

Caja Rural de Navarra SCC

Regional Banks Spain

ESG Risk Rating

9.0

Last Full Update Jan 10, 2024

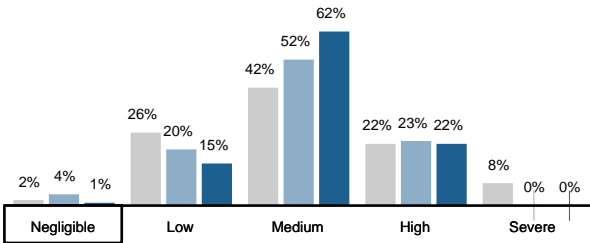
0.0

Momentum

Negligible Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK		PERCENTILE	
	(1 st = lowest risk)		(1 st = Top Score)	
Global Universe	183	15904	2nd	
Banks	24	1026	3rd	
INDUSTRY				
Regional Banks	5	489	2nd	
SUBINDUSTRY				

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Landsbankinn hf	34.1 Low	79.0 Strong	8.5 Negligible
2. The Co-operative Bank Plc	36.2 Medium	81.0 Strong	8.5 Negligible
3. Caja Rural de Navarra SCC	36.3 Medium	79.1 Strong	9.0 Negligible
4. Banco de Crédito Social Cooperativo SA	35.0 Medium	75.4 Strong	9.9 Negligible
5. Volksbank Wien AG	35.6 Medium	75.0 Strong	10.2 Low

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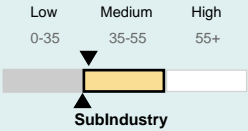
ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

36.3
Medium
Beta = 1.04

0.0
Momentum



Retail customers, including the rural community and young farmers, play an integral role in CRN's business and growth strategy. Thus, the quality of the company's financial products and the way they are marketed represents an area of exposure to product governance issues. False marketing or predatory lending may lead to fines or reputational damage, while inability to provide tailored services to clients could result in loss of market share. In addition, CRN's strategy includes a focus on digital transformation. Failure to protect sensitive customer data could trigger breaches, data loss, investigations, expensive fines, as well as loss of client trust. Moreover, the company is exposed to a variety of business ethics risks including bribery and corruption, money laundering and conflicts of interest. Infractions could lead to investigations and potential fines.

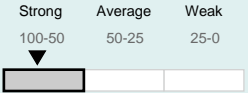
The company's overall exposure is medium and is similar to subindustry average. Product Governance, Data Privacy and Security and Business Ethics are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

79.1
Strong

0.0
Momentum



Regarding the management of CRN's product governance issues, which pose the highest contribution to its unmanaged ESG risks, the company exhibits a year over year improvement. In terms of business ethics, CRN exhibits strong policies and programmes to manage the issue, overseen by its board and managerial levels. However, there is room for improvement, especially in its whistleblower programme. CRN also assigns C-level responsibilities to the management of its data privacy and security issues. Additionally, the bank conducts regular internal and external audits of its information security systems.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Product Governance	8.4 High	76.5 Strong	2.0 Negligible	21.9%
Data Privacy and Security	6.3 Medium	90.0 Strong	1.8 Negligible	19.6%
ESG Integration -Financials	5.0 Medium	69.0 Strong	1.5 Negligible	17.2%
Human Capital	5.3 Medium	78.1 Strong	1.4 Negligible	15.0%
Corporate Governance	5.0 Medium	76.0 Strong	1.2 Negligible	13.3%
Business Ethics	6.3 Medium	85.6 Strong	1.2 Negligible	13.0%
Overall	36.3 Medium	79.1 Strong	9.0 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

5 Severe (0)

4 High (0)

3 Significant (0)

2 Moderate (1)

Quality and Safety

1 Low (0)

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Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

