



**GRUPO
COOPERATIVO
CAJAMAR**

→ **INTEGRATED
REPORT**

2016



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Presentation

Welcome to Grupo Cooperativo Cajamar's second integrated report. It corresponds to the financial year ended on 31 December 2016, which has been carried out in the same terms of reference used in 2015. This report has been drawn up in accordance with the criteria set forth by the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI 4.0) and the principles of the AA1000 standard (AccountAbility Principles AA1000APS).

The scope of this report is confined to the consolidated business group of Grupo Cooperativo Cajamar. This integrated report encompasses the financial and non-financial information, from a long-term perspective, designed to help stakeholders understand all the components of its business value and the way in which it could be affected by future opportunities and risks.

Throughout the report, there are links to our corporate *websites* www.bcc.es and www.grupocooperativocajamar.es, as well as to other links, providing complementary information to the topics treated in the report itself.

Banco de Credito Social Cooperativo, hereafter BCC, as Grupo Cooperativo Cajamar's leading institution, has submitted the contents of this report to an external independent company for verification, and said verification report is enclosed herein. In addition, this integrated report has been submitted for approval of BCC's Board of Directors



Letter from the Chairman



Luis Rodríguez González

The year 2016 has been a complicated year worldwide. There have been many significant geopolitical changes, and they have created further uncertainty and new economic, financial, social and environmental risks. These risks, some of them unprecedented, have been dealt with and managed following a new outlook: innovating, actively managing the change to anticipate different scenarios and always bearing in mind the impact of the organisations on the company as a whole.

The changes that have taken place are very diverse: political, social, technological, environmental, regulatory, etc. All combined have contributed to creating an environment with further uncertainty, and in many cases with further instability, which has forced us to be more specific and stringent in our global risk management model; to anticipate the impact of the environment on our organisation, as well as the impact of the organisation on the social and environmental setting, with further certainty; and, above all, to establish more stable, more balanced and further transparent relationships with our stakeholders, based on the ethical values and principles reflected in our cooperative corporate nature, our mission and vision, our ethical management system and our encouragement of social economy as a social-economic model aimed at putting economic and financial resources at the service of the public.

The role of banking institutions in such a changing environment must be to provide stability and security, trust, credibility, rigour and reputation. In our specific case, we must develop a global management and control model that ensures the sustainability of Grupo Cooperativo Cajamar at the mid and long term, the sufficient capital resources to adapt to the new scenario, the creation of shared value in the form of mutual benefit and the development of territories on the basis of principles of sustainable local development. In this sense, our Group must continue studying its environment, identifying the key elements of change and internalising the 2030 Agenda for Sustainable Development, supporting the Sustainable Development Goals. In addition, it must undergo a process of introspection that enables it to continue highlighting its cooperative capital, its extensive partner and customer base, its clear vocation towards a productive economy and, above all, it must bring out its best qualities according to its principles and values in order to grow with its partners and customers.

The concept of sustainability that should guide us in the upcoming years involves the Group's economic-financial sustainability, that is, the guarantee of having the necessary financial, material and human resources to face the challenges and opportunities that are inherent to the new risks. And all this in an environment where intangible assets are the key point of differentiation for companies at a mid and long term, the main leverage and the great excuse for the digital transformation process, so essential to our society and, especially, to the banking sector and our Group. We are talking about a clear commitment towards the advances and benefits of technology at the service of people, catering the needs of our partners and customers, encouraging financial inclusion and favouring an active and two-way communication with our stakeholders.

However, the concept of sustainability that we are employing is much more extensive than economic-financial performance. Economic-financial sustainability, social sustainability and environmental sustainability are communicating vessels. An institution cannot obtain profits at a mid and long term if no significant advances are made in social and environmental sustainability. This is why it is so important to integrate financial and non-financial information by means of reports such as this one. By integrating these three interrelated areas of sustainability, we are forced to develop advanced risk management models and innovate in our business model in order to detect the new opportunities arising from the advances resulting from overcoming the economic crisis, the reactivation of consumption and the recovery of employment. That is, global risk management, global quality and sustainability are the three big cross-cutting strategies that any institution should internalise when it comes to successfully tackling the new challenges and opportunities via clearly identified, common goals that influence society in a positive way.

Regulatory pressure on the banking institutions has increased significantly in 2016; some jurisprudence has changed the rules of the game; and the low interest rates are hurting the banking sector's traditional business, that is, financial intermediation. Innovation, on the one hand, and prudence, on the other, are the main ingredients of the recipe to adapt to this situation and generate confidence among our customers, partners and investors. We have a very solid ethical system, with a series of unmovable values and principles, and we have a great reputation based on the effort made for decades to support our partners and customers by providing financial resources for developing the real economy, promoting social economy and cooperativism, and supporting local productive systems, especially those with an agro-food base, that economically underpin our territory generating progress and employment. We, therefore, have an invaluable foundation to conquer the different instruments and new concerns that are strongly becoming apparent in our society: the climate change, circular economy, job creation, corruption and the fight against desertification, among others.

In this report we have included Grupo Cooperativo Cajamar's financial and non-financial information of 2016 in an integrated way, including the economic-financial, social and environmental performance, as well as the impact of our activity on society, the risk map and an analysis of the issues relevant to our stakeholders. All of this is the result of a collective effort of thousands of professionals that work in the twenty institutions comprising the Group, as well as the unequivocal support from our partners and customers, who have deposited their faith in a cooperative banking model that is based on the economic development of those territories in which we carry out our activity. I would like to express my deepest and sincerest gratitude to them.

Luis Rodríguez González

Chairperson

BCC-Grupo Cooperativo Cajamar



1 . Grupo Cooperativo Cajamar



Related information:
Consolidated financial statements

Grupo Cooperativo Cajamar is a group of cooperative-oriented institutions aimed at sustainable local development, promoting the third sector, social economy and cooperativism, and supporting local productive systems. As a whole, the Group's business model is based on the provision of a wide range of retail financial products and services to its partners and customers, especially to entrepreneurs, self-employed workers and micro, small and medium-sized enterprises, as well as to families and individuals in general. From a sectoral and strategic point of view, the Group has a significant presence in the agricultural sector.



BCC GRUPO CAJAMAR

caixa rural vila-real

caixa rural nules

caixa rural alquerias

caixa rural d'alginet

caixa rural vilavella

caixa rural vilafamés

cajamar CAJAMAR

caixaltea

caixacallosa

sant vicent CAJA RURAL DE LA VAL D'IBRO

caja rural de villar

caixa albalat

caixa xilxes

caixa rural torrent

caixa rural burriana

caixapetrer

cajacheste CAJA RURAL

caixaturís

caixa rural almenara

At the end of 2016, 19 credit cooperatives, together with the Group's leading institution -Banco de Crédito Cooperativo-, carry out their activity in the whole of Spain through 1,215 points of sale (1,053 branches and 162 correspondents) and 6,156 employees. The Group's territorial distribution, which is of such fundamental importance to its business model, is spread through urban and rural or hybrid (agro-industry) areas, taking into account the agricultural systems' environmental, social and economic structure and their functional and territorial relationships with the agro-industry.



Grupo Cooperativo Cajamar is the first Spanish credit cooperative group and one of the reference institutions within the scope of European credit cooperatives. Grupo Cooperativo

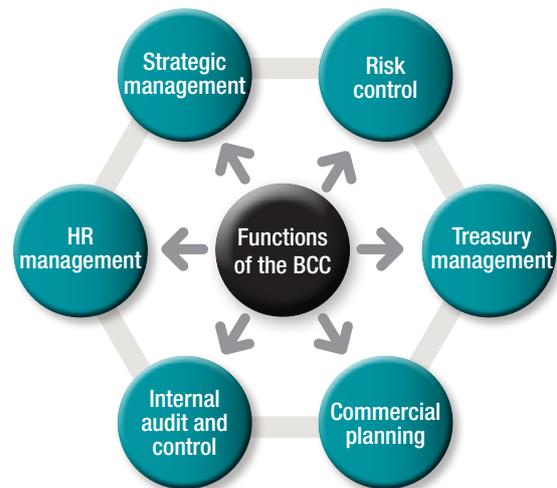
Cajamar is an active part of the European Association of Co-operative Banks, which is a non-profit organisation whose purposes include encouraging cooperative differentiation by channelling the interests of its 28 members and the dissemination of its partner's best practices in corporate governance, socially responsible investment and social action, among other things. Grupo Cooperativo Cajamar is one of the 120 significant European banks that are supervised by the Single Supervisory Mechanism (SSM).

Banco de Crédito Social Cooperativo, S.A., with commercial name BCC, is Grupo Cooperativo Cajamar's leading institution. Its main offices are in Madrid, and it was established in 2014 with 32 rural banks (19 part of the Group and 13 not integrated within it). The credit cooperative Cajamar Caja Rural was its main shareholder. BCC performs the leadership role in Grupo Cooperativo Cajamar and it is responsible for monitoring the solvency and liquidity of the Group and all of its member institutions. Among its leadership functions, its strategic management, risk control, cash-flow management, commercial planning, internal audit and control, and human resources management stand out.

1.1 Functions of Banco de Crédito Social Cooperativo

Banco de Crédito Social Cooperativo is Grupo Cooperativo Cajamar's leading institution and takes responsibility for its operation, commercial plan, procedures and controls related to risk control, treasury management, budget management and the issue of financial instruments.

For this purpose, BCC prepares and submits the consolidated financial statements for the group's scope and assumes the duties arising from the relationships with the supervisory bodies and markets. In addition, it ensures the compliance and improvement of Grupo Cooperativo Cajamar's standards of corporate governance, adapting them to the industry's best practices and its stakeholders' expectations.



BCC is responsible for monitoring the solvency and liquidity of the Group and all of its member institutions

BCC carries out its activity in the banking market through a number of offices that comprise the commercial network of branches and agencies that Grupo Cooperativo Cajamar has throughout Spain.

1.2 Corporate culture

The economic-financial crisis in Spain has led to an unprecedented restructuring of the banking structure in terms of scope and depth. As a result, the competitive landscape has experienced important transformations that have led to less banking diversity, following a clear tendency of homogenisation in the entire sector, and subsequently, to a loss of differentiation in the institutions that operate in our country. The most significant causes that have led to such loss of differentiation, without being exhaustive, can be summarised in: loss of territorial reference in many institutions, regulatory pressure, accession protocols, digital transformation, loss of relevance of social action, and, finally, deterioration of the corporate culture (corporate concentration processes and identity crisis).

➔ Grupo Cooperativo Cajamar's social licence to operate

Cooperativism support

Support to the primary sector as a transverse axis of sustainability

Agro-food innovation support

Support to solidarity and social economy

Support to local sustainable development

Support to real and productive economy based on people

Support to local productive systems

Support to sustainable territorial development

Growth together with the environment (creation of shared value)

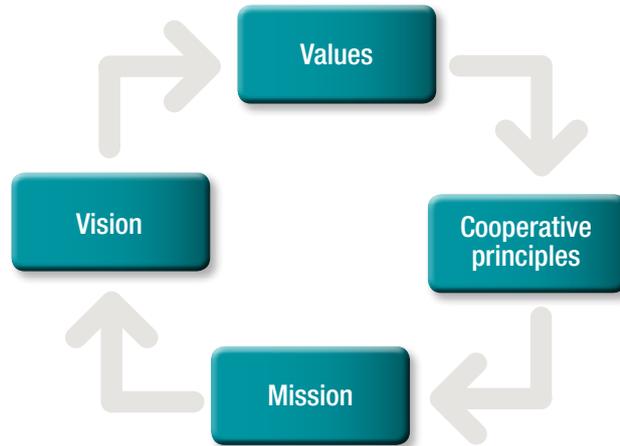
In the face of this phenomenon, on the one hand, the sector is compelled to establish cooperative strategies to address the new upcoming challenges, especially the major technological challenges due to their ability to shape social behaviours and conducts; however, the institutions must search for new competitive advantages and new differentiating features that are compatible with their history, size, mission and vocation, that enable them to identify their commercial space and, mainly, their *social licence to operate*. And, in this differentiation process, corporate culture plays a pivotal role.

Corporate culture can be defined as a set of principles, values and behaviours, including the style of communication associated with them, that define an institution and its differentiation before its stakeholders. In short, corporate culture refers to the organisation's personality, that is, to one of its main intangible assets that become part of its reputation, its brand image and, above all, its social licence to operate. Grupo Cooperativo Cajamar's corporate culture is reflected in its mission, vision and values, which are clearly established and known by the entire organisation. Corporate culture, in addition to being a powerful differentiating instrument, also helps improve the Group's performance, facilitate the processes of change and direct the actions of all the organisation's members, mainstreaming ethical-banking best practices and a harmonious relationship with its stakeholders.

Grupo Cooperativo Cajamar is associated with business organisations that promote cooperative banking at a European level, such as the EACB, as well as organisations that promote the CSR: Forética and the Global Compact.

The mission and vision of Grupo Cooperativo Cajamar reflect the diversity of its comprising institutions, the diversity of territories in which it operates, its history and experience, its current reality, its future expectations and its cooperative business model. It has adopted a

retail banking business model in which close relations are important and are based on financially supporting the families and the micro, small and medium-sized enterprises; the real and productive economy; and the local productive systems, especially those based on agro-food and cooperative models. That is, it has adopted a business model that provides financial solutions to the productive fabric so companies can create employment and tie capital to the territory more easily,



fostering economic and social progress and a sustainable local development, while supporting local productive systems. In addition, Grupo Cooperativo Cajamar’s mission and vision reflect, through its corporate base, the principle of creation of shared value, considering that the institution’s development must go hand in hand with the development of the society in which it operates. That is, the institution must grow with society, aligning its interests with each of the stakeholders it is involved with and interacts.

Mission. “Contribute with financial solutions to the economic and social development of its partners, customers and the environment in which CGC operates, by means of a single strategy based on the principles of cooperation, social economy and sustainable development.”

Vision. “A reference group in the field of cooperative credit, leader in the agro-food sector and relevant agent for economic development and social progress in the territorial scope where it performs its activity.”

Principles and Securities. To that established in the mission and vision, we must add the principles and values particularly developed by CGC’s Ethical Management System and the ten Principles of the Global Compact to which the Group is committed, as well as the cooperative principles of the International Co-operative Alliance, which are inherent to the corporate model that sustains its business model.



Related information:

BCC’s Articles of Association

Corporate governance and remuneration policy

The Ethical System of Management (SEG). The Ethical System of Management is the set of coherent ethical-social values, principles and standards that govern the behaviour of Grupo Cooperativo Cajamar in each and every one of its scopes of action, thus favouring and reinforcing the fulfilment of the legal framework, the respect for human dignity and corporate social responsibility.



2. Corporate Governance



Related information

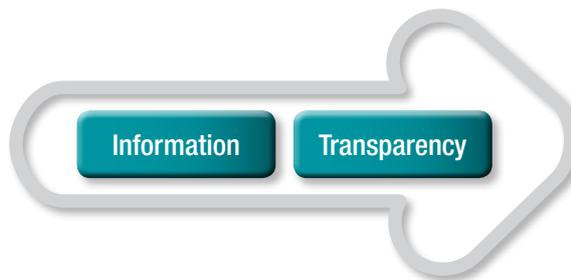
BCC's Articles of Association

Corporate governance and remuneration policy

Grupo Cooperativo Cajamar's financial activity in an ethical environment helps reduce the impact that incomplete contracts can have on the organisation and achieve longer lasting and more stable relationships with the stakeholders, especially with its partners, customers and employees. Likewise, a stable ethical and relational environment significantly reduces uncertainty, by helping increase the predictability of the future environment in which the Institution will carry out its activity.

Minimising risks and costs, which are the main goals of the Ethical Management System, is linked to less negative social impact, less social costs arising from inefficiency and less negative external factors related to the Group's activity. Furthermore, maximising the creation of shared value and cooperative value is linked to maximising the social-ethical relationships with stakeholders and society as a whole, creating with its activity value for both the Group and society. Good corporate governance is essential in this twofold aim of minimising risks and maximising the generation of value. In this sense, BCC conceives corporate governance as the set of policies, measures and instruments, both internal (protection of the partners' rights, composition and functioning of the Board, corporate information, etc.) and external (performance in capital markets, in labour market, etc.), aimed at protecting shareholders, investors and customers, while minimising agency costs in ethical and efficiency terms and being in constant dialogue with stakeholders as a fundamental element of the cooperation principle. Corporate governance is the guarantee of an orderly and ethical behaviour.

Principles of Corporate Governance



The fundamental principles of corporate governance are information and transparency. The adequate combination of both is the key to implementing good practices.

In addition to the corporate governance practices established in the legislation and Grupo Cooperativo Cajamar's cooperative nature, it also follows the EBA *Guidelines on Internal Governance* (GL 44), of September 2011; the recommendations included in the *Good Governance Code of Listed Companies* of the CNMV, of February 2015; and the *Corporate Governance Principles for Banks* issued by the Basel Committee on Banking Supervision, of July 2015.

The degree of compliance and/or follow-up of the aforementioned Guide, Code and Principles by Grupo Cooperativo Cajamar is very high. In particular, and regarding the degree of monitoring stemming from the recommendations included in the *Good Governance Code of Listed Companies* that apply to the Group, it fully complies with 90.91% of the recommendations, and partially with 9.09%.

2.1 Internal regulations



Related information

Code of Conduct

**Anti-corruption
policy**

**Prevention of
money laundering
and the financing of
terrorism**

**Internal code of
conduct in the
Stock market**

Grupo Cooperativo Cajamar has adopted several ethical codes and policies that are aimed at regulating the behaviour of those that comprise the institution, while fully complying with the legislation and following the best banking practices. Grupo Cooperativo Cajamar's Code of Conduct is the institution's most cross-cutting code of conduct, and it regulates the daily performance of the employees, executives and members of the governing bodies, collecting a series of standards, ethical principles and values of required knowledge and compliance. Its latest review was carried out in 2016 with the purpose of: (i) including a penalty system in the event of non-compliance; (ii) including a series of aspects established in the new Corporate Policy for the Use of Third-Party Software Assets; and (iii) updating the Code's logotypes to the Group's new image.

The Directorate for Regulatory Compliance along with the Directorate for Audits ensure the compliance of the *Code of Conduct*. They must be aware of the non-compliance thereof and propose to the Control Committee the corrective measures and sanctions that may be applicable for their possible adoption in a coordinated and agreed manner with the Directorate for Human Resources. In 2016 there have been no indications of corruption in the organisation.

Essential Rights Committee (ERC). After announcing the Code of Conduct in 2006, the Essential Rights Committee (CDE) was created. It is a body that ensures the preservation of the essential rights of the institution's employees. For Grupo Cooperativo Cajamar, essential rights are the inalienable rights of the institution's employees and the starting point to defining a framework of loyalty, mutual respect and a positive work environment. The Essential Rights Committee is the empowered channel to safeguard the essential rights of people. In 2016 a claim was made that was resolved without any noteworthy incidents.

2.2 Bodies and mechanisms of Corporate Governance



Related information

Regulation of the General Shareholders Committee

Executive Committee and Committees

The General Shareholders Committee is BCC's supreme body, being the Board of Directors and its Executive Committees and Committees the corporate bodies of representation, administration, management and supervision of the Institution. Luis Rodríguez González chairs the Board of Directors and the Executive Committee, and Manuel Yebra Sola, CEO, chairs the institution's Management Committee.



2.3 Board of Directors



Related information

Board members

Professional profile

Positions in other boards

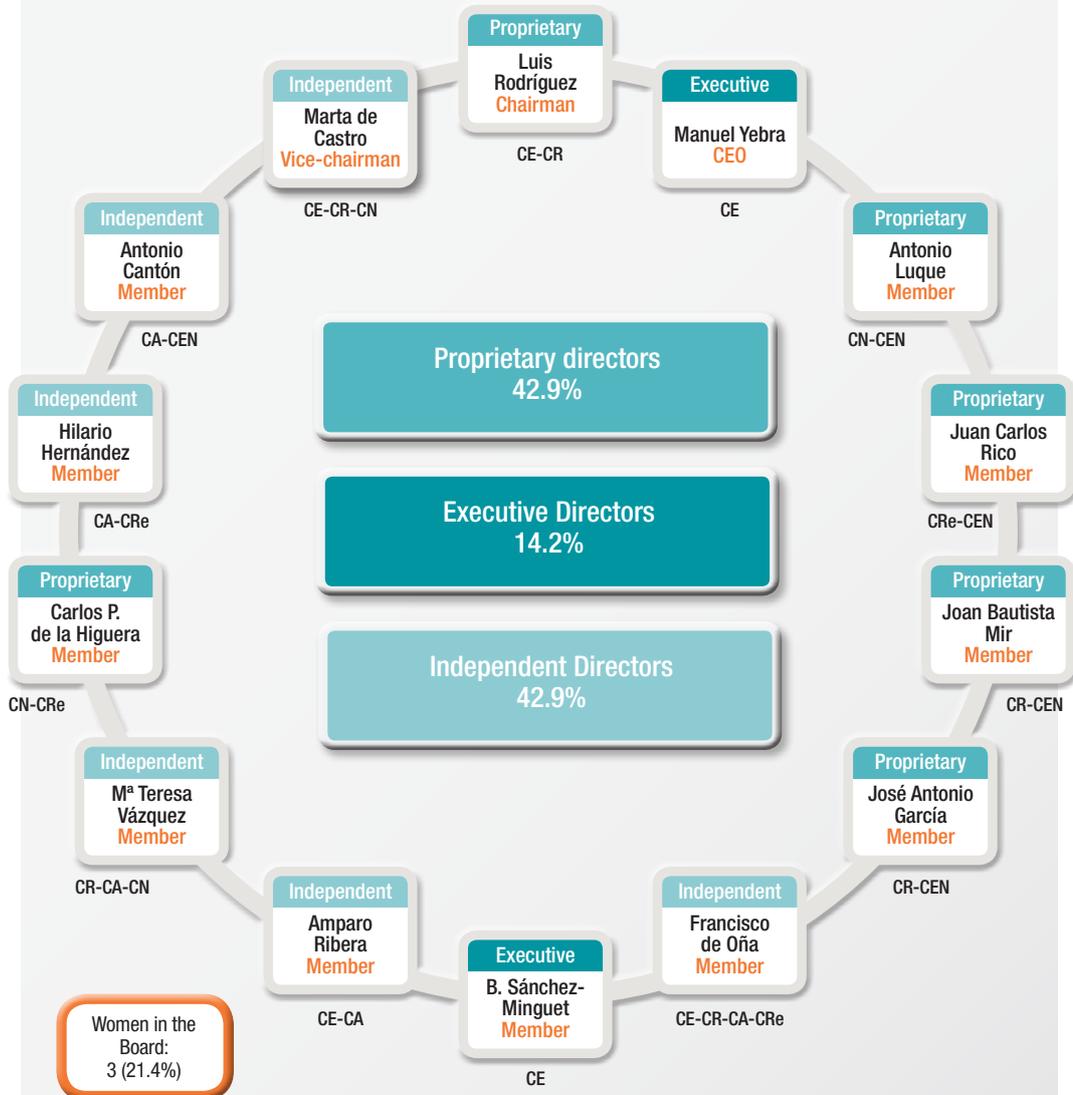
Stock and options

Relevant information about the institution's corporate and governing bodies is available in its website (www.bcc.es). The institution, since its inception, has carried out several initiatives aimed at incorporating good corporate governance:

- Separate vote in the General Shareholders Meeting for those issues that are substantially independent.
- Further presence of women on the Board of Directors
- Further presence of Independent directors on the Board of Directors
- Chairmanship of the committees held by Independent directors.
- Enlargement of the Board of Directors due to the substantial increase in the demands of the Board of Directors' involvement in all type of issues, resulting in a more complex performance of its duties and responsibilities

Furthermore, the institution has a procedure in place that evaluates the suitability of the directors, managing directors or similar and key personnel in the different credit institutions that comprise the Group. The above-mentioned procedure has been approved by the Board of Directors of BCC, the Group's leading institution, with a favourable report by the Appointments Committee, which ensures their suitability to perform the position at all times. The main suitability criteria are: professional trajectory, convictions and sanctions, training, experience, professional and personal solvency, lack of conflict of interest and dedication.

