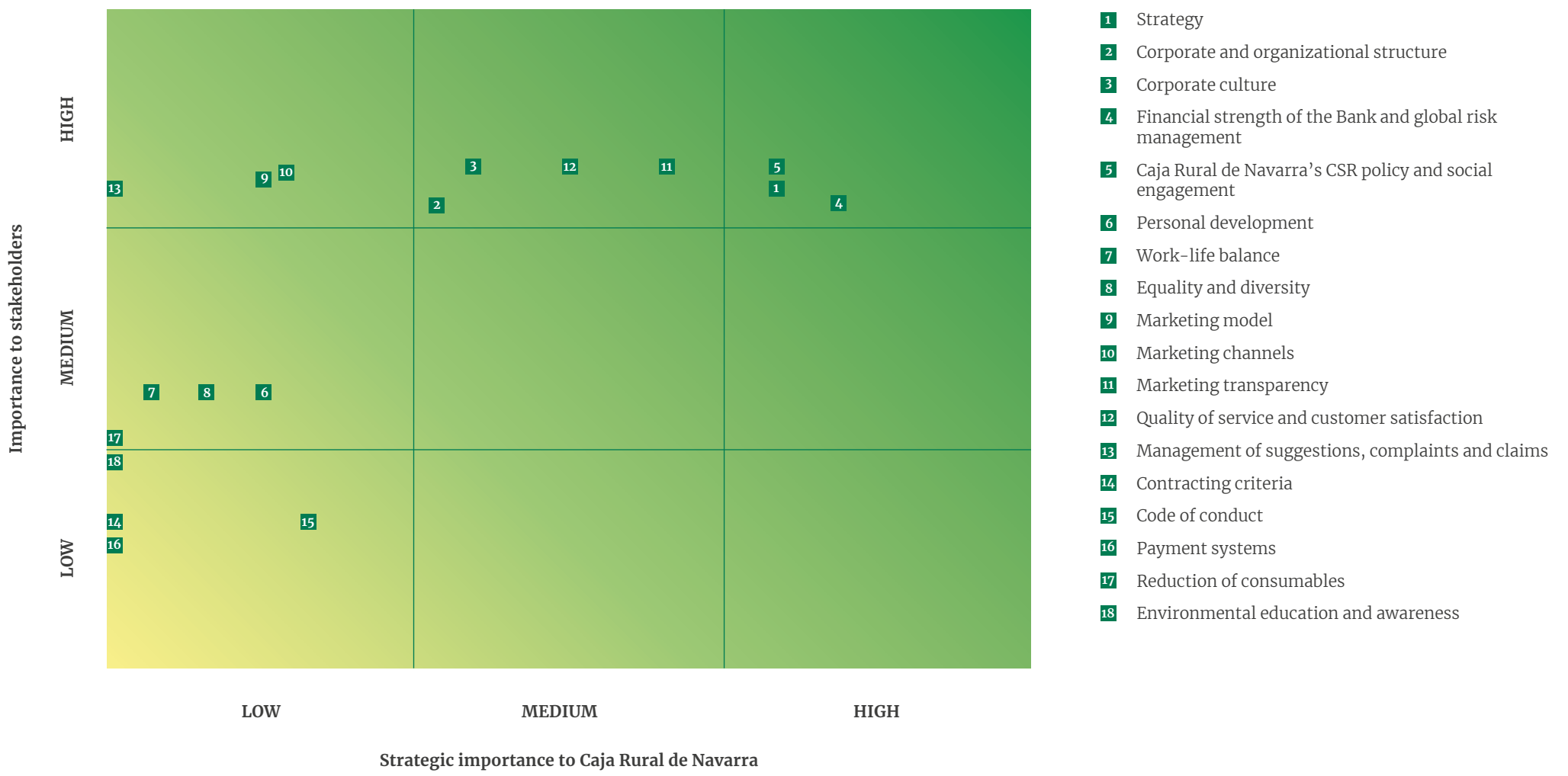
The guidelines state that sustainability reporting should be based on the principles of stakeholder inclusiveness, sustainability context, materiality and completeness.

In applying these principles to report content, Caja Rural de Navarra has defined and applied a number of methodologies to identify which issues are material, taking into account both internal and external factors.

EXTERNAL VIEW	CONSULTANCY METHODS	SIZE OF SAMPLE CONSULTED
Individual customers	Online questionnaire	2,633
Private banking customers	Focus group with managers	24
	Face-to-face interviews with customers	
	Written questionnaire	
Corporate customers	Focus group with managers	33
	Focus group with customers	
	Face-to-face interviews with customers	
	Written questionnaire	
Institutional customers	Online questionnaire	27
Individuals	Focus group with the Internal Communications	20
	Committee	
Suppliers	Written questionnaire	2
INTERNAL VIEW	CONSULTANCY METHODS	SIZE OF SAMPLE CONSULTED
Management Committee	Online questionnaire	31
Product managers		



The chart below shows the relative importance of the different issues addressed by the analysis:



The materiality analysis conducted by Caja Rural de Navarra identified the following issues as material and therefore for mandatory inclusion in the **CSR Report**:



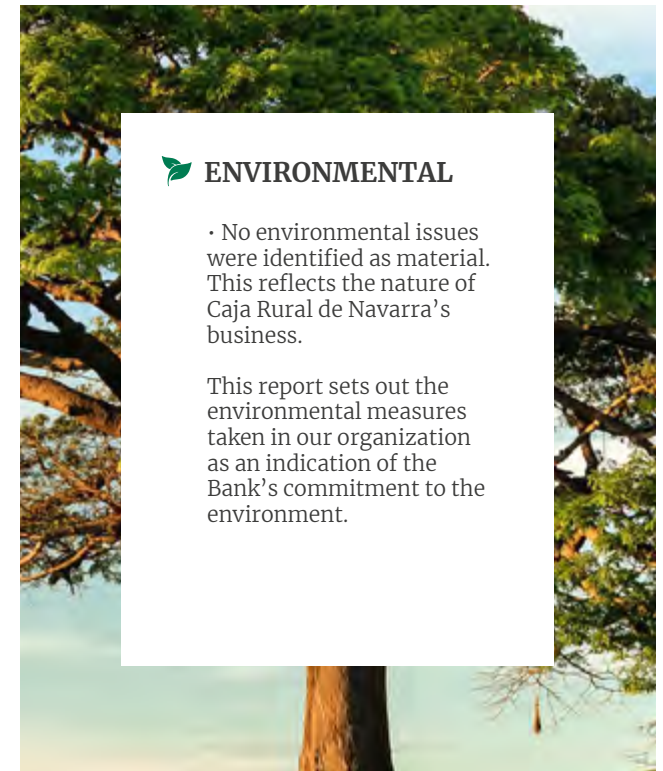
ECONOMIC

- Financial strength of the Bank and global risk management.
- Strategy.
- Marketing transparency.
- Quality of service and customer satisfaction.



SOCIAL

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



ENVIRONMENTAL

- No environmental issues were identified as material. This reflects the nature of Caja Rural de Navarra's business.

This report sets out the environmental measures taken in our organization as an indication of the Bank's commitment to the environment.

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

4. MANAGEMENT FOCUS

Guided by the conclusions of the materiality analysis carried out by consulting our stakeholders, Caja Rural de Navarra bases its relationship with stakeholders on the following criteria:

CUSTOMERS

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

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

See the "Customers" section below for further details of Caja Rural de Navarra activities in this regard.

THE TEAM

Regarding employees, the materiality analysis identified a number of key points to which the Bank is paying special attention. Particularly important were the issues of involving the team in strategy, career management plans, training and a policy on professional selection and development based on merit and effort. All this is being implemented over a long-term horizon, something we believe is fundamental to avoid conflicts of interest and align the different aims of different stakeholder groups in the workforce, a crucial point for a services company and its sustainability over the long term.

SOCIETY

Our relationship with wider society is a differentiating factor for Caja Rural de Navarra. Our structure as a regional bank inevitably implies a close relationship with the region where we operate and a longer term vision. This reflects its cooperative ownership and business structure, which helps limit the risk of taking decisions on too short term a basis or where the interests of one group take excessive precedence over the rest. On this point, it is essential for the Bank that communities in the regions where we operate continue to see us as a local institution, supporting local initiatives, with a far more direct knowledge of the economic and social realities of the towns and cities in our regions. An institution that backs the social structures essential for long-term community development, such as SMEs, entrepreneurs, grass-roots sport, educational and cultural activities, etc. with an focus on including different community groups that is sustainable over time.

ENVIRONMENT

As a financial services institution, Caja Rural de Navarra has only a limited direct material impact on environmental issues. Nonetheless, the Bank is developing multiple initiatives not only by reducing the negative impact of our own activities but also by supporting initiatives to improve the environment in our regions. These may involve training, awareness-raising, direct investment in environmental business projects (forest development, renewable energy, etc.) or supporting projects to improve the environment through the Bank's financing lines (sustainable agriculture, sustainable forestry, waste management, renewable energy and energy efficiency).

SUPPLIERS

Caja Rural de Navarra seeks to maintain a close, respectful, trusting and transparent relationship maintain with its suppliers and partner companies; a relationship which promotes in-depth knowledge of the companies we contract with and confidence in the quality of the services they provide (see below for more detail). In its selection processes, Caja Rural de Navarra measures suppliers against its own set of ethical principles, which besides looking at quality and costs, also requires that companies respect workers' rights, behave transparently and have a clean record on social and environmental issues.

We work hard to promote responsible management and long-term development for customers, employees, the wider community and suppliers.

5. STRATEGY

Caja Rural de Navarra is a cooperative institution specialising in retail and regional banking, which serves its customers through a network of 250 branches in the regions of the Comunidad Foral de Navarra, Basque Country and La Rioja as well as through its virtual channels.

The Bank has drawn up a 4-year Strategic Plan which is complemented with annual plans.

The key principles of the Strategic Plan are based on balanced growth which allows Caja Rural de Navarra to keep growing market share in all areas where it operates while maintaining its differentiating model of a regional retail bank.

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

The Bank also belongs to the Caja Rural Group, a financial group based on a federal banking model. This overcomes the limitations of its member Rural Credit Cooperatives, regarding the scale and the geographical reach of their business, while safeguarding their full autonomy and the essential requirement of banking effectiveness and business efficiency.

To run its business, the Caja Rural Group relies on shared central services provided by specialist companies set up by the group and covering each of the main business areas of the



In 2017, 49% of customer transactions were made through virtual channels.

member Rural Credit Cooperatives. The Banco Cooperativo Español, Seguros RGA and Rural Servicios Informáticos give the group a competitive edge in meeting the challenges of an increasingly innovative and demanding market.

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

The strategy is to be the leader, or a benchmark institution, in its natural market. Caja Rural de Navarra is an integral part of its community and, by virtue of its origins and deep roots in local society, is an important and energizing contributor to development.

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

To achieve these aims, Caja Rural de Navarra's strategy incorporates the following points:



Continuing improvement of market share in its key segments: retail, corporate and institutional banking.



Expansion of advice and distribution of investment products, with a special focus on Private and Personal Banking in compliance with the new MiFID II regulations.



Development of insurance distribution.



Further digitization of internal and external processes of Caja Rural de Navarra's institutional and marketing communications.



Maintaining levels of solvency, liquidity, efficiency and asset quality.



Stepping up communication of the Bank's ESG strategy, by publishing the first Corporate Social Responsibility (CSR) report and sustaining initiatives in this field, such as the sustainability framework for the loan book.



Maintenance and, on occasion, expansion of the Bank's branch network in the regions where it is active (Navarre, the Basque Country and La Rioja).



Support for the banking model through the Spanish Association of Cajas Rurales and companies in which it has equity investments (Banco Cooperativo Español, Rural Grupo Asegurador, Rural Informática, etc.) with the aim of maintaining the economies of scale, efficiency and competitiveness essential in today's market.



Continuous training for employees and development of new products and services to further the abovementioned aims.



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2017
**About us:
the Bank's
structure**



**CAJA RURAL
DE NAVARRA**



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2. Profile of the organization
3. Governing bodies
4. Operational structure
5. Compliance
6. Corporate culture
7. Equity investments
8. Risk management
9. Key figures

1. BRIEF HISTORY AND CORPORATE CULTURE

Although its origins date back to 1910 as the central body for several regional cooperatives, Caja Rural de Navarra was founded in its current legal form in 1946. It is subject to the laws and regulations on credit institutions operating in Spain including Act 13/1989, of 26 May, on Cooperative Credit Institutions, Royal Decree 84/1993, of 22 January, and Act 27/1999, of 16 July, on Cooperatives.

Its business originally focused on the agribusiness sector but developed over the years as the region became increasingly industrialized. Now, Caja Rural de Navarra operates a universal banking model, with a culture based on transparency, responsibility, thrift and risk management. It retains its local focus and following the tradition of the European cooperative model, its financial activities address all retail banking segments (individual, corporate, the self-employed, institutions, etc.) through a network of 250 branches in the regions of the Comunidad Foral de Navarra, Basque Country and La Rioja.

Caja Rural de Navarra is governed by its articles of association, as officially amended to comply with Act 27/1999. They define its corporate purpose as to meet the financial needs of its members (more than 155,000 members, representative of the region's highly diverse economic sectors and society) and third parties by carrying on the activities typical of a credit institution.

Its strategy is local growth. Despite the radical changes that have redrawn the map of Spanish banking in recent years it has been neither the object nor protagonist of any mergers and has retained its name and historical brand of Caja Rural de Navarra.



Caja Rural de Navarra has maintained its business model, growing steadily over time, successfully improving its market position, financial statements, solvency and liquidity and emerging stronger from the 2008 financial crisis.



In the early 1990s, Caja Rural de Navarra was a founding member of the AECR (Spanish Association of Cajas Rurales) which grew out of the national union of regional banks as a way to generate synergies and economies of scale. The AECR is the forum for coordination and debate of whatever issues affect the Caja Rural Group.

It sets the priorities, strategies and policies for action at Group level. The Association also speaks for the Group in national and international economic and representative bodies where its interests are at stake.

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

The system of integration based on a federal banking model means members can retain their autonomy, provided they adhere to the essential prerequisites of banking activity and business efficiency, while overcoming the limitations of small scale and regional scope they would otherwise be constrained by.

To help its member banks develop their businesses, the Association has set up a number of companies, with the Cajas Rurales as shareholders, to provide centralised shared services to all members, most notably Banco Cooperativo, Seguros RGA and Rural Servicios Informáticos. This approach helps give the Caja Rural Group a competitive advantage in meeting the new challenges thrown up each day by the increasingly innovative and demanding marketplace.



COMPOSITION OF CAJA RURAL GROUP



The main services provided by these three companies are:

Banco Cooperativo: the banking centre for the Group's member banks. Banco Cooperativo provides access to various banking services by exploiting economies of scale. These include access to the interbank, fixed income and derivatives markets; syndicated loans; leasing and renting, assets and liabilities analysis and ALM tools; management of monetary policy operations, wholesale origination etc.

Seguros RGA: The Caja Rural Group's insurance company whose various subsidiaries provide insurance products to customers of the Group's banks. It offers bankassurance products and other more specialized policies for risks and sectors with more specific or complex needs. Between its own products and those it brokers for other insurers, its range can cover any type of insurance need.

Rural Servicios Informáticos: Rural Servicios Informáticos is the IT provider for Caja Rural Group. It grew up to support

the Group's members. Founded in 1986 it is now responsible for designing, developing and implementing technological solutions and services and automated processing of data held by the Cajas Rurales. It provides flexible scalable applications for core banking and the various omnichannel services for customers (web, mobile apps, tablet apps, ATMs and telephone banking) based on the shared strategy defined by Caja Rural Group.

It also provides technology outsourcing services not only to Caja Rural Group entities but to any type of financial institution, an area where it has a leading reputation in Spain. Now, it also has an international subsidiary, Nessa Global Banking Solutions, founded in 2011 and responsible for marketing and implementing SRI solutions and services in financial institutions outside the Spanish market.

As well as the AECR, Caja Rural de Navarra is a member, via Caja Rural Group, of the Unión Nacional de Cooperativas de Crédito (UNACC- www.unacc.com), a trade body whose

main task is to represent and defend the interests of its members, promote banking and act as interlocutor and spokesman with public institutions and other bodies.

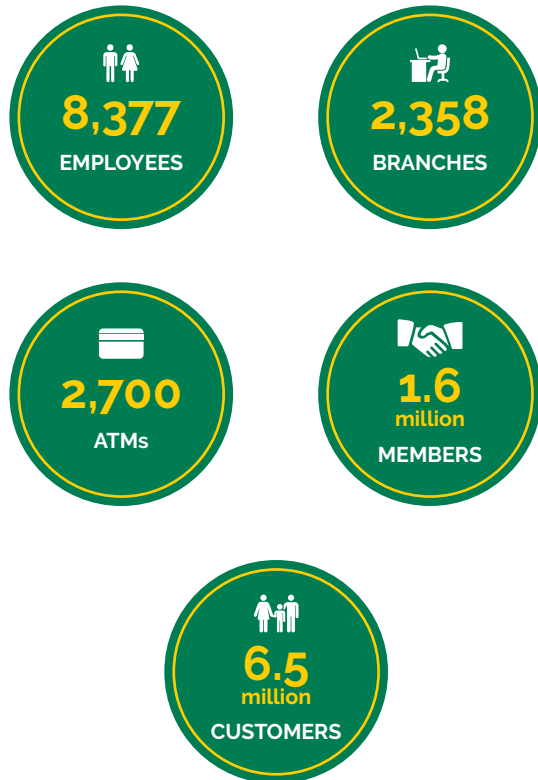


On the international stage, via UNACC the Cooperative Bank forms part of the EACB (European Association of Cooperative Banks - www.eacb.coop) an umbrella organization for Europe's cooperative banks, which play an important role in the continent's economic and financial system with a market share of 20%.

The association represents the interests of its 28 members - and their 3,100 affiliated banks and 80.5 million members - in European institutions. Together, these banks employ 732,000 people and serve 209 million individual and corporate customers.



Key figures for the Caja Rural Group:



2. PROFILE OF THE ORGANIZATION

NAME

CAJA RURAL DE NAVARRA, Sociedad Cooperativa de Crédito.

LEGAL PERSONALITY (FORM)

Credit Cooperative.

CORPORATE PURPOSE

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

REGISTERED OFFICE

Pamplona, Plaza de los Fueros, No1.

REGISTRATION AND LICENSES

Registered in the Register of Cooperatives and Limited Partnerships of the Directorate General for the Spanish Labour and Social Security Ministry with number 2163/344. S.M.T., in the Bank of Spain with number 3008 and the Navarre Companies Register volume 11, sheet 175, page NA 183.

Tax Identification No. (NIF)

F/31021611

CORPORATE BODIES

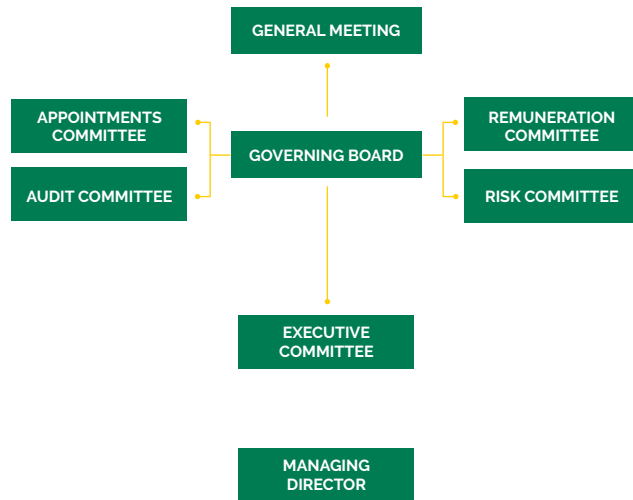
1. General Meeting
2. Governing Board.

SCOPE OF OPERATIONS

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

3. GOVERNING BODIES

Corporate structure of Caja Rural de Navarra:



GENERAL MEETING

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

In 2017, 8 Preparatory Meetings were held and 1 Ordinary General Meeting.

GOVERNING BOARD

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

Members of the Governing Board are chosen from among the cooperative's members according to the procedure set out in articles 44 and 45 of the Bank's articles of association, which can be found (in Spanish) at:

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

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

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



The Chairman, Vice-Chairman and Secretary can come from any of the regions where Caja Rural de Navarra operates.

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

The Bank's Appointments Committee assesses whether each Board member meets these criteria both when a person first presents themselves for a seat on the Board and when they seek re-election at the General Meeting. If the Committee gives its approval, the Bank of Spain must then confirm its decision and authorize the Board member's registration in the Register of Senior Officers kept by the supervisory body.

In addition, each year, Caja Rural de Navarra Appointments Committee reviews the suitability of the members of the Governing Board as a whole to ensure that the Board has the right knowledge and experience to understand Entity activities, including the principle risks of its business, and to confirm there is nothing to prevent any of the Board members expressing themselves and taking decisions freely and with complete independence.

Where necessary, the Board can be alerted to matters of concern using the institutional communication channels in each of the areas that report to the Governing Board. For customers, this means the Customer Services Department. For those working in the organization, there are whistle-blowing channels run by the Anti-Money Laundering Area and by the Bank's Compliance Function.



GENERAL MEETING



GENERAL MANAGEMENT



GOVERNING BOARD



CORPORATE GOVERNANCE CODE



JOINT COMMITTEES



REMUNERATION

TRAINING

Since 2017, everyone who sits on the Governing Board has received 20 hours of specialized training to improve their qualifications for their duties. This programme has 7 modules: continuous training of Board members: anti-money laundering; risk management; credit risk and hedging; transparency and customer protection (MiFID); prevention of criminal activities; data protection.

Training has been delivered variously by external consultants, staff of the Banco Cooperativo Español and by the Bank's relevant department heads in each speciality.

In 2017, the Governing Board met 12 times, once each month.

GOVERNING BOARD JOINT COMMITTEES

The Governing Board can designate from among its members, subject to prior or subsequent ratification by the General Meeting, whatever Joint Committees it considers necessary or that regulations require. These committees can have executive or informative powers.