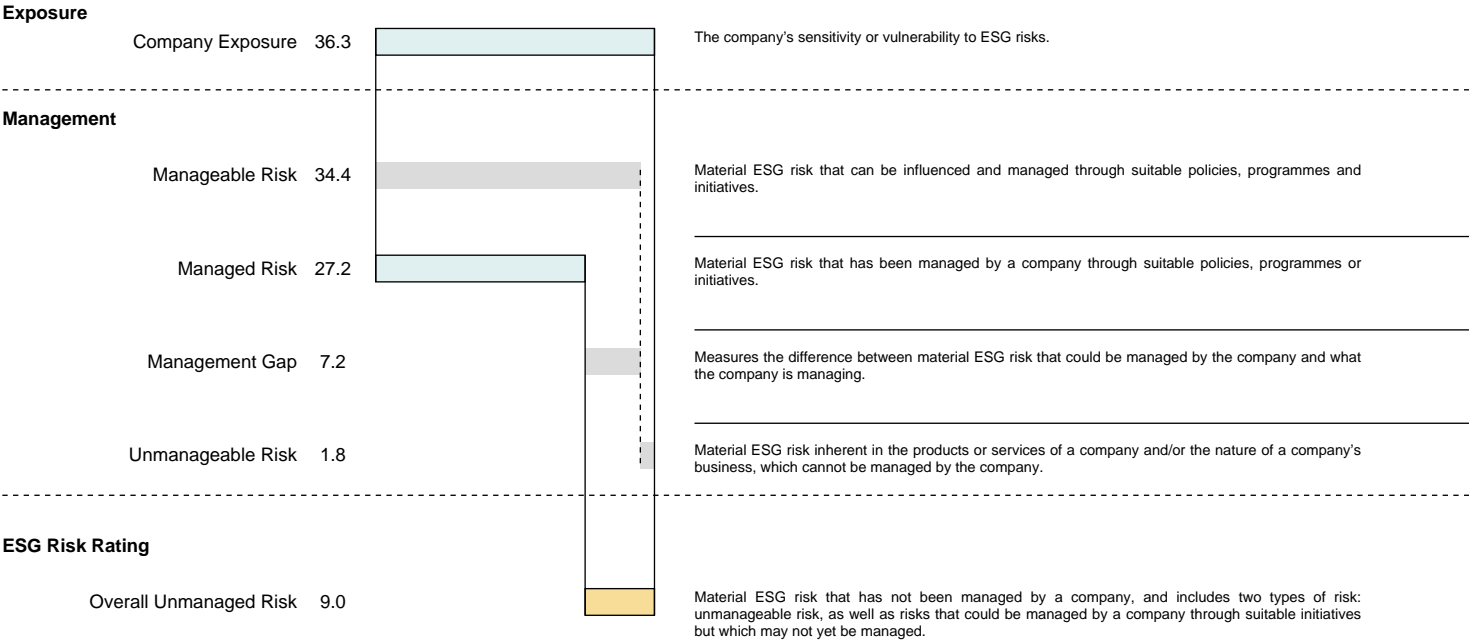
 **None (14)**

Access to Basic Services	Accounting and Taxation
Anti-Competitive Practices	Bribery and Corruption
Business Ethics	Carbon Impact of Products
Data Privacy and Security	Environmental Impact of Products
Labour Relations	Lobbying and Public Policy
Marketing Practices	Sanctions
Social Impact of Products	Society - Human Rights

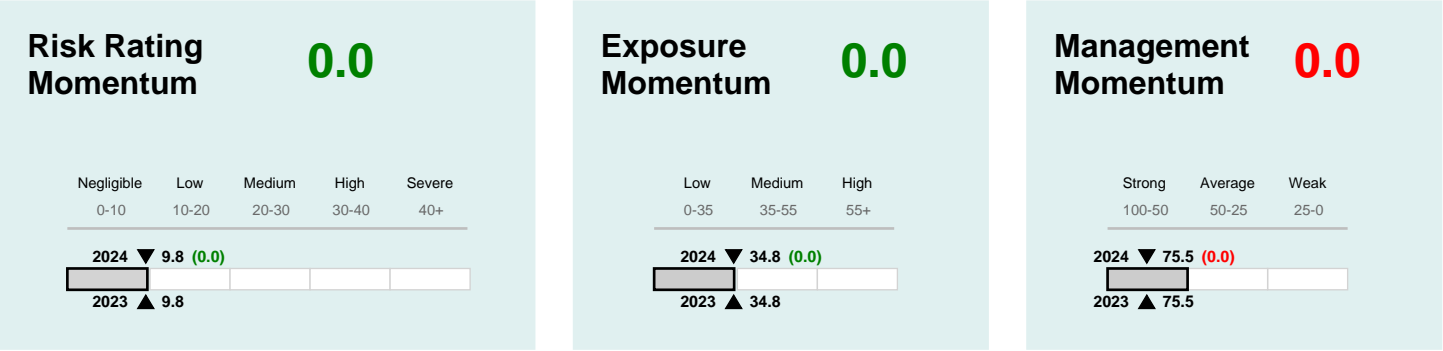
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Risk Decomposition



Momentum Details



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GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

	Negligible risk: enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
	Low risk: enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
	Medium risk: enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
	High risk: enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
	Severe risk: enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry exposure**.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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