BCC's Board of Directors



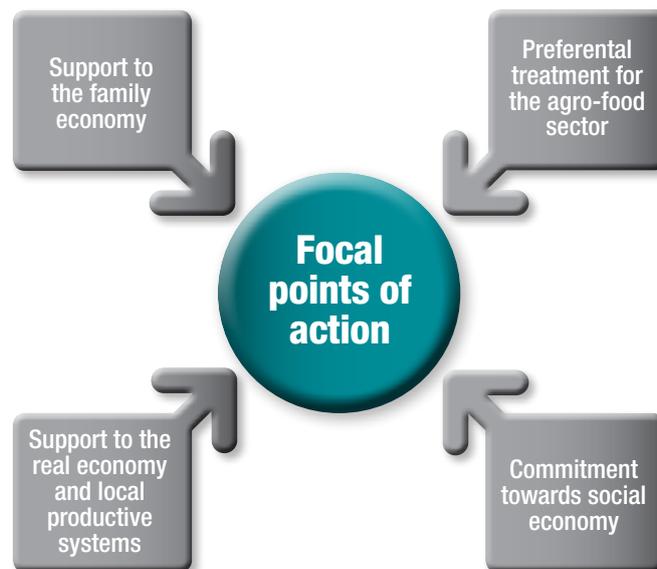
CE =Executive Committee; CR =Risk Committee; CA =Audit Committee; CN =Nominations Committee; CRe =Remuneration Committee; CEN =Business Strategy Committee

Composition of corporate governing bodies and management, broken down by age and gender (LA12)

Governing Body	Up to 35 years old				From 36 to 55 years old				> 55 years old				Total			
	M	Proportion	W	Proportion	M	Proportion	W	Proportion	M	Proportion	W	Proportion	M	Proportion	W	Proportion
Board of Directors	0	0.0%	0	0.0%	3	21.4%	2	14.3%	8	57.1%	1	7.2%	11	78.6%	3	21.4%
Management Board	0	0.0%	0	0.0%	12	92.3%	1	7.7%	0	0.0%	0	0.0%	12	92.3%	1	7.7%
Total	0	0.0%	0	0.0%	15	55.6%	3	11.1%	8	29.6%	1	3.7%	23	85.2%	4	14.8%

→ 3. Business model

Grupo Cooperativo Cajamar is noted for its cooperative nature and wide social and corporate base. Based on principles of social economy, its profits or surpluses are not an end in itself, but a means to encourage economic development and social progress, as well as to foster cooperativism.



The creation of shared value is based on the premise that it is not only desirable that Grupo Cooperativo Cajamar's benefits correspond to the benefits for the entire community, but that it is also necessary that such compatibility be given in order to define a sustainable and viable management model in the long term, being one step ahead of the communities, generating confidence and growing together with the environment.

The creation of value does not exclusively materialise in the generation of an economic out-turn, it takes different forms, as many as capitals transform the Group. By understanding the impact caused by managing each of these capitals, we can interpret its complete impact.



3.1 Calculation of economic value generated, distributed and retained

For a cooperative-based institution that is especially committed to its environment, the generation of economic value and its distribution are equally important.

The economic value generated is distributed as supplier and personnel costs, tax payments or interest payments to cooperative partners:

(thousands of Euros)

→ Calculation of Economic Value generated, distributed and retained (1)	Year 2015	Year 2016
Economic value generated		
Gross income	951,627	1,013,368
Result cancellation of assets	(13,610)	6,630
Gains non-current assets	5,784	(3,329)
Total Economic value generated	943,801	1,016,669
Economic value distributed		
Employees: Personnel costs	357,093	350,625
Suppliers: General administrative expenses	189,416	203,830
Public Administration: corporate taxes and duties	(12,793)	(14,132)
Cooperative: Interest on contributions to the capital	37,801	35,090
Community (without Foundations)	0	0
Total Economic value distributed	571,517	575,412
Total Economic value distributed		
Commitment with society (Foundations)	4,913	4,913
Total amount for Total Economic value distributed	576,430	580,325
Economic Value Retained (EVG-EVD)	367,371	436,343

(thousands of Euros)

→ Calculation of Economic Value Added (EVA) (1) Breakdown by stakeholder group	Year 2015	Year 2016
Shareholders (where applicable)		
Interest on contributions to the capital	37,801	35,090
Employees		
Personnel costs	357,093	350,625
Customers		
Interest expense and similar charges (2)	262,262	154,317
Suppliers		
Other general administrative expenses (3)	189,416	203,830
Society		
Income tax	(12,793)	(14,132)
Resources allocated by the Group		
Resources allocated by the Foundation	4,913	4,913
Total Economic value added (EVA)	838,693	734,643

(1) Calculated according to the GRI 4.0 SPI model

(2) Financial activity's interest expense and similar charges. Does not include fees

(3) Approximation adjusted to payments made to third parties under the heading of purchases and services rendered

Scope: Grupo Cooperativo Cajamar and its foundations

3.2 Capital management, classification adjusted to the Group

Financial capital:

Set of financial resources that are used by the Group to establish a solvent, profitable and balanced business model.

INPUT

- Own funds
- Wholesale financing
- Retail financing

OUTPUT

- Solvency
- Liquidity
- Profitability

Industrial and intellectual capital:

Tangible assets available to the Group to carry out its activities, and organisational intangible assets that are part of the know-how developed by the Group and that allow carrying out its management in the context of an innovation and continuous improvement process.

INPUT

- Network of branches and equipment
- Agro-food testing, study and research centres
- Cultural centres
- Set of processes and management systems

OUTPUT

- Quality of service, safety and customer protection
- Personalised care, proximity and closeness
- Improves our partners and customers' competitiveness
- Strengthens confidence and credibility in the Group

Human capital:

Set of knowledge, skills, abilities and experience of people who are part of the organisation, as well as their level of engagement in the business model and its Ethical Management System.

INPUT

- People management and talent development
- Corporate Culture

OUTPUT

- Professionalism
- Commitment to the organisation
- Collective leadership and team work
- Commitment to people

Social and relational capital:

The relationship with our stakeholders and knowing their expectations enables us to respond in a balanced way, being the basis for our business model and the creation of shared value.

INPUT

- Management of stakeholders
- Resources aimed at research, local development and social and cultural progress

OUTPUT

- Creation of shared value
- Commitment to economic growth and social progress
- Active listening regarding the stakeholders' expectations

Natural capital:

The responsible management of materials and environmental resources required by the Group to perform its business activity.

INPUT

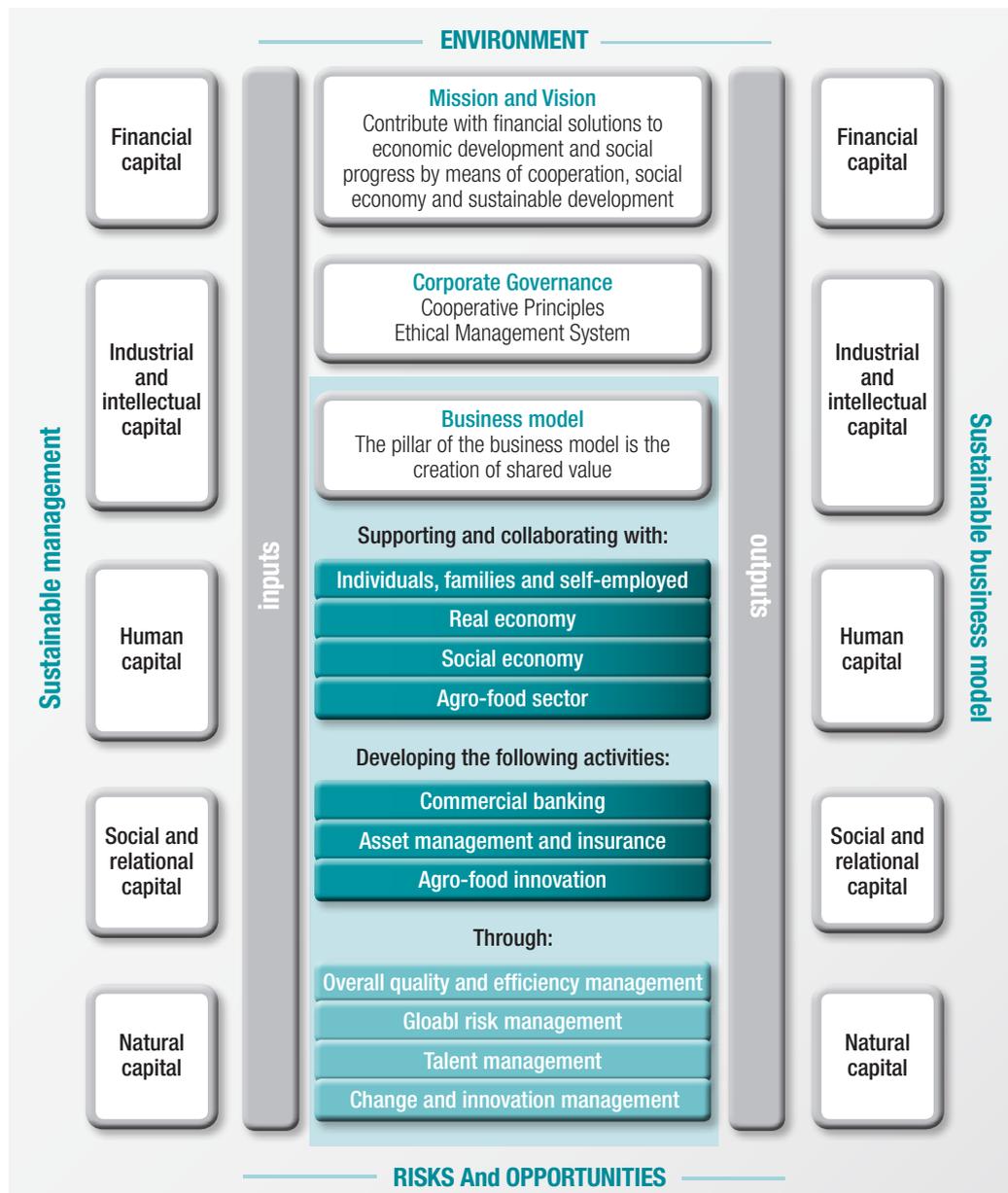
- Supply consumption
- Use of materials

OUTPUT

- Improves efficiency
- Commitment to the natural environment

3.3 Business model in accordance with the International Integrated Reporting Council (IIRC)

Grupo Cooperativo Cajamar’s business model conceives each of its elements in terms of sustainability. The sustainable management of the different types of capital is essential to Grupo Cooperativo Cajamar in order to deal with an increasingly complex and uncertain environment that presents new opportunities and challenges. The creation of value in the short, mid and long term is not exclusively limited to the generation of an economic profit but also to a set of interrelated capitals that are constantly changing.



This transformation process is mainly based on its retail banking and insurance activity and on the process of agro-food innovation it carries out in its experimentation centres.

3.4 Environmental analysis, identification of risks and opportunities

3.4.1 Political environment

The year 2016 has witnessed significant landmarks that, far from contributing to political stability, have generated a great uncertainty in the economic, political and social spheres. The negative result of the UK referendum regarding its remaining in the European Union has generated instability in the European markets and it has increased the uncertainty in terms of its possible political and economic consequences. Without a doubt it is a serious blow to the European construction project and to the stability of the single currency. Likewise, the results of the referendum on the Italian process of constitutional reform can be interpreted as a source of instability within the EU. Nonetheless, the results of the Austrian presidential election in 2016 were a significant boost for the European project, as its result counteracts the Eurosceptic voices.



Likewise, global uncertainty has intensified after the presidential election in the United States. The new president elect, Donald Trump, presented an electoral programme with a marked anti-European bias, which questioned NATO's joint defence, with a *populist* economic programme and with a major shift in international relations. The shift in the North American policy points towards greater market instability, an increase of protectionism and further uncertainty related to pulling out of the major world conflicts, especially Syria.

In Spain, after a failed electoral process, a provisional government governed throughout most of 2016 with limited political powers. This has had a negative impact on the decision-making process in economic matters; on the delay in the renewal of certain public offices, such as the Presidency of the CNMV; and, obviously, on the investment plans of the central administration. Finally, in the last quarter of the year, the required parliamentary agreement to form a government was achieved. However, due to the political and ideological fragmentation, which has translated into further difficulty in reaching general and State agreements, the political instability remains unsolved in a term without clear majorities and with problems to pass laws of great political significance such as the Spanish Budget Act.

3.4.2 Economic and sectoral environment

The international economic situation and the difficulties to form a government in Spain were considered major limiting elements in the growth of the Spanish economy. However, it has shown a better performance than expected, generating wealth and employment and achieving higher productivity by means of salary restraints. Nonetheless, the effects of the internal devaluation process caused by the economic-financial crisis are still present in the Spanish economy.

The export sector continues to be a very important engine for the economic activity. The tourist sector has performed well in 2016 and the salary restraints have been decisive in achieving a positive current account position of our export balance. The year-on-year GDP growth registered in Spain for 2016 has been over 3%, and the forecast for 2017 is slightly less ambitious due to the expected evolution of oil prices and a potentially less expansive monetary policy. Furthermore, the unemployment rate at the end of 2016 was 18.63%, 2.17 p.p. less when compared to the previous year.

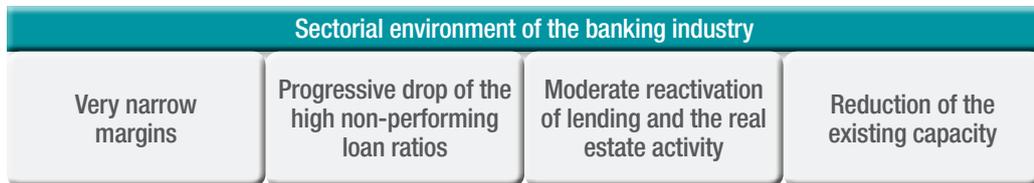


The financial crisis has caused a major shift in the banking sector, which has been subject to a prudential regulatory pressure without precedent in recent times and where the market rules have changed significantly. These changes are being advanced due to the narrow margins and the deep changes that are occurring in financial intermediation and that are disrupting the traditional business model. This traditional model increasingly requires much more flexible institutions, in both technological and organisational terms, that are able to integrate new ways of working, as well as regulations, new competences and a more modern risk management. And all of this while placing the customer (protection and experience) in the centre of the strategic analysis.

An environment of low interest rates calls for new business formulas, and the sector must face its main challenge: the search for income and profitability. Therefore, more loans should be granted, further profitability must be generated and the environment must be influenced positively, with the purpose of regaining the credibility and reputation that the Spanish banking industry has lost in recent years. However, reducing the existing capacity and improving the management of channels (an *omnichannel* approach) will have a positive effect on the traditional institutions' transformation costs.

The emergence of new competitors (technological groups, distribution groups that carry out financial disintermediation functions, fintech groups and neobanks, among others) is

further aggravating the situation of the traditional banking model and accelerating the digital transformation process, which should also result in an improvement of the customer's experience.



3.4.3 Legal and regulatory environment

In 2016, changes in the legal and regulatory environment that directly affect the banking sector have intensified again. In an environment of economic-financial crisis, in which the sector has not completed its rearrangement, the changes in the legal and regulatory environment mainly focus on adopting prudential measures in terms of governance; providing financial stability and information; readjusting the regulatory capital, risk management and the sector's general order; encouraging the access to financing by companies and families; and guaranteeing the protection of the user of banking services.

It can be said that the changes in the legal and regulatory environment continue to focus on mechanisms and controls that are even more stringent and more exhaustive in evaluating and classifying risks, guaranteeing that the institutions have the suitable regulatory capital and provisions, assessing and guaranteeing best practices in corporate governance and enabling the users to access loans in stricter conditions of information symmetry and balance in the contractual rights and obligations. This tendency, without a doubt, will involve further regulatory and operational costs for all institutions, as well as a greater reduction of margins in a context of especially adverse interest rates for the sector that has still not become the decisive leverage to stimulate a productive economy and economic growth.



Relationships between governance, risk management and user protection are increasingly closer. This, necessarily, forces the development of policies, measures and instruments by the banking institutions based on robust methodologies and strategies that guarantee the

economic-financial feasibility at a short, mid and long term, as well as the encouragement of stable and fair relationships with the users. As a result, the Group has assessed all its products throughout their life cycle with the aim of guaranteeing the consumer's protection.

By the end of the year, a defining moment of paramount importance was reached for the banking industry in Spain: the decision of the Court of Justice of the European Union on the limited retroactive application of the so called "cláusulas suelo"(collar clauses) in mortgage operations. This court issued a decision due to the several preliminary rulings contrary to the Spanish Supreme Court, that is, in favour of total retroactivity. In 2013 Grupo Cooperativo Cajamar took the necessary preventive and mitigating measures in terms of its contracts (elimination of the controversial collar clauses) and its provision (provision for the risk) so it could face a sentence of this nature with guarantees.

Specifically, in 2016, several significant regulatory and/or legal milestones that have had a special impact on the banking activity have been reached. While not intending to be exhaustive, and while applying selective criteria, and legal/regulatory and/or materiality levels, we believe the regulatory provisions included in Annex IV are worth noting.

3.4.4 Technological environment



Related information
**Accessibility
policy**

In 2016 the banking sector experienced major developments in the digital transformation process. The extensive change that the banking industry is experiencing in the costs and revenues structure, which is fuelled by the low interest rates, is forcing to assume visible cultural changes, changes in the ways of doing things, changes in the value chain, changes in the way of relating with the customer, and, thus, changes in the management of resources. The digital transformation process has put the focus on the customer, and the customer is the first player to benefit in terms of accessibility, information, support, customisation and customer experience. The customisation and perception of proximity will be essential in successfully implementing this entire process.

Without a doubt, we are before a new technological paradigm that will change the approach to banking, with the appearance of new financial and non-financial operators, as well as of new products and banking and banking-related services. The number of customers that interact with the institutions via digital channels is continuously increasing, but so has the depth and intensity of this interaction, forcing the institution to adapt the channels to the disabled. We are before a situation that the Internet had already anticipated: a rise in the number of intermediaries/operators, which on the other hand is occurring at the same time as an obvious disintermediation process with implications in the pricing, design, communication and distribution policies. This process is currently further aggravated by the digital transformation and the indiscriminate increase of mobile devices and interfaces.

Indeed, the new technological intermediaries/operators that are offering banking services (*fintech*), on many occasions, are favouring the non-*bankarization* of strategic customer

sectors, such as is the case of the youth, whose expectations in terms of relationship are very different to the traditional model. Therefore, the banking institutions must operate by strategically integrating the financial activity, the payment systems and the new technologies in a new business model that requires further regulation and a more certain transactional horizon. In this sense, Grupo Cooperativo Cajamar has established within this scope a strategy of realistic balance between its commitment towards innovation and the upcoming regulatory proposals. All of this must be carried out with one eye on how the market and the user's behaviour evolves, with the aim of providing efficient, reliable and secure financial solutions.

This new approach must be compatible with the so-called *open architecture*, with new needs in terms of *cybersecurity* and with the new concept that started to acquire force in 2015: the *omnichannel* approach. The *omnichannel* approach is a conceptual advance with significant strategic consequences. If the *multichannel* approach involved a major development in the complementarity of the different physical and digital channels, the *omnichannel* approach involves the strategic and combinatorial integration of all the Institution's channels. Grupo Cooperativo Cajamar has developed its strategic concept of omnichannels from a transactional and operational vision to a vision based on customer proximity (360 approach) and advisory services.



The process of adapting to these extensive changes involves managing technology, change and the priorities that will help make compatible the benefits of a traditional banking model, which is sufficiently proven, reliable and scalable, with a new, more innovative way of approaching banking, but which entails new challenges and opportunities in a much more collaborative environment. The implementation of the following two especially innovative, cross-cutting and customer-oriented projects in 2016 is an example of this commitment towards the business' projection via digital transformation: the International Platform, aimed at providing the micro, small and medium-sized enterprises access to the international markets; and the Public Aid Platform, which is aimed at providing companies and entrepreneurs information about subsidies and public aid for entrepreneurship, the improvement of competitiveness and internationalisation.

Finally, the importance that big data is acquiring within the scope of business and, especially, in the banking industry is worth mentioning. We are talking about an information intensive industry whose appropriate management can generate a much stabler and more certain environment. In this sense, Grupo Cooperativo Cajamar has been a pioneering Institution by assuming a process of transformation of tools, methodology and traditional concepts, such as business intelligence and risk management, into processes of mass information

processing in new areas and functions. The Institution currently applies big data in four areas as a concept, methodology and/or tool:

- Global risk management
- Business intelligence
- Cost saving and efficiency
- Storage of historical data

Within the scope of big data, the Institution decided to design in 2015 the technological infrastructures that it would employ, and in 2016 it gradually applied them to the aforementioned four lines. In the upcoming year it has planned to open new lines in which it will be applied according to new needs that are emerging from the different functional units.