Their rules of procedure are set out in the Corporate Governance Report published (in Spanish) on the Bank's website:

https://www.cajaruraldenavarra.com/cms/estatico/rvia/navarra/ruralvia/es/interface/contenido_pie/Tablon_de_anuncios/pdf_tablon_anuncios/Corporate-Governance-Report.pdf#page=2



Organizationally, they have a Chairman and Secretary.

Caja Rural de Navarra has the following Joint Committees:

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

These committees are made up of 4 Board members except for the Executive Committee which is composed of 5 of the Bank's Board members.

In 2017, the following meetings were held: 12 meetings of the Executive Committee (once a month), 4 of the Audit Committee (once a quarter), 4 of the Risk Committee, 2 of the Appointments Committee and 1 of the Remuneration Committee.

The functions of Caja Rural de Navarra's abovementioned governing bodies are as follows:

Governing Board

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

Executive Committee

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

Audit Committee

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

Appointments Committee

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

Remuneration Committee

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

Risk Committee

A delegated body of the Governing Board, it advises the Board on management and supervision of all relevant risks and makes sure the global risk appetite is being applied in a way appropriate to the Bank's strategy.

Caja Rural de Navarra has a number of supervisory and advice bodies, whose functions are as follows:

Customer Services Department-CSD

Receives and manages questions, complaints and claims from customers.

Internal Control-IC

Body for the control and communication of the anti-money laundering policy.

Sustainability Committee

Delegated body of the Governing Board for issues of Corporate Social Responsibility. It approves the annual CSR report and reports to the Bank's Governing Board.

Ethics group

Monitors compliance with the Bank's code of ethics and reviews and updates the code.

Product Committee

In application of MiFID II, the Bank has a Product Committee to review and approve the risks of each product offered to customers.

Operational Risk Committee

Exercises general control over the Bank's operational risk.

Equality group

Promotes gender equality and monitors the Bank's Equality Plan.

Health and Safety Committee

Consultative body for the Prevention of Work-related Risks.

Assets and Liabilities Committee - ALMC

Controls liquidity, interest rate, credit and market risks.

APPOINTMENTS COMMITTEE

This is a body that assists the Board in recruiting its members, assessing the suitability and skills of its members based on laws in force and their good repute, knowledge, experience and willingness to exercise good governance.

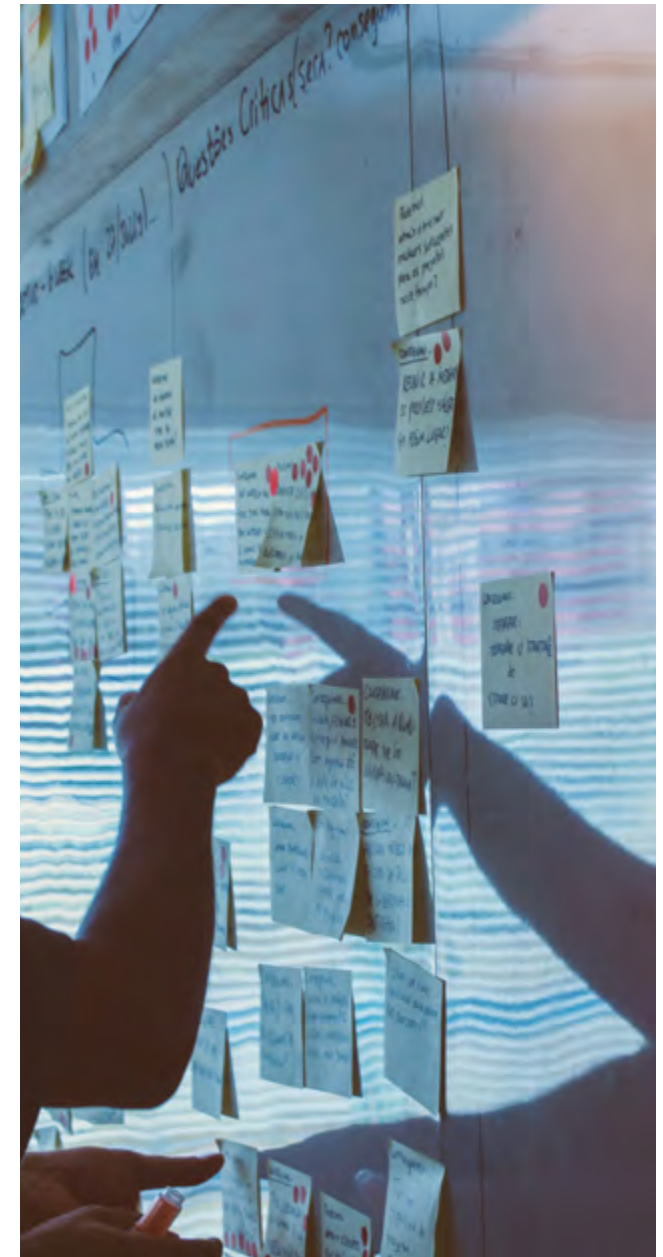
Its main functions are: To draw up and review criteria for the composition of the Board; to propose the selection and appointment of Board members; to periodically review, at least annually, the structure, size, composition and actions of the Governing Board and make appropriate recommendations; to periodically review the policy of the Governing Board on selection and appointment of Senior Management and make recommendations; to set a target for representation of the gender least represented; and to fulfil its responsibilities under the Internal Rules for assessing the suitability of members of the Governing Board.

The Committee is made up of four members appointed by the Governing Board for the term of their remaining mandate on the Board. They may be reappointed.

RISK COMMITTEE

The Risk Committee is an internal sub-committee of the Governing Board, which plays an informative and advisory role. It has powers to report, advise and propose on all matters within its remit as defined in its internal rules.

Its main functions are: to advise the Board on current and future global risk appetite and its strategy in this regard



and to support it in overseeing implementation of the strategy; specifically, it supports the Board in drawing up, approving, updating and monitoring the Bank's Risk Appetite Framework and the Recovery Plan. It also oversees the pricing policy for assets and liabilities offered to customers, taking full account of the Bank's business model and risk strategy; and it collaborates in establishing rational remuneration policy and practices.

The Committee is made up of four members appointed by the Governing Board for the term of their remaining mandate as Board members. They may be reappointed.

REMUNERATION COMMITTEE

Each year, the Remuneration Committee reviews and updates the remuneration policy, which lays out the principles to follow, when setting and applying salaries and benefits in kind for senior management, risk-taking employees, employees in control functions and any other employee whose overall remuneration package puts them

on the same scale as senior executives and risk-taking employees and whose professional activities have a material impact on Caja Rural de Navarra risk profile.

The core aim of remuneration policy is to align the actions of employees with the long-term aims of the Bank. Long-term aims include the need to generate financial profit but also take account of other key issues for a cooperative organization with strong local roots, such as growing its customer base, increasing the number of products held by each customer, building customer loyalty and fostering a positive market image of the services we provide.

Caja Rural de Navarra remuneration policy is published (in Spanish) on its website, available at:

https://www.cajaruraldenavarra.com/cms/estatico/rvia/navarra/ruralvia/es/interface/contenido_pie/Tablon_de_anuncios/pdf_tablon_anuncios/POLITICA-DEREMUNERACIONES.pdf?exp=TRUE

Board members must be persons of recognized commercial and professional integrity, with the necessary knowledge, training, expertise and experience.



CORPORATE GOVERNANCE CODE

To manage conflicts of interest between the Bank and members of the Governing Board, article 48 of the articles of association sets out a code of conduct in these situations and rules for voting procedures on resolutions that may give rise to conflicts of interest. These concepts are also addressed by article 19 of the Governing Board's rules of procedure.

Also considered when granting loans to members of the Governing Board or their natural or legal related parties are the provisions of Act 10/2014 for the management, supervision and solvency of credit institutions and its implementing Royal Decree 84/2015, notably as regards reporting transactions involving directors and executives to the Bank of Spain for authorization.

Caja Rural de Navarra is fully signed up to the Framework Internal Rules of Conduct on securities markets of the Spanish National Union of Cooperative Credit Institutions (UNACC). These rules apply to members of the Bank's Governing Board, executives and employees whose work is directly or principally related to securities market activities and services. The Bank prepares an annual Corporate Governance Report which is submitted to the CNMV and published (in Spanish) on its website:

https://www.cajaruraldenavarra.com/cms/estatico/rvia/navarra/ruralvia/es/interface/contenido_pie/Tablon_de_anuncios/pdf_tablon_anuncios/Corporate-Governance-Report.pdf

Caja Rural de Navarra has Internal Rules to assess the suitability of Senior Management and other key persons of the Bank which were approved by the Bank's Board and comply with regulations in force, especially Act 10/2014 on the regulation, supervision and solvency of credit institutions and its accompanying regulations. These Rules

define what information the Appointments Committee should look at when considering the professional and commercial reputation, knowledge and experience and good governance practice of employees and applicants for posts subject to these requirements.

The Entity's Governing Board has approved the Handbook on ESG investment policy for its portfolio of financial assets listed on organised markets which lays out the Bank's criteria for investing in assets in accordance with best practice for socially and environmentally responsible investing. The Bank has a Credit and Concentration Risk Policy Handbook, approved by the Governing Board, to ensure compliance with regulations. It lays out the mandatory requirements for risk management by financial entities, with particular focus on internal structures, policies and identification systems, via risk management and control and internal controls.

Members of the Governing Board receive no remuneration for this function, but are compensated for expenses incurred in fulfilling their functions. Such compensation must be approved by the Bank's General Meeting. Total aggregate remuneration of all Board members during the last three years was as follows (in thousands of euros):

ITEM	2017	2016	2015
Fixed compensation	2	12	12
Variable compensation	0	0	0
Per diems	48	45	52
Other compensation	0	0	0
TOTAL FOR THE BOARD	60	57	64

GENERAL MANAGEMENT

Caja Rural de Navarra must have a General Management structure, whose head will be appointed and contracted by the Governing Board from among persons who meet the conditions of professional capacity, technical preparation and sufficient experience to carry out the role.

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

The Managing Director's duties shall be those set out in his/her contract and in the general guidelines defined by the Governing Board. Within three months of the end of each financial year, he/she must present the financial statements and management report on the company to the Governing Board, for the preparation of its report for submission to the General Meeting. He/she must also notify the Chairman of the Bank of any issue that he/she considers requires the calling of a Governing Board and/or General Meeting or whose importance requires that it be made known to the Governing Board.

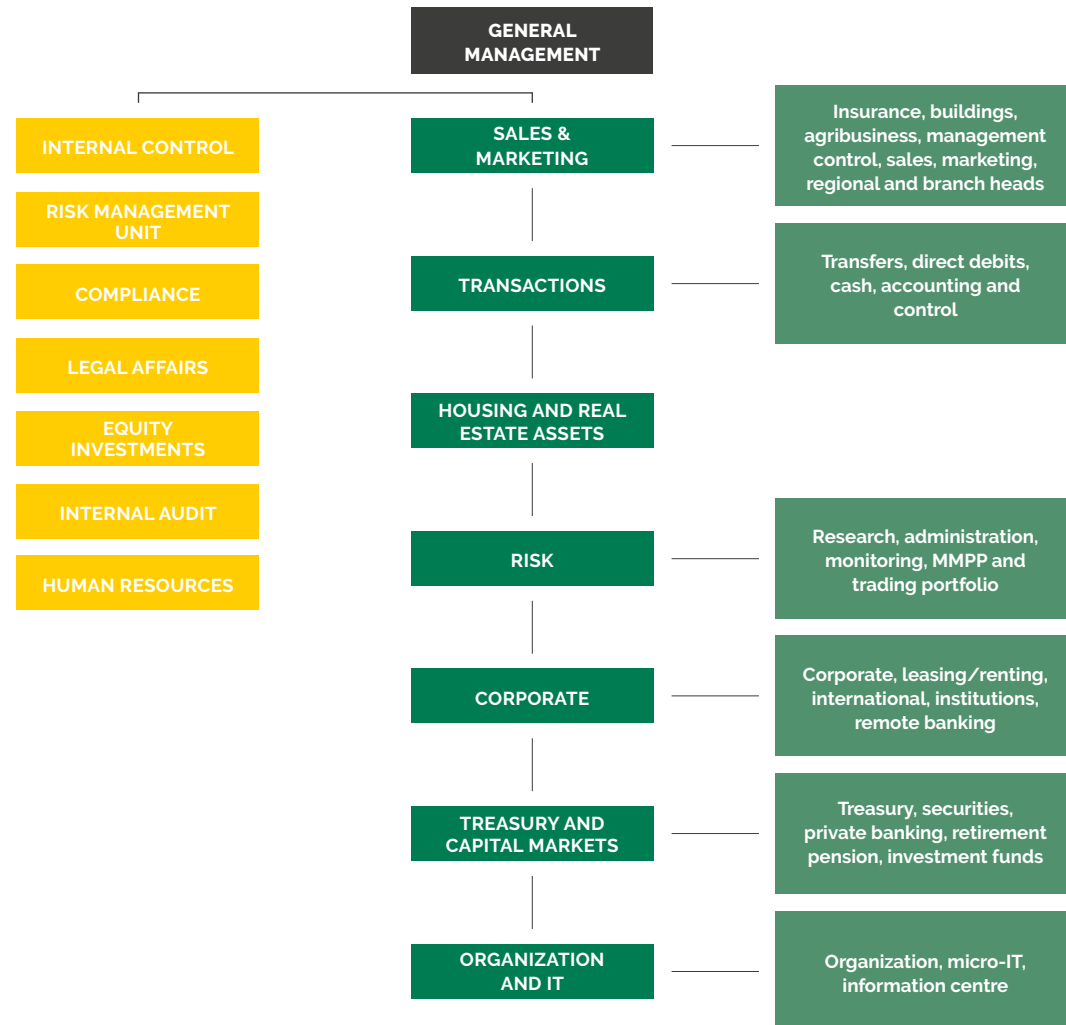
4. OPERATIONAL STRUCTURE

The operational structure of Caja Rural de Navarra is shown in the organizational chart:

This structure allows Caja Rural de Navarra to confidently meet the management challenges posed by its annual and strategic planning. It gives the organization sufficient scope for action and responsibility in all areas of its business.

The structure includes a number of working groups and committees that control and coordinate management, including the following: Management, Marketing Management Committee, ALM Committee, Quality Committee, Product Committee, Internal Control Committee and Internal Communications Committee.

Operational structure of Caja Rural de Navarra:



BODIES OF WHICH THE BANK IS A MEMBER

Spanish Association of Cajas Rurales

The Caja Rural Group was created in 1989 with the Spanish Association of Cajas Rurales as its coordinating body and forum of debate. The Association also sets priorities, strategies and policies for the Group.

This structure of the Caja Rural Group is based on a federated banking model and means members can retain their independence, provided they adhere to the essential prerequisites of banking activity and business efficiency, while overcoming the limitations of small scale and regional scope they would otherwise be constrained by.

The integration system adopted by the Caja Rural Group is in line with those of other similar banks with a long and successful tradition in Europe, some of which are among the continent's leading banking groups, such as the German Volksbanken-Raiffeisenbanken system, better known in Spain by its central institution DZ Bank, or the French Crédit Agricole.

Equity investments

The Caja Rural Group is supported in the conduct of its business by a number of companies controlled via equity stakes, Banco Cooperativo Español, the Rural Servicios Informáticos company and the holding company Seguros RGA. Other service companies may be created in future in light of market needs and requirements

In this way Caja Rural de Navarra is able to sustain the high level of competitiveness demanded by the modern financial sector and can provide more advanced products and services to their members and customers in a competitive and efficient manner.



The Group's financial highlights in 2017 were as follows:

	Millions of Euros 31/12/2017
Total assets	59,817
Loans and advances	34,618
Liabilities	45,854
Equity	5,214
Net profit	295
Branches	2,358
Employees	8,377

UNACC (Unión Nacional de Cooperativas de Crédito)

The Unión Nacional de Cooperativas de Crédito - set up in 1969 - is the institutional trade body that brings together 43 Cooperative Credit Institutions, mostly Cajas Rurales, Cajas Populares and Cajas Profesionales.

The main functions of the UNACC are as follows:

- To defend and represent its members with public bodies, institutions and associations in any field. It is a full member of the European Association of Banks and maintains links with the ACI (Alianza Cooperativa Internacional).
- To negotiate the national collective agreement and instigate all types of working and social actions.
- To organise and provide associated service, training and support services for cooperative management at all technical levels.

5. REGULATORY COMPLIANCE

Caja Rural de Navarra has adopted the following definitions laid down by the Basel Committee:

Compliance Risk

The risk of legal or regulatory sanctions, material financial loss, or loss to reputation that a bank may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice.

Compliance Function

An independent department, which by applying the right policies and procedures detects and manages risks of non-compliance with the organizations external or internal regulatory obligations.

The Compliance Function oversees the Bank's compliance risk, focusing its action into the main sources of compliance risk (PBC, MiFID, LOPD, market abuse, etc.).

The role of the Compliance Function in the Bank is to manage and mitigate the risks of legal or regulatory sanctions and of financial, material or reputational loss due to breaches of applicable standards.

Its main remit is:

- To ensure that both the regulatory and reputational risks of non-compliance are effectively managed.
- To ensure the Bank complies with all applicable laws and prevent possible non-compliance.
- To ensure compliance with standards and codes of conduct.
- To promote a compliance culture throughout the organization: devise training for staff that meets the requirements of regulations, policies and internal procedures.

- To help the Bank anticipate and plan for changes in regulations.
- To advise business units on making sure new services and products comply with regulations.

The Compliance Function acts independently of other areas of the Bank. This independence of action does not prevent the Compliance Unit carrying out its activities in close collaboration with the Bank's other organizational units where this helps to improve Caja Rural de Navarra management of its compliance risk. Independence should be understood as a principle, intended to make sure the

responsibilities of the Compliance Function are efficiently carried out.

The core aim is to preserve the independence of the Compliance Function. This is achieved in the following ways:

- Compliance Policy explicitly sets out the obligations and responsibilities of the Compliance Function.
- There is close coordination on managing the Bank's compliance risks between the different divisions involved.





- Staff in the Regulatory Compliance Unit are in positions that prevent any conflicts of interest between their compliance responsibilities and other responsibilities they may have.

Organizational issues and responsibilities

Regulatory Compliance functions are carried out by various units in the Bank which contribute, to a greater or lesser extent, to managing non-compliance risk. We list these units below along with details of their responsibilities.

Governing Board

The Governing Board is responsible for:

- Approving the Bank's compliance policy and overseeing its correct implementation.
- Overseeing management of compliance risk. This function is delegated to Senior Management.
- Promoting honesty and integrity as key values throughout the Bank.
- Ensuring the Regulatory Compliance Unit has the means and resources to carry out its role.

Senior Management

The responsibilities of Senior Management for Regulatory Compliance are:

- By delegation of the Governing Board, oversight of non-compliance risk management, analysing the issues referred to it by the Head of Regulatory Compliance.
- Leading implementation of the Compliance Policy and hence control of the Bank's compliance risk.
- Approving the internal standards and codes of practice required by law.

- Approving the procedures and action plans to manage the Bank's compliance risk.
- Ensuring that appropriate corrective measures are taken if non-compliance with any sort of legal regulation is discovered.
- Approving the Regulatory Compliance Unit's annual work plan (the Compliance Plan).
- Embedding the Regulatory Compliance culture with everyone involved in the Bank.

Compliance Function ("Compliance Officer")

Caja Rural de Navarra Regulatory Compliance Function is charged with carrying out the actions and procedures required to oversee compliance with the obligations imposed by regulations in force, independently of the services and activities it controls. Direct management of activities to ensure compliance is carried out by specialized units, with which Regulatory Compliance Function coordinates.

To do this, it designs and maintains systems to identify the degree of compliance with each regulation.

The Compliance Function continually reviews the Bank's degree of compliance.

The Regulation Compliance Function has adequate training and independence. It is directly responsible for overseeing the activities of the Bank's Regulatory Compliance Unit. As a consequence its responsibilities include the following:

- Referring standards and internal codes of practice legally required for regulatory compliance to the Senior Management or Board for approval.
- Proposing to Senior Management procedures and action plans to manage the Bank's compliance risk.
- Proposing each year to Senior Management the Regulatory

Direct management of activities to ensure compliance is carried out by special units, coordinated by the Regulatory Compliance Function.

Compliance Unit's annual work plan (the Compliance Plan).

- Reporting regularly on management of compliance risk to Senior Management so it can come to an informed judgement on whether it is being managed effectively.
- Implementing the guidelines and actions decided by Senior Management in the field of regulatory compliance.
- Ensuring staff in the Regulatory Compliance Unit have the qualifications, experience and personal and professional qualities necessary to carry out their functions.
- Running the regular and systematic training processes needed to develop professional skills, notably to update staff's knowledge of applicable regulations.
- Signing the Annual Regulatory Compliance Report and presenting it to the Senior Management in the first four months of each year.

The following tasks fall within the scope of work of the Regulatory Compliance Function in the exercise of its responsibilities:

- Knowing which regulations apply to the Bank's activities.
- Identifying and evaluating the risks of compliance with legal regulations in each of the Bank's business lines.
- Preparing reports on the application of laws, rules and principles and their updates and making whatever

recommendations it considers appropriate for the different processes.

- Monitoring compliance with regulations by different units regarding the regular assessment of compliance risks.
- Ensuring efficient compliance with the various internal codes of conduct, especially regarding Securities Markets, and any codes, regulations or standards that the Bank may introduce in future.
- Advising and assisting members of Governing Bodies on all regulations that affect their work.
- Instigating updates to Procedural Handbooks where necessary in light of changes to methodology, tools or information obtained in the course of its management of compliance risk.
- Compiling the Annual Report of the Regulatory Compliance Function (Quarterly and Annual Regulatory Compliance Reports) and reporting immediately on any instance of regulatory non-compliance, incident or material anomaly.
- Preparing the "Plan for Reviewing Established Procedures" and the updated "Supervision and Control Program" to separately check that policies and procedures are being effectively implemented and preparing an annual work plan for the Regulatory Compliance Function (the Compliance Plan) setting out all planned activities.
- Taking part in decision-making to approve new business lines and financial products to ensure their regulatory compliance.
- Maintaining relationships with any areas or departments that can provide valuable information to assist with regulatory compliance management: Audit, anti-money laundering, etc..
- Promoting and developing the Compliance Risk culture through training and information.
- Any other specific function or task with which it is charged regarding control and management of Compliance Risk in any of the areas within its remit.