3.4.5 Surrounding environment

The year 2016, as 2015, has been a year in which the concern regarding the adoption of global environmental policies and measures, especially those related to the climate change, has been evident. The Marrakesh Climate Change Conference (COP22) took the baton from the conference that took place in Paris the year before with the aim of further exploring the policies, measures and agreements required to slow down the process of global warming and to mitigate its effects on the economic systems.



The challenges assumed by the USA and China, which are the countries that pour most greenhouse gas emissions to the atmosphere, are a major development when it comes to setting realistic objectives in terms of the planet's average temperature increase. The current approach to climate change forces upon countries very significant reductions in greenhouse gas emissions, which will make companies and organisations invest more time calculating the carbon footprint, fine tuning and becoming stricter in the calculations, as Grupo Cooperativo Cajamar is currently doing. In addition, everything points towards legislation being increasingly more decisive and restrictive in order to face the change of production model towards a low-carbon economy. Therefore, greater commitment will be demanded from organisations in terms of mitigation, reduction and compensation of greenhouse gases.

However, an element of uncertainty has arisen throughout this process regarding the fight against climate change: Donald Trump’s scepticism towards this matter.

3.4.6 Social environment

In Spain, the population trend is low, where most of the Autonomous Communities have lost population. The Autonomous Community of Madrid, Catalonia and the Balearic Islands, together with Ceuta and Melilla, are increasing their population. In Spain the population exceeded 46 million inhabitants in 2016, which saw the slowing down of population loss with respect to previous years due to the moderate return of immigrants to their countries of origin. In 2016 the foreign resident population in Spain was slightly under 10%.

It is together with Japan the most aged country in the world, with an average age of 42.7, the effect of which is accelerating as a consequence of population loss. In fact, the percentage of population above 65 years of age, which currently exceeds 18%, will reach 24.9% within 15 years and 28.7% within 50: a major challenge for the pension system’s sustainability. This demographic composition will increase the economic dependency ratio of our country, where the weight of the passive classes will substantially increase. Undoubtedly, if this trend is maintained, it will have a clear effect on the offer and demand of financial products, increasing the contracting of savings products, and, specifically, of savings-retirement products. These demographic changes will also have an effect on the general aversion to risk.

Furthermore, despite the economic recovery at a macroeconomic level, as is the case of the GDP, the crisis is still having a significant effect on the families’ levels of well-being, the rates of socio-economic inequality, and, thus on the scopes of financial exclusion and social exclusion.

The concern of the Spanish people in 2016 focused on the recurring themes of recent years, apart from the specific and circumstantial issue of the delay in forming a Government. The main topics that concern the Spanish people are, in this order, unemployment, corruption and politicians, political parties and politics in general. With respect to the perception of the banking sector, despite the loss of reputation in recent years, the Spanish people do not consider it a major issue.



3.5 Risk map and risk appetite framework

Risk management is inherent to the banking activity; this is why it is key to identify the risks that financial institutions have to face and tackle using a global approach. Grupo Cooperativo Cajamar has a clear vocation towards retail banking, with a financial activity that is deeply rooted in the territory due to supporting the families and fostering social economy and a sustainable local development. For this reason, it is important to highlight that, apart from the environment's risks and opportunities, we must consider the risks that are directly linked to the nature of our activity.

Taking this into account, and due to its main business, we can say that the major risk that Grupo Cooperativo Cajamar is exposed to is credit risk, which must be mitigated by applying criteria of diversification, credit quality, collateralisation, foresight when following-up, and an efficient and decisive collection management. In addition, with the primary goal of attending the main activity's funding needs and capitalising on the surplus of liquidity, Grupo Cooperativo Cajamar is participating in the wholesale financial markets, although operating in these markets to fund its retail activity must be kept within prudent limits. On the other hand, the investment in financial assets with market risk, aimed at complementing and diversifying the income statement, must remain moderate, and only involve the investments required to fulfil regulatory requirements.

However, the activity inherent to all credit institutions gives rise to an exposure to other types of risk: such as the liquidity, interest rate, operational, reputational or business risks, which should all be subject to a policy of low risk exposure.

According to the considerations laid out by the Financial Stability Board of demanding from the global systemically significant banks a Risk Appetite Framework, in 2016 the institution defined this tool with the purpose of it becoming the reference for the institution within the scope of risk governance.

The significant risks that could affect the financial or equity situation of both BCC and Grupo Cooperativo Cajamar can be summarised in:

RI.1 Concentration and credit risk. Credit risk is the possibility of incurring in losses due to the default in loans granted to customers; and concentration risk is the possibility of the credit risk worsening due to the accumulation of credit exposure in few customers, geographical areas or economic sectors.

Credit risk is the possibility of suffering losses stemming from the non-compliance of the contractual obligations assumed by Grupo Cooperativo Cajamar's counterparties. In the case of repayable forms of funding granted to third parties (credits, loans, deposits, securities and others) this risk arises from the possibility of not recovering the principal, interest and other items, in the terms (amount and period) established in the contracts. In off-balan-

ce sheet risks the non-compliance of the obligations assumed by the counterparty against third parties involves Grupo Cooperativo Cajamar assuming them as its own by virtue of the commitment made.

Grupo Cooperativo Cajamar's credit risk is mainly retail type, which stems from the Group's clear vocation towards commercial banking.

RI.2 Property risk. Property risk is part of the credit concentration risk and it involves the risk of property devaluation. This risk arises from the exposure of the credit portfolio to the development and construction sector, as well as to non-operating properties obtained from lieu of payment and foreclosure.

RI.3 Financing and liquidity risk. Financing and liquidity risk is the possibility of incurring in further financing costs or in losses from a shortage of liquid funds when they are required or the difficulty of maintaining the desired financial structure.

RI.4 Sovereign risk. Sovereign risk is the risk associated with resident debtors of a country due to circumstances other than those of common commercial risk, measured in terms of exposure concentration by country and in terms of evaluation/assessment of the sovereign exposure in the country of residence.

RI.5 Market risk. Market risk is the possibility of incurring in losses in portfolio positions due to the effect of adverse movements in market prices.

RI.6 Interest rate risk. The interest rate risk is the possibility of suffering losses due to the potential impact of changes in interest rates on the institution's profits or the net value of its assets.

RI.7 Price risk. It arises as a consequence of market price variations caused either by the instrument's specific factors or by factors that affect all the instruments traded on the market.

RI.8 Exchange risk. This risk is the possibility of suffering losses stemming from adverse fluctuations in the exchange rates of the currencies in which the Group's off-balance-sheet assets, liabilities and transactions are expressed.

RI.9 Operational risk. Operational risk is the possibility of suffering losses as a consequence of errors in processes, systems, and technical and human resources, including internal and external fraud and legal risk.

RI.10 Reputational risk. Reputational risk is the possibility of business or economic losses arising from adverse news or conflicts with customers.

Grupo Cooperativo Cajamar has a solid Business Continuity Management System that is described in Annex V. This system guarantees the continuity of the Group's activity when exposed to physical, technological and security risks.

Grupo Cooperativo Cajamar's risk map is completed with the risks arising from analysing

Risk factors in the environment	
Political situation	<ul style="list-style-type: none"> • Political uncertainty • Major challenges for the European construction project • Protectionist responses and changes in international relations
Economic and sectoral environment	<ul style="list-style-type: none"> • Macroeconomic recovery • Unemployment, uncertainty and new risks • Low inflation and low interest rates, although with expectations of a slight recovery • Narrow margins, credit growth and reduction of the non-performing loans • Reduction of the existing capacity
	<ul style="list-style-type: none"> • Narrow margins • Credit reactivation and reduction of non-performing loans • Reduction of the existing capacity • Need for increasing efficiency, new sources of income and improvement of results
Regulatory changes	<ul style="list-style-type: none"> • Further regulatory pressure and costs • Greater legal uncertainty in legal/judicial interpretations • Transparency and good corporate governance • Information symmetry and further customer protection
Technological changes	<ul style="list-style-type: none"> • Appearance of new operators • Financial disintermediation • IT security • New customer experience
Changes in the social environment	<ul style="list-style-type: none"> • Increase of inequality and of groups in risk of social exclusion • The high unemployment rate is concentrated among youth • Ageing of the population • Stakeholders' requirements
Changes in the surrounding environment	<ul style="list-style-type: none"> • Greater regulation • Uncertainty in measures against the climate change • Increase of the stakeholders' environmental requirements



Risk factors

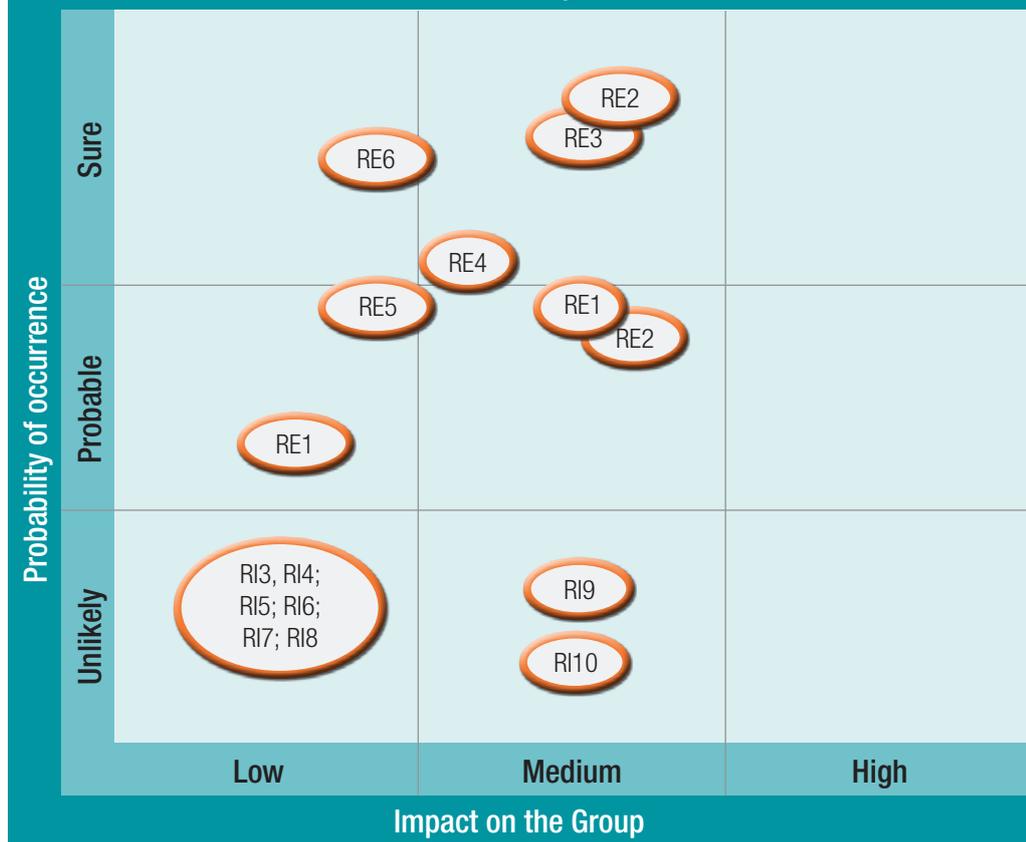
Risk factors that could affect the Group's situation

RI.1	Credit risk	RI.6	Interest risk
RI.2	Property development and property sector risk	RI.7	Price risk
RI.3	Liquidity risk	RI.8	Exchange rate risk
RI.4	Sovereign risk	RI.9	Operational risk
RI.5	Market risk	RI.10	Reputation risk

Risk factors identified from analysing the environment

RE.1	Political situation	RE.4	Technological changes
RE.2	Economic and sectoral environment	RE.5	Changes in the social environment
RE.3	Regulatory changes	RE.6	Changes in the surrounding environment

Risk Map

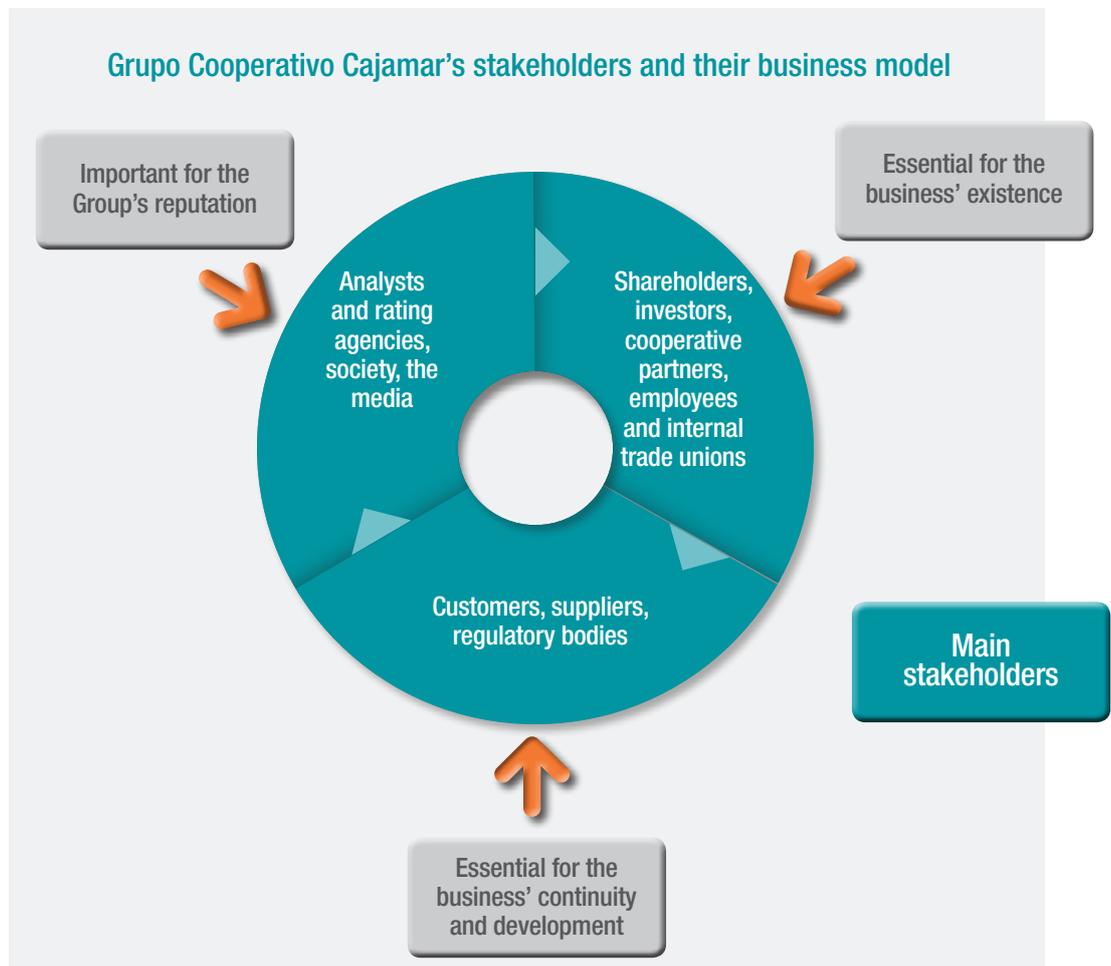


3.6 Involvement of stakeholders

Grupo Cooperativo Cajamar defines its stakeholders as those institutions or groups of people, organised or not, that interact with the institution in the performance of its business, this term understood in its broadest sense. Stakeholders are also those groups of people that have a direct or indirect legitimate interest in one or several areas of the institution's performance: economic, financial, social and/or environmental. By extension, and in a broad sense of the impact of its management, Grupo Cooperativo Cajamar also takes into consideration the need to maintain a permanent and constructive dialogue with the local communities and with society as a whole.

The following aspects, which are the result of the complexity of current societies, must be considered when identifying and maintaining a permanent dialogue with the stakeholders, which should be based on the creation of shared value:

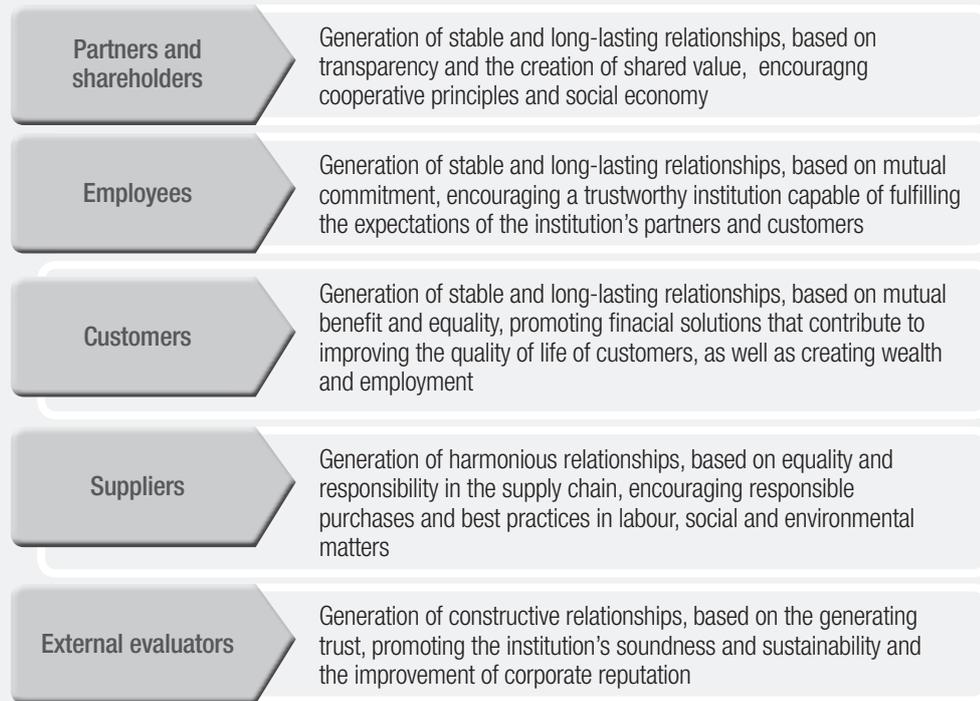
- The exchange of social roles of people and the institutions
- The coordination and structuring of new social movements
- Our society's institutional development



Grupo Cooperativo Cajamar considers *stakeholders* all the people, institutions or groups that may be affected by the services or activities that it carries out and those whose opinions or decisions can affect the Group's economic results or reputation

Grupo Cooperativo Cajamar's concept is eminently dialogical. Dialogue is not only a tool employed for communicating with stakeholders, but it also contributes to shaping the ethical relationship between these and the institution.

Nature of the relationship with the main strategic stakeholders



The stakeholder map and the communication channels aim to respond, in a balanced and prudent manner, to the issues considered as most important and relevant.

With all this, the purpose is to improve the listening and dialogue with three main objectives:

- A. Increase the knowledge of the Group's stakeholder requirements and expectations
- B. Identify and report on relevant aspects in a transparent, clear and concise manner
- C. Achieve the involvement of the priority stakeholders in order to maintain and strengthen confidence

In order to progress towards the achievement of these objectives, during 2016 Grupo Cooperativo Cajamar has created new channels that improve operating with its stakeholders:

- A suggestions box has been made available to any person or organisation that is a Group customer or not.
- A microsite has been enhanced: www.compromisosocial.es. It is a new informative and participatory space conceived for all stakeholders, in which a section designed to share expectations and the rating given to the Group's performance are worth mentioning.
- A methodology has been designed to find out the rating of suppliers in their relationship with the Group.



Dialogue channels with the main strategic stakeholders

	Shareholders and investors	Cooperative partners	Employees and trade unions	Customers	Suppliers	Regulatory bodies	Analysts and rating agencies	The Media	Society
GENERAL CHANNELS									
Annual accounts	■	■	■	■	■	■	■	■	■
Corporate website	■	■	■	■	■	■	■	■	■
<i>Blog and microsities</i>	■	■	■	■	■	■	■	■	■
Scheduled reports	■	■	■	■	■	■	■	■	■
Integrated report	■	■	■	■	■	■	■	■	■
Queries and suggestions box	■	■	■	■	■	■	■	■	■
SPECIFIC CHANNELS									
Preparatory Meetings		■		■					
General Assembly of Delegates		■						■	
General Shareholders Committee	■								
Regular meetings			■		■	■	■	■	■
Branch network and Telephone banking				■					
Customer Service		■		■		■			
User Service		■	■	■					
Complaint and claim box		■		■					
Satisfaction studies				■	■				
Intranet and Employee portal			■						
Reporting channel			■						
Committees			■						
Internal communication bulletin			■						
Survey on labour environment			■						
Circulars and communications			■	■	■	■		■	■
Press releases, notes and statements	■	■	■	■	■	■	■	■	■
Social networks	■	■	■	■	■	■	■	■	■
Training sessions		■	■	■					■
Forums, seminars and conferences	■	■	■	■	■			■	■

3.7 Stakeholders' expectations

The ongoing dialogue with stakeholders aims to identify their expectations and power in order to offer a balanced response and to maximise the creation of shared value. These sets of expectations were still relevant during 2015 and 2016, although in some cases they vary in levels of intensity, such as in the financial solutions aimed at economic development and social commitment, and the transfer of knowledge.