Article 43 of Royal Decree 84/2015, implementing Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, requires that the unit exercising the Regulatory Compliance Function must be comprehensive, and must fulfil obligations including those relating to the provision of investment services and those set out by anti-money laundering regulations and in section 3.3. on “the Bank of Spain supervision model”. This Article, aside from accounting and solvency rules and other regulations applying to credit institutions, focuses on anti-money laundering, institutions’ market conduct, data protection, competition and customer actions and advice.

The issues addressed by the regulatory environment in which the Compliance Function operates are the following:

- Anti-Money Laundering and Terrorist Financing
- Personal Data Protection.
- Standards of Conduct in Securities Markets: protection of customers of investment products and services (MiFID) and the Internal Rules of Conduct (IRC) in Securities Markets (Conflicts of Interest and Market Abuse).
- Standards of conduct and protection of customers for banking services.
- Corporate Governance
- Corporate liability.

Functions rely on a set of Handbooks and Ethical Codes to fulfil their responsibilities. These include: the Code of Conduct for all Cooperative Bank members, the Internal Rules of Conduct for securities markets, the Anti-Corruption Policy Handbook, the Purchasing and Expenses policy Handbook, the Product Committee Regulations, the Political Risk Handbook, customer service rules, the Operating Handbook on Combating Money Laundering and Terrorist Financing, the Internal Control (IC) Operating Handbook,



the Marketing Communications Policy Handbook, the action principles for prevention of criminal risk and the confidential internal whistle-blowers channel.

Regarding transparency in the marketing of banking and investment products and services in application of MiFID II, Caja Rural de Navarra has a Product Committee to review and approve the risks of each product offered to customers.

This committee serves to:

- Ensure orderly and effective management of the Bank’s standards of conduct on transparency and customer protection.
- Meet the Corporate Governance requirement to have a New Products Committee.
- Have a procedure, a handbook, governing the Bank’s relationships with its customers.
- Can be used as a tool to defend the correct behaviour of the Bank.

The committee is made up of the following staff from Caja Rural de Navarra: Commercial Director, Head of Regulatory Compliance, Head of Private Banking and Capital Markets, Head of Risk, Head of Organization, Head of Corporate Business, Head of Legal Affairs, Head of Human Resources, Head of Audit, Head of Products. Committee Coordinator and Secretary, Head of Housing Business. It reports hierarchically to the Audit and Risk Committees of Caja Rural de Navarra.

The main functions of the Committee are:

- To approve the policy for approving new products
- To approve the product brochures and any revisions or modifications.

- To establish the Bank's policies on "good conduct" (transparency and customer protection).
 - To review any publicity and communications put out to support the products subject to transparency regulations.
 - To remain informed about:
 - Any legal or regulatory change that could affect products in the field of transparency and customer protection so that it can decide whether modifications or revisions are appropriate.
 - Incidents or failings that have been detected within the Bank.
 - Any claims or complaints made by the Bank's customers to the Customer Services Department.
 - Any demands or inspection actions by the Supervisor (Bank of Spain, CNMV) regarding the Bank's conduct.
 - To inform the Audit Committee of any incidents of non-compliance in matters of conduct and produce an annual statement of activity to be presented to Senior Management.
 - To record its activities and decisions in Minutes, appending any documents where appropriate, so as to create an evidential paper trail.
 - To categorize and classify all products and services. To do this, it must be familiar with the following features of products:
 - Product description and risks.
 - The associated costs and expenses for the customer.
 - Regulatory requirements on marketing and reporting/ subsequent information.
- To categorize and classify products and services in respect of their sales and marketing requirements (risk).
- Categorize and classify customers: not all products and services can be offered to/contracted by all our customers. Not all products can be marketed by all sales staff. Segmentation and internal limits are necessary for certain products and services, depending on staff's specific training

and areas of specialization.

- Automate procedures:
 - To avoid manual processes or processes which depend on trusting to employees' "knowledge", for greater assurance that processes are being correctly followed.
 - So that as far as possible processes are integrated into the Bank's transactional data base (IRIS).
 - To steer marketing and contracting processes with routines that discourage bad practice and ensure marketing and contracting complies with prescribed standards.
 - To facilitate accounting, conflicts of interest, reporting to supervisors, publicity and marketing communications in any medium, remuneration/incentives policy and training and awareness-raising.
 - To carry out controls, audits and reports and monitor compliance with the steps set out by the Committee.

Regarding the principles of prevention of criminal risk and the confidential internal whistle-blowers channel, Caja Rural de Navarra has a Compliance Committee which has prepared an Anti-Corruption Handbook, approved by the Governing Board. In preparing and implementing the policies in the handbook, the Bank uses a specialist external consultancy team (ARPA asesores).

Under the Bank's Code of Conduct Rules, Caja Rural de Navarra is committed to combating corruption in all its forms, including extortion and bribery. In accordance with this commitment and as an integral part of the prevention of criminal activities programme implemented by the organization, the Governing Board of Caja Rural de Navarra has approved a handbook that summarises anti-corruption policy. The handbook provides a guide to best practice and prohibited conduct to avoid the Bank or its staff being exposed to practices that may result in or be perceived as corruption. For this reason, all the Bank's staff must be



familiar with and comply with this policy. Failure to comply with it will trigger disciplinary procedures. In preparing and implementing the policies in the handbook, Caja Rural de Navarra uses a specialist external consultancy team (ARPA asesores).

Any employee of the Bank who detects an infringement of this policy or considers that an action might be viewed as corrupt practice, must immediately bring it to the attention of the head of the entity's compliance committee using the whistle-blowers channel provided by Caja Rural de Navarra. Reporting an issue through this channel guarantees the confidentiality of the person reporting and cannot give rise to reprisals against anyone making a complaint in good faith.



6. CORPORATE CULTURE

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

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

The Corporate Culture is defined by the following:



MISSION

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



VISION

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



CORPORATE VALUES

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

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



ACTION PRINCIPLES

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

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

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

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

7. EQUITY INVESTMENTS

EQUITY INVESTMENT POLICY

Traditionally, Caja Rural de Navarra has maintained a portfolio of equity investments in financial companies and in other business sectors.

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

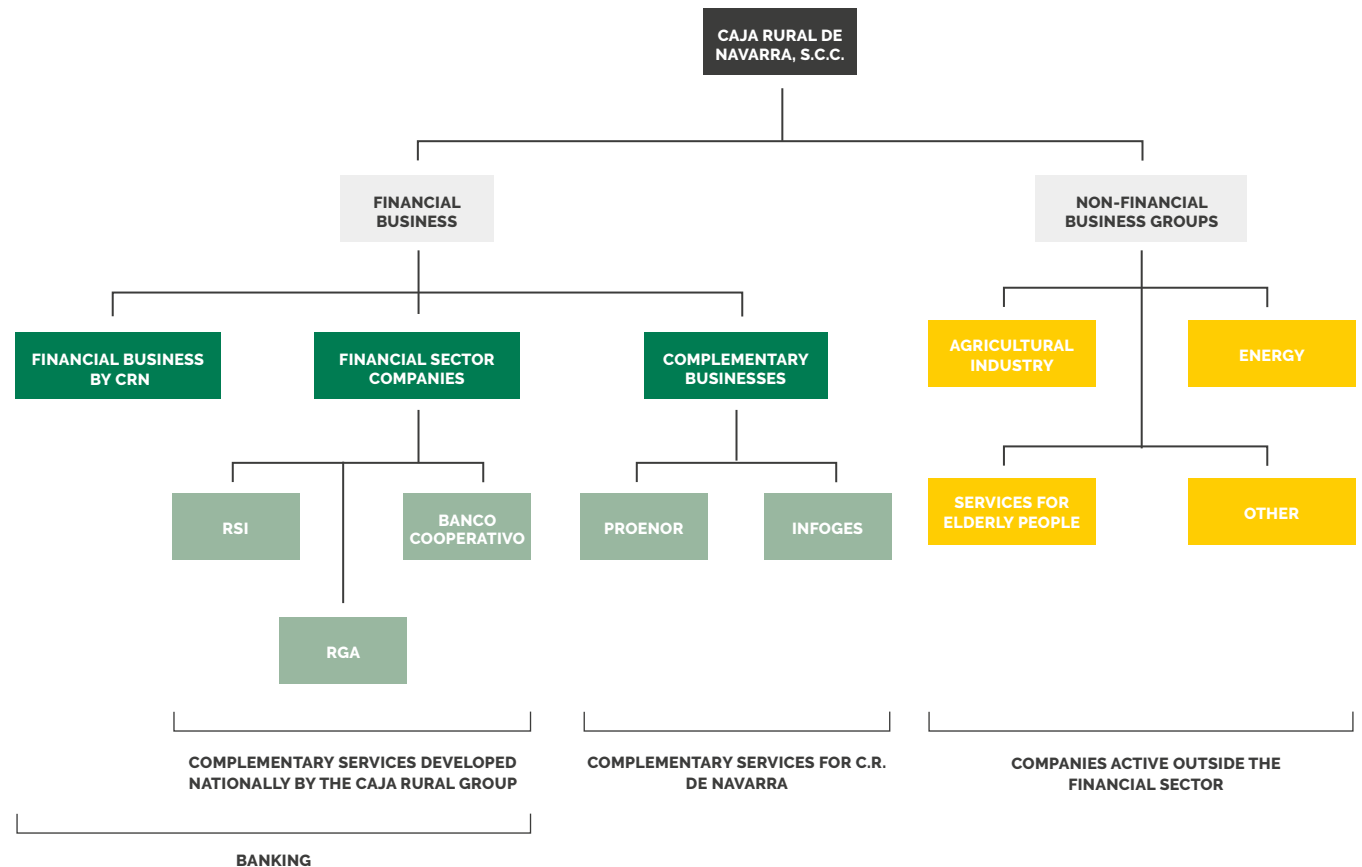
Every day, Caja Rural de Navarra receives requests to invest in companies in various sectors and, through its activity and that of its equity investments, also analyses opportunities for innovation and/or growth.

As a financial entity with a dense presence on the ground, Caja Rural de Navarra takes its investment or divestment decisions on the following fundamental parameters: (i) avoid the distortion of sector competition and recurrent activities of its cooperative members and customers; (ii) support the regional economy in all its forms, but with special emphasis on the agribusiness and agricultural industry sectors that reflect its historical origins; (iii) assess the viability and profitability of the business being analysed, and, (iv) assess synergies with the operations of Caja Rural de Navarra and/or its equity investments.

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

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

General structure of Caja Rural de Navarra Group:



According to the Bank of Spain circular, to count as a qualified equity investment an institution must own at least 10% of the investee firm's capital or voting rights. Exercising significant influence over management is defined as appointing at least 20% of the Board. Caja Rural de Navarra has equity investments in different percentages. But its investments in its complementary services and non-financial business groups are usually controlling. Exceptions to this rule are usually the result of policies to support a newly emerging area.

Companies offering complementary services at national level provide the Caja Rural Group with scale efficiencies despite the regional size of each of its individual member. They often offer their services to other small-scale or foreign financial firms.

Companies providing complementary services to Caja Rural de Navarra or its customers retain the regional territorial footprint of Caja Rural de Navarra in activities that are non-financial but related.

Caja Rural de Navarra carries on its financial business in Navarre, the Basque Country and La Rioja, but the industrial and services activities of its equity investments are global.

COMPANY	ACTIVITY	% Holding
Subsidiaries		
Informes y Gestiones Navarra S.A.	Management	100%
Harivasa 2000 S.A.	Agribusiness	100%
Harinera de Tardienta S.A.	Agribusiness	100%
Harantico S.L.	Agribusiness	100%
Harinera del Mar Siglo XXI S.L.	Agribusiness	100%
Promoción Estable del Norte S.A.	Real estate	100%
Haribéricas XXI S.L.	Agribusiness	100%
Industrial Tonelera Navarra S.L.	Agribusiness	100%
Solera Asistencial S.L.	Geriatric Services	100%
Bouquet Brands S.A.	Agribusiness	100%
Preventia Sport S.L.	Healthcare	100%
Tonnellerie de l'Ádour, SAS	Agribusiness	90%

Associates		
Bodegas Príncipe de Viana S-L.	Agribusiness	50.00%
Rioja Vega S.A.	Agribusiness	25.07%
Iparlat S.A.	Agribusiness	21.54%
Omegageo S.L.	Construction Services	50.00%
Reivalsa gestión S.L.	Management	50.00%
Renovables de la Ribera S.L.	Energy	50.00%
Bosqalia S.L.	Forestry	48.40%
Errotabidea S.L.	Real estate	46.01%
Servicios Empresariales agroindustriales	Agribusiness	33.33%
Rural de Energías Aragonesas S.A.	Energy	25.00%
Compañía Eólica de Tierras Altas S.A.	Energy	23.75%



8. RISK MANAGEMENT

The risks that Caja Rural de Navarra incurs in the course of its business can be grouped under the following headings: credit risk, market risk, counterparty risk, equity risk on the investment portfolio, interest rate risk, exchange rate risk, liquidity risk, reputational risk and business, operational and regulatory risk. These risks are managed by the Bank through the following bodies and systems:

Risk Committee

The Committee is headed by a senior independent director of the Bank whose operational functions do not conflict with proper risk management. The Committee advises the Governing Board on the Bank's overall appetite for risk, current and future, and risk strategy and helps oversee the application of this strategy. Specifically, it supports the Governing Board in drawing up, approving, updating and monitoring Caja Rural de Navarra Risk Appetite Framework and Recoveries Plan. The Committee determines, alongside the Governing Board, the nature, quantity, format and frequency of the risk information that the Committee and Governing Board should receive. It meets at least quarterly with the participation of independent directors of the Bank.

Regulatory Compliance Function

Caja Rural de Navarra Regulatory Compliance Function deals with the areas of anti-money laundering and terrorist financing (Internal Control), personal data protection, compliance with codes of conduct for securities markets and the provision of banking services (Products Committee), corporate governance of the Bank and issues of corporate criminal liability.

Operational Risk Committee

Responsible for analysing and minimising risks incurred through the Bank's own trading and operational activities. The Committee is composed of the executives of Caja Rural de Navarra responsible for the areas handling the highest volume and most sensitive transactions, and is coordinated by the organization function.

Sustainability Committee

Caja Rural de Navarra applies a "Sustainability Framework" to screen its loan book for loans that qualify for inclusion in its sustainable bond issues. The Sustainability Committee includes representatives of all departments involved in lending (Corporate, Institutional, Housing, Risk) and is coordinated by the Treasury and Capital Markets Division. The Committee decides the structure and criteria of the framework. It also decides which loans should be included in each framework category, drawing here on an "external review" by consultancy Sustainalytics.



RISK COMMITTEE

- Independent senior executive of the Bank.
- Advises on global risk appetite.
- Supports the Governing Board in drawing up, approving, updating and monitoring the Bank's Risk Appetite Framework and Recoveries Plan.
- Determines the nature, quantity, format and frequency of risk reporting information.



REGULATORY COMPLIANCE FUNCTION

- Anti-Money Laundering and Terrorist Financing
- Personal Data Protection.
- Compliance with the standards of conduct in the securities markets.
- Provision of banking services.
- Corporate Governance of the Bank and matters of corporate criminal responsibility.



OPERATIONAL RISK COMMITTEE


- Analyses and minimises the risks of the Bank.




SUSTAINABILITY COMMITTEE

- Sustainability Framework to identify loans eligible for investment by sustainable bonds.
- Includes representatives of all departments involved in lending and is coordinated by the Treasury and Capital Markets Division.
- Decides both the creation and criteria for the framework and the loans that can be included in each of the framework's categories.

9. KEY FIGURES

 Thousands of euros	2015	2016	2017
TURNOVER			
Total assets	9,728,120	10,952,597	11,557,130
Shareholders' equity	866,295	934,022	1,018,716
Customer deposits	6,493,935	7,080,743	7,533,517
Loans and advances to customers	6,351,615	6,832,108	7,315,406
SERVICES			
Branches	246	248	250
ATMs	291	299	302
PERSONS			
Number of employees	918	933	959
PROFIT			
Net interest income	148,514	147,278	142,907
Gross income	208,396	210,704	217,372
Administrative expenses	81,783	83,299	86,322
Income from operating activities	75,159	79,125	90,557
Profit before tax	62,274	66,460	86,792

 Thousands of euros	2015	2016	2017
DISTRIBUTION OF WEALTH GENERATED			
Directly generated economic value	228,182	230,218	278,345
Gross income (excluding other operating expenses)	225,598	227,811	274,425
Cost of sales, property and equipment and foreclosed assets	2,584	2,407	3,920
Distributed economic value	115,456	115,828	153,246
Payments to suppliers (operating expenses)	51,919	51,525	92,673
- Other general administrative expenses	34,717	34,418	35,620
- Other operating expenses	17,201	17,107	57,053
Personnel expenses	47,065	48,881	50,702
Income tax	7,485	6,212	-1,518
Interest on investment capital	2,327	2,055	1,963
Investments/Donations to the community	6,661	7,156	9,425
- Social Welfare Fund	6,661	7,156	9,425
- Intercooperative Social Fund (ISF)			
Retained economic value (1-2)	112,725	114,390	125,100



4

2017
Customers



**CAJA RURAL
DE NAVARRA**



CONTENTS

1. Customers
2. Profile and distribution of customers
3. Dialogue with customers
4. Customer relationship channels
5. Products and services

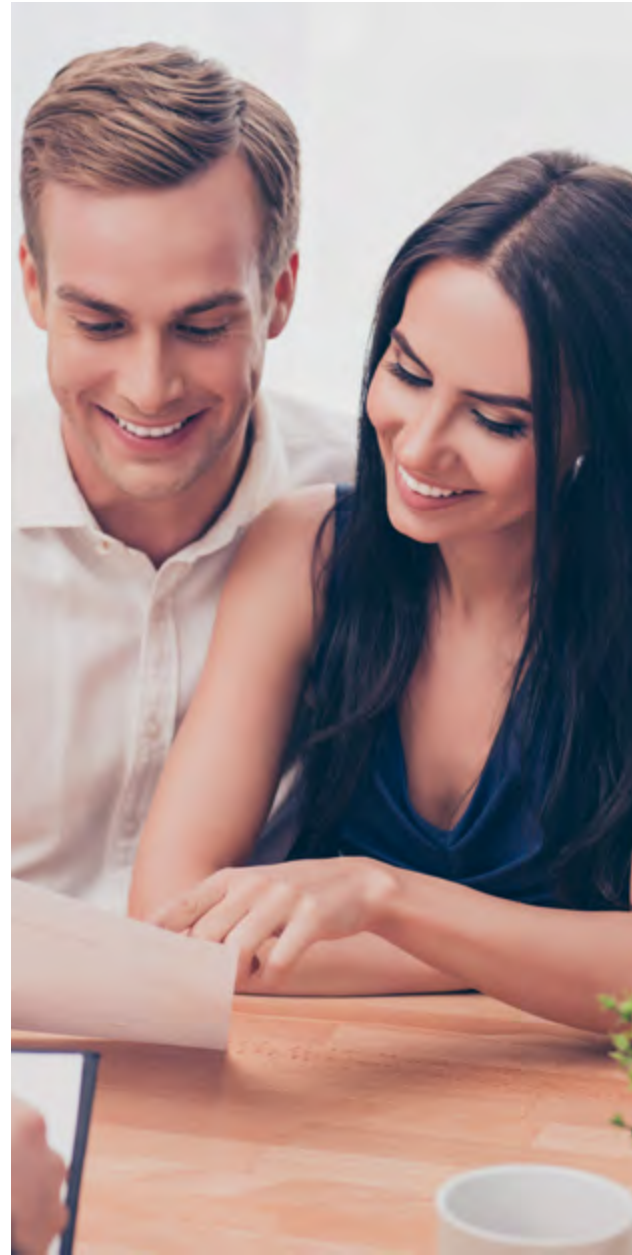
1. CUSTOMERS

The focus of Caja Rural de Navarra corporate activity is the customer in general, and more particularly the member, in their double role as both owner and customer. For this reason, one of Caja Rural de Navarra core principles and a permanent element in its business is customer focus. Customers have financial needs that they seek to address with the products and services offered by the Bank. But they also have expectations about the service they receive from the Bank. The Bank's response on both issues (needs and expectations) will differentiate us from the competition.

The principles underlying the Bank's relationships with its customers are as follows: To maintain a clear communication and information policy; Not to use publicity that might be misleading, ambiguous or insufficiently clear for customers; To promote a socially responsible investment policy via the right advice on customers' investment decisions and maintaining a set of lending policies based on sustainability criteria; To improve quality and accessibility for customers of the Bank and vice versa, promoting the use of new channels and technologies, developing innovative products and services; To protect the confidentiality of all information collected on customers as a consequence of business relationships.

Caja Rural de Navarra took the following actions on this point in 2017:

- Through its Product Committee, Caja Rural de Navarra worked to adapt procedures and documentation for customers. In 2017 the whole branch network was equipped with a personal advice software tool to assess the suitability of customers and draft personalised proposals. This required a major training programme for everyone in the network



authorized to give advice.

- In 2017 Caja Rural de Navarra ran a MiFID II training programme for staff involved in giving financial advice. The Bank has a good starting level as 88% of its employees have university education. Accordingly, the training programme targets the top level of certification, that of investment advice. At the end of 2017, 100% of branches and 591 employees, more than 70% of network staff, were qualified to give advice. This is a continuous process that will be stepped up in 2018 to near 100% of customer-facing staff.

- Caja Rural de Navarra has a process by which employees can contribute ideas and experiences to improve any aspect of external services (dealing with customers) and internal services (between the various areas of the Bank). In 2017 employees suggested 70 improvements via this channel. The Entity awarded a prize for the two best suggestions and another among all participants.

- In relation with transparency and clarity of information, Caja Rural de Navarra has been a member of Autocontrol since 2010. Membership of this association helps strengthen the Bank's clear commitment to corporate responsibility through, as well as systems of advertising self-regulation, the recognition of the independent non-judicial dispute-resolution bodies which oversee compliance with these codes. In 2017, they obtained 69 authorizations from this association for 24 files submitted. Also in 2017 Caja Rural de Navarra updated its Handbook for Commercial Communications Policy for financial products and services, a self-regulation document that bolsters the commitment to protect the Bank's customers described in this section.

- Caja Rural de Navarra's digital transformation pursues two aims: first, to make the banking system more accessible for

customers by any channel as easily as possible, and, second, to combine this with the provision of personal advice services through its branch managers. In 2017, the Bank created a specific Digital Transformation Committee to carry this through in a coordinated way across all areas of the Bank and with the companies of the Caja Rural Group which provide us with services, mainly the Banco Cooperativo and Rural Servicios Informáticos.

- On security the Securepay method has to be highlight. Securepay is a European standard for secure internet payments and is mandatory for payment service providers.. It seeks to combat fraud (Payment Services Directive 2007/64/EC). It affects the current operations of bank users, whether consumers or non-consumers of payments with secure e-commerce cards, SEPA transfers, direct debits and electronic money transfers. The Bank has adapted its operational procedures so its customers benefit from this security standard and has provided the necessary information to its sales network so that they can adequately advise customers.

Regarding communications, Caja Rural de Navarra has two permanent channels of communication with its customers:

- Secure channel on the use of the online payment service. This channel is part of *Ruralvía* (e-banking facility) and requires identification to access. The Bank reports permanently on all security issues affecting *Ruralvía*, the security of cards and transactions, more frequent attacks, basic recommendations and instructions on what to do in the event of fraud.
- Telephone support channel (902 310 902) which answers to questions, complaints and notifications of incidents.

The Bank has signed up to a new Secure Online Payments Policy drawn up by the Banco Cooperativo and RSI based on recommendations for the security of online payments by the European Central Bank and final guidelines on the security of internet payments (European Banking Authority EBA/GL/2014/12). The aim is to adapt applications to comply with the mandatory regulatory requirements for all entities working with electronic internet payments.

In 2017, changes were made to the signing system for banking transactions by *Ruralvía*, making it more secure and easier for customers to use.

- As part of the policy of personalised negotiation when customers have difficulties paying their mortgage, the Bank applies, when the requirements are met, the Code of Best Practice. Since March 2012 this has included the addition of a backstop mechanism to reduce the financial burden and other social measures. In 2017, 7 requests were dealt with in this way, relating to loans totalling €805,000.

Caja Rural de Navarra reports continuously on matters of security affecting *Ruralvía*, (e-banking facility) cards and business security.

2. PROFILE AND DISTRIBUTION OF CUSTOMERS

At end-2017, Caja Rural de Navarra had a total of 593,087 customers. Of these 46,816 (7.9%) were classed as “Companies, institutions and other” and 546,271 (92.1%) were “Individuals”.

The table below shows the breakdown by customer type:

2017	
SEGMENT	TOTAL COSTUMERS
Natural persons	546,271
Individuals	546.271
Legal entities	46,816
Companies	35.412
Institutions	10.867
Other	537
TOTAL	593,087

The distribution of customers between the different regions where Caja Rural de Navarra operates and the associated business volumes is as follows:

Geographical area	Loans and advances	Deposits	Customers
Navarre	51.08%	62.60%	61.21%
Basque country	39.22%	28.70%	29.24%
La Rioja	9.70%	8.70%	9.55%
	100%	100%	100%



3. DIALOGUE WITH CUSTOMERS

Caja Rural de Navarra continues to actively communicate with its customers, through the following schemes:

TE ESCUCHAMOS - WE'RE LISTENING

te escuchamos





Caja Rural de Navarra customers expressed their opinions through the “*Te escuchamos*” initiative on matters including an overall rating of the Bank’s services, customer service in branches, the features of neglected contact channels and information on and the value of the Bank’s social activities. These opinions came from the 5,583 people who answered to an online questionnaire devised by the Bank.

The overall rating obtained by the Bank in 2017 was 7.48. This is a 0.26 tenths improvement on a year previously and the Bank considers these scores to be good compared to its banking competitors.

On specific aspects of the customer-Bank relationships, the highest ratings were for “the courtesy and friendliness of branch staff”, with 8.33 and the lowest were for “functionalities and service provided by the ATMs” with 7.53. In both cases, as tends to happen with this sort of exercise, the ratings for specific points were higher than the overall rating, although in our case the differences were not very marked.

LISTENING AND PARTICIPATION ON SOCIAL NETWORKS - CAJA RURAL DE NAVARRA HAS A PRESENCE ON THE FOLLOWING NETWORKS:

-  **blog.cajaruraldenavarra.com**; with 59.900 visits in 2017.
-  **Facebook; Caja Rural de Navarra page**; 6,300 followers and 74,000 interactions.
-  **Twitter, Caja Rural de Navarra feed**; 2,400 followers 20,100 visits.
-  **Facebook; Joven In – Caja Rural de Navarra page**; 10,700 followers and 34,000 interactions.

There are plans to run a new phase of “*Te escuchamos*” in 2018 as well as continuous online surveys with connected customers at the time they are consuming a certain type of product to give an emotional rating for their purchase, taking into account: service, explanations given, documentation sent and a recommender factor that the customer gives us based on this purchase experience. This rating is established for each branch, group of branches and the whole entity. It is done in concert with the Caja Rural Group so we can cross-compare results with those of other Group companies. There are also plans for a Group-scale internal “customer simulation” tool, that will give us a more qualitative reading on the quality of service the Bank offers its customers in the branch network.

CUSTOMER SERVICES DEPARTMENT:

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

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

There are several channels that customers can use to make submissions to this Service: mail, burofax, fax, email, official forms of the Autonomous Regions where Caja Rural de Navarra operates or through the Bank’s official documents.

In 2017, this Service received 5,642 complaints or claims. These were resolved as shown in the table below, which includes a comparison with the previous year.

Caja Rural de Navarra’s overall rating was 7.48, 0.26 up on the previous year.

Complaints by type

The rise in 2017 was due to the high number of claims for terms and conditions for “arrangement costs for mortgages”, which made up 87.34% of the total.

FORM OF RESOLUTION	2016	2017
Not accepted	8	392
Dismissed	821	4,547
Upheld in full	97	99
Upheld in part	113	604
Claims dealt with	1,039	5,642

We analyse a number of specific issues below:

Fraudulent use of payment media, phishing and product security

The Bank of Spain passed on a claim for phishing which was dealt with and resolved in the customer’s favour by the Caja Rural de Navarra. The Bank of Spain refrained from issuing any ruling.

The Customer Services Department also received 6 claims for fraudulent use of payment media, all relating to credit or debit cards. These were all ultimately resolved in the customers’ favour.

Information on products and services

The Customer Services Department dealt with 2 claims about advance information on products. One of these concerned the

mandatory contribution by members when granting a loan, a mandatory condition for a Credit Cooperative. The second concerned the terms and conditions for remuneration paid on a fixed-term deposit.

Publicity for products and services

The Bank received a total of 2 complaints about the publicity for products and services. The first referred to the requirements for a customer to receive a gift for registering to have their salary paid directly into their account and the second concerned a gift received by one of our customers.

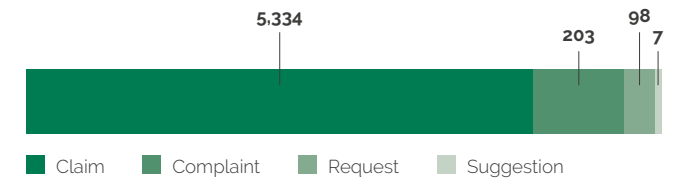
Breach of data protection rules

In 2017, the department dealt with 5 communications in respect of the Data Protection Act (LOPD) of which two were requests to remove LOPD data. The others were complaints. Of these, two were passed on to the Data Protection Agency which ruled in favour of the Caja Rural de Navarra.

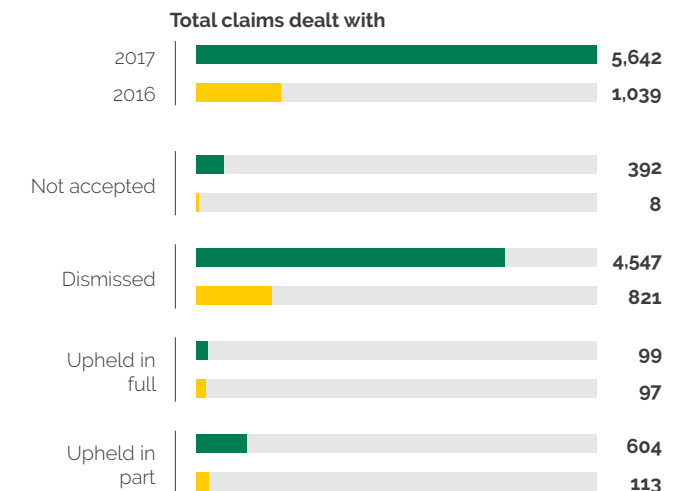
Sanctions

No sanctions were recorded as imposed on Caja Rural de Navarra in 2017.

Type of communication 2017



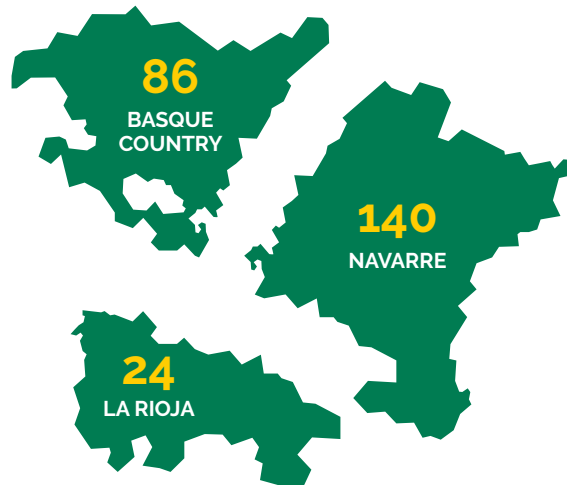
Conclusion of complaints and claims



4. CUSTOMER RELATIONSHIP CHANNELS

4.1 BRANCH NETWORK

The branch is the usual place for establishing relationships with the customer. Caja Rural de Navarra had 250 branches to serve its business at the end of 2017, distributed among the Autonomous Regions as follows:



Two new branches were opened since the prior year, both in the Basque Country.

Access to financial services is identified as a fundamental factor in social cohesion. In Spain, the erosion of branch networks seen in recent years could increase levels of financial exclusion in the regions. Since 2011 there has been the biggest increase in the percentage of municipalities with no bank branch in Spain and this trend continued in 2017 as banks closed on average 4 branches a day.

In these circumstances, Caja Rural de Navarra stands out: the number of branches in locations with fewer than 3,000 inhabitants is 72, none having been closed in recent years. The Bank's presence in these locations is fundamental to its provision of a full financial service, which unquestionably helps sustain economic activity and so over the medium term helps prevent depopulation in these areas. This is part of the social commitment that Caja Rural de Navarra maintains with the rural world, which was its original market and environment many decades ago.

Architectural barriers

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

There are no architectural barriers in most branches. However, some, due to the features of the building, do present some minor accessibility problems. Whenever a branch undergoes renovation work we take the opportunity to make improvements designed to improve its accessibility. In 2017, we carried out such work on 2 branches.

4.2 ATMs AND OTHER DEVICES

The Bank continues to modernise its ATMs so that they can accept deposits, issue receipts for cash deposits (customers and non-customers) and handle "contactless" transactions. The payment terminal network was also updated with the migration to Redsys.

At the end of the year, the Bank had 303 ATMs, of which 279 were in branches and 24 elsewhere. It also had 18,167 payment terminals in stores and other businesses.



Note that, following the collaboration agreements signed with other entities such as Grupo Cajamar, Banco Popular, Laboral Kutxa, Deutsche Bank, Bankinter, Targo Bank, Novobanco (Banco Espirito Santo), Banco Pichincha, Bankoia, Caja de Ingenieros, Caja de Arquitectos, Banca Popolare Etica and others, customers can now use nearly 8,000 ATMs on favourable terms.

We continue to roll out the ATM modernization plan and installed 25 latest-generation machines in 2017.

4.3 INTERNET

Caja Rural de Navarra markets its remote banking service under the *Ruralvía* brand. A *Ruralvía* contract allows the customer to access a wide range of financial products and services as well as conducting nearly all banking operations online through a computer, telephone (telephone banking), tablet or smart phone (*Ruralvía movil*). The number of *Ruralvía* users grew last year by 10.88% up to 56.44% of the Bank’s total customer base. Meanwhile, to guarantee secure delivery of financial services via *Ruralvía*, Rural Servicios Informáticos (RSI) is developing security protocols that meet legal standards.

The launch of the new *rvia pay* app, which makes it easier to pay using your mobile and transfer small amounts of cash free of charge using bizum, plus the *DIMO* option to get cash from ATMs using your mobile number, ensured this channel continued to grow in popularity among customers during 2017.

11.38% of Caja Rural’s customers are fully digital.



The breakdown by channel of total customer transaction in 2017, and a comparison to the previous year, was as follows:

CHANEL	2016	2017	CHANGE
ATM	2.27%	2.33%	0.06
MOBILE	9.45%	14.33%	4.88
INTERNET	33.02%	32.15%	-0.87
BRANCH	56.26%	51.18%	-5.08

This means the penetration of fully digital customers, by age, as a percentage of the Bank’s total customers is as follows:

Age range	% fully digital customers/total customers
0-17	7.34
18-24	27.84
25-29	23.89
30-34	19.39
35-39	15.19
40-44	13.37
45-49	11.40
50-54	9.46
55-59	7.76
60-64	6.40
>65	3.68

5. PRODUCTS AND SERVICES

5.1 SOCIALLY RESPONSIBLE PRODUCTS AND SERVICES

Social and sustainability criteria are embedded in the products that Caja Rural de Navarra offers:

- **Carné Joven Navarre and Rioja:** Caja Rural de Navarra offers up to €2,000 in finance to all young people in Navarre and La Rioja under its Joven programme at the Joven IN AER of 0%. Caja Rural de Navarra also provides 0% funding for getting a driving license to anyone under the age of 30 in La Rioja.
- **University loans:** the Bank has special loans for students at university and other academic institutions who want to fund the cost of first degrees, post-graduate studies, residence, books, etc.. They have agreements with: Universidad Pública de Navarra, Universidad de Navarra, Universidad de Deusto and ESIC.
- **Home financing agreements (*Convenios financiación vivienda*):** the Bank has signed collaboration agreements with the Basque Government, Government of Navarre and the Government of Spain to make home-purchase loans to anyone who wants to apply for this type of finance at the interest rates set in the agreement.
- **Collective agreements (*Convenios*):** Caja Rural de Navarra has various agreements with different associations providing special financing terms for their members.

These associations include: ANEL (benefits funded by

the member companies, creation of new companies and capital contributions to future cooperative members) CEIN (benefits financed for the creation of new companies).

- **Funding line for educational centres:** there is an agreement with "Kristau Eskola", setting special financing terms for their member centres for IT equipment.
- **Agreements and joint ventures with Local Authorities:** Caja Rural de Navarra collaborates with Local Authorities on funding individuals (self-employed) and legal entities (mainly SMEs and micro-enterprises). The terms of this support are contained in various signed agreements and backed by a number of Reciprocal Guarantee Companies (*Sociedades de Garantía Reciproca*). For example, we have agreements with ICO, FEI, the Basque Government, Government of Navarre, Government of La Rioja, Regional authorities (*Diputaciones*), public agencies, etc.

- **Linea INICIA (INICIA line):** This special credit line was launched in 2007 to support new start-up companies and new businesses. Its aim is that any new project deemed initially viable should not fail for lack of finance. Over the last 10 years the Bank has supported the creation of 1,504 new companies and 2,800 new jobs in this way.

The programme covers a range of financing products up to €150,000. These may include loans, credits, guarantees, leasing, discount lines, etc.

It is combined with a special programme of bank services contained in the PROMUEVE Programme which gives self-employed customers special terms and conditions on the banking services they use.

The *Linea INICIA* (INICIA line) also covers social joint ventures, including notably: the financial collaboration via subsidies to support the development of public and private employment agencies, Chambers of Commerce, CEIN, municipal employment centres in the Basque Country (*Behargintza*), etc., and training seminars and discussions for entrepreneurs and students in Vocational Training Centres or universities.

5.2 SOCIALLY RESPONSIBLE INVESTMENT

Advances in Socially Responsible Investment (SRI) in Spain are being applied to the asset management industry. At Caja Rural de Navarra, we have made progress in this area and in 2017 all the pension plans we offer are managed through an SRI investment policy covering all European equities, Spanish sovereign debt and corporate bonds.

In 2018, Caja Rural de Navarra also completed preparatory steps to include two SRI funds in the range of investment funds it sells.

The SRI policy helps manage the sustainability of the investments over their investment horizon, by factoring environmental, social and corporate governance (ESG) issues into investment decisions.

The issue of companies' sustainability is considered upstream of the investment process, in order to identify a universe of securities that meet the requirements of the SRI policy - the investment universe.

Caja Rural de Navarra applies a socially responsible investment policy to its Treasury management for its portfolio of financial assets listed on organised markets (fixed income and equities). The responsible investment strategy is based on the following practices:

- Companies involved in sectors or products considered controversial or in breach of widely accepted international ethical standards are excluded. Also understood as liable to exclusion are companies whose environmental, social and/or governance behaviour is unusually negative.

Specifically, Caja Rural de Navarra will not invest in companies who meet the following criteria for exclusion:

- **Controversial sectors.**

Arms, tobacco, gambling, pornography.

- **Serious environmental impacts.**

Companies involved in major controversies on environmental issues such as water, soil, air or noise pollution or treatment of contaminated waste.

- **Serious social impacts.**

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

- **Corporate governance practices.**

Companies with a major involvement in controversies or incidents in the field of corporate governance, corruption and bribery, money laundering or tax evasion.

In addition to these exclusions, Caja Rural de Navarra is also drawing up a ranking of assets based on their global sustainability behaviour, allowing it to identify those whose performance is above average which are ultimately included in the investment universe.

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

Caja Rural de Navarra applies a socially responsible investment (SRI) policy to its Treasury management.



TRANSPARENCY

Caja Rural de Navarra has been a member of Autocontrol since December 2010. Autocontrol is an association that seeks to promote responsible advertising that is true, legal, honest and fair. In 2017, Caja Rural de Navarra launched 111 new advertisements, of which 69 were approved by Autocontrol. The rest had been through the Bank's internal regulation process.

ACCESS TO FINANCIAL SERVICES

Caja Rural de Navarra offers services to people living in small communities, making available all their financial services to individuals, SMEs and the self-employed. It aims to provide access to the full range of financial services in most areas of the region where it operates.

Also, through the Digital Ecosystem developed by Caja Rural de Navarra, it provides online and mobile services to any customer who wishes to use them.

The latest version of Mobile Banking includes a number of new services, which make it easier for customers to manage their banking and carry out day-to-day transactions, as well as the apps in all their different versions.

SUSTAINABILITY OF THE LOAN BOOK

As part of its ESG policy, Caja Rural de Navarra has created a sustainability framework which aims to develop financing lines that have a greater social and environmental impact on the regions where it is active. These lines must be consistent with the principles of commitment to the local social and natural environment and conform to the Green Bond Principles and Social Bond Principles of the International Capital Markets Association (ICMA) and the UN's Sustainable Development Goals (SDGs), the most commonly used international benchmarks in this field.



The Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond.

The Green Bond market aims to facilitate and develop the key role that debt markets can play in financing projects that contribute to environmental sustainability.

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

GBPs have four core components:

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

<http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/green-bond-principles/>



The Social Bond Principles (SBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Social Bond market by clarifying the approach for issuance of a Social Bond.

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

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

SBPs have four core components:

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

<http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/guidance-for-issuers-of-social-bonds>



On 25 September 2015, global leaders adopted a set of 17 global objectives to eradicate poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda.

Each objective includes specific targets to be met in the next 15 years.

<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Consultancy firm, Sustainalytics, has been commissioned to make sure the sustainability framework complies with the abovementioned principles and aims. Its “second-party opinion” assesses the Bank’s commitment to a sustainability report, designed to provide greater detail on the amounts and categories in each sustainability credit line and on the impact these lines are having on wider society and the environment.

The sustainability framework also includes guidelines for issuing “sustainable” financial instruments in wholesale markets. In these cases Caja Rural de Navarra commits a sum at least equal to the capital raised from the “sustainable” instruments issued to finance future or existing projects within its identified sustainability lending lines. This binds it to investing amounts that least match the funds raised in projects that meet the criteria of the sustainability framework.

Accordingly, in 2016 Caja Rural de Navarra began issuing its sustainable mortgage-backed covered bonds with an initial placement of €500 million. The following year, 2017, it issued a further €100 million in senior bond format.

Loan book data are analysed each quarter against Covered Bond Label criteria so that the results can be easily compared

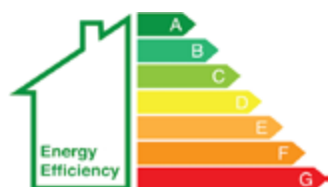
with other entities using this same certification; CRN is eligible for the Covered Bond Label. Additionally, Caja Rural de Navarra has been warranted the EMF-ECBC-developed “Sustainable covered bond label” which identifies with a green leaf symbol those issuers with Sustainable (social and/or green) outstanding covered bonds.



DZ Bank’s ESG team also analysed the sustainability framework developed by the Bank and awarded it the DZ Bank seal of approval for sustainability.