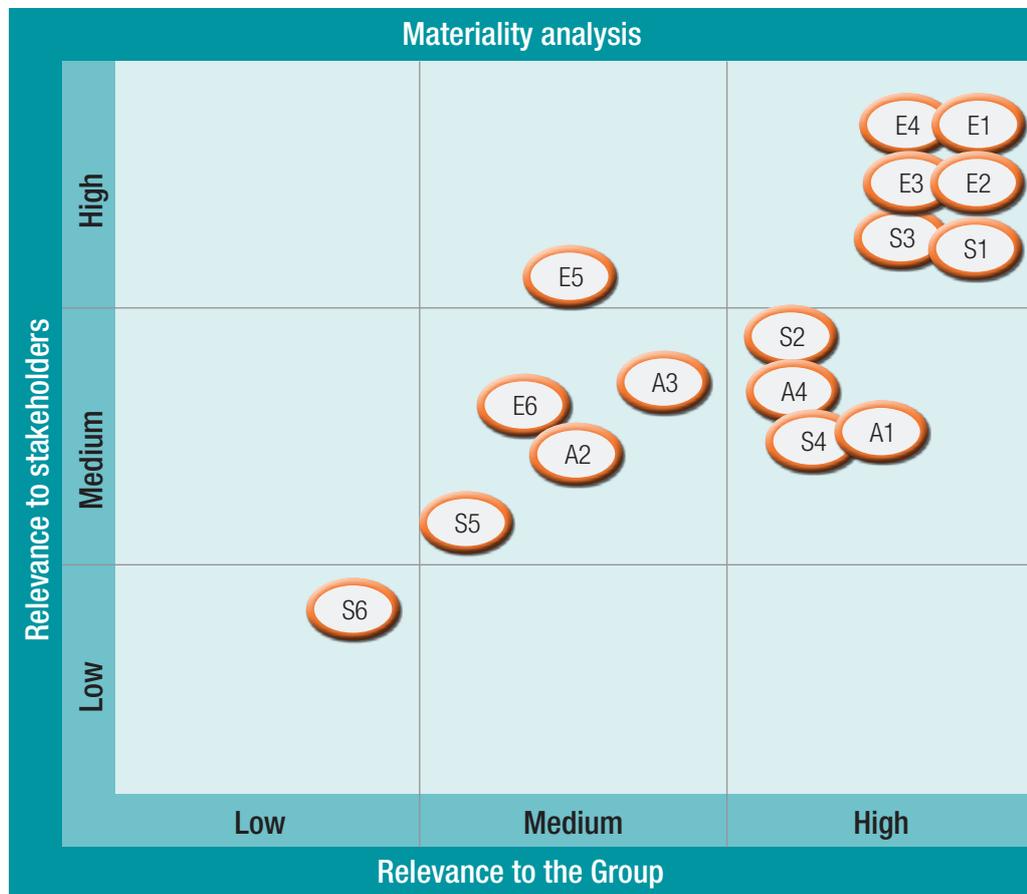
	Expectations	Stakeholders	Coverage	Level	
				2015	2016
Economic dimension	E.1 Transparency, good Corporate Governance, compliance and control.	All	Mixed	High	High
	E.2 Strengthening the business model and the economic-financial situation.	Regulator, Shareholders, Cooperative partners, Employees, Trade unions	Internal	High	High
	E.3 Global risk management.	Regulator, Shareholders	Internal	High	High
	E.4 Protection, security, quality of service, customer orientation and training.	Regulator, Cooperative partners, Customers	Mixed	High	High
	E.5 Technological change management.	Regulator, Shareholders, Cooperative partners, Employees, Trade unions	Mixed	High	High
	E.6 Global supplier management.	Suppliers	Mixed	Medium	Medium
Social	S.1 Financial solutions aimed at economic development and social progress.	Cooperative partners, Customers, Society	Mixed	High	High
	S.2 Financial solutions adapted to different life cycles.	Cooperative partners, Customers	External	Medium	High
	S.3 People management and adaptation to change.	Employees, Trade unions	Internal	High	High
	S.4 Avoiding financial exclusion.	Society	External	Medium	Medium
	S.5 Social and cultural action.	Society	External	Medium	Medium
	S.6 Contributing to Sustainable Development Goals.	Society	External	Low	Low
Environmental dimension	A.1 Commitment towards the environment.	Customers of the agro-food sector, Society	External	High	High
	A.2 Financial solutions with positive environmental impact.	Customers of the agro-food sector, Society	External	High	High
	A.3 Support for innovation and research.	Customers of the agro-food sector	External	High	High
	A.4 Transfer of knowledge.	Customers of the agro-food sector	External	Medium	High

Level of the expectations

- High
- Medium
- Low

3.8 Materiality analysis

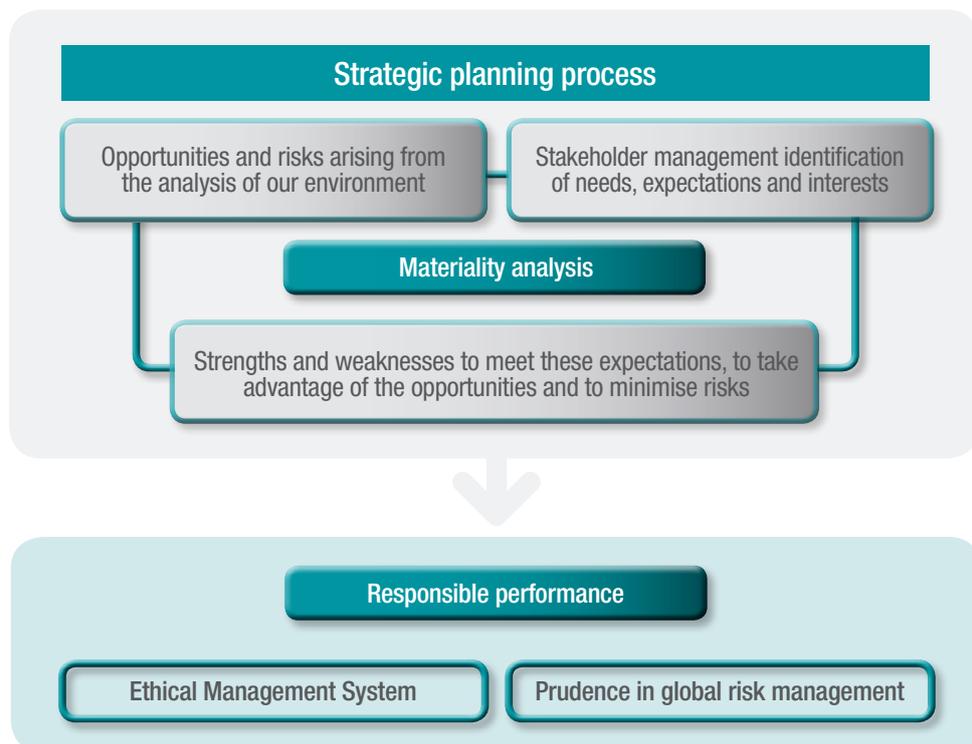
The aim of the materiality analysis conducted by Grupo Cooperativo Cajamar is to align the objectives of its activity with those of the different stakeholders, especially those of strategic nature for the Group, using a dialogical and bidirectional approach. The identification of relevant aspects that the Group manages with its stakeholders has been performed based on a materiality analysis that has taken into account the guidelines established by the Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC). The above-mentioned process identifies the relevant and substantive matters have been approved by the Committee of Ethics Management and Social Responsibility and supervised by BCC's Board of Directors, as Grupo Cooperativo Cajamar's leading institution.



→ 4. Strategy and performance

For Grupo Cooperativo Cajamar, the strategy is the starting point to integrate the objective of sustainability by creating shared value. In this sense, it is particularly important to identify the needs, expectations and interests of our stakeholders, the opportunities and risks arising from the analysis of our environment, and the strengths and weaknesses of our organisation in order to meet those expectations and demands, to take advantage of the opportunities and to minimise the risks from a short, mid and long-term perspective. The primary goal is to generate shared value and have a positive impact on society based on sustainable developmental principles and the capacity of the financial activity to create wealth, generate employment and tie capital to the territory.

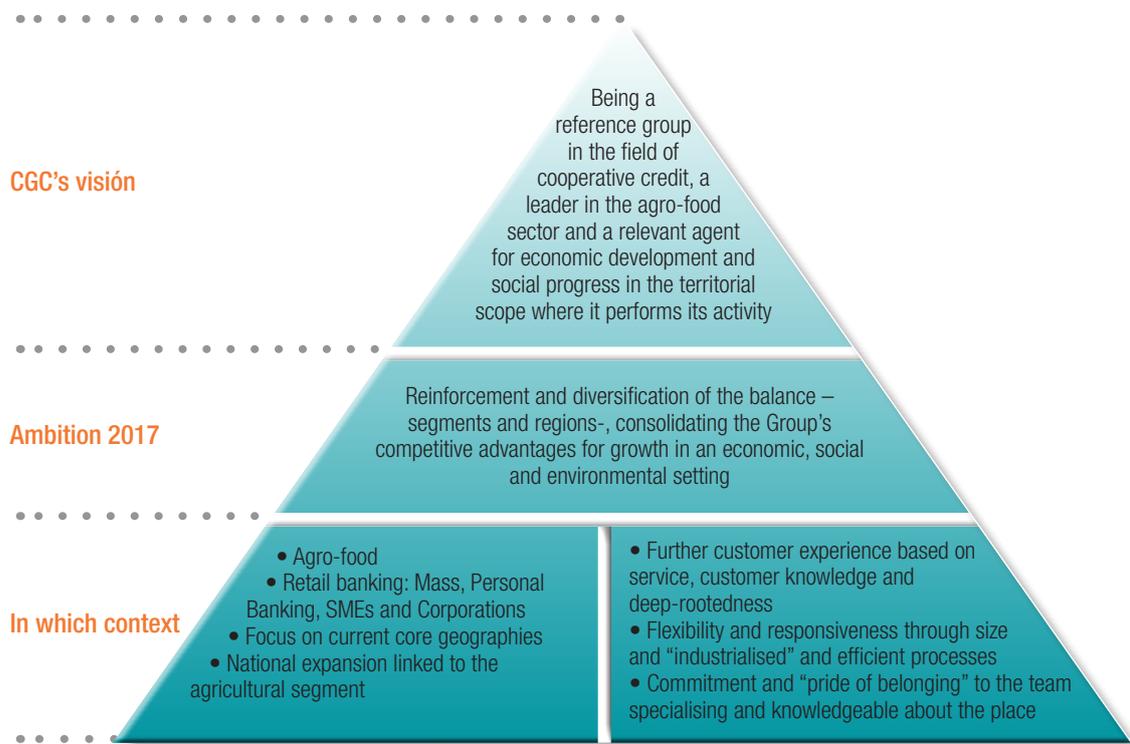
In addition to these strategic objectives is the Group's social nature. The cooperative basis of the Group, whose entities share the cooperate principles and the approach of social economy, involves its commitment to a responsible performance, which is materialised through its Ethical Management System and a global risk management based on the principle of prudence.



4.1 Strategic plan for 2015-2017

The strategic plan for the 2015-2017 period includes different pillars that respond to the identified challenges, increasing its competitive advantages and redirecting its weaknesses.

The ultimate aim is to make the Group more competitive, strengthening its economic-financial situation and generating differentiation elements that enable to identify it with a unique business model due to its social nature, its work clearly focused on economic development and social progress of the entire community, and its ethical and transparent performance.



The group of people comprising the Organisation is committed to the execution of a comprehensive implementation plan that includes several focal points and multiple initiatives and that has been provided with all the mechanisms required for monitoring and controlling activities.

Beyond the development of these competitive advantages, the strategic plan also aims to stimulate Grupo Cooperativo Cajamar 's commitment towards the cooperative principles and values and to highlight its vocation towards serving people, while holding transparency as a main pillar in relations and on which the organisation's ethical behaviour is supported.

All this with an integrity that is based on professionalism, rigour and effort when performing the professional activity and that is committed to fundamental values such as honesty, equity and sense of responsibility.

→ **Main objectives of the Strategic plan for 2015-2017**

Outlook	Financial	Customers	Internal	Learning and Growth
Objectives	Strengthen the business model	Differentiate the business model	Improvement of the internal processes	Support to the strategy
Related capital	Financial Human Industrial Intellectual	Financial Industrial Intellectual Human Social and Relational	Financial Industrial Intellectual Human	Intellectual Human Social and Relational Natural
Stakeholders	All	Shareholders Shareholders Customers Employees	All	Employees Regulator Customers
Expectations	E.1 - E.2 - E.3 - E5	E.1 - E.2 - E.4 S.1 - S.2 - S.4 S.5 - S.6 A.2 - A.3 - A.4	E.3 - E.4 - E.5 - E.6 A1	All
Related risks	All	RI.10 - RE.2 - RE.3 - RE.4 - RE.5 - RE.6	RE. 3 - RE.4- RI.9 - RI.10	RE.2 - RE.3 - RE.4

→ **Main initiatives of the Strategic plan for 2015-2017**

Strengthen the business model	Differentiate the business model	Improvement of the internal processes	Support to the strategy
Optimise operating expenses with the aim of improving efficiency	Make value proposals for strategic sectors	Optimise processes by improving efficiency and ensuring overall quality	Review the training model and organisational growth
Review the distribution model with the aim of establishing economies of scale and making use of new channels	Improvement of the customer experience	Reinforce global risk management.	Adjustment to the technological evolution
Increase value for the customers	Systematic commercial review	Implementation of the Ethical Management System	
Digital and technological transformation			

4.1.1 Alianzas estratégicas

- One of the **largest global insurers** with premiums of more than €70Mm (2014)
- Present in more than **60 countries** and with **~72M customers**

- Independent asset management firm with the capacity to **invest in the traditional and alternative markets**
- Its boutique approach makes it an expert in **tailor-made solutions**; it **manages and provides advisory services for over 2 billion assets**

- Company specialising in consumer loans **belonging to BNP Paribas, a leading bank in Europe**
- Present in more than **20 countries** and with **~27M customers**

- Leader in Spain with a market share of **~4.5%** and more than **3.4M customers**

- **TREA provides a specialised team with a recognised track-record** - It was named the best Spanish fund management firm by Eurofunds during the crisis (08-11)
- **Training programme and support to the commercial network**
- **Operating capacity** to develop and manage GCC funds

- Leader in Spain with a **market share of 5.2%** and **2.5M customers**

- **Generali contributes with its experience in investment management and service vocation aimed at private customers**
- **Cutting-edge technology**, both in IT and in quality assurance, **with access to all markets**
- **And an extensive offer** in all areas of insurance and pensions

- **Cetelem provides a specialised platform with new, simple, fast and secure tools**
- **Tools employed for financing at the points of sale** for our business customers
- **Provides consumer loans online**

- **GCC contributes with its extensive network of more than 1,100 branches**

4.1.2 Value proposal for the agro-food sector

TRAINING AND QUALIFICATIONS FOR CUSTOMERS

- Courses at the **school of cooperative executives** and subsequent **specialist training actions** to improve the competitiveness of agricultural companies
- Acquisition of **young farmers** via **training courses**
- **Publications** for customers
 - Publishing of annual reports on campaigns
 - Document with the main agro-food indicators by Autonomous Community
 - Micro-documentaries on innovative projects

SPECIALISATION OF THE INSTITUTION

- Alignment of the agricultural technology research centres with the business lines to offer **customised solutions for every crop**
- Expert knowledge acquired from years of **experience in the sector** allowing for **expansion to other non-core regions**
- Crop schedules, investment requirements, production costs and estimated revenue by type of crop

Cajamar Experimental Station

INNOVATION

- Internal application (Agroup) that gathers the **needs of working capital** of agricultural customers to carry out their **business activity** and make decisions on **risk granting**
 - 95% of the total agricultural production in Spain is represented
- **Application for the customer's use** with specific information from different crops and their scheduling
- Unified website for Cajamar agro-food **information and activities**

4.1.3 Value proposal for companies

BRAND IMAGE AND POSITIONING	TRAINING	360 CORPORATE SOLUTIONS
<ul style="list-style-type: none"> • Agreements with the principal actors in the Spanish corporate sector - The Chamber of Spain, CEPYME, UPTA, ICEX, AEF, and others. • Organising of business events to position GCC as a leader in business • Development of an international platform that helps the international development of customers by providing access to a network of business partners <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <small>Instituto Español de Comercio Exterior</small> </div> <div style="text-align: center;"> <small>cepyme</small> </div> <div style="text-align: center;"> <small>Unión de Profesionales y Trabajadores Autónomos</small> </div> <div style="text-align: center;"> <small>España</small> </div> </div>	<ul style="list-style-type: none"> • Launching of financial training school for financial managers • There are several levels of certification, covering from corporate risk management to foreign trade • It helps respond better to the needs of companies <div style="text-align: center;"> <small>escuela formación financiera AHORRO</small> </div>	<ul style="list-style-type: none"> • New differential solutions for financing working capital: Multiproduct Policy; Credinegocio; CrediPyme; and Comex are some examples • Contributing with added value and adapting to each segment, providing a differential, comprehensive and customer-oriented value, (Agro UP, 360 SME Solutions, International Platform) <div style="text-align: center;"> <small>CREDIPYME360</small> <small>CREDINEGOCIO AUTÓNOMOS Y PROFESIONALES</small> PÓLIZA MULTIPRODUCTO </div>

4.1.4 Differentiation of the business model

Through continuous improvement of service quality and customer knowledge

<p>Reduction of waiting times in branches</p> 	<p>Improvement of the incident management process (focusing on swiftness and customer follow-up)</p> 	<p>Improvement of the brand image's key aspects: Transparency, trust, and engagement with the customer</p> 	<p>Improved transparent application and communication of account management fees</p> 	<p>Improvement of direct channels (cashpoints and telephone banking)</p> 
<p>Development plan for specific value proposal and retention plan for middle-aged customers</p> 	<p>Review of the customer allocation model and criteria to incorporate customers to portfolios</p> 	<p>Review of the management and communication processes for renewing a product</p> 	<p>Improvement of the process of taking out a financing product (focusing on swiftness and customer follow-up)</p> 	<p>Review of the competitiveness of financing product's interest rates</p> 

Performance

4.2 Economic dimension

4.2.1 Transparency, good corporate governance, compliance and control (expectation E.1)

Related information
Corporate Governance

The progress in transparency and good corporate governance have become one of the stakeholders' main expectations and a priority for Grupo Cooperativo Cajamar, which includes these aspects in its Ethical Management System. In order to fulfil these expectations, during 2016, the Board of Directors has increased the presence of independent directors and has entered agreements and taken relevant measures such as those mentioned in chapters 2.3 of this report. In the second quarter of 2016, BCC's Board of Directors agreed to separate the Appointments and Remuneration Committee with the purpose of complying with the contents set forth in Circular 2/2016, of 2 February of the Banco de España.

	2015		2016
Independent Directors	41.7%	➔	42.9%
Women on the Board	25.0%	➔	21.4%

Grupo Cooperativo Cajamar is part of the Transparency Cluster, Good Governance and Integrity established by Forética. The Cluster's main aim is to translate the key trends and conversations happening worldwide to the Spanish context, in terms of transparency and good governance from a business perspective.

Code of Best Tax Practices. BCC is voluntarily adhered to the Code of Best Tax Practices proposed by the Tax Agency. The annual report on corporate governance reflects the effective compliance of this Code. Likewise, and following one of the Code's most relevant recommendations, BCC's Board of Directors has been formally informed about the tax policies applied before preparing the financial statements and submitting the Corporate Tax statement.

As an indicator of best tax practices, in 2016 Grupo Cooperativo Cajamar has not suffered any firm relevant sanctions arising from any tax infringements or as a result of an inspection process by the Tax Agency.

Anticorruption policy. Due to being one of the issues that most worries society as a whole, BCC's Board of Directors has considered appropriate to clearly express its position on the Group's anticorruption policy, which establishes its commitment of maintaining a position of zero tolerance against corruption in all its forms. Grupo Cooperativo Cajamar does not carry out any guarantee or financing transactions with special market conditions for political parties.

Conflicts of interest. In accordance with the social and regulatory requirements in this area, BCC's Board of Directors has approved a General Policy for Conflicts of Interest with a global reach with the purpose of including, in addition to the conflicts that may arise with the administration bodies and customers, any that may arise from relations between the Group and consultancy and auditing companies, trade unions, political parties, public authorities, subsidiaries, employees, suppliers, providers, shareholders, etc.

Remunerations policy. Society as a whole demands an ethical and responsible behaviour, which in Grupo Cooperativo Cajamar's case is materialised by means of a remunerations policy that is based on criteria of transparency, moderation and adjustment to the company's results. This policy is reviewed periodically by the Remuneration Committee, which is chaired by an independent director.

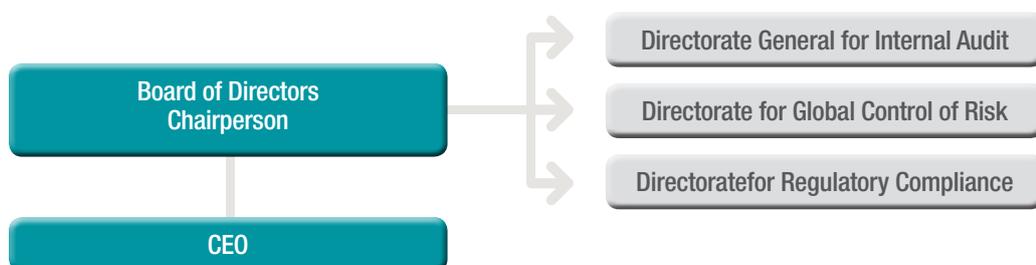
➔ **Aggregate remuneration of BCC's Directors (thousands of Euros)**

Professional fees	Fixed remuneration	Other remuneration	Social Security Social	Attendance Fees	Post-employment benefits	Total
997	885	95	36	272	2,604	4,889

Transparency. To comply with the social and regulatory requirements within this scope, a website area that includes information about the remunerations policy and corporate governance has been created. In addition, BCC's Board of Directors has approved the Internal Governance Framework, which establishes the scope and the content of Group Cajamar's internal framework, including the Group's organisational and operational structure and the lines of accountability, among other elements.

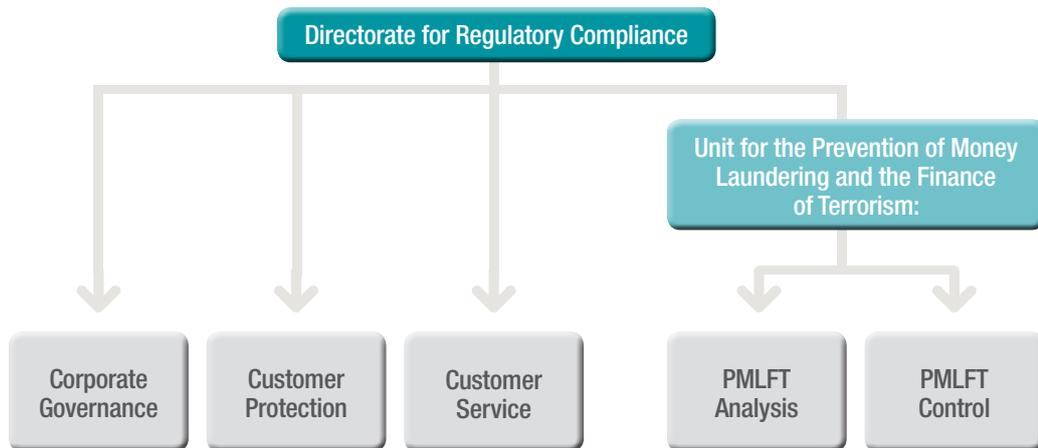
Model. With respect to the directors' performance, BCC's Board of Directors has approved the Procedure for Measuring the Dedication and Performance of Directors.