CRN understands sustainability as a long-term project. This means that it should evolve and develop in tandem with socially and environmentally responsible practice over time. As an instance of such development, the 2017 updated framework includes a new category “Building energy efficiency” which classifies the environmental efficiency of homes financed using data from the energy performance certificate (EPC) which came into force on 1 June 2013.



In a related move, CRN is taking part in the EeMAP initiative, the Energy Efficient Mortgages Action Plan. This project aims to develop “green” finance to homes that are more energy efficient. The borrower wins all round as the loan increases the value of the property and simultaneously reduces its energy bills, while the lending institutions reduce the risk they take on as greater energy efficiency leads to less financial risk through higher disposable income and more resilient property values. They also do their bit for a sustainable society which also gains from the stimulation to investment and creation of new jobs.



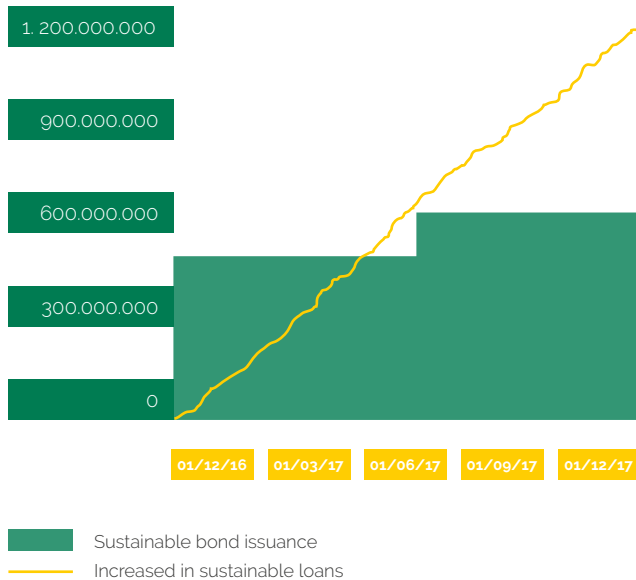
The sustainability framework of the Caja Rural de Navarra’s loan book consists of 9 different credit lines with over 39,000 borrowers. At 31 December 2017 the sustainable portfolio totalled more than EUR 3 million, assigned as follows:

ALLOCATION OF SUSTAINABLE ASSETS AND LIABILITIES OF CAJA RURAL DE NAVARRA

SUSTAINABLE PORTFOLIO CATEGORIES	ASSETS	LIABILITIES	SUSTAINABLE FINANCE ALLOCATION
Sustainable agriculture	69,902,508.31	500,000,000.00	Allocated to Sustainable CB: CRUNAV 0.625 12/01/23
Renewable energy	29,480,250.49	100,000,000.00	Allocated to Sustainable Sr Unsecured: CRUNAV Float 06/21/22
Energy efficiency	251,688,344.67		
Sustainable forest management	2,147,988.71		
Waste management	15,883,909.37		
Affordable housing	723,084,685.02	2,454,456,503.91	Unallocated sustainable portfolio amount
Social inclusion	42,095,813.00		
Education	23,280,715.94		
Economic inclusion	1,896,892,288.40		
TOTAL SUSTAINABLE PORTFOLIO	3,054,456,503.91,	3,054,456,503.91,	MAXIMUM SUSTAINABLE FINANCE

Moreover, regarding the pursue of “additionality”, the total cumulative amount (EUR 1,120 million) of the increased of the sustainable loan portfolio since CRN launched the Sustainable Bond Framework in 2016 has exceed its sustainable bond issuance (EUR 600 million).

The outstanding balance of the sustainable loan book at end-2016 was EUR 2,582 million and grew, as stated above, to EUR 3,054 million at 31 December 2017.



For the first time this year, the impact report maps the categories in CRN’s sustainability framework onto the Sustainable Development Goals (SDG) of the United Nations. The table below shows each category and the corresponding SDG promoted by Caja Rural de Navarra.

	I. Sustainable agriculture III. Waste management II. Sustainable forest management
	€88 million

	IV. Renewable energy V. Energy efficiency
	€281 million

	VI. Affordable housing VIII. Education VII. Social inclusion IX. Economic inclusion
	€2,685 million

SUSTAINABLE AGRICULTURE

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

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

CRN tested each loan included in this category for compliance with the above aims. Based on an analysis of information collected, we calculate that the current sustainable agriculture line totals EUR 69.9 million, spread across 808 loans to 671 borrowers.

Of this, 22.59% went to young farmers (aged under 40) in line with CRN's philosophy of supporting the new generation that is driving the primary sector and rural environment. Another 40.03% went to cooperatives, joint ventures and another agricultural associations, maintaining CRN's traditional support for collective initiatives in the world of agriculture and cattle.

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

PURPOSE OF LOANS

Improving stockraising facilities and farming operations	18%
Consolidation and strengthening of farming operations	23%
Improvement of farming transportation (energy efficiency)	13%
Installation and upgrade of irrigation systems (energy efficiency and reduction of CO2 emissions)	11%
Financing of support for unfavourable climate conditions	5%
Investments through European rural development programmes	3%
Start-up finance for new farmers	3%
Construction of sheds and greenhouses	10%
Other	14%



RENEWABLE ENERGY

This category includes loans to fund the generation of electricity from renewable sources – solar, wind, geothermal, hydro-electric, etc. – and the use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. Based on an analysis of information collected, we calculate that the total sustainable energy credit line totals EUR 29.5 million, spread across 71 loan transactions to 52 borrowers.

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



Renewable energy generators:

Loans outstanding: **EUR 23.7 million**
Number of transactions: **37**



Builders of renewable energy plants:

Loans outstanding: **EUR 5.8 million**
Number of transactions: **15**

ENERGY EFFICIENCY

This category covers loans whose purpose is to fund new products and technologies that reduce energy consumption or the manufacture of components that contribute to this aim. Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 251.7 million, spread across 1,224 loans to 1,537 borrowers. CRN analysed loans in this category individually, classifying them into the following types based on their purpose:

• Vehicle fleet renewal: less polluting vehicles, emission reductions:

EUR 32.6 million and 640 transactions.

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

EUR 16.2 million and 44 transactions.

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

EUR 32.3 million and 112 transactions.

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

EUR 5.6 million and 31 transactions.

• Renewal of buses and other transport vehicles:

EUR 7.3 million and 78 transactions.

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

EUR 2.1 million and 3 transactions.

• Electric bikes for urban mobility schemes:

EUR 397,000 and 2 transactions.

• Engineering, consultancy and manufacture of energy efficiency equipment:

EUR 210,000 and 2 transactions.

• Building energy efficiency:

EUR 154.9 million and 1,220 transactions.

In 2017, CRN has updated its Sustainability bond framework in order to include Building energy efficiency as a specific environmental line, following CRN's involvement in the EMF-ECBC EeMAP initiative.

Eligibility criteria for this section, based on EPC⁷, include newbuild homes certified "A" or "B" and existing homes – sold before 2013 – with a final EPC rating of "C" or better as this implies they have increased their energy efficiency by at least 30%. These homes fit comfortably into the 15% most energy-efficient category that has become the market standard.

⁷Directive 2010/31/UE and Spanish Royal Decree 235/2013 which required the requirement for EPCs from 1st June 2013 on.

In many countries EPC data is either not publicly available or not recorded by banks' systems. CRN has therefore developed three working methods to derive energy efficiency data for homes (see box below):

- **Mortgages of individual properties where CRN financed the real estate development, as it may therefore already have the relevant data.**
- **Existing mortgages not included in the above-mentioned group.**
- **New mortgages.**

These three above-mentioned workstreams are still in process. Some €150 million of lending for which CRN has EPCs have already been identified. However, CRN will follow this work by designing new processes in order to capture EPCs in new mortgage origination. The second workstream (existing mortgages but not having been financed directly by CRN or a real estate development loan since 2013) requires innovative IT tools to be deployed as existing data bases on EPCs cannot be easily matched to the mortgage book of the bank as they rely on alphanumeric field. That is why CRN is exploring advanced algorithms able to find reliable solutions. Therefore, CRN expects the actual size of Building energy efficiency category grows over time.

SUSTAINABLE FOREST MANAGEMENT

This category covers loans whose purpose is forestation, reforestation and the development of forestry plantations. Based on an analysis of information collected, we calculate that the loan book for these purposes totals EUR 2.1 million, provided in 6 loans to 4 borrowers.

CRN analysed each loan in this category, concluding that this line has helped to fund management of 425.5 hectares of forestry land with a carbon sink effect in its growth phase of 17,560 Teq of CO2.

This line has helped to fund management of 425.5 hectares of forestry land



WASTE MANAGEMENT

This category includes loans to develop equipment and technology that make more efficient use of resources and/or reduce the production of waste. Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 15.9 million, spread across 46 loans to 32 borrowers.

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

- **Recycling of industrial waste (metal, tyres):**
EUR 10.2 million and 25 transactions.
- **Manufacture of commercial products from recycled materials:**
EUR 570,000 and 6 transactions.
- **Clean-up of industrial waste:**
EUR 5.1 million and 8 transactions.

AFFORDABLE HOUSING

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

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

- Individuals taking out a mortgage to buy a VTO/VPT home.
- Developers who take out a mortgage to build a VTO/VPT building which will subsequently be sold or let at a social rent to people meeting the necessary requirements.

KEY INDICATORS REPORT:

A. The basic figures are:

- Total investment of EUR 723.1 million
- Spread across 8,178 loans
- To 7,742 borrowers, of whom:
 - 7,668 are individuals
 - 74 are legal entities

B. Regarding the current status of these loans, only **0.35%** of the loan book is non-performing loan, very similar to the ratio for other housing mortgages granted by CRN.

This indicates that although the customers are normally on lower incomes they are just as likely to meet their payments as CRN's other home mortgage borrowers and that their household finances can generally bear the cost of buying a home under these schemes.

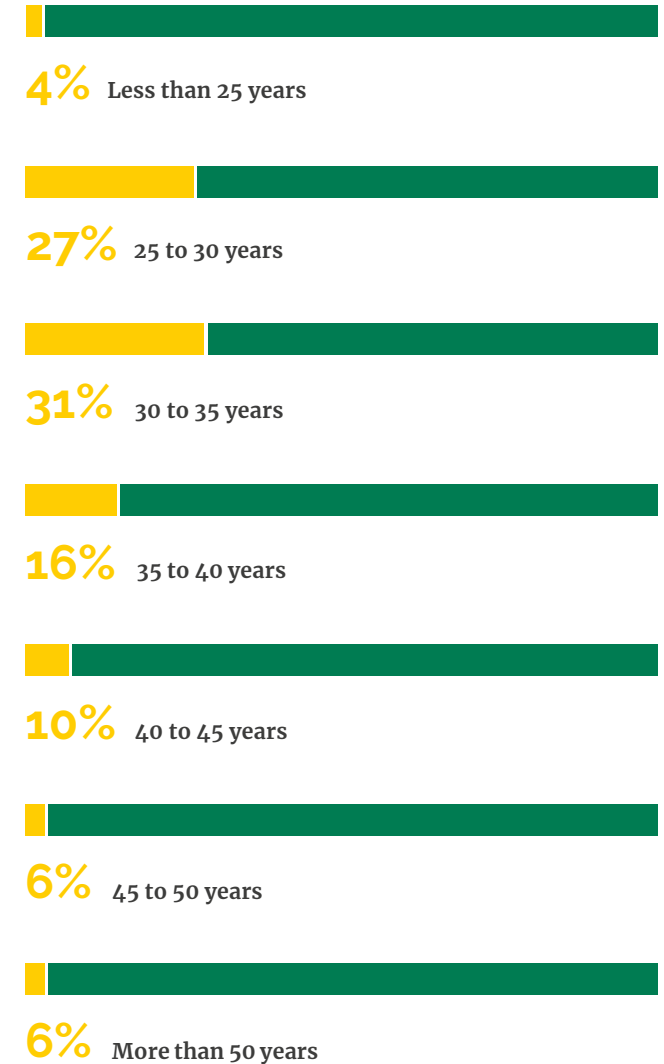
C. Breakdown of affordable housing loans by borrower:

- 99.04% were to individuals (of which 40% had two or more signatories and 60% had a single signatory).
- 0.96% were to companies.

Nearly all loans, therefore, went to individuals and CRN is helping in this way to bring home ownership within the reach of a large number of people while simultaneously diversifying risk in this financing line.

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

AGE DISTRIBUTION OF BORROWERS



More than 62% of loans granted to individuals were to people aged under 35, suggesting that this type of financing is helping young people to get to their first home.

Likewise, over 5.6% of loans were to people over 50 who, due to various life circumstances, need a home later on in their lives and might otherwise be at risk of social exclusion.

E. The conclusions of the first paragraph above are confirmed by analysis of the number of children of those taking out these loans. Over 67% have no children at the time they sign the mortgage.

NUMBER OF CHILDREN



F. Data collected also shows (see table below) that more than 65% of loans granted were in towns with a population of less than 25,000 residents with just over 20% going to villages of less than 5,000 inhabitants, helping sustain small populations and counter the risk of rural depopulation.

DISTRIBUTION PER POPULATION SIZE

Less than 5,000	20%
5,000 to 10,000	13%
10,000 to 25,000	32%
25,000 to 50,000	7%
50,000 to 100,000	2%
100,000 to 151,000	4%
151,000 to 200,000	11%
More than 200,000	11%

G. Finally, the table below shows the average income per person in the family unit taking out the mortgage. More than 87% of such families have below-average incomes per head for the Autonomous Region where they live, underlining the social character of such financing.

AVERAGE INCOME PER PERSON



SOCIAL INCLUSION

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



DIFFERENT ABILITIES TRAINING, REHABILITATION AND EMPLOYMENT

Caja Rural de Navarra has for many years supported organisations that bring together people with different abilities (physical or mental). These organisations run training and rehabilitation centres as well as special employment centres to support people into work. Caja Rural de Navarra devotes EUR 4.2 million to this financing line, which allows 12 organisations to do their work managing Special Employment Centres, residential facilities and day centres. Together they provide training and rehabilitation services to more than 3,000 people and employ 2,000 people. This means we provide some sort of support to nearly all the people with different abilities in Navarre.



SPORT

Caja Rural de Navarra has an important commitment to sport and the personal development and inclusion of people through sport. We fund infrastructure and sports equipment for the different sports clubs and federations that focus on regulating and facilitating controlled and directed sports activities that meet the criteria of equality, health and preventative care. His actions focused fundamentally on the sports base, which is where funding can have most social impact. This financing line has lent a total of EUR 11.8 million to fund 41 associations serving more than 55,000 people of all ages.



CULTURE

Caja Rural de Navarra also provides EUR 10.7 million of funding for investments designed to foster social integration through culture. The money goes to 129 cultural organisations active in fields such as music, language, food, customs, folk traditions, literature, theatre, cinema and many others. Together, they generate social cohesion irrespective of the circumstances of those who take part.





SOCIAL AND HEALTH CARE

We live in an ageing population and Caja Rural de Navarra supports the building of infrastructure and equipment to provide healthcare and social and health inclusion of the elderly and young people with some degree of dependence. We currently support 4 residential homes that look after more than 250 elderly people. Total financing for this segment is EUR 3.6 million.



SOCIO ECONOMIC

The social and economic background in which Caja Rural de Navarra operates is rich in charities, professional associations and research centres. Caja Rural de Navarra firmly supports this social fabric by financing infrastructures essential to their activity. These associations help ensure that small businesses and the self-employed have permanent access to information on tax, employment, legal and financial matters. They also have representative bodies speaking to the government and other private organisations. We have invested EUR 4.7 million to support a total of 43 professional associations whose membership includes more than 3,000 professionals and organisations from various sectors of the economy.



EXCLUSION

Caja Rural de Navarra has a clear commitment to people of any age, origin and social class. For this reason we firmly support organisations working to include groups at risk of social exclusion: immigrants, the gypsy community, young people, drug users and the elderly unemployed. We provide EUR 7.1 million in financing to support 28 social organisations supporting the social inclusion of more than 3,000 people.

Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 23.3 million, spread across 166 loans to 81 borrowers.



EDUCATION

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

FINANCING INVESTMENTS

Caja Rural de Navarra currently has EUR 22.8 million committed to financing new buildings, new equipment and other infrastructure (sports, cultural, etc.) by 80 training centres reaching more than 30,000 students.

INTERNATIONAL SCHOLARSHIPS

This line provides financial support for university students wanting to study in educational institutions or to do professional training in companies abroad. Thus none is prevented from having these experiences due to lack of money. These scholarships funded a total of 449 students.

FINANCIAL AND ROAD SAFETY EDUCATION

CRN runs a programme of workshops in 80 educational centres throughout Navarre for students aged between 8 and 14.

Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 23.3 million, spread across 166 loans to 81 borrowers.





ECONOMIC INCLUSION

This item includes loans that meet the following requirements:

- A** **Small loans** that support economic inclusion, whether because of their small amount or because they provide access to finance for **remote areas** (where CRN has a particular presence). To qualify, loans must meet one of the following criteria:
 - a.** It must be for less than EUR 25,000.
 - b.** It must be made through a Caja Rural branch in a village of less than 3,000 population with below average income for the Autonomous Region.
- B** Loans to **Entrepreneurs**.
- C** Loans to **SMEs** as defined by the European Union.

SMALL LOANS AND REMOTE AREAS:

Based on an analysis of information collected, we calculate that the current loan book for these purposes totals EUR 677 million, consisting of 30,796 loans to 26,775 borrowers.

As a result this is a highly diversified line comprising loans with an average amount of EUR 22,000, reaching a great

amount of people, particularly in rural areas and small population clusters.

ENTREPRENEURS:

Caja Rural de Navarra has historically shown special awareness and consideration for small entrepreneurs seeking to start up a new business. Our presence in sparsely populated rural areas makes this a common story and today we can be proud that some of the small businesses we have supported have grown into large companies employing many people and contributing to the sustainable development of their local areas.

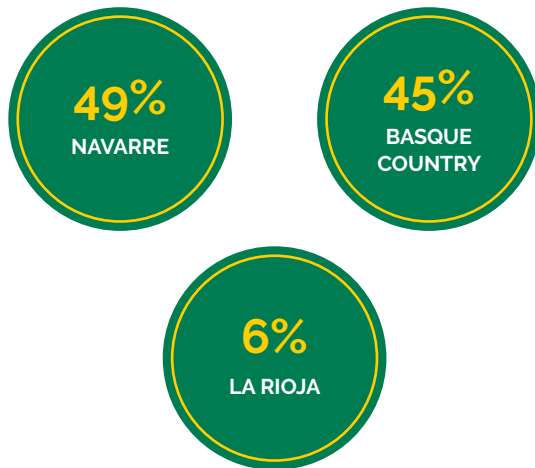
As part of this commitment, Caja Rural de Navarra has for 10 years now been offering a specific financing line to support entrepreneurs called *Línea INICIA*. It provides funds to people who, individually or in partnership with others, start up a new business or economic activity.

The line comes with particular conditions regarding the amount, interest rate, guarantees and the process of analysis and approval which make it special. Currently the situation is as follows:

- Total lending is EUR 40.9 million.
- The success rate of businesses is 50%.
- 1,450 individuals have benefited from these financing lines.
- More than 1,800 jobs have been created.
- The average age of the entrepreneurs is 42.

- The businesses supported are spread throughout CRN's area of operations: Navarre, Basque Country and La Rioja as follows:

PROJECTS BY REGION *LÍNEA INICIA*



- The current NPL ratio is 0.94%.
- The average amount lent to each entrepreneur in 2017 was EUR 41,100.
- The sectors supported vary widely but the most important are services, industrial, food and technology.
- In the 10 years that the line has been running it has supported a total of 1,504 new businesses which have substantially helped the economic and social development of the areas where they have been granted.

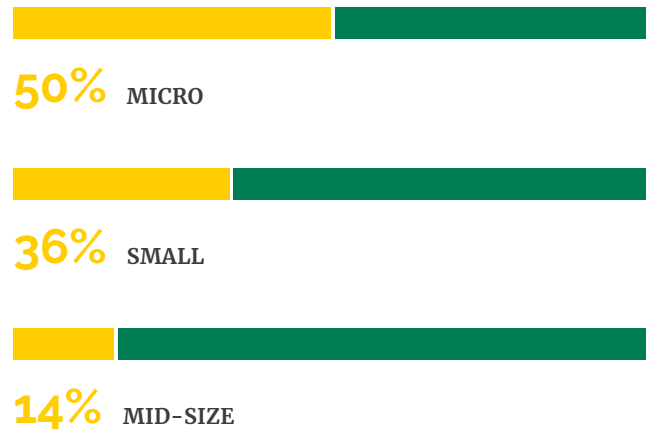
FINANCING SMES

Cumulative total lending in this area is EUR 1,179 million, consisting of 3,759 loans to 2,549 borrowers.

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

A. Regarding the current state of these loans, 4.28% of the total amount is more than 90 days in arrears. This is a good figure given the average for the financial sector.

B. The number of transactions with micro-enterprises, mid-sized companies and SMEs (as defined by the European Union), shows that more than 86% of loans went to micro-enterprises and small companies, underlining the effective penetration of the financing granted under this line and the effort made by CRN to maintain the local business fabric.



C. Caja Rural de Navarra has always supported SMEs, building up the essential business fabric of the regions where it is active so that they can develop and have a competitive productive capacity. This is evidenced by the fact that over 42% of companies have been loyal customers of CRN for more than 10 years. CRN also continues to support new companies. More than 8% of companies initiated their relationship with CRN in the last year.

LENGTH OF RELATIONSHIP WITH CRN



D. CRN's involvement in rural development is an important strand of its work. More than 45% of companies are located in populations of less than 10,000 people, which means it is not only developing the local economy but also helping revitalise the social environment and bring down the average age of agricultural areas.

DISTRIBUTION PER POPULATION SIZE



E. By type of customer, figures confirm that the majority are to limited companies (consistent with the data above) and more than 5.5% are cooperatives (mostly in the primary sector), figures that reflect our origins as a Bank and our business philosophy.

TYPE OF COMPANIES



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

TURNOVER (Millions of euros)

Less than 1 million	33%
1 to 10 million	47%
10 to 20 million	11%
20 to 30 million	4%
30 to 45 million	3%
More than 45 million	2%

NUMBER OF EMPLOYEES

Less than 10	52.3%
10 to 50	35%
50 to 100	8.8%
100 to 150	2.2%
150 to 200	1%
More than 200	0.7%

These two tables show the small scale of most companies financed by this line. More than 79% have turnover of less than EUR 10 million and slightly more than 87% have less than 50 employees. Our financing, therefore, contributes to maintaining this important business fabric and the employment it generates. One additional figure to note is that we have granted more than 3,500 loans to these companies for a total combined amount of EUR 1,100 million and that their average headcount is 26 employees.

This line has sustained at least **62,750 jobs** in our region.

G. It should also be emphasised that, despite the size of these companies, we are in one of the most industrialised regions of Spain. This is reflected in a substantial international outlook by many of the companies supported, as illustrated by the percentage of companies that export, import both (around 27% of financed companies through this line)

EXPORT/IMPORT



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

SECTORS OF ACTIVITY

Agriculture, livestock, forestry and fisheries	5%
Manufacturing	37%
Construction	17%
Wholesale and retail distribution	16%
Transport and warehousing	5%
Hospitality	3%
Property	6%
Professionals, scientific and technical	5%
Administration and auxiliary services	3%
Other	3%





5

2017
The Team



**CAJA RURAL
DE NAVARRA**



CONTENTS

1. The team
2. Breakdown of employees
3. Attracting talent
4. Training
5. Remuneration policy
6. Remuneration system
7. Preventing work-related risks

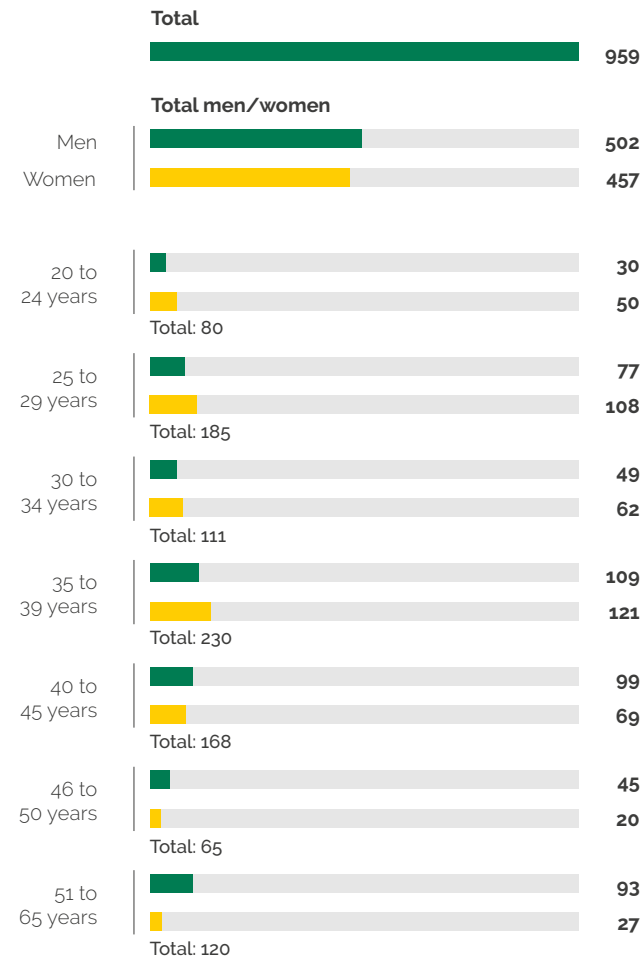
1. THE TEAM

At Caja Rural de Navarra we accept our obligation to promote the personal and career development of our employees as part of our corporate mission. A key part of our culture is to support and orientate, trust and give responsibility to employees and to expect hard work and commitment.

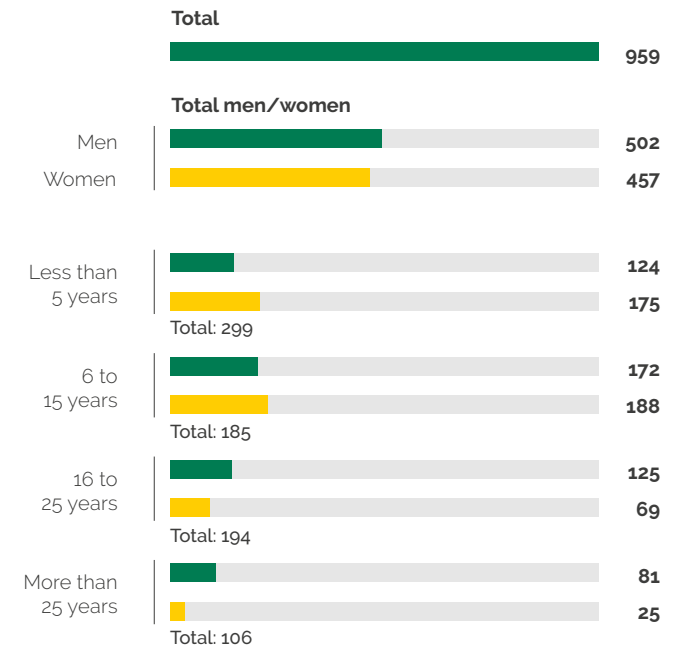
This two-way process helps mould Caja Rural employees, creating value and competitive advantages for the organization and enhancing the person's career development and employability.

2. BREAKDOWN OF EMPLOYEES

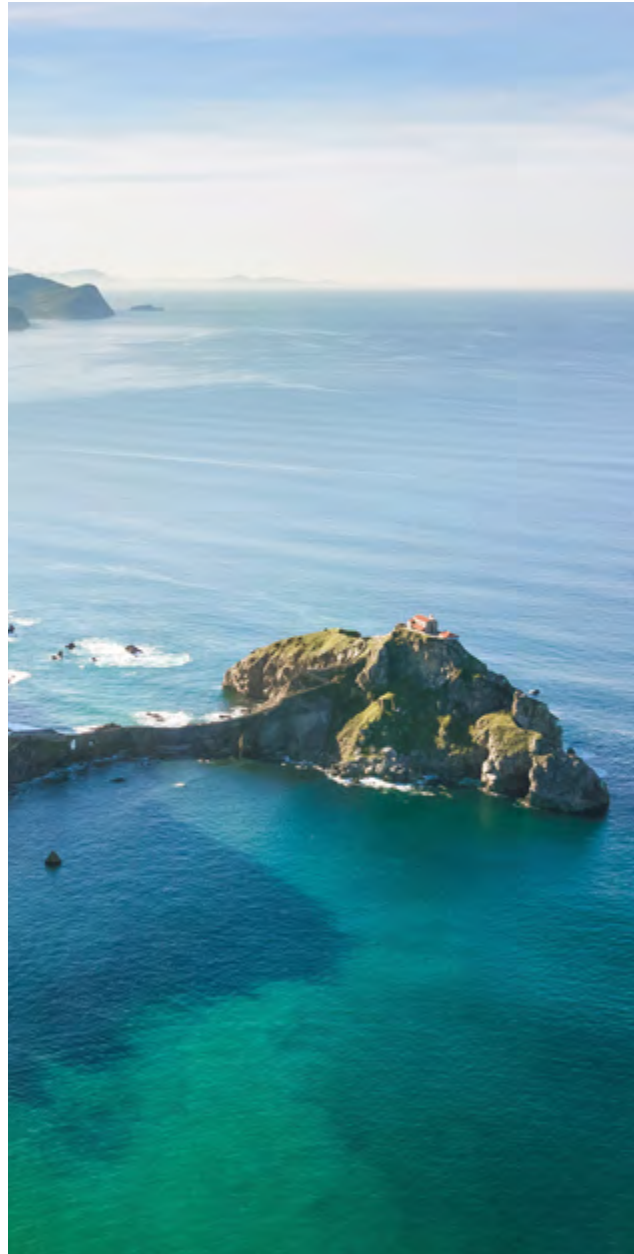
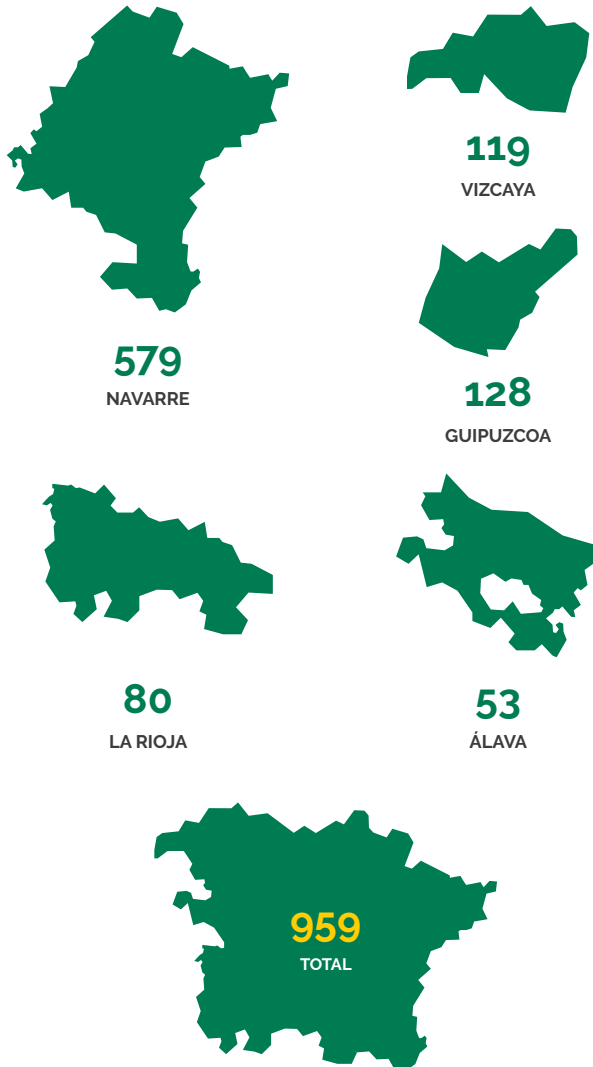
BREAKDOWN BY AGE



BREAKDOWN BY YEARS OF SERVICE



EMPLOYEES AT END-2017



INTEGRATED REPORT 2017

EXPERIENCE

11.95

Average years of service

DIVERSITY

52.35%

Men

47.65%

Women

88.50%

Graduates

3. ATTRACTING TALENT

COMMITMENT TO THE UNIVERSITY ENVIRONMENT

The process of recruiting people into the organization is managed wholly internally, from identification and assessment of potential candidates, through the decision to hire and their integration.

We take care of the process and the candidate to make sure recruitment lives up to our corporate values of respect and social proximity. We also run Work Experience Programmes, designed to complement student training, introducing participants to the reality of the workplace, enhancing their knowledge, developing skills and, in general, making them more employable.

As part of these programmes in 2017 we provided 182 training scholarships (122 in the summer and 60 at other times of year).

COMMITMENT TO NEW EMPLOYEES

At Caja Rural de Navarra, we take responsibility for the professional development of newly hired employees. We support and guide them as part of our culture. We show confidence, give early responsibility and demand hard work and commitment.

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

COMMITMENT TO CREATING EMPLOYMENT

In 2017, 19 temporary contracts were made permanent. We are committed to consolidating employment, always in light of the circumstances affecting the sector and the Bank.



4. TRAINING

IN-HOUSE TRAINING PROJECT

At Caja Rural de Navarra we view in-house training as fundamental to transmitting the Bank's values and our everyday technical and commercial experience. We also call in external companies to cover areas or skills that would be hard to provide in-house, or where externally trained people can add value.

We consider it essential to share our everyday experience, values and know-how as a continuous knowledge management process, a way to promote peer-to-peer learning and continuous improvement and learning.

Two issues are coming to the fore at present: regulations that require firms to train and systematically refresh training for employees and the digital transformation with its new ways of communicating with customers and marketing products and services.



910 Training courses

950 Persons trained

108,515 Training hours

TRAINING FOR CAJA RURAL DE NAVARRA EMPLOYEES

- Increase in e-learning offer.
- Voluntary access to training.
- Training programme for the DAF (Financial Advice Diploma) financial advice diploma with a high number of lecture hours (108,515 training hours in 2017; 73,774 training hours in 2016; 57,669 hours in 2015).

In 2017 each Caja Rural employee received an average of 114.22 hours of training. Of this, 7,369 were delivered face-to-face and the remaining 101,146 were given via internal and insurance e-learning.

ADVICE

The main training action in 2017 was certification of compliance with MiFID 2, which came into force on 3 January 2018 and required retraining the workforce so they could continue advising customers and non-customers. Caja Rural de Navarra chose to train its employees as advisors.

At Caja Rural de Navarra we chose CISI as our preferred qualification, as it is an international certification which has already been approved in other EU countries and been chosen by other institutions. Many employees were trained at the University of Deusto, where they could opt for two qualifications, CISI and/or Deusto. This training requires at least 150 hours of study and has a major impact both in terms of study time and employee motivation.

PERFORMANCE ASSESSMENT

People management is one of the most important roles of managers and the Improvement Plan is a key process, not a box-ticking exercise. In practice, it involves personal performance assessments, productivity improvement, promoting career development, motivation management, alignment with Caja Rural de Navarra’s strategy, adapting to the environment and encouraging behaviour that serves the Entity’s corporate values.

All Caja Rural de Navarra employees take part in this process which makes it possible to analyse in detail the performance of each member of the organization. The whole of the preliminary assessment (self-assessment, line-managers assessment and assessment interview) feeds into concrete actions which help address the areas for improvement identified. This process means that Caja Rural de Navarra can evolve, become more competitive and better adapted to its environment, taking as its benchmark and starting point the values of the Bank.

The role of executives is a strategic priority for the organization. Accordingly, we complete the process by surveying the opinions of all employees, weighted by rank in the hierarchy, on the behaviours associated with the Management Style in Caja Rural de Navarra.

PERSONAL DEVELOPMENT

HUMBLE

CLOSE

OPTIMISTIC

BALANCED

CORPORATE BENEFITS

All Caja Rural de Navarra employees can apply for loans on collectively agreed terms. In 2017, 499 employees took out home loans, totalling €52,228,944 and 305 employees enjoyed advantageous personal or consumer loans totalling €10,978,358.

Other collectively agreed complementary social and insurance benefits include holidays, help with children’s studies, help with employees’ studies, temporary disability, widow/er and orphan benefits, accident insurance, life insurance and family assistance.

To help employees balance the demands of working and family life, Caja Rural offers breast-feeding breaks, reduced working hours, medical support, unpaid leave and maternity/ paternity leave to care for children up to three years old.



5. REMUNERATION POLICY

The core aim of remuneration policy is to align the actions of employees with the long-term aims of Caja Rural de Navarra.

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

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

- Fixed individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.
- Variable remuneration shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It should create no direct incentives to sell specific products, including discounts or fee reversals to employees.
- Variable remuneration must be capped as a proportion of fixed income and can never be more than 100 % of fixed remuneration, as stated by regulations in force.
- It should always be based on the qualitative issues most closely related to long-term performance (maintenance of the customer base, customer satisfaction, balanced growth, etc.).
- Part of variable remuneration shall be deferred for between 3 and 5 years, tied to completion of the Strategic Plan for this period.

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

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

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

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

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

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

The core aim of remuneration policy is to align the actions of employees with the long-term aims of Caja Rural de Navarra.

6. REMUNERATION SYSTEM

Caja Rural de Navarra structures its remuneration system to achieve an internal coherence between the elements of remuneration and the posts and responsibilities being rewarded, which is tailored to the realities of the market and provides a path of professional progress and promotion for its staff.

The elements of remuneration break down as follows:



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

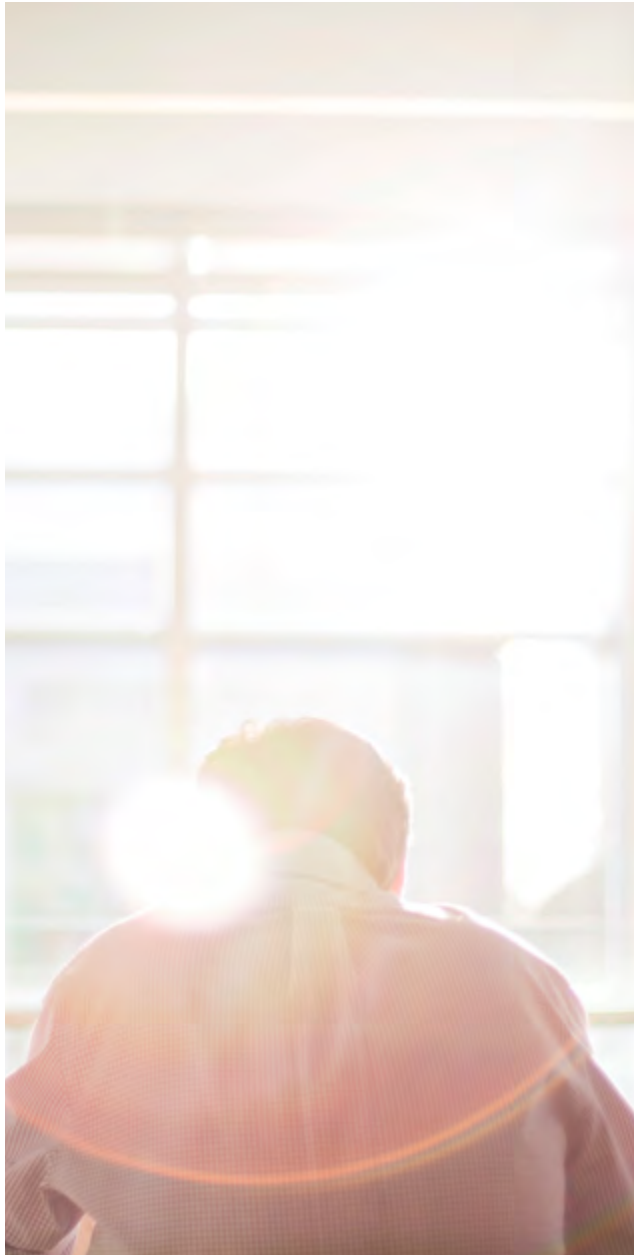


The Policy is based on a set of principles, including the following:

- Fixed individual remuneration shall fairly reflect each employee's responsibility and professional career. It must be reviewed regularly (at least annually) and changed where appropriate.
- Variable remuneration shall take account of employees' performance, results achieved by their team and results achieved by the Bank as a whole. It is discretionary and paid as a bonus for performance and qualitative assessment.

**MINIMUM STARTING SALARY
(€/HOURS WORKED)**
= 21,677.35 / 1,700 = 12.75

**MINIMUM STARTING SALARY
(€/INTERPROFESSIONAL MINIMUM WAGE)**
= 21,677.35 / 10,302.60 = 2.1



7. PREVENTING WORK-RELATED RISKS

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

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

The key elements are as follows:

- Prevention structures at Caja Rural de Navarra:
- Risk assessment at workstations.
- Prevention planning.
- Health research and measurements.
- Training and keeping employees informed.
- Emergency and evacuation plans.
- Documentation of work teams and premises.
- Documentation of the Health and Safety Committee.
- Health monitoring: certificates of standards and medical protocols applied.

To achieve the objectives in the annual plans within the PRWP, the following actions were taken in 2017:

- The PRWP was reviewed and updated.
- All employees were trained using the virtual classroom.
- Health monitoring actions were carried out.

In 2018, the most significant actions planned are as follows:

- Training of new staff members.

- A study of psychosocial risks.
- Internal audits of the system.
- Continued development of coordination across business activities.

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

Key indicators for prevention management in 2017 were as follows:

- No. accidents resulting in time off work: 2.
- No. travelling accidents resulting in time off work: 3.
- There are no recognised occupational illnesses for the industry.



6

2017 Suppliers



**CAJA RURAL
DE NAVARRA**



CONTENTS

1. Supplier and partner relations

2. Control and monitoring of suppliers

3. Future planning

4. Percentage of financing of local suppliers

1. SUPPLIER AND PARTNER RELATIONS

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

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

Processes must also give due weight to the qualities imposed by the following ethical principles defined by the Bank:

FIT AND PROPER PERSON PRINCIPLE

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

MORALITY AND ETHICS AT WORK

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

RECOGNISED EXPERIENCE AND QUALITY

Before being contracted, any new supplier must provide accreditation of their technical qualifications and experience in providing the services to be contracted. Accreditation may be by quality standards certificates (ISO) or similar, or by any

other means that Caja Rural de Navarra finds acceptable in the circumstances. To this end, a supplier may be contracted without providing the documentation indicated above when their experience and quality has been publicly recognised in the course of trade.

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

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

2. CONTROL AND MONITORING OF SUPPLIERS

Each area contracts with suppliers as its needs and demands dictate. All areas follow the procedure set out in the Suppliers Handbook, which includes the following rules:

A different number of bids from candidate suppliers must be obtained depending on the value of the contract:

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

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

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

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

Caja Rural de Navarra has a Handbook for conducting business with suppliers that sets out the selection criteria.

Caja Rural de Navarra is fully aware of the importance of a certain group of suppliers on whose services it depends for a significant part of the quality perceived by employees and customers.

Caja Rural de Navarra has identified the IT, back office and insurance departments as critical services. These services are therefore provided by companies in which Caja Rural de Navarra has an equity stake and which form part of the Caja Rural Group. For those services that the Bank considers most essential, it requires meetings between the parties to assess both the quality of service and delivery and clear communications, to ensure a satisfactory standard of work. Final quality depends as much on the buyer of the service as on the supplier. Non-economic factors are considered where they affect service quality.

Caja Rural de Navarra complies with the Spanish Act on Social Inclusion of People with Disabilities (LISMI). It contracts services from special employment companies to promote the social inclusion of these persons in line with its commitment to Corporate Social Responsibility.

3. FUTURE PLANNING

One of the Bank's current projects is the paperless office. This is an objective that should improve the productivity of employees while simultaneously reducing the volumes of paper and toner used. Production of both these materials is bad for the environment.