Compliance and control. Improving management control and the principle of independence of duties is an important line of action that has materialised with a suitable organisational structure. These changes have involved the Board of Directors, through the Audit Committee and Risks Committee, the body assuming this responsibility, leaning on the work carried out by the Directorate General for Internal Audit, the Directorate for Global Control of Risk and the Directorate for Regulatory Compliance.



Grupo Cooperativo Cajamar, within the scope of supervising and managing risks, has implemented a model with three lines of defence: 1) **First line:** business units that manage their own risks; 2) **Second line:** units that supervise cross-cutting risks (Regulatory Compliance and Global Control of Risk); 3) **Third line:** unit that supervises the two previous lines (Internal Audit).

The Directorate for Regulatory Compliance is responsible for controlling and ensuring the regulatory compliance in the Group and controlling the legal and reputational risks. During 2016, the Group has reinforced its structure providing it further means and resources:



The effort undertaken by the Directorate of Regulatory Compliance to answer to the multiple regulatory changes that have occurred during the 2016 has been materialised through multiple initiatives and projects. Among these, it is worth highlighting the adjustment to the regulatory changes in matters of customer protection and the actions aimed at improving the internal government, such as the aforementioned Group's Conflict of Interest General Policy and the Internal Governance Framework. At year-end, the Directorate for Regulatory Compliance continues to implement different projects aimed at minimising regulatory and reputational risks.



Actions carried out during 2016

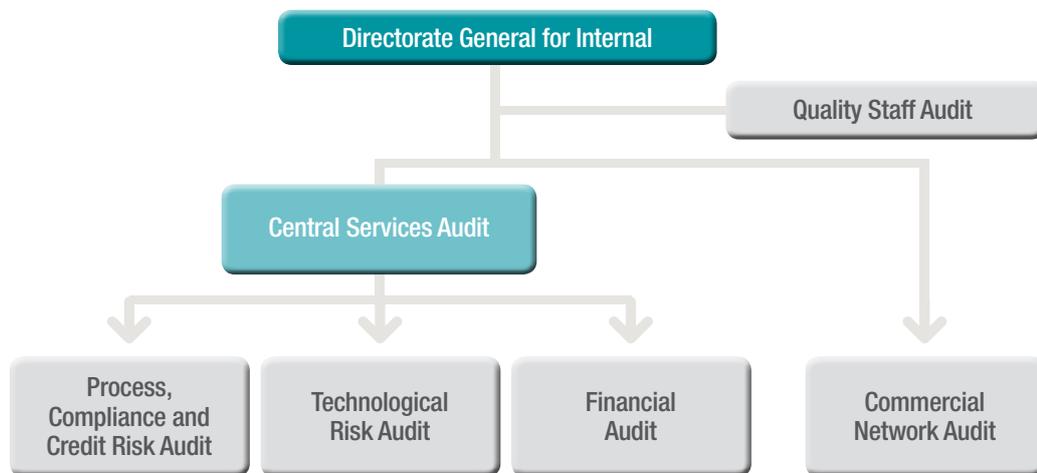
Completed projects	Linked strategic objectives
<ul style="list-style-type: none"> • Conflict of interest management policy • Review of the <i>Code of conduct</i> • Review of the regulatory compliance policy • Internal governance framework • Review of the Remuneration policy • Adjustment to the regulatory changes for customer protection 	<p>Development of the Ethical Management System</p> <hr/> <p>Strengthen the global risk</p>

Due to the issue's relevance, it is worth noting that the regulatory change is extensive and ongoing; as a result, important resources are required to respond appropriately to the risk that the regulatory non-compliance could involve.

This change process affects the entire organisation, and an example of this is the different lines of action that the Group has carried out through the General Intervention, Legal Advice and Technology areas. These areas have joined the work carried out by Directorate for Regulatory Compliance.

Internal audit model. The Directorate General for Internal Audit is responsible for providing independent and objective assurance to BCC's Board (and especially its Audit Committee) on the framework of internal control of Grupo Cooperativo Cajamar, and therefore, that the most relevant risks to which it is exposed are adequately controlled by the persons responsible for their management.

The Directorate General for Internal Audit directly reports to the Board of Directors, and its position within the organisation at a hierarchical and functional level enables it to operate independently and with authority. In addition, its organisational structure reinforces the internal auditing activity as a key element of the processes of corporate governance, risk management and internal control within the framework of these three lines of defence.



Each of the audit areas are aimed at a risk profile. The Process, Compliance and Credit Risk Audit area is engaged in auditing operational, reputational, compliance and credit risk. The Technological Risk Audit area is engaged in auditing technology-related risks. The Financial audit area audits the II FF issue risks, capital/solvency risks, business risks, governance risks, liquidity risks, market risks, exchange rate risks and investee company risks. And, finally, the Commercial Network Audit area audits the operational risks.

BCC's auditing activity is governed by the international standards for professional practice. These standards were drafted by the Institute of Internal Auditors in 2002. In 2016 BCC was recertified under the international Quality Assessment (QA) standard by the Spanish Institute of Internal Auditors after reaching the conclusion that the Directorate General for Internal Audit of BCC-Cajamar Group carries out its activity in accordance with the international standards for the professional practice of internal auditing. The Directorate General for Internal Audit, as part of its functions, carries out a series of controls in all operational centres (100% of the network of branches), and in the event of detecting a sign of corruption, it studies the case. In 2016 no case involving corruption has been detected within the organisation.

4.2.2 Global risk management (expectation E.3)



Related information
Financial information

SRI criteria

The economic crisis experienced in Spain, and, consequently, its impact on the financial institutions, has been one of the aspects that has most influenced the economic-financial situation and the sector's reputation in recent years. All of this led to a major restructuring and disappearance of many institutions, which due to their weaknesses were forced to merge with or become part of other stronger institutions. The Group has overcome this situation by adopting a business model linked to the agro-food sector, SMEs and small businesses, and it has taken part in the restructuring process by leading the rural banks, all of which was carried out without receiving any public aid. Due to its size and its market objectives, the Group does not maintain monopolistic practices and has not been penalised for regulatory non-compliance cases.



Main actions carried out during 2016

Completed projects	Linked strategic objectives
<ul style="list-style-type: none"> • Implementation of the new Annex IX • Development and implementation of internal models for calculating the coverage for credit risk • Development and implementation of internal models for the valuation of foreclosed assets and securities • Creation of the new model for tracking the rating of self-employed customers and SMEs in accordance with the new Spanish Law to Promote Corporate Financing • Automation of the tracking circuits and proactive management of credit risk, based on a new system of alerts • Implementation of a new tracking framework for intraday liquidity and the evaluation of the survival horizon, integrated in the liquidity and financing risk management • Approval of a governance framework for stress tests, as well as for new scenarios of liquidity and financing stress in the mid and long term • Consolidation of the Risk Appetite Framework 	<p>Strengthen the global risk management</p> <hr/> <p>Process optimisation and efficiency improvement</p>

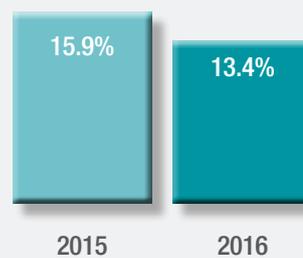
The year-on-year decrease of non-performing loans has set the NPL ratio at 2.5 p.p. less than 12 months ago, and the global coverage ratio above 43%

The principle of prudence is evident in the management, where different lines of work were initiated during 2016 aimed at reducing the non-performing loans and reinforcing the global risk management, the latter being one of the Group's strategic objectives.

Just like the Directorate General for Internal Audits and the Directorate for Regulatory Compliance, it reports directly to the Board of Directors.

The Directorate for Global Control of Risk has the mission of complementing risk assumption actions carried out by the business units through its monitoring and reporting responsibilities. Among other things, it is responsible for supervising the Group's risk assumption actions, their assessment and other related tasks, but always independently from the business units. When performing its tasks, it must guarantee a correct identification and measurement of the most relevant financial risks to which the Group is exposed and it must supervise the compliance with the limits and policies established both internally and by the supervisor.

Decrease of non-performing loans ratio



Non-performing loans ratio by segment	2015	2016
Retail Banking	7.81%	9.20%
Developers	79.95%	74.34%
Ex-developer non-performing loans	9.89%	8.66%

Annual variation of Net irregular assets	2015	2016
Non-performing loans	(675)	(974)
Rest (Write-offs, Foreclosures, etc.)	114	(177)
Variation of Net irregular assets	(561)	(1,151)

The reactivation of the ex-developer performing loans and the drop in the volume of investment on developer loans, has resulted in an improvement of credit quality, which maintains an appropriately diversified structure

Millions of euros	2015		2016	
	Exposure	Distribution (%)	Exposure	Distribution (%)
Retailer:	25,637	71.70%	24,758	72.21%
Housing:	14,514	40.59%	13,925	40.61%
Main	12,990	36.33%	12,440	36.28%
Other Uses	1,524	4.26%	1,484	4.33%
Rest of family financing:	2,403	6.72%	2,161	6.30%
Micro-consumption	248	0.69%	214	0.62%
Vehicles	176	0.49%	146	0.43%
Other goods and services	1,979	5.53%	1,801	5.25%
Self-renewable:	539	1.51%	571	1.67%
Credit cards	513	1.43%	548	1.60%
Overdrafts	27	0.07%	24	0.07%
Small businesses:	5,386	15.06%	5,231	15.26%
Business activity, individuals	2,136	5.97%	2,046	5.97%
Microenterprises	2,439	6.82%	2,268	6.61%
Small Retail	649	1.82%	731	2.13%
Medium retail	161	0.45%	186	0.54%
Agro-food retailer:	2,795	7.82%	2,870	8.37%
Protected gardening	845	2.36%	838	2.44%
Rest of agro-food sector	1,951	5.46%	2,032	5.93%
Corporate:	8,299	23.21%	7,842	22.87%
Developers:	3,271	9.15%	2,358	6.88%
Property development	1,711	4.79%	1,193	3.48%
Land	1,025	2.87%	720	2.10%
Other Developers	534	1.49%	445	1.30%
Corporate agro-food:	2,602	7.28%	2,841	8.29%
SMEs:	1,793	5.02%	1,878	5.48%
Small	1,260	3.53%	1,303	3.80%
Medium	533	1.49%	576	1.68%
Large companies:	633	1.77%	765	2.23%
Public Administration:	1,216	3.40%	1,128	3.29%
Non-profit organisations:	241	0.67%	227	0.66%
Brokers:	361	1.01%	331	0.97%
Total Credit Portfolio	35,755	100.00%	34,285	100.00%

The Directorate for Global Control of Risk has the mission of complementing risk assumption actions carried out by the business units through its monitoring and reporting responsibilities. Among other things, it is responsible for supervising the Group's risk assumption actions, their assessment and other related tasks, but always independently from the business units. When performing its tasks, it must guarantee a correct identification and measurement of the most relevant financial risks to which the Group is exposed and it must supervise the compliance with the limits and policies established both internally and by the supervisor. Just like the Directorate General for Internal Audits and the Directorate for Regulatory Compliance, it reports directly to the Board of Directors.



Main actions carried out during 2016	
Completed projects	Linked strategic objectives
<ul style="list-style-type: none"> • New model of risk acceptance • Automation of the monitoring and recovery circuits • Master Plan to validate requirements of own funds due to credit risk 	Strengthen the global risk
	Process optimisation and efficiency improvement

Financial risk of environmental and social nature

Grupo Cooperativo Cajamar is working on identifying social and environmental risks, as well as on carrying out actions aimed at implementing audits that assess these risks, while expecting to advance in this scope in the medium term. Specifically, in recent years it has developed a method that allows assessing the economic and financial risks of environmental nature. This method includes several lines of work:

Assessment of the risk of non-compliance of environmental regulations	The regulatory non-compliance by companies involves the accumulation of environmental liabilities in its balance sheets due to the exposure to sanctions or to activity cessation.
Assessment of the risk linked to climate change	The effect of climate change on the business activity may have an impact on the different stages of the value chain that are taken into consideration.

This assessment of the regulatory non-compliance risk affects the entire loan portfolio of corporate business, and it is performed every three years in order to assess its development. The last ranking was carried out in 2013. The analysis of this portfolio concluded that there is a proper diversification in terms of the Index of Financial Risk of Environmental Nature, which has required a further intervention by the Institution in just 0.57% of the total in order to improve the knowledge of the environmental behaviour of customers exposed to a higher risk.



Estimation of financial risk of environmental nature

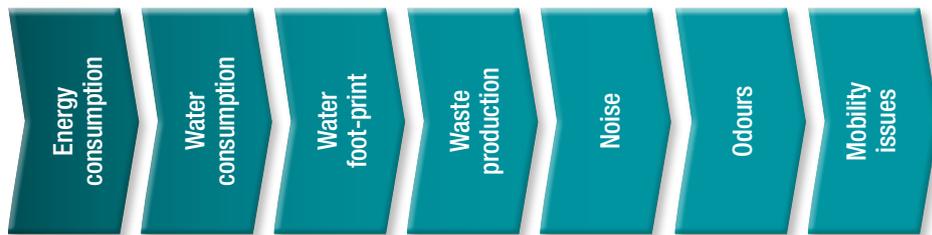
Index of Financial Risk of Environmental Nature	1	2	3	4	5	Total
Year 2010	0.79%	10.33%	11.19%	31.97%	45.72%	100.00%
Year 2013	0.57%	5.52%	19.44%	34.42%	40.05%	100.00%

The portfolio assessment update was planned for 2016; however, the model's expected and unexpected improvements have delayed it until 2017 with the aim of achieving a more accurate result.

From this perspective, Grupo Cooperativo Cajamar is aware of the fact that the social and environmental risks in a business project are directly related to:



This analysis process aims to meet two objectives. On the one hand, every business project may generate a series of positive and negative externalities in its environment that must be assessed in order to prevent the project from being suspended due to the opposition of the company's stakeholders that intend to carry it out and that, at the same time, could potentially damage the reputational image of the Group due to financially collaborating with a project that does not have the support of the community where it operates.



The second objective is directly related to the social and environmental changes we are witnessing and that likely entail a progressive reduction of natural resources with its corresponding price increase, which will have to be taken into account in the feasibility analysis of investment projects.

Likewise, transformation processes that generate waste, emissions and discharges entail greater regulation, limitations, increased rates and emergence of new case studies that should be taken into consideration in certain projects, as due to their relevance and/or impact on the environment they may become risk factors. Grupo Cooperativo Cajamar has not experienced any loss in 2016 as a result of this type of risk.

4.2.3 Strengthening the business model and the economic-financial situation (expectation E.2)

Related information
Financial information

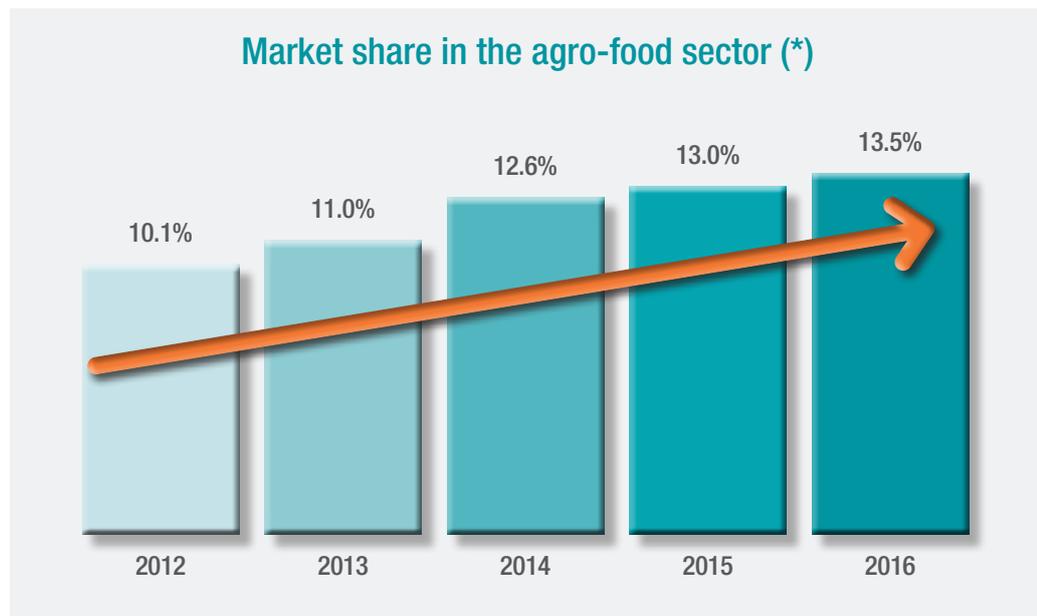
Key highlights of the financial year	
Profitability	<ul style="list-style-type: none"> • Growth of the net interest income excluded from the carry-trade, despite the negative evolution of interest rates. • Rise of gross income and profit • Progressive rise of the return (ROA and ROE)
Business	<ul style="list-style-type: none"> • Year-on-year growth of managed customer resources. • Slight year-on-year drop of performing loans with strong growth of contracting in strategic sectors: agriculture, SMEs and small businesses
Liquidity	<ul style="list-style-type: none"> • Continuous improvement of the liquidity ratios: LCR and NSFR • Maturities covered for the upcoming years, high capacity of issuing bonds, high volume of discountable portfolio
Solvency	<ul style="list-style-type: none"> • Improvement of the solvency ratio • Improvement of CET1 (phase-in and fully-loaded) • Comfortable compliance of the minimum capital required by the supervisor

Most relevant figures				
(thousands of euros)		Year 2016	Abs. Var.	Var. %
Profitability and Efficiency	ROA (%)	0.2%	0.01	
	ROE (%)	2.7%	0.11	
	Cost-to-income ratio (%)	62.2%	(3.49)	
	Recurrent cost-income ratio (%)	63.70%	(6.44)	
Business	Total assets in balance sheet	39,166,082	(1,295,354)	(3.2%)
	Customers' retail resources + off-balance sheet resources	28,594,918	648,880	2.3%
	Customer performing loans	27,128,569	(278,360)	(1.0%)
Liquidity	LTD (%)	109.6%	(1.23)	
	LCR (%)	516.9%	(125.12)	
	NSFR (%)	115.5%	3.30	
Solvency	CET 1 (%)	11.4%	0.03	
	Solvency ratio (%)	13.0%	1.41	
	Risk-weighted assets	23,069,970	1,239,423	5.7%

Business

“Being a reference group in the field of cooperative credit, a leader in the agro-food sector and a relevant agent for economic development and social progress in the territorial scope where it performs its activity”
 Grupo Cooperativo Cajamar Vision - Strategic Plan

Grupo Cooperativo Cajamar increased the performing loans in the strategic sectors by 5.7% in 2016. In contrast, the property risk dropped 25.8%. Despite the high competitive pressure, the Group has consolidated its position of leadership in the scope of social economy, particularly in cooperativism and the agro-food sector, with an increase of market share in this segment of 3.4 percentage points in the last five years thanks to its broad offer and expert knowledge of the needs of agro-food companies.



(*) It does not include drinks and tobacco. Cajamar Group data at December 2016. Source: BDE, dataComex; INE; Cooperativas agroalimentarias de España, and Grupo Cooperativo Cajamar analysis

The year 2016 has also been marked by the increased support to SMEs with new comprehensive tailor-made products, thus significantly increasing its participation in the development of the economic and social environment in which the Group carries out its business.

The total on-balance-sheet assets dropped by 3.2% down to 39,166 million euros in 2016, while the off-balance-sheet resources (investment funds, savings insurance and pension plans) increased by 24.3%, which are currently preferred by customers due to the lower return of products such as the traditional deposits. This rise is mainly maintained by the amount of investment funds contracted.

Income statement

In the current environment of low interest rates and smaller margins, Grupo Cooperativo Cajamar has obtained a consolidated profit of 76.1 million euros in 2016 thanks to the rise of gross income and the net income before provisions, which translates into an improved return that increases the ROE to 2.7%. The gross income in 2016 rose to 1,013.4 million euros, 6.6% higher than in 2015. The less reorganisation carried out as a result of a suitable coverage of irregular assets contributed to these results; the policy of strategic partnerships has driven the growth of the insurance business, the business of investment funds and the business linked to consumer loans; a growth of 2.8% of net interest income excluded from the carry-trade, despite the scenario of minimum interest rates and the credit weakness; the progressive drop of interest rates in term deposits and the continued transfer of savings towards sight deposits; and and the growth of commissions.

Solvency

In 2016 Grupo Cooperativo Cajamar improved its solvency and liquidity position, again broadly exceeding the supervising requirements. The solvency ratio measured according to Basel III's phased-in criterion (that is, according to the current rules) and fully-loaded criterion (the current value if all the provisions that will be established in the following years are applied now) was of 13.0% and 12.6%, respectively. In addition, the phased-in CET1 increased up to 11.4% and the fully-loaded reached 11.0%, which highlights the high quality of its own funds. The phased-in leverage ratio rose up to 6.5%.

	Phased In	Fully loaded
Solvent Group	Solvency: 13.0%	Solvency: 12.6%
High quality of own resources	CET 1: 11.4%	CET 1: 11.0%
Suitable leverage ratio	6.5%	6.3%

Liquidity

Similarly, Grupo Cooperativo Cajamar maintains a comfortable liquidity position, with maturities covered for the upcoming years, a high bond issuing capacity and a high volume of ECB discountable assets. This enables a comfortable compliance of the new liquidity ratios, placing the Liquidity Coverage Ratio (LCR) at 651.88% and the Net Stable Funding Ratio (NSFR) at 115.54%.

4.2.4 Protection, security, quality of service, customer orientation and training (expectation E.4)



Related information

Customer service

Complaints and claims

Quality policy

MiFID

Order execution and management policy

Conflicts of interest management policy

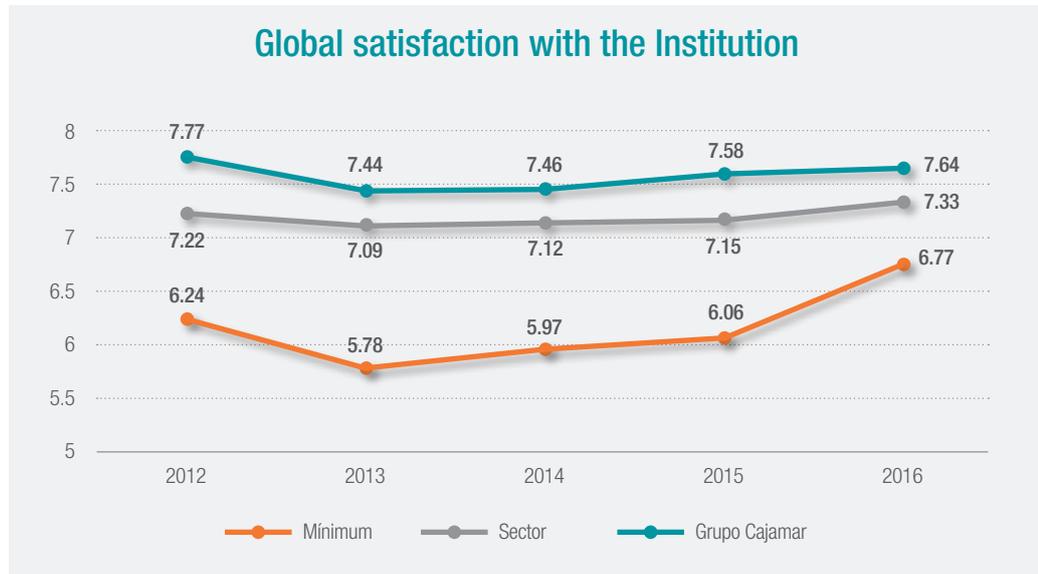
Security in online banking

The customer is the centre of Grupo Cooperativo Cajamar’s business model. This model is based on the creation of a framework of ethical, stable and lasting relationships, based on the quality of products and services, as well as the identification of shared interests. Quality should be a transversal element in the relationship with partners and customers.

The Cajamar Group understands that in order to create stable relationships with its institutions’ partners and customers, it should favour a framework of mutual commitment and trust, being transparent in the relationship and providing a proper and efficient customer service that helps resolve complaints and disputes in a satisfactory manner for both parties. At the end of 2016 the Group had a total of 1,428,900 partners, out of which 93.22% were individuals. The Group had a total of 3,518,675 customers at the end of 2016.



Service quality and customer satisfaction



Source: Stiga Report 2016

When compared to the sector, Cajamar Group's customers, in general, show high satisfaction levels

The sectoral satisfaction studies conducted by Stiga show a positive evolution, maintaining and reinforcing Grupo Cooperativo Cajamar's position in the sector.

In contrast to the sector, Grupo Cooperativo Cajamar shows high satisfaction levels, in general, especially as a result of its social commitment and proximity, making its customers feel known and offering them a personalised treatment. In 2016 the Group was the institution that most stood out in the ranking for its level of satisfaction with the agent, and it was the leader in intangible services, which rates transparency, trust and customisation (7.26 with respect to the sector's 6.69).

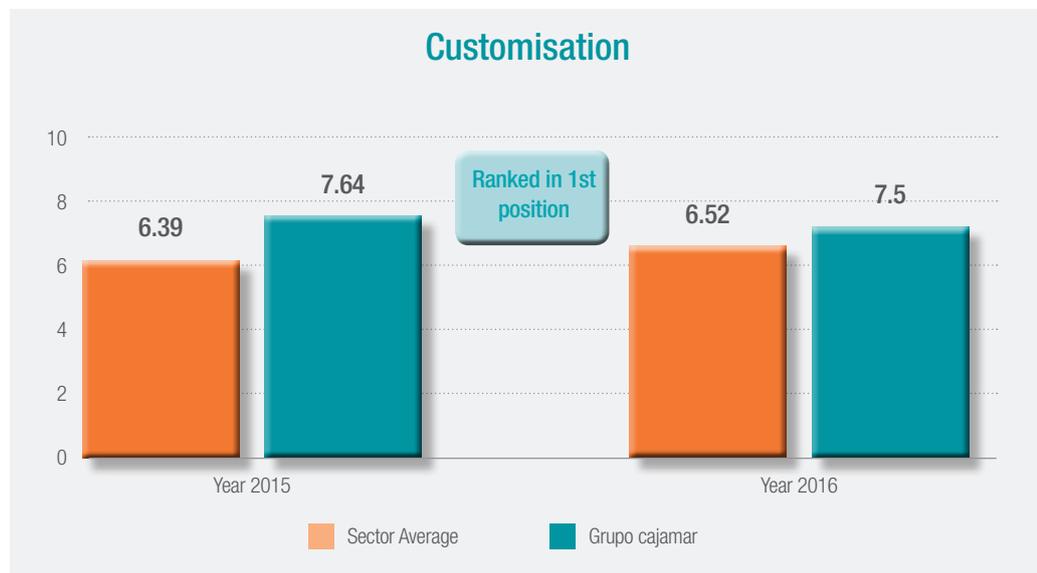
➔ **Assessment of satisfaction with the branch (scale 1 to 10)**

Level of satisfaction	Most highly valued aspects	Areas for improvement
8.04	Treatment Privacy and discretion Professionalism	Waiting times

➔ **Assessment of satisfaction with the agent (scale 1 to 10)**

Level of satisfaction	Most highly valued aspects	Areas for improvement
8.49	Advisory Services	Availability Frequency of contacts

Grupo Cooperativo Cajamar is renowned for being a modern, solid and solvent institution that leads the social commitment ranking for the third year running



Source: Stiga Report 2016

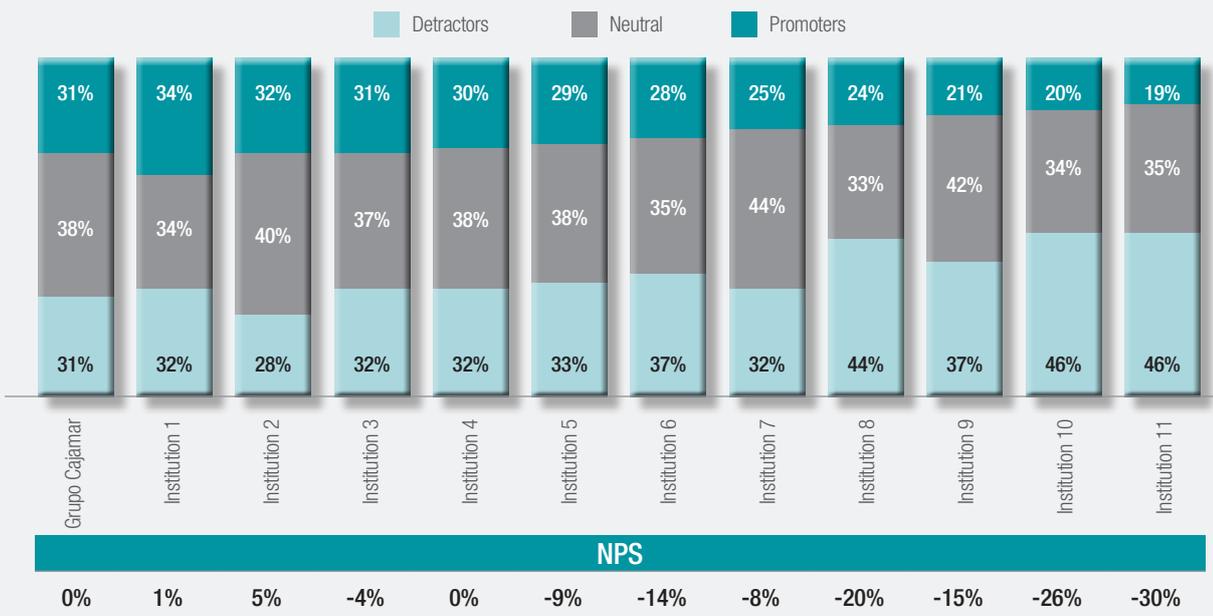
Customer experience

The Customer Experience Department is responsible for measuring, informing and diagnosing the Group's level of customer experience, as well as for providing improvements based on customer behaviour. The Customer Experience Committee has among its duties to propose initiatives that encourage the organisation's commercial alignment with the customer. During 2016, a detailed diagnosis of the retail sector was conducted, and several projects have been identified and developed with the aim of improving customer experience.

The NPS (Net Promoter Score) is a key indicator associated with customer experience, and it measures the customers' potential of recommending the Institution in their circles. This indicator is calculated as the difference between the percentage of those that actively recommend the institution in their circles and the percentage of detractors. The NPS is a valid indicator to measure the company's mid and long term stability stemming from the resources generated by promoting the company to the customers. It divides the population in groups of Promoters (10-9), Neutral (8-7) and Detractors (6-0). The indicator is obtained from the proportion of Detractors over Promoters.

In 2016 Grupo Cooperativo Cajamar occupied the 4th/5th position in the Financial Sector's NPS benchmarking (weighted by branch). This position is due to the lower percentage of detractors and the higher level promoters it has compared to some of its competitors. It loses a few positions with respect to the previous year, from 2nd position to 4th/5th, which is explained by the increase of customers in border positions (5 and 6 due to the detractors and 8 due to the drop of promoters).

Distribution of customers of the main Spanish financial institutions, according to their NPS group May-June 2016



Analysis conducted on financial institutions competing against the Cajamar Group, excluding competitors that mainly operate in direct channels. Source: NPS corporate study – surveying customers and non-customers of the Cajamar Group (May-June 2016), Stigma; Analysis of Grupo Cooperativo Cajamar

In accordance with Act 44/2002 of November 22, known as Financial System Reform Measures, the Cajamar Group has an internal and independent Customer Service Department (CSD) to deal with and resolve the complaints and claims submitted by our customers. Specifically, in 2016 a total of 3,952 claims were submitted, out of which 241 were to Banco de España and 5 to Comisión Nacional del Mercado de Valores.



A total of 3,706 claims were presented directly to the CSD, out of which 2,939 were admitted (79.3%). The main reasons for the rise of claims with respect to the previous year are related to the “cláusula suelo” (collar clause), and at the end of the year, to the expense clauses related to the arrangement of mortgages. In 2015 27.3% less claims were submitted to the different bodies (BE, CNMV and CSD) than in 2014.

Out of the total number of claims submitted to the three bodies in 2016 (3,952) 3,185 were admitted (80.6%), and 3,218 were resolved: 32.1% in favour of claimant and 61.1% in favour of the Cajamar Group (the rest were discarded or no imposition was issued). The number of pending claims at the end of 2016 was 673.

Security and confidentiality. Grupo Cooperativo Cajamar has adopted the most strict measures to guarantee the security and confidentiality of all stakeholders, especially that of its partners and customers. Due to confidentiality being one of the main elements on which trust is based in relations with the Institution’s different stakeholders, it has developed all its processes with the premise of guaranteeing this confidentiality in every aspect. In 2016, no claims were submitted in relation to the duty of secrecy regarding the customers’ personal details. The Group’s Code of Conduct is specific in areas such as customer protection and security, the management of conflicts of interest and the processes’ security and confidentiality.

Protection against the commercial policy. Grupo Cooperativo Cajamar’s commercial communication policy is based on ethical principles and internal rules governing the relationship with its customers. In 2016 there have been no non-compliances of regulations or voluntary codes concerning information and labelling of products and services or of regulations concerning marketing communications, including advertising, promotion and sponsorship. All products and services marketed by the Group have been assessed in order to guarantee consumer protection. However, three penalties have been imposed by the Consumer Service

of the Regional Government of Andalusia: two of them due to answering two complaint forms late in the year 2013 (500 euros each), and one for introducing unfair terms in contracts entered by claimants (penalty of 6,000 euros).

Customer training. The financial crisis has again made clear that financial education and culture are crucial in personal development and in fighting the ethically reprehensible situations and imbalances that have taken place in the economic-financial scope in recent years. In 2008 Grupo Cooperativo Cajamar joined the Banco de España and Comisión Nacional del Mercado de Valores' initiative aimed at involving the financial institutions in the promotion of financial education and culture among different groups, especially among schoolchildren. Since then, the Group has broadened its training offer by designing and developing teaching materials and educational actions with schools in order to promote financial education.

Grupo Cooperativo Cajamar has two financial educational programmes: "Tus finanzas, tu futuro" (Your finances, your future), in collaboration with the Spanish Banking Association, and "Finanzas que te hacen crecer" (Finances that make you grow), as an exclusive programme of the Group. In total, in the 2015-2016 academic year a total of 4,777 pupils studying 3rd and 4th year of compulsory secondary education were trained in financial education by 167 voluntary Group employees. In total 184 training programmes were delivered in 75 centres.

4.2.5 Global supplier management (expectation E.5)

Grupo Cooperativo Cajamar's Ethical Management System establishes responsible purchasing as one of its pillars, and it believes that its relations with suppliers, and with the supply chain in general, must be based on the principles of co-responsibility and transparency.

Total number of suppliers suitable for approval: 559
96.6% with the process concluded



Turnover (thousands of euros)	Year 2016
Total turnover	107,899
Turnover resident companies ¹	104,840
% turnover resident companies over total turnover	97.2
Turnover non-resident companies	3,060
% turnover non-resident companies over total turnover	2.8

With the purpose of continuing to develop these principles and in spite of the fact that in 2016 there have been no significant negative environmental or social impacts, or any related to the labour practices in the supply chain or to Human Rights, the Group has applied the policies, measures and instruments established in the Code of Ethics and best practices for suppliers, collaborators and subcontractors, prepared in 2015.

¹ National suppliers are considered local suppliers (residents).

This new code of ethics explicitly defines six supplier commitments that are related to the following aspects:



This document complements and reinforces the Group's commitment towards the United Nations' Principles of the Global Compact, which was already established in the approval process. Among the established commitments, the following are explicitly included:

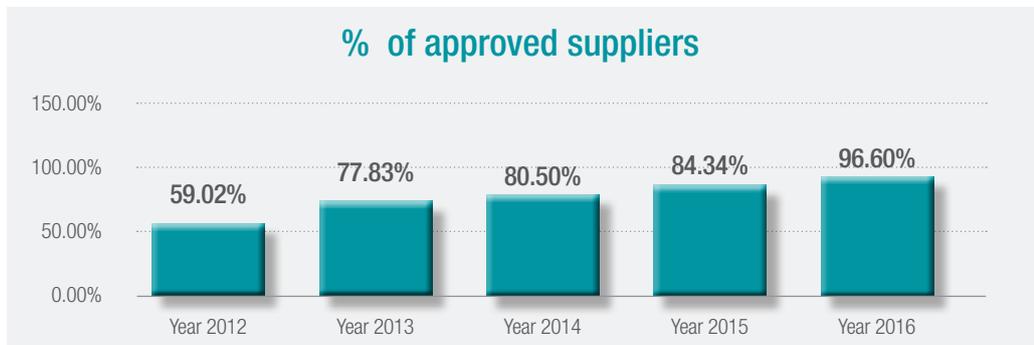
Related to human rights and workers' rights. Grupo Cooperativo Cajamar requires from its suppliers that they hire their workers complying with the current legislation, and it shall not operate with those of which it has knowledge of having violated internationally acknowledged human rights, especially those related to child, labour or forced or coerced labour. Furthermore, the Group requires from its suppliers that they do not hire any irregular labour, they respect the legislation on working hours, and they provide remunerations in accordance with the labour and wage regulations in force.

Related to corruption and conflicts of interest. The Group does not contract suppliers when it is aware of them having bribed public authorities or civil servants with the aim of obtaining any benefit, privilege or advantage, and it does not associate with suppliers or subcontractors involved, charged or convicted in and for crimes of corruption, especially including extortion and bribery.

The suppliers and subcontractors must not offer gifts, presents or privileges to the institution's employees and executives and these will refrain from accepting them. The Group employees and executives may not provide suppliers preferential treatment.

Related to the environment. The Group, in its relationship with suppliers, especially requires them to respect the environment and the environmental regulations, as well as to minimise the negative externalities and the environmental impact arising from the activities they carry out.

Approval process of suppliers. The objective of the Approval Process of Suppliers is to establish the optimum levels to ensure that a supplier meets the quality and suitability requirements established by Grupo Cooperativo Cajamar, and it includes the commitment to the compliance with the United Nations' Ten Principles of the Global Compact.



100% of the approved suppliers have signed their commitment to the compliance with the Principles of the Global Compact and they have been assessed in human rights, labour practices and the environment. 96.60% of the new suppliers in 2016 have been examined based on social, environmental, labour and human rights criteria.

In 2016, 23 suppliers were rejected due to not complying with the approval process.

4.3 Social dimension

4.3.1 Contributing to Sustainable Development Goals (expectation S.6)

As of 2015, the international community has a road map up to 2030 aimed at progressing towards sustainability in its economic, social and environmental aspects. The 195 countries comprising the United Nations have established 17 new SDGs (Sustainable Development Goals) and 169 targets for the next fifteen years. This new challenge kick starts the Sustainable Development Agenda, reinforcing the private sector's role in realising the goals (the so-called public-private partnerships) and broadening their extent for the least and most prosperous countries.



Unlike the Millennium Development Goals (MDGs), the new Sustainable Development Goals (SDGs) are based on a very basic business principle:

“Business success cannot be achieved without a sustainable environment”.

This pairing creates a new dimension in corporate social responsibility, where companies, educational institutions, the public sector and associations are called to become the protagonists of change.

Another fundamental principle of the new SDGs is their universal nature:

“It does not only affect poor countries, but also medium and high-income countries: Spain and the rest of the European Union too”.

In addition, the inclusion of inequality among the objectives, which on many occasions affects mostly medium and high-income countries instead of low-income countries, reinforces its global nature.

In this sense we must emphasise that Spain’s situation with respect to the rest of the most developed countries brings to light a significant social deprivation, as established by the study conducted by Bertelsman Stiftung *“Sustainable Development Goals: Are the rich countries ready?”*

Poverty in Spain: Poverty in Spain continues to be a pressing issue. According to the data on living conditions published in 2016 by the Spanish Statistical Office, 22.1% of Spanish people were in risk of poverty in 2015. Despite the macroeconomic recovery, this rate only dropped one tenth of a percent with respect to the previous year. The percentage of Spanish citizens that live under the poverty threshold increased in 2014, rising from 20.4% to 22.2%. Furthermore, the rate of Spanish people with severe material deprivation is still particularly worrying. Specifically, this rate dropped in 2015 seven tenths to 6.4% when compared to the previous year. Finally, it is worth noting that the poverty or social exclusion risk rate reached 28.6% in 2015 (29.2% in 2014).

Unemployment: Although unemployment has slightly improved in 2016 with respect to the previous year, it continues to be the main concern of Spanish people. The unemployment rate at the end of 2016 was 18.6%, which triples the average unemployment rate in 34 OECD countries².

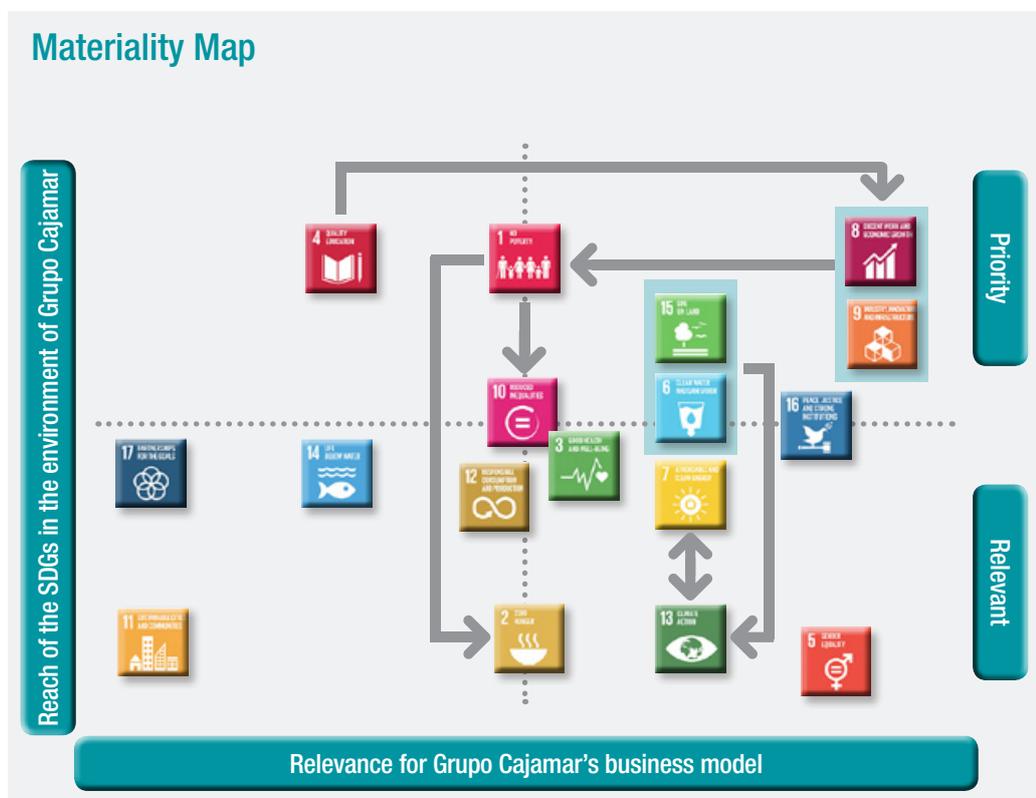


Unemployment in Spain (2016) ³			
	Total	Men	Women
Unemployment	18.6%	17.2%	20.2%
Unemployment < 25 years of age	42.9%	42.7%	43.1%
Unemployment 25 years and above	17.0%	15.5%	18.7%

² Source: European Statistics Office, Eurostat.
³ Source: Labour Force Survey (4Q of 2016). National Statistics Institute.

School dropouts. Spain is leading of the European Union in school dropouts. 21.9% of young adults between 18 and 24 years of age have prematurely left the education system, having completed the first cycle of secondary education at the most. This percentage doubles the Community average (11.1%) .

Analysing the reach that the SDGs have in the environment in which Grupo Cooperativo Cajamar carries out its activity, and their relevance in the Group's business model, two large sets of priorities have been identified:



The first set of priorities is directly related to the Group's Mission, which pursues through its financial solutions to contribute to the economic and social development of its partners, customers and the environment in which CGC operates.