Caja Rural de Navarra also wants to extend this social responsibility commitment to its suppliers. Therefore, it requires any supplier of services or materials to become involved and adopt the same social ethics code.

4. PERCENTAGE OF FINANCING OF LOCAL SUPPLIERS

The biggest suppliers in the financial sector are institutions' own creditors, who are the source of funding for its business (along with equity capital). Also, one of the peculiarities of banking is that the same individual can appear as a customer (consuming financial and other underwriting services) and as a supplier/creditor (providing funds to the institution as a depositor). As a result, Caja Rural de Navarra's local suppliers (depositors) form a high percentage of total suppliers.

The ratio of customer deposits/total third-party funds of the Bank shows that local suppliers provided 70.7% of all finance at 31 December 2017.





7

2017
Caja Rural
de Navarra
and the
environment



**CAJA RURAL
DE NAVARRA**



CONTENTS

1. Caja Rural de Navarra and the environment

2. Environmental actions

3. Levels of action

1. CAJA RURAL DE NAVARRA AND THE ENVIRONMENT

Since Caja Rural de Navarra's main activity is the provision of financial services, its impact on the environment is limited. Nevertheless, protecting the environment is a key objective for the Bank, both because of its roots in the regions where it operates and because of its origins in the primary sector and rural areas.

For all these reasons, the Entity has developed a number of lines of action to minimise the direct impacts of its activity on the environment and to generate positive impacts through developing environmentally friendly businesses and encouraging the financing of projects through the funding lines covered by the sustainability framework for its loan book: mainly in the fields of sustainable agriculture, sustainable forestry, waste management, renewable energy and energy efficiency.

2. ENVIRONMENTAL ACTIONS

The Cajas Rurales grew out of the agricultural and credit cooperatives of over a century ago. They have retained certain values over time.

Caja Rural de Navarra sees the environment as an asset well worth conserving. Human activities must always take account of the need to care for and conserve the environment. If this is to happen, we believe we must balance the development of our business with the good of the environment, through different types of action.

MINIMISING RESOURCE CONSUMPTION

Having the right configuration for the branch network helps minimise the environmental impact of our business activities. We have a large network, with many branches in

small population centres, and this cuts down the distance our customers need to travel. Also, our employees tend to live in the same village or nearby, which again reduces journey times.

In 2017, our main areas of action were:

Resource consumption

- Installation of energy efficient lighting in new and current offices.
- Installation of energy efficient air conditioning systems.
- Reduction in paper consumption with the digitization of offices.
- Increasing use of online training and videoconferencing, to reduce employees' need to travel and hence emissions.

Waste management

- Raising awareness of waste collection among employees and suppliers.
- Monitoring of waste managers' activity.
- Reuse of furniture and fittings.

DIRECT ACTIONS TO IMPROVE THE ENVIRONMENT

Caja Rural de Navarra has equity investments in a number of companies over which it exercises significant influence and which make significant contributions to positive environmental impacts in areas such as wind power and sustainable forestry.

SUPPORT FOR CUSTOMERS IN SUSTAINABILITY PROJECTS

We promote investment in sustainable projects by financing projects in renewable energies, energy efficiency and resource management.

SUPPORT FOR THE COOPERATIVE MODEL AND TRADITIONAL AGRICULTURE SECTOR

We promote loans intended to reduce greenhouse gas emissions by making agricultural investments more efficient, reusing waste products and maintaining the rural environment.

Caja Rural de Navarra considers that it substantially complies with all environmental laws and has procedures in place to guarantee and promote its compliance.

**For Caja Rural de Navarra,
our environment is a valuable
asset to be preserved.**

3. LEVELS OF ACTION

3.1 RESOURCE CONSUMPTION AND IMPROVEMENT PLANS

Banking has long been known for bureaucratic and largely inflexible structures. This way of working was based on multiple reports passing between big departments and lots of documents being exchanged with customers.

In general, the introduction of digital systems has allowed the whole sector to move many of their transactions online and replace a high percentage of previously paper correspondence with emails.

In addition Caja Rural de Navarra's own management model of lightweight structures close to the customer further reduces

the need for paper and makes it easier to introduce systems for electronic processing of data.

We have had a document management system for more than a decade. It provides quick access and traceability for all procedures and processes while speeding up decision-making and cutting the need for paper, back office hours (with air-conditioning and lighting) and physical storage spaces.

A good measure for this is the efficiency ratio, measured by the Bank of Spain as "operating expenses over ordinary profit", which is better than the sector average despite the smaller scale of the Entity and lower fees charged to our customers.

The whole institution is fully committed to achieving branches that are permanently up to date, as we seek to improve

the workplace environment, in order to improve working conditions for employees, increase satisfaction for the customers who use them and maintain a corporate image in line with the parameters defined and approved by Caja Rural de Navarra.

This improvement will also mean adapting workstations for ever better ergonomics and optimising fixtures and fittings to make branches ever more efficient and sustainable with lower electricity consumption.

With this in mind, Caja Rural de Navarra has acted to minimise its environmental impact in the following areas:

RESOURCE CONSUMPTION

PAPER AND TONER

At Caja Rural de Navarra, we have had for ten years a document management system in the branches that includes the digitization of internal and customer processes, significantly reducing the volume of paper used by branches. We have implemented this process in 123 branches over the last 3 years and plan to do so in 52 more during 2018.

Paper is the main commodity used in providing financial services, both in terms of cost and in its environmental impact, especially A4 paper printouts. For many years now, this paper has had Forestry Stewardship Council certification FSC C015403, which guarantees it has been made using a more environmentally respectful production process.

In general, we are consolidating procedures to save paper consumption in internal communications and with customers, with a huge increase in customers' use of the virtual mailbox. And the Infomail service has been extended, so that now all customers who so wish can receive their banking



correspondence in digital form only free of charge. At the end of 2017, out of all active customers who habitually generate banking correspondence, 44.3% were receiving their mail digitally via Infomail, a 5.4 point increase on 2016 and a major paper saving.

Consumption of paper at Caja Rural de Navarra overall fell this year, as the table shows:

CONSUMPTION KG/YEAR	KG/YEAR 2016	KG/YEAR 2017	FORECAST 2018
Chlorine-free sheets of paper	65,656	63,278	62,000
Thermal PoS terminal paper	340	332	330
ATM paper	294	148	180
Envelopes	4,214	3,568	3,500
Brochures and posters	4,565	4,300	4,300
TOTAL	75,069	70,894	70,310

Paper consumption per employee (kg/year 2017 per employee), based on 959 employees at 31 December 2017: Total paper consumption 73.92

Toner consumption figures:

TONER CTRG CONSUMPTION	2016	2017	FORECAST 2018
Recycled toner	3,199	3,276	3,290
Original toner	231	251	260

Even so, the table appears to show paper consumption has not fallen significantly. This is because the current banking transparency and regional standards require us to provide much greater information in new contracts with customers. However, we are in the midst of a process to reduce the documentation sent out to customers' addresses. Most documentation is now sent via the web, by email and by other digital communication channels.

Toner consumption per employee (cartridges/year 2017 per employee), based on 959 employees at 31 December 2017: Recycled toner 3.41; Original toner 0.26.

ENERGY

Caja Rural's branch network consumes no fossil fuels directly. The only energy supply is electricity which powers the following equipment:

- Air-conditioning units
- Interior lighting
- External signage
- Computers and ATMs

Consumption is as follows:

CONSUMPTION KWH	2016	2017	FORECAST 2018
	5,771,985	5,557,303	5,500,000

Energy consumption per employee (KWh/year 2017 per employee), based on 959 employees at 31 December 2017: 5,794.89.

The primary sources of energy for the electricity consumed vary depending on the area and the supplier companies, so that we can take the averages for the whole Spanish grid as representative, with a mix of 35.3% renewables, 9.2% cogeneration, 12.6% natural gas, 19.4% coal, 20.2% nuclear and 3.3% others.

There is another indirect source of consumption, which is the fuel used by employees in the vehicles they use for their day-to-day work (not including journeys to and from home). Consumption in this respect in 2016 was 3,894 GJ and in 2017 was 3,921 GJ.

(Taking into consideration a conversion rate of 1 KWh of electricity x 0.0036 = GJ and 1 l of gas x 0.036 = GJ).

In 2017, the Bank continued to implement energy saving measures as follows:

AIR CONDITIONING

Continue updating equipment, replacing air-to-air compact heat pumps, which tend to have typical nominal consumption per office of 9 kW plus 6kw resistance in winter. We have been installing new units for several years: inverter heat pumps with variable refrigerant volume pumps which have a nominal consumption of 4kW to 6kW depending on the type of unit and better efficiency.

In 2017, we replaced units in 7 branches.

Air-conditioning units, and the corresponding programming, automatically disconnect at 8.00 pm to improve efficiency.

LIGHTS

No branches now have incandescent or halogen lights. Lighting in branches is almost all downlights with 2 fluorescent PL bulbs of 26W and 32W. For more than 7 years we have been planning to replace lights with LED bulbs of up to 20W and fewer bulbs.

In 2017, the lighting was changed to LEDs in 6 branches.

EXTERNAL SIGNAGE

Traditional signs use fluorescent tubes. For more than 10 years we have been gradually replacing these with LED tubes and also reducing and optimising the length of signs as well as reducing the programming for the hours they are lit.

In 2017, 10 signs were replaced.

COMPUTERS AND ATMS

There was no action on this point.

TRAVEL

We are continuing with a plan that encourages the use of technology to reduce face-to-face meetings with employees and customers, promoting videoconferencing, web-cams on executives' computers and the use of a virtual classroom for online training.

WATER

Water in Caja Rural de Navarra's branches comes from the municipal supply and is basically used for toilets in branches and cleaning. Caja Rural de Navarra has no buildings or premises with gardens so uses no water for irrigation.

The Bank's branch network consists of small branches, sometimes with only one employee, and generally simple

facilities with one or two toilets. Toilet facilities are low-consumption and are regularly serviced for preventative and corrective maintenance.

Water consumption in the branch network was as follows:

CONSUMPTION m ³	2016	2017	FORECAST 2018
	12,924	12,810	12,900



WASTE MANAGEMENT

Caja Rural de Navarra conducts its business through its branch network and generates waste which is managed in accordance with current best practice, which considers both mandatory regulations and ways of reducing, reusing or recycling waste.

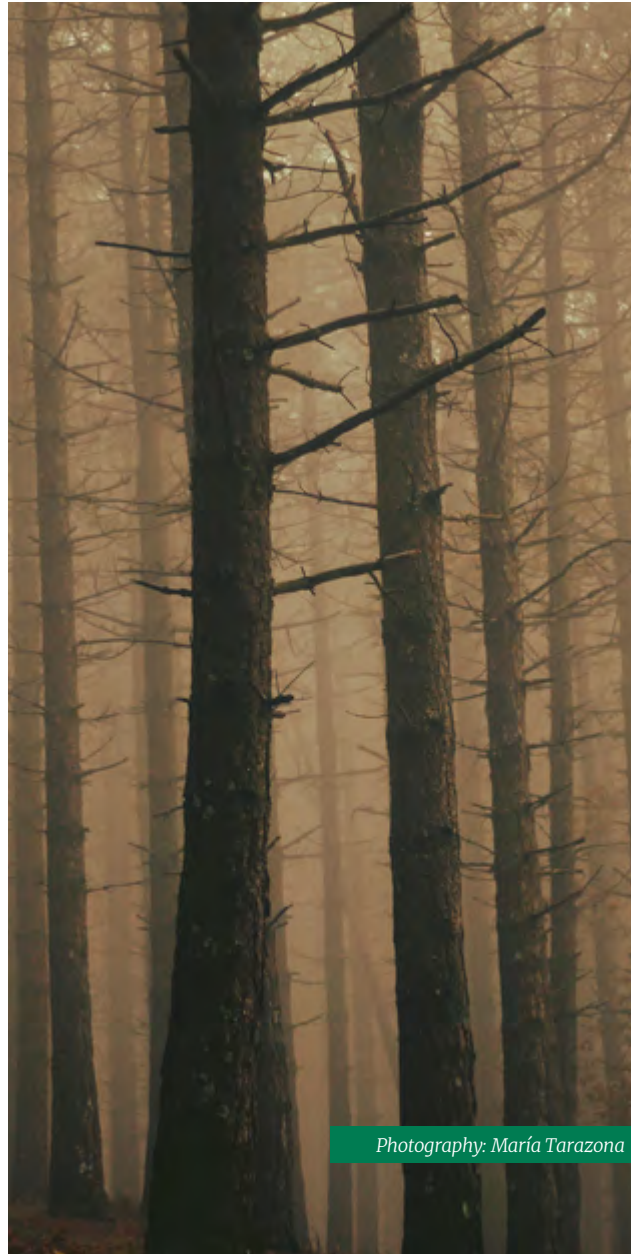
There is an extensive network of 250 branches, generally small in size and therefore similar to urban offices. As such they require no special waste disposal measures (except for certain items like toner or fluorescent tubes) but can use local waste collection services.

Most of the waste generated is managed as follows:

- Paper waste generated in branches is deposited by the cleaning services in specific paper and cardboard recycling bins in the street.
- Used toner cartridges are collected by a company licensed to recycle and reuse them.
- Fluorescent tubes and empty batteries are collected either by the maintenance and cleaning services which take them to a recycling centre or by a licensed waste manager.
- Computer hardware which cannot be reused is donated or returned to the supplier whenever possible. Otherwise the equipment is passed to licensed waste managers.

The volume of toner collected for recycling by a licensed waste manager across the branch network was as follows:

CONSUMPTION (CARTRIDGES)	2016	2017	FORECAST 2018
	2,788	2,280	2,500



Photography: María Tarazona

Consumption per employee in 2017, based on 959 employees at 31 December 2017: 2.37.

ATMOSPHERIC EMISSIONS

The activity in branches does not generate atmospheric emissions.

The vast majority of air-conditioning units use R-407 or R-410 refrigerant gases which do not deplete the ozone layer. The remainder, which use other types of gas, are being replaced by newer units as part of the annual renovation plans.

WASTE WATER

The only waste water is from the toilets in branches and waste water is therefore not a significant item. It is recycled through the municipal water system.

There has never been any spill or leak which produced any environmental pollution.

DESIGN OF BRANCH NETWORK AND FACILITIES MANAGEMENT

Branches are designed to help minimise the environmental impact of the business in various ways, including the following:

- The network consists of a large number of small offices, which means customers do not need to travel far to receive services.
- Employees tend to live in the same village or nearby, which again reduces distances travelled.

The design, construction and renovation of Caja Rural de Navarra's branches takes into account formal considerations, building regulations, fixtures and fittings and good quality materials to create pleasant working environments, which are comfortable for employees and customers, with ergonomic workstations and environmentally efficient fixtures. Building materials used for branches and their furnishings are bought from local suppliers in the area where we operate, which contributes to the sustainability of the region and reduces the environmental footprint.

The branch network has a programme of corrective and preventative maintenance to optimise the control and functioning of the fixtures and create healthy and safe working spaces. Facilities are subject to the relevant industrial safety regulations.

In 2017, we had no significant fines or sanctions for failures to meet environmental standards.

INITIATIVES TO REDUCE WASTE AND CONSUMABLES IN 2018

- **Seven air-conditioning units in branches replaced.** By installing new units with VRV technology, we achieved better results with less electricity usage. Note that new and renovated branches are all rated A for energy and emissions.
- **Replacement of fluorescent lighting with LEDs in branches.** This generates better lighting with less electricity. It is planned to re-equip ten more branches in 2018.
- **New signage.** There are plans to change 14 luminous signs, replacing them with LED lighting, and adjust their programmes so that they are lit for fewer hours.
- **Digitization of branches continues to eliminate the use of physical paper.** This year, 52 branches are expected to go fully paperless.

Branches are designed to help minimise the environmental impact of the business.

Environmental impacts of equity investments

As explained in section 3.7 of this Report, Caja Rural de Navarra has a number of equity investments in companies over which it exercises significant management control and is responsible for environmental management policies.

Companies that provide support services for the Bank's financial business are similar in metrics to those of Caja Rural de Navarra. Non-financial customers, however, have different profiles and regulations depending on their industrial sector.

In the agricultural industry, the main environmental impacts are from flour mills, any one of which consumes far more electricity than Caja Rural's total consumption as an organization and whose transport logistics cover the whole territory of Spain. These plants prioritise their plan for product excellence and food safety without neglecting the environment. Harivasa, the flour manufacturer located in Noain Navarre, was the first European flour maker to be ISO 14001 quality certified. Now, all flour mills in our Group are ISO 14001 certified.

Their transport fleets have made major investments in recent years to buy twenty Euro 6 trucks. These Euro 6 vehicles improve on the previous vehicle standards in the following ways: (i) 77% reduction in nitrous oxide (NOX) emissions from 2.0 to 0.46 grammes/kWh; (ii) 66% reduction in particulate emissions from 0.03 to 0.01 grammes/kWh. These emissions must be maintained for at least seven years or 700,000 km in all driving conditions.

The dairy Iparlat also has 14001 certification.

The remaining businesses, Services for the elderly and Others, have a low environmental impact. Note that all the power companies focus on renewable energy (see below).

Environmental audit

In accordance with Royal Decree 56/2016, of 12 February, transposing European Parliament and Council Directive 2012/27/EU, of 25 October 2012, on energy efficiency which contains provisions for energy audits, the accreditation of energy auditors and service providers and promotes efficiency in the energy supply, the Caja Rural de Navarra Group has commissioned an energy audit covering more than 90% of the total energy consumption by companies controlled by Caja Rural de Navarra. The audit has been filed with the General Directorate of Industry, Energy and Innovation of the Government of Navarre.

In accordance with requirements, these audits have a quantitative/expository section and a second section proposing measures to reduce overall energy impacts. The measures proposed by the auditor, and others originating from within the company, are assessed for their energy and economic returns and some have already begun to be implemented.

This is expected to produce marginal improvements. However, most of the investments with high impacts in this area have already been made in previous years.

Improvement plans

In this field, improvement plans for 2018 and 2019 focus on:

- Analysis and implementation of improvement measures proposed in the Group energy audit.
- Replacement of air-conditioning units and LEDs (see section 2.7).
- Replacement of three non-Euro 6 trucks with trucks that meet this standard.
- Deepening of digital relationships with customers.



Photography: Carlos de Cos Azcona

3.2 DIRECT SUSTAINABLE ACTIVITIES

The previous section set out a number of measures taken at non-financial investee companies to improve environmental performance.

In addition to these, Caja Rural de Navarra invests in a number of companies who make a significant positive contribution to the environment:



Compañía Eólica de Tierras Altas, S.A.

This company has developed and operates four wind farms in the north of Soria region. They were installed between 2001 and 2005 and generate a total of 99 MW with annual production of between 2.3 and 2.7 times the power consumed by the whole of Caja Rural de Navarra Group.



Bosqalia

This company grows and exploits poplar trees. At end-2017 it managed 425.5 hectares of forest.

According to Carlos A. Noverto in a report recently compiled for the FAO, to produce 446 grammes of wood a tree requires 650 grammes of CO₂ and releases 477 grammes of oxygen into the atmosphere. By this calculation, each cubic metre of forest biomass (trunk, roots, branches, leaves) absorbs 0.26 tonnes of carbon equivalent (tC). For poplar or cottonwood forest this equates to 41.28 tonnes of CO₂/ha/year.

The carbon absorbing effect of our plantations, based on the most common use of the wood which is for planks and plywood, is 17,560 tonnes CO₂eq. Assuming planks have a limited life and can decay in a tip or be burnt in a kiln the cultivation of poplars has a zero carbon cycle. The Spanish Ministry of the Environment calculates the absorption effect in its 2015 “Guide to estimating carbon dioxide absorption” at 10.5 kg CO₂/year/tree.

All Bosqalia’s cultivations have, before they are cut, PEFC sustainable wood chain of custody certification.

3.3 SUPPORT FOR COOPERATIVE MEMBERS AND CUSTOMERS IN SUSTAINABILITY PROJECTS

Caja Rural de Navarra provides three kinds of support for sustainability projects done by others:

PROMOTION OF RENEWABLE ENERGY

Loans to fund the generation of electricity from renewable sources – solar, wind, geothermal, hydro-electric, etc. – and the use of bio-fuels, development of infrastructure or systems for renewable energy and the manufacture of components for these industries. Based on an analysis of information collected, we calculate that sustainable energy lending totals €43.5 million, spread across 76 loans to 48 borrowers.

ENERGY EFFICIENCY

This category covers loans whose purpose is to develop products and technologies that reduce energy consumption or manufacture components that contribute to this aim. A total of €76.7 million was lent in 320 loans to 155 borrowers.

Also, at the end of 2017, Caja Rural de Navarra has identified active loans in its mortgage book for 1,220 homes with energy

rankings of A, B or C, which therefore qualify for the “energy efficient home” rating in the sustainability framework.

WASTE MANAGEMENT

Loans to develop equipment and technology that make more efficient use of resources and/or reduce waste generation. A total of €18.3 million was lent in 44 loans to 27 borrowers.

3.4 SUPPORT FOR THE COOPERATIVE MODEL AND TRADITIONAL AGRICULTURE SECTOR

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

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

A total of €69.90 million was lent in 808 loans to 671 borrowers.



8

2017
**Caja Rural de
Navarra and
society**



**CAJA RURAL
DE NAVARRA**



CONTENTS

1. Caja Rural de Navarra and society
2. Social action
3. Our relationship to the public and private institutional sectors

1. CAJA RURAL DE NAVARRA AND SOCIETY

Caja Rural de Navarra, as a cooperative deeply committed to its social base of 158,000 members and 593,000 customers, is directly involved in wider society. Its articles of association therefore require that the Entity must work in the framework of Corporate Social Responsibility.

It is a regional financial entity, which currently has 250 branches and employs 959 people. Decisions are made at local level and this makes it easier for Caja Rural de Navarra to be a community based entity, committed to developing Navarre and able to meet demands in an agile and flexible manner.