In view of the targets related to each one of these two goals, we have been able to assess the degree of contribution in each of the targets pursued, the most relevant ones being:

Goal 8: Decent work and economic growth

- Target 8.1 Sustain per capita economic growth in accordance with national circumstances.

4 Source: European Statistics Office, Eurostat.

- Aim 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.
- Aim 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- Aim 8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.



The Group's contribution to Goal 8	
Generating wealth from economic value distributed	
Contribution of economic value distributed to the GDP	1,172 million
Total employment generated	15,212 million
Generating wealth from the financing activity	
Contribución al PIB	9,191

Goal 9: Industry, innovation and infrastructure

- Aim 9.2 Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances.



The Group's contribution to Goal 9		
Funding small and medium-sized enterprises		
Improvement of the SMEs' competitiveness	4,400 transactions	676 million
Entrepreneurs	1,871 transactions	149 million

A second set of priorities are related to the principle of sustainable development established in the Group's Mission and to the ambition of reinforcing it as leader in the agro-food sector.

The improvement of efficiency in water and energy consumption, together with the restoration of degraded land and soil, are important challenges in Spain's agro-food sector, and it undoubtedly has considerable social repercussions.

Goal 15: Life of terrestrial ecosystems

- Target 15.3 Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.



The Group's contribution to Goal 15		
Funding small and medium-sized enterprises		
Financing under extreme weather incidents (floods, drought, etc.)	16 transactions	0,3 million

Goal 6: Clean water and sanitation

- Target 6.3 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

Goal 7: Affordable and non-polluting energy

- Target 7.3 By 2030, double the global rate of improvement in energy efficiency.



The Group's contribution to Goals 6 and 7		
Funding small and medium-sized enterprises		
Financing for the improvement of efficiency (agricultural sector)	4,668 transactions	600 million



In 2016, 100% of Grupo Cooperativo Cajamar 's power consumption was from renewable energy



Goal 16: Peace, justice and strong institutions

Target 16. Substantially reduce all forms of corruption and bribery.

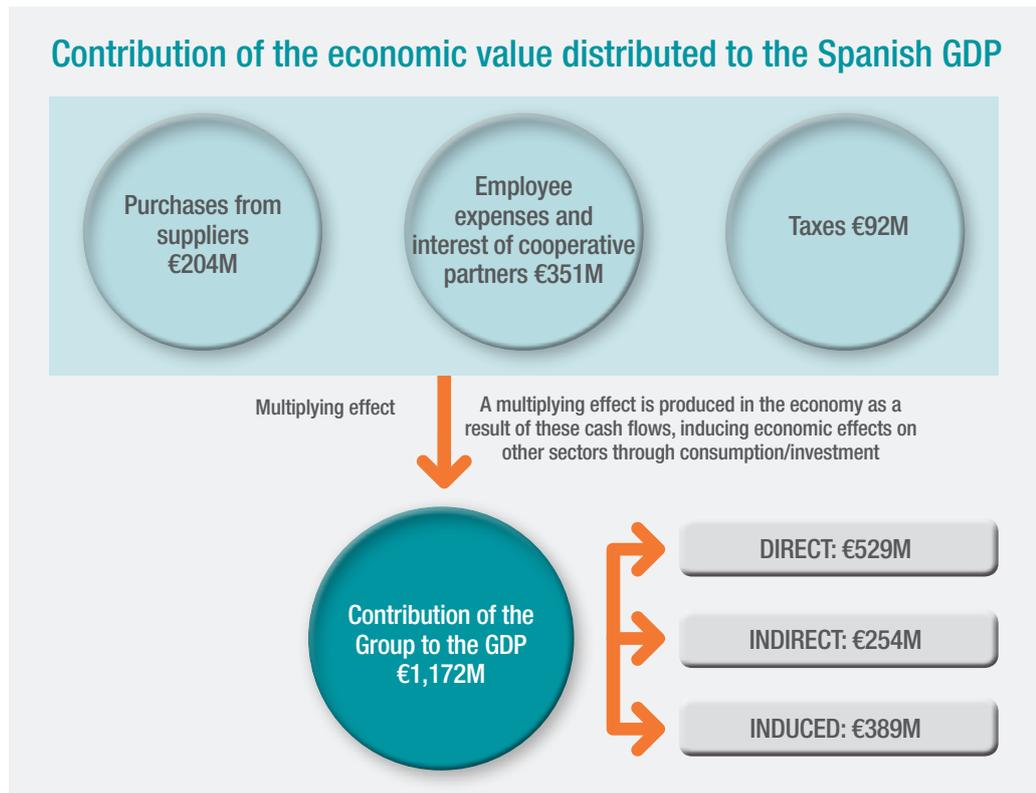
Grupo Cooperativo Cajamar has partially reviewed the materiality map related to the implications of its activity within the scope of SDGs. More sources of information are used with the purpose of defining the relevance of the targets and goals within our environment, and corruption is a significant concern. To the information derived from Christian Kroll's report, Sustainable Development Goals: *Are the rich countries ready?* (Bertelsmann Stiftung), we have included information from the Centro de Investigaciones Sociológica (Sociological Research Centre), which states that corruption is a major concern for the Spanish people. For this purpose, the Group defined its Anti-corruption policy, which establishes *zero tolerance towards corruption*.

4.3.2 Financial solutions aimed at economic development and social progress (expectation S.1)

The economic development and social progress of partners, customers and the environment in which Grupo Cooperativo Cajamar carries out its activity is part of its *raison d'être* and the best way to contribute to the achievement of the SDGs seen in the previous chapter.

Contribution to the Spanish GDP

The Group carries out its activity in Spain, and it provides economic value to the economies in which it operates. This contribution is quantified considering the Group's spending in suppliers of goods and services in Spain, the spending carried out by employees using their salaries, the spending carried out by the partners using the interest they have received, and the taxes received by the different Administrations as a result of the Group's activity. These impacts comprise the representative amount with which the institution contributes to the Spanish GDP.



To the generation and distribution of economic value, we must add the economic impacts arising from the credit business. For this purpose, we have calculated the proportion of Grupo Cooperativo Cajamar's credit business over Spain's total, measuring the leverage effect on the generation of wealth in GDP terms.

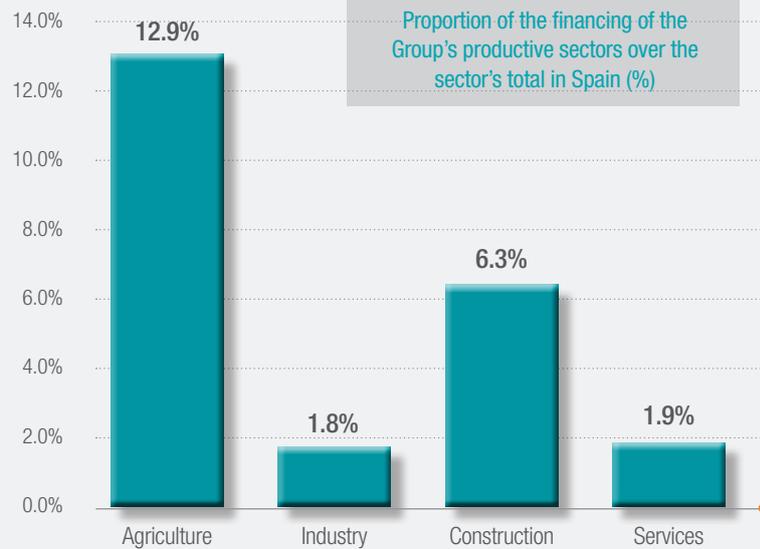
Productive sector	Financing of financial institutions to productive sectors (M€)	Proportion of the total productive activities in Spain (%)	Financing of the Cajamar Group to productive sectors (M€)	Proportion of the total financing of productive activities in the Group (%)
Farming	18,972	3.1%	2,451	16.3%
Industry	107,763	17.8%	1,928	12.8%
Construction	39,898	6.6%	2,515	16.7%
Services	438,189	72.5%	8,137	54.2%
Total	604,822	100%	15,031	100%

Source: Prepared by the authors with data from the INE, Banco de España and Grupo Cooperativo Cajamar.

Estimation of the total contribution to the Spanish GDP

The Group, via its financing activity in the productive sectors, contributed to the GDP with 8,019 M € (0.7%)

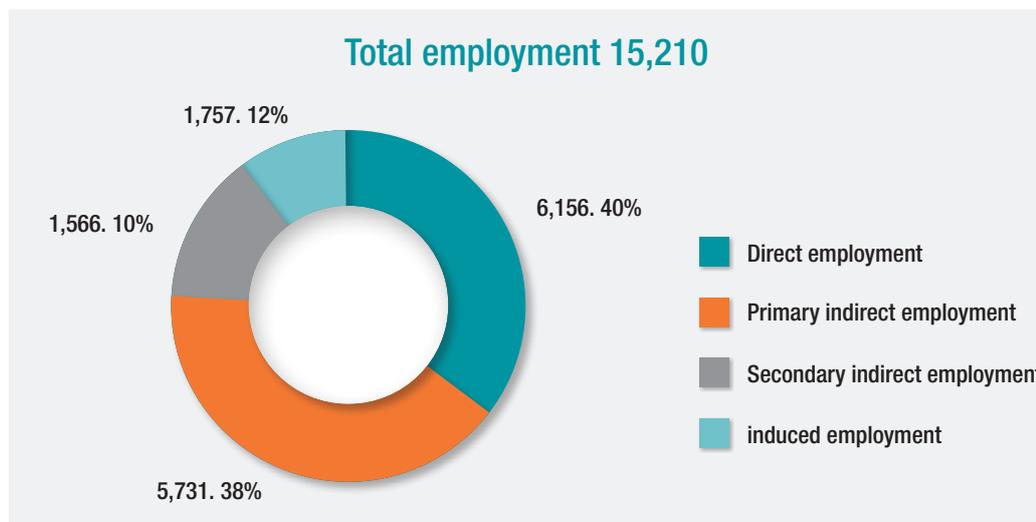
The Group's total contribution to the GDP in 2016 was of 9,191 M € (0.8%)



Employment creation

The Group's activity dynamises the economy and favours employment creation and social progress.

The Group's spending in purchases from suppliers and expenditure in payments made to the Public administration via direct and indirect taxes; its partners' remuneration; and the spending made by its employees using the salaries received from the Institution favour indirect and induced employment creation in different business sectors.



The Group's activities provide direct employment, most of it for workers residing in the community where it performs its business. This proves the high level of local employment creation.

The Group also creates indirect and induced employment via its expenditure in the supply chain, the spending of its employees' salaries and the payment of taxes to the Public Administration.

The purchase of goods and services from national suppliers, which amounts to 97% of the total purchases, involves a significant injection of funds that promotes employment creation, especially in areas where the Institution is most present.

Grupo Cooperativo Cajamar's first level of suppliers induce economic activity in their own suppliers, thus dynamising the entire supply chain.

As a result, the impact is diversified across a wide variety of activities; the main sectors being business, telecommunications and retail trade, among others.

Grupo Cooperativo Cajamar also induces economic activity via Group workers spending their salaries and the taxes that the Group pays or transfers to the Public Administrations in the different Autonomous Communities it operates in. These activities have an impact on the equivalent employment created by purchasing from suppliers, which gives rise to indirect and induced employment creation.



Strategy for Entrepreneurship and Youth Employment

Grupo Cooperativo Cajamar adhered to the Strategy for Entrepreneurship and Youth Employment set forth by the Ministry of Employment and Social Security in 2014. The strategy is built around four specific objectives: 1) Contributing to improve the employability of youth; 2) Increasing the quality and stability of youth employment; 3) Promoting equal opportunities; and 4) Promoting entrepreneurship.

In this framework for action, the Group's institutions will develop a set of measures aimed at promoting and providing resources for entrepreneurship and youth employment:

- Measures for Financing: Línea de Financiación Emprende (Financing Line for Entrepreneurs) will enable self-employed and micro-companies to undertake new projects and consolidate existing ones, paying special attention to social economy and the agro-food sector.
- Measures aimed at the agro-food sector's research and transfer activities: The agro-food sector is part of the DNA of the Group's institutions; therefore, the aim is to contribute to its development through the practical training of young people who are conducting vocational training activities in two of the Group's experimental centres with the purpose of facilitating their access to the labour market. At the same time, they are encouraged and supported in the starting-up of business projects.
- Measures aimed at the university world: This group of measures includes a Scholarship Programme for University Students and the Chair Networks. Here is reflected the relevance of the university world and the importance of incorporating business experiences and approaches to the training of young people. Moreover, as a unique initiative, a programme of dual training University-Company is being developed.
- Measures aimed at the Economy and Local Development: In addition to providing support by means of financing lines, entrepreneurship is promoted with special emphasis in rural areas, through collaboration with social economy companies, cooperatives, local development associations and local public entities.

4.3.3 Financial solutions adapted to different life cycles (expectation S.2)



Related information
**Product creation
and development
process**⁵

Grupo Cooperativo Cajamar offers value solutions tailored to the life cycle of each person and aims to go beyond his/her financial needs. It wishes to grow with its customers and accompany them in the most important moments thanks to financial solutions that meet their particular situation and, especially, those supporting the development and progress of people.

In recent years, we have encountered difficult situations caused by an economic crisis that has generated a high unemployment rate and a significant rise of poverty and inequality in Spain.

⁵ In 2016, there have been no incidents arising from the non-compliance with legal regulations or voluntary codes concerning the impacts of products and services on health and safety during their life cycle.

In these times of particular difficulty is when it truly makes sense to talk about responsibility, mutual aid and solidarity. All these cooperative values together comprise our corporate culture.

This situation has led to thousands of families, partners and customers of the Group finding difficulties to meet their payment obligations regarding housing mortgages.

It is a task that involves acting with special sensitivity towards families and small and medium-sized enterprises, to which Grupo Cooperativo Cajamar intends to respond with honesty, transparency and social responsibility

	Year 2016	
	Number of transactions	Amount (thousands of euros)
Financial solutions for providing feasibility to families and individuals	5,344	159,718

Solutions for students

However, the unemployment situation also presents an aspect that is directly related to the studies of younger people, who have been forced to search for financial solutions that enable them to continue their education and training before entering the labour market due to the decrease of the family unit's income.

“Crediestudios” is a product that offers a solution to the financing of expenses related to studies, enrolment fees, textbooks and study materials arising from regulated courses from the Ministry of Education, Culture And Sport.

“Financiación post grado” (Postgraduate financing) is a solution for those students that decide to continue their university studies by enrolling in public examinations, masters, PhD courses and specialisation courses.

	Year 2016	
	Number of transactions	Amount (thousands of euros)
Financial solutions for financing studies	202	1,151

However, the completion of studies does not guarantee finding a job, and for this reason, financial solutions have been developed for those who decide to set up a new company or business activity.

	Year 2016	
	Number of transactions	Amount (thousands of euros)
Financial solutions for entrepreneurs	1,871	148,745

	Year 2016	
	Number of transactions	Amount (thousands of euros)
Financial solutions for self-employed workers	6,389	188,915

The agro-food sector is a strategic sector for Grupo Cooperativo Cajamar due to its commercial and territorial deployment. Within this area, the support to young farmers is paramount in order to guarantee the continuity of holdings and make the sector appealing to the new generations.

	Year 2016	
	Number of transactions	Amount (thousands of euros)
Financial solutions for young farmers	111	7,905

The cycle is not complete without the possibility of providing a solution to those who decide to become independent by renting or buying a house.

For those who decide to rent, the Group is collaborating with the Ministry of Public Works.

For those who decide to buy a house, Grupo Cooperativo Cajamar offers its "Hipoteca Vivienda Bonificada" mortgage product with a term of up to 40 years.

	Year 2016	
	Number of transactions	Amount (thousands of euros)
Financial solutions for the financing of housing	5,143	471,432

4.3.3 People management and adaptation to change (expectation S.3)

The main aim of Grupo Cooperativo Cajamar’s Directorate General for Human Resources is to provide the Group institutions with the processes, procedures and policies that guarantee an optimum management of knowledge within a healthy environment, focusing primarily on the motivation and professional development of all the people part of it. A survey on labour environment is provided periodically to all the staff. The last survey was conducted in 2015, to which 54% of the employees responded.

Staff recruitment

Staff recruitment in Grupo Cooperativo Cajamar is based on the principles of confidentiality, responsibility and equal opportunities, and it is a rigorous, transparent and objective process that exclusively attends to the skills and personal, professional and academic merits of the candidates, as well as the specific needs or profiles required by the positions to cover. The application of criteria of independence and neutrality shall be guaranteed in the recruitment processes, thus the following may not intervene in the recruitment team in terms of reaching decisions regarding the candidate: relatives, friends, people linked by emotional or work-related ties. From the moment a candidate approaches one of the Group institutions for employment, his talent (knowledge, skills and attitude) becomes part of the exchange of knowledge between the Cajamar Group and the future participant. After the employee is incorporated, a follow-up process is initiated during which his integrity is safeguarded, seeking the guarantees of a correct performance of his position, his involvement, suitability, etc., thus ensuring a successful recruitment process and the final incorporation of the best possible human resource.

The onboarding process goes beyond the Recruitment. It begins with the first contact and it continues until the employee is perfectly integrated in his professional setting. His contribution to his colleagues, his office, the partners and the customers will be a process of growth and exchange that it will remain throughout his career. The recruitment process goes beyond the responsibility of ensuring a suitable and excellent coverage of the vacancies arising in the Group. Its aim is to define, contrast, agree and achieve the most appropriate and best adjusted balance possible between the amount of human resources available and the present and future (in the short, mid and long term) results obtained and pursued by the Group. The ultimate aim is to guarantee that the Group institutions have at all times the most suitable human resources to obtain the defined commercial and management results associated with the mission.



The staff recruitment policies shall pay particular attention to the presence of women in positions of responsibility. Therefore, it will try to apply to its policies similar percentages in those positions in which there is a minor representation.

Professional development, talent management and adjustment to change

Professional growth and development in Grupo Cooperativo Cajamar is present in the continuous creation of measures and the anticipation of the Group's training and professional development needs that converge with the professional expectations and the development of the employees.

“People are the primary goal in Grupo Cooperativo Cajamar; therefore, the institution commits to promoting employees within each organisation exclusively on the basis of their merits and professional value, thus developing careers that are suited to their profiles and functions. It shall also adopt specific policies to retain and promote talent.” (Code of Conduct)

The implementation of the talent management programme, known as CULTIVA, has continued in 2016. One of the main aims of this professional development system, which considers the principles and values of Grupo Cooperativo Cajamar's Ethical System, is to define career plans with more stringent criteria and build the evaluation model that allows laying down development plans. This system establishes a new model of professional classification. CULTIVA is the Group's reference project for professional development, talent management and adjustment of people to change and to the new challenges that the institution has to face. CULTIVA intends to adapt the traditional performance assessment to a changed reality, and it was initiated with the main aim of designing the Group's global model for professional development. The project's ultimate goal is the design of career plans, which shall take shape once the personal profile of each professional has been analysed. Meanwhile, continuous training is still a pillar for the Group's professionals when it comes to training and adapting to change. In fact, a total of 480,428 training hours were given to 6,098 employees in 2016.

The first stage was completed in 2015, in which over 180 office and central services workers participated in the workshops, and in 2016 a second stage was initiated through the Conversations Model for Development. This model stems from the self-diagnosis of individual perception and the assessment of the rest of the team in ascending and descending order. It is based on the importance of holding conversations between managers and team members about how the year has progressed, the performance, the team's situation, the fulfilment of expectations, generation of future commitments, etc. In short, to talk and find out what can be improved. To learn about and value the present, to commit to a way forward, starting at a point in which the current performance will help achieve a better personal and professional development in our work within the Institution. To this end, shared commitments are established, creating professional growth itineraries.

→ **Hours of the Group's trained employees by professional category and gender (LA9)**

	Professional category (Number of participants)				Gender (No. employees)		Training expenses on EAT
	Executives	Pre-executives	Technicians	Other	Men	Women	
Number of employees trained	1,463	1,549	606	2,480	3,156	2,942	
Training hours	130,220	197,018	29,769	123,420	252,923	227,505	2.58%
Average hours	89.01	127.19	49.12	49.77	80.14	77.33	

Grupo Cooperativo Cajamar is aware of the importance of its professionals' qualifications and the need for specialisation and continuous training. In this respect, it is worth noting the significant work carried out by the Group's School of Financial Training, which is responsible for preparing, examining and qualifying the Group's employees in the different levels.

The qualification obtained is a key element, as it will determine the type of service that can be provided on the basis of the customer's segmentation and the characteristics and potential risks inherent to the product.

→ **Number of participants trained in skills management and continuous training programmes (LA10)**

School of Finance (Savings)	Year 2014		Year 2015		Year 2016		Total certified employees
	Certificates	% over total	Certificates	% over total	Certificates	% over total	
Basic level	1,657	25.17%	1,692	26.36%	34	0.55%	3.764
Basic level					1,652	26.84%	
Intermediate level	1,085	16.48%	1,386	21.60%	1,590	25.83%	
Advanced level	439	6.67%	484	7.54%	473	7.68%	
Specialist level					15	0.24%	
Total	3,181	48.33%	3,562	55.50%	3,764	61.14%	

School of Finance (Financing)	Year 2014		Year 2015		Year 2016		Total certified employees
	Certificates	% over total	Certificates	% over total	Certificates	% over total	
Level I	36	0.55%	118	1.84%	430	6.99%	2.361
Level I+II	747	11.35%	1,356	21.13%	1,931	31.37%	
Total	783	11.90%	1,474	22.97%	2,361	38.35	

The information included in the top tables is calculated including the data of institution employees with the category of apprentice and financial agent.

Grupo Cooperativo Cajamar considers of paramount importance to raise awareness on and train all the staff in sustainability, responsible banking and corporate social responsibility. Therefore, in 2016 the implementation of the CSR module continued, including training on the Ethical Management System, sustainability and the Group's reference ethical codes.



Course	Year 2014 (1)		Year 2015 (1)		Year 2016 (2)	
	Employees	% over total	Employees	% over total	Employees	% over total
Data protection (Personal Data Protection Act)	1,606	24.40%	1,480	23.10%	3,595	58.40%
Prevention of money laundering and FT	1,286	19.54%	1,991	31.00%	2,535	41.18%
Occupational risk prevention	2,381	36.17%	1,219	19.00%	3,369	54.73%
Market abuse	364	5.53%	264	4.10%	280	4.55%
Corporate Social Responsibility	68	1.03%	46	0.70%	39	0.63%
Code of Conduct.					2,562	41.62%

Notes: (1) The ratio on the total number of employees has been calculated using the number of employees that received training, not the number of employees at year-end. (2) The information included in the top tables is calculated including the data of institution employees with the category of apprentice and financial agent.