2. SOCIAL ACTION

To direct the Bank's social action - donation of economic resources to projects intended to benefit wider society - Caja Rural de Navarra has its Social Welfare Fund. This is used to return part of its profits to the community as a social dividend.

The Fund is governed by the following guidelines:

1. 10 per cent of the available surplus (profit) each year must be donated to the Fund.
2. The Social Welfare Fund focuses on activities that pursue one of the following ends:

Training and education of the members and employees of Caja Rural in cooperative principles and values or specific issues in their social or working life and other cooperative activities.

Promoting the cooperative model and fostering relationships between cooperative entities.

Cultural, business and welfare initiatives serving the local area or community in general, initiatives that enhance quality of life, promote community development and/or protect the environment.

3. In pursuit of the Fund's objectives, the Group may work with other companies and entities, providing either full or part funding.

4. Any resources in the Social Welfare Fund that have not been allocated or committed can be realised during the financial year following that in which it was donated, in savings accounts, public debt or regional government bonds. Financial returns from these shall be used for the same ends. Such deposits or securities cannot be pledged, lent or allocated to credit accounts.

5. The basic guidelines for use of The Social Welfare Fund are agreed annually by members at the General Meeting. The following guidelines and amounts (in euros) were set for 2017 (in thousands of euros):

1,844	Advice, Training and Promotion of the Cooperative Model
1,089	Teaching work and Research
120	Sports aid
136	Welfare projects
282	Cultural, recreational and other activities
526	Economic and social development

Some of the highlights within these basic guidelines for the Fund were as follows:

1. Support for the cooperative model, especially focused on the primary sector which reflects the Bank's historical roots, through contributions to cooperatives and their representative structures to develop their activities and training programs and other activities to support the sector.

Also, in 2017 the Fund worked with the public sector company Intia in celebrating the GENVCE Cereals Day, held to explain key innovations in horticulture for extensive winter farming.

2. Advice to customers on processing PAC aid given by a specialist team of experts. In 2017, 5,300 applications for subsidies were dealt with in this way.

3. The Bank offers its customers an advice and processing service for their income and wealth tax returns, particularly in regions where it is an official collaborator with the Spanish tax authorities (Hacienda). To do this, it makes available a dedicated team of professionals. In 2017, 25,000 applications were dealt with under this scheme.

4. Collaboration with 52 professional groups to help develop employment and the local economy. For instance, the Bank works with the Asociación de Comerciantes del Casco Antiguo de Pamplona (store owners in Pamplona's old town) and the Colegios de Arquitectos y Graduados Sociales (Professional Association of Architects and Labour Relations).

5. Support for social projects: Caja Rural de Navarra works with social and support organizations and on educational projects, such as:

- **Asociación Navarra Nuevo Futuro:** on a campaign to collect

toys through its branches which were then sold in a charity bazaar, also sponsored by Caja Rural de Navarra. The project raised funds to maintain sponsored children's homes in Spain and abroad.

- **Proyecto Hombre.**

- **Aspace, Food Bank, Cáritas, etc.**

- **Social and leisure activities for older people.**

- **Solidarity Bicycle project of the Fundación ONCE Cycle Team.**

The Caja Rural Group and Seguros RGA signed a collaboration agreement with the Fundación ONCE, under which money collected by the Solidarity Bicycle was channelled into the Foundation's programmes to promote social inclusion of people with disabilities through sport, both at grass roots and professional levels. The action was extended to the fan zones of the Caja Rural Group and Seguros RGA during various stages of the Vuelta a España, where fans could accumulate solidarity kilometres on the Solidarity Bicycle. These kilometres were then converted into euros donated to the Fundación ONCE and this year the money raised was tripled to €3 per kilometre.

- **Development of and support for environmental projects:** Fundación Ilundain.

- **Issue, management and promotion of the Carné Joven Project in Navarre and La Rioja.**

Collaboration on the Carné Joven savings account in La Rioja and Navarre, as issuer and manager of the scheme. Since 2012, Caja Rural de Navarra has been working with the Government of Navarre to issue the Carné Joven, which helps young people between 14 and 30 access services and discounts on housing,

transport, culture, stores and insurance among other things, through deals struck in Navarre, Spain and more than 40 countries which together gives them discounts at more than 50,000 establishments.

Since 2012, Caja Rural de Navarra has invested €400,000 as part of its commitment to this project. And since 2017 Caja Rural de Navarra is the only entity working with the La Rioja Government to issue and manage the Carné Joven in that region, providing the economic resources to develop the scheme.

- **Collaborations with social activities for children and young people:** camps, music and leisure events, financial education projects.

- **Support for sporting activities, promotion of grass roots sport and sporting activities,** often promoting popular sports events with a social angle.

- **CIMA scholarships:** to boost the personnel working at CIMA, a research centre with a national and international reputation originally promoted by the University of Navarre, helping it build up its research activities year on year.

- **A programme of mobility scholarships in coordination with the University of Navarre,** which helps students study in countries around the world. Caja Rural de Navarra granted more than 500 scholarships in the last ten years. In the same way, the Entity supports the Becas Alumni programme of scholarships for students with a good academic record but lacking the financial resources to study at the University.

- **A programme of scholarships in collaboration with the Universidad Pública to promote international mobility among students**, with more than 2,500 scholarships granted in the last ten years, so they can study abroad, usually through the Erasmus programme with the rest studying under other programmes such as Palafox, Martín de Rada, ISEP USA, ISEP Internacional or through bilateral agreements.

The agreements with Universities make it possible to create and support an area of enterprise, which can finance special activities that drive and develop enterprise and start-ups throughout the university community.

- **Cultural activities:** events to support the Basque language and culture (sponsoring Nafarroa Oinez in Navarre and Kilometroak in Guipúzcoa). Support for reading with the Diario Escolar. Sponsoring the Club de Lectura, and various local community events.

- **Promoting and developing Professional Training through scholarships under the Erasmus+ programme.** Students benefit from Professional Training stays in other EU countries which allow them to experience cultural, social and working conditions different from their usual environment.

In this way, these future professionals can broaden and improve their technical and language knowledge, improve their professional aptitudes and skills and, most importantly, improve their prospects for finding work in Navarre or their host countries.

- **Collaboration in Training and Employment through Work Experience Programmes at Caja Rural de Navarra**, designed to complement student training, introducing participants to the reality of the workplace, enhancing their knowledge, developing skills and, in general, making them more employable. Through these programmes, we have



contributed to training more than 1,500 students in these last ten years.

- **Caja Rural de Navarra photography competition.**

- **Huertas Solidarias Project:** in this project the Bank deploys resources so that retired people with the relevant knowledge can cultivate allotments, donating the production to social projects.

- **Bodas de Oro Navarre Weddings.**

- **Support for entrepreneurs via the Línea INICIA (INICIA line).** *Línea INICIA (INICIA line)*, is intended to fund and advise young entrepreneurs. It is unquestionably one of the high points of Caja Rural's support for the economic development of Navarre in the last few years, as Caja Rural has always been marked out by its commitment to support the business and enterprise segment. This exclusive credit line was created a decade ago when Caja Rural wanted to give preferential treatment to people dreaming of starting their own business, to give their business a boost.

The Caja Rural's *Línea INICIA (INICIA line)* advisors analyse the viability of the business, the experience of the partners involved and their commitment.

As well as more technical points, they gauge their enthusiasm and commitment to the projects.

Through *Línea INICIA (INICIA line)*, we advise on finance and propose customised solutions, adapting to the specific needs of each project and making sure they are eligible for all types of support and subsidies.

To facilitate this action, there are collaboration agreements with development agencies, other business organizations and universities.

Línea INICIA (INICIA line) solutions are as diverse as people's needs and forms of finance are adapted to each enterprise project.

In its ten years of existence, it has supported more than 1,300 projects, with an investment of €40 million, generating more than 2,800 direct jobs. The survival rate of projects funded has been more than 60%, double the market average for such start-ups.

Caja Rural de Navarra's aim is that everyone presenting a sound project should have initial support and the finance they need to start developing their business. Enterprise is one of the engines of the Navarre economy and in this way Caja Rural de Navarra is supporting the entrepreneurs and SMEs of the near future.

3. OUR RELATIONSHIP TO THE PUBLIC AND PRIVATE INSTITUTIONAL SECTORS

Caja Rural de Navarra works with the public sector in a differentiated and coordinated way. Actions are set out in an annual management plan which establishes special segmentation and a specific management strategy.

It has a similar segmentation for the private institutional sector and has a special credit line for charities, foundations, educational centres, religious institutions and sporting federations.

As part of its work with the public sector, Caja Rural de Navarra makes available to all local authorities an ERP management software package for all municipal activities called GIA (Gestión Integral de Ayuntamientos). This software has a number of interconnected modules which control the census roll, tax management, inventory, budgeting and analytical accounting for cost control. It also lets citizens access all municipal processes electronically in accordance with regulations in force. Currently, 285 local authorities are using GIA.

AGREEMENTS WITH PUBLIC AUTHORITIES AND OTHER AGENCIES

MEMBERSHIP OF AUTOCONTROL

AGREEMENT WITH THE EUROPEAN INVESTMENT FUND'S SME INITIATIVE

COLLECTIVE AGREEMENT WITH THE BASQUE GOVERNMENT TO PROMOTE LANGUAGE RIGHTS

AGREEMENT WITH UEMA GIA

AGREEMENT WITH THE FOUNDATION FOR APPLIED MEDICAL RESEARCH (FIMA)

AGREEMENT WITH ALTUBE UNIVERSITY ASSOCIATION

OFFICIAL CHAMBER OF COMMERCE AND INDUSTRY IN NAVARRA

AGREEMENT WITH THE GOVERNMENT OF LA RIOJA TO RUN THE CARNÉ JOVEN LA RIOJA SCHEME

AGREEMENT WITH THE GOVERNMENT OF NAVARRA TO RUN THE CARNÉ JOVEN NAVARRA SCHEME

AGREEMENT WITH THE FEDERACIÓN RIOJANA DE MUNICIPIOS Y CONCEJOS

AGREEMENT WITH THE FEDERACIÓN NAVARRA DE MUNICIPIOS Y CONCEJOS

AGREEMENT WITH THE BASQUE GOVERNMENT FOR THE R+D+I SCHEME

AGREEMENT WITH THE BASQUE GOVERNMENT AND VISESA

AGREEMENT WITH THE GOVERNMENT OF NAVARRA AND NASUVINSA

MEMBERSHIP OF THE PAREER PROGRAMME

AGREEMENT WITH LOGROÑO DEPORTE

AGREEMENT WITH THE BASIC SOCIAL SERVICES OF NOÁIN

AGREEMENT WITH THE GOVERNMENT OF NAVARRA EDUCATION DEPARTMENT

AGREEMENT WITH THE GOVERNMENT OF NAVARRA INCOME TAX AND PAC

AGREEMENT WITH THE GOVERNMENT OF ARAGÓN PAC

AGREEMENT WITH THE UNIVERSITY OF NAVARRA

AGREEMENT WITH THE PUBLIC UNIVERSITY OF NAVARRA



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2017
CSR current
statement and
key objectives



**CAJA RURAL
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CONTENTS

1. Financial development and corporate governance

2. Social issues

3. Environmental issues

1. MAIN IMPROVEMENT CHALLENGES AND OBJECTIVES/ FINANCIAL DEVELOPMENT AND CORPORATE GOVERNANCE

STRATEGIC LINES	2017	OBJECTIVES 2018
Sustainable practices	Training in MiFID II and money laundering Specific training in regulatory compliance	To align Caja Rural de Navarra with best practice in the sector for training to educate employees in advising customers and preventing crime.
Customer services department	Quality surveys, measuring customer satisfaction, STIGA, etc.	Test customers on their perceptions of service quality, and their user experience of the Bank's main products and services.
Socially responsible investment	Development of a sustainability framework for the Bank's wholesale cash (treasury). Changes to the sustainability framework for the loan book aligning it with the United Nations principles (UN PRI). Changes to the sustainability framework for the loan book to include an Energy Efficiency in Buildings line.	Launch of the framework. Preparation of the 2017 Impact Report (loan book sustainability framework) in accordance with the UN PRI. Inclusion of Energy Efficiency in Buildings in the 2017 Impact Report (loan book sustainability framework). Improvements to quantitative indicators in the Impact Report of the loan book sustainability framework for the financial year 2017.
Sustainable products	Analysis of the sustainable investment product range for our customers.	Development of two investment funds with an SRI philosophy as part of Gescooperativo and continuation of the sustainability framework within Seguros RGA's investment products.
Sustainable management of suppliers	Design of new traceability and reporting processes for contracting and monitoring relationships with suppliers.	Introduction of improvements to traceability and reporting processes in contracting and monitoring suppliers.
Regulatory compliance, corporate governance and transparency		Work with Sustainalytics to upgrade and update its ESG Report on Caja Rural de Navarra. Work with DZ Bank to upgrade and update its ESG Report on Caja Rural de Navarra. Maintenance of periodic meetings with investors and participation in events related with the issuance of the Bank's sustainable bonds. Publication of Caja Rural de Navarra's first Corporate Social Responsibility Report following its materiality survey of the interest groups.

2. MAIN CHALLENGES FOR IMPROVEMENT AND OBJECTIVES/ SOCIAL ISSUES STRATEGY

STRATEGIC LINES	2017	OBJECTIVES 2018
Financial inclusion	Current equality plan.	Conduct financial education initiatives in the school environment.
Personnel management (equality and diversity, health and safety, etc.)		Launch updates to the equality plan. Measurement of variables through the Social Balance Sheet.
Social Welfare Fund		Strengthen re-use and recycling.
Volunteering	Volunteering actions essentially linked to the cycling team and social action by the Caja Rural-Seguros RGA team.	Start of the strategic volunteering plan. Diversification of activities. Permanent volunteering group. Employee participation survey.
Contribution to society	Internal work and analysis to measure our economic contribution to society (economic value generated directly, distributed or retained).	Publication of this information in the 2017 Corporate Social Responsibility Report.
Alignment with the UN sustainable development goals (US SDG)	Analysis of the sustainability framework for the loan book aligning it with the United Nations sustainable development goals (UN SDG).	Publication of a breakdown of the contribution as part of the loan book sustainability framework in line with the criteria for the UN's sustainable development goals.
Dialogue with and development of local communities		Improvement of local banking processes, including ATMs and reform to branches in rural locations.

3. MAIN CHALLENGES FOR IMPROVEMENT AND OBJECTIVES/ ENVIRONMENTAL ISSUES

STRATEGIC LINES	2017	OBJECTIVES 2018
Climate change strategy	Work on measuring the Bank's carbon footprint and the contribution of certain equity investments to forestry and renewable energy.	Progress work on measuring the Bank's carbon footprint and the contribution of certain equity investments to forestry and renewable energy.
	Work to measure consumption of resources and reduction of waste.	Complete work to measure consumption of resources and reduction of waste.
	Participation in the European initiative for the creation of the green mortgage (EeMAP).	Decision on the participation in the pilot phase of the EeMAP initiative or other ways of participating in the initiative.



2017
Annex:
Table of GRI
indicators



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GRI Standards - General Disclosures

	GRI	INDICATOR	CHAPTER
Profile of the organization	102-1	Name of the organization	Structure of the Bank
	102-2	Activities, brands, products, and services	Structure of the Bank
	102-3	Location of headquarters. Profile of the organisation	Profile of the organization
	102-4	Location of operations.	Structure of the Bank
	102-5	Ownership and legal form	Profile of the organization
	102-6	Markets served	Structure of the Bank
	102-7	Scale of the organization. Team - Representative figures	The Team – Key figures
	102-8	Information on employees and other workers. The team	The Team
	102-9	Supply chain	Structure of the Bank
	102-10	Significant changes to the organization and its supply chain	N/A

	GRI	INDICATOR	CHAPTER
	102-11	Precautionary Principle or approach	Structure of the Bank
	102-12	External initiatives	Structure of the Bank
	102-13	Membership of associations	Structure of the Bank
Strategy	102-14	Statement from senior decision-makers	Chairman's letter
	102-15	Key impacts, risks, and opportunities.	Profile of the organization
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	Corporate culture
	102-17	Mechanisms for advice and concerns about ethics	Governing board
	102-18	Governance structure	Governing board
	102-19	Delegating authority	Structure of the Bank
	102-20	Executive-level responsibility for economic, environmental, and social topics	Structure of the Bank

	GRI	INDICATOR	CHAPTER
Governance	102-21	Consulting stakeholders on economic, environmental, and social topics	Materiality analysis
	102-22	Composition of the highest governance body and its committees	Governance bodies
	102-23	Chair of the highest governance body	Structure of the Bank
	102-24	Nominating and selecting the highest governance body	Structure of the Bank
	102-25	Conflicts of interest	Structure of the Bank
	102-26	Role of highest governance body in setting purpose, values, and strategy	Structure of the Bank
	102-27	Collective knowledge of highest governance body	Structure of the Bank
	102-28	Evaluating the highest governance body's performance	Structure of the Bank
	102-29	Identifying and managing economic, environmental, and social impacts.	Materiality analysis

	GRI	INDICATOR	CHAPTER
	102-30	Effectiveness of risk management processes	Structure of the Bank
	102-31	Review of economic, environmental, and social topics	Materiality analysis
	102-32	Highest governance body's role in sustainability reporting	Structure of the Bank
	102-33	Communicating critical concerns	Indicate the institutional channels to communicate concerns to the highest governance body
	102-34	Nature and total number of critical concerns	In 2017, no critical concerns were reported to the highest governance body
	102-35	Remuneration policies	Structure of the Bank
	102-36	Process for determining remuneration	Structure of the Bank
	102-37	Stakeholders' involvement in remuneration	Structure of the Bank
Stakeholder engagement	102-40	List of stakeholder groups	Report profile - Our stakeholders
	102-41	Collective bargaining agreements	The Team
	102-42	Identifying and selecting stakeholders	Report profile - Our stakeholders

	GRI	INDICATOR	CHAPTER
	102-43	Approach to stakeholder engagement	Materiality analysis
	102-44	Key topics and concerns raised	Materiality analysis
Reporting practice	102-45	Entities included in the consolidated financial statements	Structure of the Bank: Equity investments
	102-46	Defining report content and topic boundaries	About the Report
	102-47	List of material topics	Materiality analysis
	102-48	Restatements of information	N/A
	102-49	Changes in reporting	N/A
	102-50	Reporting period	About the Report
	102-51	Date of most recent report	Not applicable as this is the first report
	102-52	Reporting cycle	About the Report
	102-53	Contact point for questions regarding the report	About the Report
	102-54	Claims of reporting in accordance with the GRI Standards.	About the Report

	GRI	INDICATOR	CHAPTER
	102-55	GRI content index	Annex: Table of GRI indicators
	102-56	External assurance	N/A

Category indicators: Economy

GRI	INDICATOR	CHAPTER
201-1	Direct economic value generated and distributed	Structure of the Bank: Key figures
202-2	Proportion of senior management hired from the local community	Structure of the Bank: Operational structure
204-1	Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally)	Suppliers: Percentage of financing of local suppliers
205-2	Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	Structure of the Bank: compliance
	Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to	Structure of the Bank: Governing board - Training

Category indicators: Social

GRI	INDICATOR	CHAPTER
401-1	Number of new employee hirings	The Team: Attracting talent
403-2	Number of deaths through accidents at work	None in the full year 2017
	Number of employees with occupational illnesses	None in the full year 2017
	Number of deaths through accidents at work of workers (excluding employees) whose work or workplace is controlled by part of the organisation	None in the full year 2017
403-4	Number of workers (excluding employees) whose work or workplace is controlled by part of the organisation with work-related ill health	None in the full year 2017
	Proportion of local or global formal agreements with trade unions on health and safety	The Team: Preventing work-related risks

GRI	INDICATOR	CHAPTER
404-1	Average hours of training per year per employee	The team: Employee training
404-3	Percentage of employees receiving regular performance and career development reviews	The Team: Performance assessment

Category indicators: Environment

GRI	INDICATOR	CHAPTER
301-1	Total weight or volume of materials that are used to produce and package the organization's primary products	Caja Rural de Navarra and the environment: Resource consumption - Paper and toner
301-2	Proportion of recycled materials used to produce the organization's principle products and services	Caja Rural de Navarra and the environment: Resource consumption - Paper and toner
302-1	Energy consumption within the organization	Caja Rural de Navarra and the environment: Resource consumption - Energy
302-2	Energy consumption outside of the organization	Caja Rural de Navarra and the environment: Resource consumption - Energy (travel)
303-1	Water withdrawal	Caja Rural de Navarra and the environment: Resource consumption - Water
303-2	Water sources affected by water withdrawal	No affected water sources were identified
303-3	Total volume of water recycled and reused by the organization	No water is recycled or reused

GRI	INDICATOR	CHAPTER
304-1	Operational sites owned, leased, managed in, or adjacent to, contained or located in protected areas and areas of high biodiversity value	Not applicable, as Caja Rural de Navarra has no impact on biodiversity as it is not present in protected areas
304-2	Significant impacts of activities, products, and services on biodiversity	
304-3	Habitats protected or restored	
304-4	Number of species on the UICN Red List or on Spanish conservations lists whose habitats are in areas affected by the organization's activities	
305-6	Emissions of ozone-depleting substances (ODS) ODS imported ODS exported	No ozone-depleting substances are either imported or exported. Emissions of this type are generated by air-conditioning systems and are not significant
305-7	Significant atmospheric emissions	No ozone-depleting substances are either imported or exported. Emissions of this type are generated by air-conditioning systems and are not significant.

GRI	INDICATOR	CHAPTER
306-1	Total volume of planned and unplanned water discharges	Caja Rural de Navarra and the environment: Waste water
306-2	Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable	Caja Rural de Navarra and the environment: Waste management
306-3	Number and volume of significant discharges recorded	No significant discharges were detected
306-4	Total weight of hazardous waste	The Bank does not work with hazardous waste
307-1	Cost of fines and number of non-monetary sanctions for breach of environmental regulations	There were no fines or sanctions over this period



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