With respect to the latter aspect, it is worth noting that in 2016 the training programme related to the Code of Conduct was implemented, and a total of 2,562 employees benefited from it. This training programme is aimed to respecting human rights and the environment.

In regards to the sum of public aid received for training through Fundación Tripartita, it amounted to a total validated credit of 839,453 euros and a subsidised total of 442,210 euros (53% of subsidised financing) in 2016.

Non-discrimination, equality and reconciliation

Cooperative Group Cajamar's Ethical System includes non-discrimination, equality and reconciliation as one of the pillars on which people management is developed in the Group. For this purpose, the Group proactively establishes policies, measures and instruments to promote equal opportunities for all employees, especially between men and women. Cooperative Group Cajamar's personnel selection is based on the principles of confidentiality, responsibility and equal opportunities. This process is rigorous, transparent and objective, and it exclusively takes into account the candidates' professional, academic and personal merits, as well as the specific needs or profiles required for the jobs to be covered.

The Directorate for Human Resources is responsible for ensuring the strict compliance with the Equality Act and all measures reached and established in the different agreements and protocols, with the purpose of achieving an appropriate balance and a better compatibility between work responsibilities and the personal and family life of the Group's professionals. There is no record of claims filed by employees in 2016 regarding discriminatory attitudes or significant legal claims on working conditions.

⁶ In this Report it is not broken down by professional category.

⁷ The financial sector's activity is characterised by a highly qualified human capital, and the Cajamar Group's transactions are limited to the Spanish geographical area. Therefore, there is no risk of any problems related to human rights arising within the Group itself or in any relevant suppliers linked to its business.

4.3.4 Avoiding financial exclusion (expectation S.4)

Financial inclusion policy. The role of financial inclusion and an inclusive financial system is vital to poverty reduction, the improvement of the people's well-being, the efficient management of financial resources, the elimination of inequalities, the encouragement of a formal economy and economic growth. In short, financial inclusion is a central element towards achieving social inclusion and the harmonious development of societies, providing families, regardless of their income, as well as to micro, small and medium-sized enterprises, access to varied, tailor-made, reliable, quality financial services and products.

The changes in the financial sector over recent years in Spain, mainly as a consequence of the economic crisis and the restructuring of the banking system, have resulted, among other things, in an increasing financial exclusion. The high bancarization rates in our country have not been sufficient to counter this effect due to the appearance of other factors that explain the new situation relating to financial inclusion.

Grupo Cooperativo Cajamar promotes a model of sustainable and inclusive business in accordance with its mission, vision and values. It is capable of generating a positive impact on society by removing barriers and offering diverse, adapted, trustworthy, quality financial products and services to the different segments of the population, especially to families, regardless of their income, and to micro, small and medium-sized enterprises. With the aim of achieving this objective, it has expressly defined a financial inclusion policy based on a business model that includes the following lines of action, which due to their cross-cutting nature must be considered by the entire Organisation:

- Designing products and services suited to the different groups of population based on experience in and knowledge about the market and the needs and expectations of the users
- Designing product and price policies that allow for an offer with a satisfactory price-quality ratio
- Innovating in distribution channels that allow for a sustainable presence in the rural environment
- Developing literacy, education and financial training initiatives
- Developing and implementing credit granting processes and methodologies that avoid debt overhang
- Developing second-chance mechanisms that are feasible for debtors acting in good faith
- Developing a multi-channel approach
- Achieving a feasible and financial balance between personal and in rem rights in credit operations
- Eliminating the architectural barriers and encouraging the creation of technological interfaces that allow interacting with disabled users

- Continuously improving the design and functioning of customer protection mechanisms and instruments, especially for those customers that have less financial education

Developing and coordinating Grupo Cooperativo Cajamar's Financial Inclusion Policy is the responsibility of the Committee of Ethics Management and Social Responsibility, and it requires the active involvement of all human resources through coordinated work. In this sense, the Group commits to creating an optimum environment in order to develop and execute it, and it will encourage training among its employees in this area.

Protective measures for the mortgage debtor. Grupo Cooperativo Cajamar is not alien to the socio-economic situation that many Spanish families are experiencing due to their particular vulnerability to or the risk of financial exclusion. The alarming situation of mortgage launches in our country, caused by the economic crisis, as well as by the massive job destruction and lack of opportunities, has resulted in a parallel increase of the different social agents and Public Administration's sensitivity towards the situation of evictions from main residences. In this sense, Grupo Cooperativo Cajamar has been especially proactive in searching for potential generic and case-by-case solutions to avoid evictions among its customers.

The legislation has significantly advanced in matters of protection for the mortgage debtor in Spain since 2012, introducing mandatory and voluntary legal elements. Within the voluntary actions, an example is the *Code of Best Practices for the viable restructuring of mortgages on main residences* referred to in *Royal Decree-Law 6/2012 of March 9 on urgent protective measures for mortgage debtors without resources* (amended by *Act 1/2013 of May 14 on measures to reinforce the protection of mortgage debtors, debt restructuring and social rented housing*). Grupo Cooperativo Cajamar has been adhered to this Code since its publication, promoting policies, measures and instruments aimed at protecting its debtors in unexpected situations of loss of employment, precariousness and social vulnerability.

Having proactively taken important measures to protect mortgage debtors without resources and at risk of financial exclusion (refinancing, social rent, in lieu of payment), the Group added 80 properties to its Social Housing Fund in 2013. The housing in said Fund was destined to renting at subsidised prices (social rented housing) for families in a special situation of social vulnerability and evicted from their main residence as a consequence of foreclosure during the economic crisis that we are experiencing. This housing is included in a total of 571 tenancy agreements for tenants of social rented housing which Grupo Cooperativo Cajamar had active in 2016.

➔	Support measures for the debtor	No. of transactions
	Purchase/in lieu of payment (main residence)	236
	Out of which with rent	45
	Social Housing Fund (transferred housing)	80

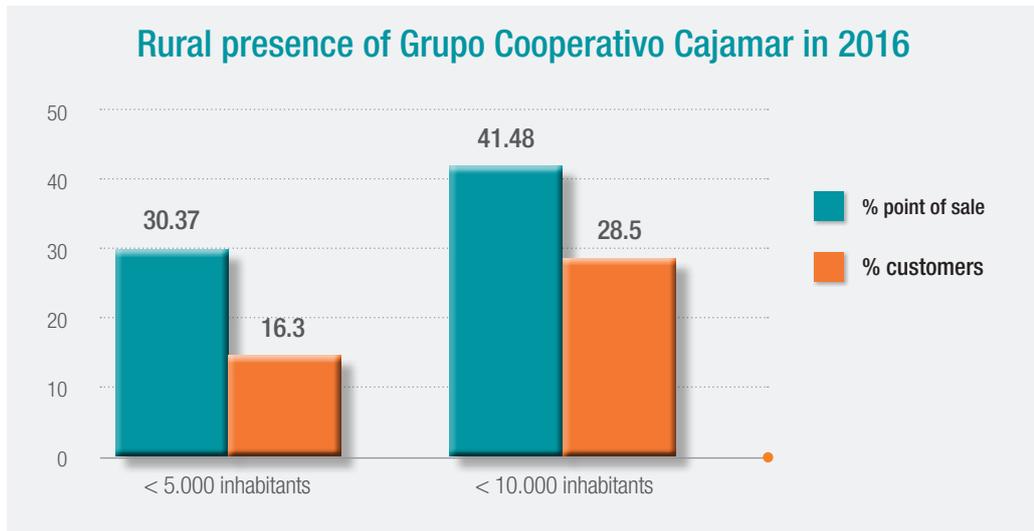
In 2016 Grupo Cooperativo Cajamar made a total of 236 purchase-sales transactions or in lieu payments of main residences to families in difficulties that had taken out a mortgage with the Group. Of all of them, a total of 45 tenancy agreements for social rented housing were entered with the borrowers so that they could remain in their previous property. The total cancelled debt amounted to 15.7 million euros, where the institution accepted a remission of 34.64% in favour of the customer. The agreements for social rented housing were formalised with an average discount of 48.75% on the market price.

Financial exclusion in the rural world. In recent years the restructuring and banking concentration process has progressed at great speed. One of the most relevant negative aspects arising from this, from a socio-demographic point of view, is the reduction of financial services and products provided in sparsely populated municipalities and, therefore, in the rural environment. In this sense, we must bear in mind that an important part of the depopulation in rural areas is due to problems related to credit access or any other form of financial exclusion.

Precisely, the rural environment has been and continues to be a strategic area for Grupo Cooperativo Cajamar due to its nature -the Group is formed by 19 Rural Banks and a cooperative bank mainly participated by rural banks-, and its vocation towards the agricultural sector and, as an extension, towards the agricultural ancillary industry and the agro-food industry. The Group acknowledges that it must find innovative formulas to manage the business in sparsely populated municipalities and to reconcile the search for higher levels of efficiency with effective measures against financial exclusion. Its model of a close bank branch that is deeply rooted in the area helps reconcile efficiency and economic-financial sustainability with its social and foundational commitment that favours the development of rural communities. This contributes to keeping people in the area, fighting against depopulation, creating jobs and promoting local development.

Grupo Cooperativo Cajamar is still present in Spanish municipalities with a low population density in their provinces; therefore, it provides its inhabitants the access to banking products and services adapted to their needs in terms of access (technology and proximity), range (variety of products and services) and quality (meeting their expectations). In fact, the social commitment towards not severing its roots from the rural areas and towards contributing, as a social economy Group, to a more equitable and inclusive society has materialised, inter alia, in trying to avoid the closure of branches where there is no other financial institution.

On the other hand, 30.37% of Grupo Cooperativo Cajamar’s points of sale are located in villages with fewer than 5,000 inhabitants, especially in areas constituting the territorial origin of its business. This distribution network, with a deeply rooted rural tradition, reaches 75.21% of the population based in these villages.



In terms of offices, branches, correspondents or agents are included; In terms of customers, only branches. The customers' information is not attributed to correspondents or agencies, but to the main branch they report to. Source: The Cajamar Group and INE.

4.3.5 Social and cultural action (expectation S.5)

The encouragement and promotion of social and cultural development in the communities in which Grupo Cooperativo Cajamar carries out its business, either directly or in collaboration with organisations part of the third sector or other social organisations, are key elements that complement the positive effects of its financial activity on sustainable local development. In addition, its actions are in line with a model of social action that stems from the social responsibility and solidarity bases inherent to the principles and values of cooperatives and social economy.



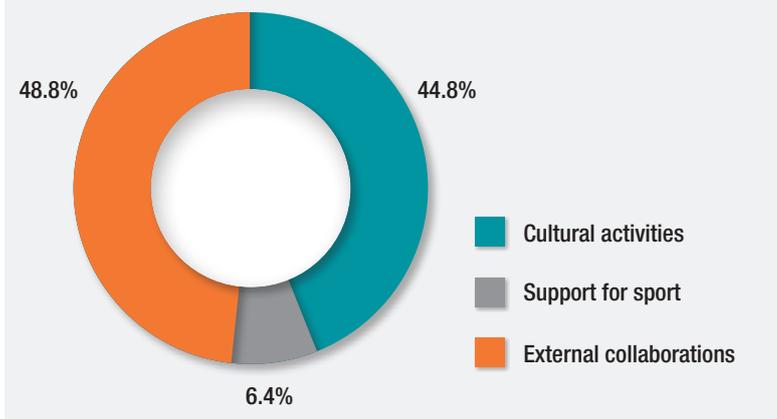
Cultural activities. In the realm of cultural activities promoted by Grupo Cooperativo Cajamar in 2016, a seminar was held on the figures of Julián Arcas and Antonio de Torres through a programme involving documentaries, concerts and conferences. This was an effort in recovering and highlighting these foundational figures in the history of the guitar, which is an instrument that best defines the contemporary Spanish musical culture. In addition, two concerts have been organised within the *Spring Concerts cycle*.

Just like in this *Competition*, the youth have also been the stars and beneficiaries of the rest of cultural activities organised or sponsored by Grupo Cooperativo Cajamar. Specifically, a new edition of the *Educateatro* programme was organised in 2016, which held a series of performances in the educational environment by using theatre as an educational resource of great interest for teachers. 74,028 children (528 educational centres) benefited from this activity with 291 performances.

Furthermore, within the scope of promoting literature and reading, throughout 2016 six meetings were organised with authors that have recently published their work, and they explained the ins and outs of creative writing.

Support for sports. Encouraging and promoting sport is also part of the Group's social action. Among other activities, the *Provincial Sports Games* stands out. Its educational nature is directly linked to the development of complementary and transversal contents of sport practice itself. In total 10,294 people participated in these games, including children and young people.

Beneficiaries of CGC's cultural and social action (in %)



External collaborations. Through external collaborations, Grupo Cooperativo Cajamar is in touch with the real problems of its partners and customers, as well as the socio-economic environment in which it carries out its business. In 2016, 50 projects were supported with a total contribution of 103,625 euros, promoted by civil society organisations and aimed at different especially vulnerable social groups. In total, 82,930 people benefited from these collaborations (29,851 directly and 53,079 indirectly)

Corporate Volunteering. In 2016 the mobilisation of talent and the encouragement of social awareness among employees through PROVOCA (Cajamar's Corporate Volunteering Programme) and the Solidarity Team (a teaming initiative), respectively, had a very positive impact. These two initiatives expressly pursue an active involvement of the employees in the transfer of the Group's values and expectations. A total of 279 employees participated in the Group's volunteering programme, almost 5% of the total number of employees. Furthermore, 1,988 employees (32.7% of the staff) participated in the solidarity team at the end of 2016. In this year a total sum of 33,456 euros were donated to different third sector organisations. Throughout the life of the Solidarity Team (2008-2016), a total of 343,179.68 euros have been donated to over 20 non-profit organisations.

4.4 Environmental dimension

4.4.1 Commitment towards the environment (expectation A.1)



Related information
Environmental policy

Energy saving and efficiency plan

Plan for reducing paper and cardboard consumption

Plan for reducing water consumption

Climate change

Grupo Cooperativo Cajamar is committed to the social, economic and environmental setting in which it interacts. Therefore, in spite of the specific nature of its activity generating a minimum environmental impact, it has committed to sustainable development in its business model, which not only considers the direct impacts, but also the indirect impacts that result from its financing activities, asset management and supply chain management.

This commitment is evidenced, in general, through the Group’s Environmental Policy, which sets the sustainability principles and criteria for all the entities that comprise it. The Environmental Policy is the framework that defines the Environmental Management System, which is the set of instruments and resources that the organisation has and that are aimed at contributing to environmental sustainability: energy efficiency and optimisation of the use of materials. Finally, thanks to the Eco-efficiency Plan, which includes the Energy Saving and Efficiency Plan, the material aspects aimed at savings and increasing efficiency in terms of energy and the use of materials with a negative environmental impact have been identified.



Grupo Cooperativo Cajamar is part of the Climate Change Cluster established by Forética in

2016. The Cluster has reinforced its role as a high-level business group in terms of climate change, transferring the main tendencies and conversations occurring at a global level regarding this topic from a business perspective to the Spanish context, collaborating with public administrations and opinion leaders and developing a leading position as a Spanish benchmark in this issue.

Eco-efficiency plan 2015-2020. During 2016, work has continued on each of the elements associated with the Eco-efficiency Plan, reviewing some of its terms. This plan was defined for a period of five years (2015-2020), and its main aim is to set the savings and efficiency measures for power consumption and the use of materials. It mainly focuses on the following aspects:

- Energy Savings.** With regard to the increase of energy savings and efficiency, it is worth highlighting the installation of automatons, LED lighting systems and the replacement of office air-conditioning equipment with R22 refrigerant and On-Off control for Inverter machines with R410 ecological gas. With regard to power sources, the contract with the supplier was modified in the second half of the year of 2015,

External power consumption (data in GJ)	2016
Commuting	9,439
Business trips (train and plane)	6,379
Fleet of vehicles	6,618
Total consumption	22,436

and the Group started to consume power only from renewable sources. Thanks to the investments made in the three aforementioned elements related to energy, energy savings registered just above 230 thousand kWh in 2016. Energy audits that amounted to 59,140 euros (EN31) were carried out in the Group's centres in 2016, and these will be the starting point for implementing an energy management system (ISO 50001).

→ **Investment and energy savings in 2016 (Eco-efficiency plan)**

Energy saving lines	Annual installations (units)	Investment (€)	Energy savings (Gj)
Air conditioning	50	423,307	310.14
LED systems	30	54,104	126.00
Automatons	79	265,835	391.90
TOTAL	159	743,246	828.04

→ **Investment and energy saving expectations in 2017 (Eco-efficiency plan)**

Energy saving lines	Annual installations (units)	Investment (€)	Energy savings (Gj)
Air conditioning	40	500,000	248.11
LED systems	30	75,000	252.00
Automatons	180*	392,850	669.71
TOTAL	250	967,850	1,169.82

*Half (90) of them correspond to the re-use of small-sized automatons that were in stock in offices that did not have them. The other 90 are newly-implemented large-sized automatons. The energy savings estimated for the 90 large-sized automatons amount to 446.47Gj.

→ **Internal power consumption (data in Gj)**

	Year 2014 (1)	Year 2015 (2)	Año 2016 (2)	Abs. Var.	Var.%
Electricity	114,056	101,797	95,442	-6,355	-6.24
Total consumption	114,056	101,797	95,442	-6,355	-6.24

Intensity of power consumption (data in Gj/employee)

	Year 2014 (1)	Year 2015 (2)	Año 2016 (2)	Abs. Var.	Var.%
Electricity	17.33	15.86	15.50	-0.36	-2.26

(1) Data related to Cajamar Caja Rural. (2) Diesel consumption in years 2014, 2015 and 2016 has not been considered significant.

Paper and toner consumption. This aspect continues to be stressed in a positive way via the digitalisation of processes and documents. In addition, our business' digital transformation process is contributing very positively.

Paper consumption (tons)	Year 2014	Year 2015	Year 2016	Abs. Var.	Var.%
Paper	659.80	665.72	626.18	-39.54	-5.94
Paper recycling (%)	41.18%	26.16%	31.28%	5.12	19.57

(1) Data related to Cajamar Caja Rural. N.B. The Institution does not consume recycled paper (EN2)

Water consumption and other materials (IT equipment and waste). The actions aimed at meeting the Eco-efficiency Plan's objectives are mainly related to use, maintenance plans and the adjustment of the systems and facilities' efficiency.

Water consumption	Year 2014	Year 2015	Year 2016	Abs. Var.	Var.%
Water (m ³)	37,985	44,242	34,686	-9,556	-21.60
Water consumed per employee	5.92	7.27	7.12	-0.16	-2.10

The total consumption of water comes from the network and 2014 data have been estimated by extrapolating a typical office.

Hazardous waste managed	Year 2014	Year 2015	Year 2016	Abs. Var.	Var.%
Toner (units)	19,456	21,785	21,784	1	0.00
Electrical equipment (Kg)			744		
Bulbs and lamps (units)			631		
Electronic equipment (Kg)	116,519	165,741	134,919	30,822	-18.60

N.B. The scope of the data for water consumption is Cajamar Caja Rural (4,875 employees). Cajamar Caja Rural's data for electrical equipment, bulbs and lamps, and electronic equipment. The Company does not use recycled toner; it uses refurbished toner (EN2).

Calculation of direct and indirect CO₂ emissions. Grupo Cooperativo Cajamar has been calculating its carbon footprint within each of the three scopes for years. In addition, it voluntarily reports this information, as well as the measures it is adopting to reduce it, to the CDP (Carbon Disclosure Project).

In mid 2015 a very important step was taken in reducing greenhouse gas emissions, especially due to the changes in the electricity supply contract. This has led in 2016 the item of indirect emissions of CO₂ from power consumed, that is, the most significant item of the Group's emissions, to register a value of zero.

Emissions from leakage of refrigerants in 2016		
Refrigerant gas	Recharge (Kg.)	Equivalent tn of CO ₂ equivalents (*)
R407C	82.0	145.4
R410A	49.4	103.1
R427A	12.0	25.7
R407A	7.5	15.8
R434A	0	0
R422D	26,2	71,5
R422A	9.5	29,9
TOTAL	186.6	391.4

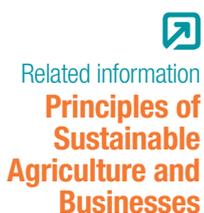
(*) Gas equivalencies have been calculated based on the GWP over 100 years, according to information included in Annex I, they are ARG4, from the IPCC Fourth Assessment Report.

Direct - Scope 1	
Fleet of vehicles	492
Cooling gases	391
Total direct emissions	883
Indirect - Scope 2	
Electricity	0
Indirect - Scope 3	
Commuting	701
Business trips (train and plane)	498
Paper consumption	2
Total Indirect Emissions	1,201

Intensity of CO2 emissions / employee	Year 2016
Direct - Scope 1	0.14
Indirect - Scope 2	0.00
Indirect - Scope 3	0.20
Total	0.34

In 2016, there have been no fines or penalties for non-compliance of laws or regulations regarding environmental aspects, performance in society or the supply and use of products and services that may be significant in relation to the equity, financial situation and the consolidated results.

4.4.2 Financial solutions with positive environmental impact (expectation A.2)



Reducing the power and water consumption associated with the increase of productivity in agricultural activities is one of the lines of collaboration that Grupo Cooperativo Cajamar offers through its financing lines, which include, among others, the following types of investments:

- Agricultural machinery. Power consumption is due mainly to the use of tractors to cultivate the land. Therefore, the variation in power consumption will be determined both by the variation of the surface to be cultivated in Spain, the nature of these crops, the number of tractors in use and their energy efficiency. To a greater extent, the improvement of energy efficiency comes from the minimum tillage techniques by direct seeding, as well as the renewal of tractors, both naturally and as encouraged by the Administration.
- Irrigation. It involves the reform and modernisation of pumping systems, consisting in the improvement of the performance of pumps and the adjustment of their powers to the load variation, as well as the migration of spraying systems to localised irrigation systems.
- Agricultural holdings. The replacement of installations used in greenhouses and agricultural and livestock farms for more efficient systems is especially important.

	Year 2016	
	Number of transactions	Amount (thousands of euros)
Financing for improving efficiency in the agricultural sector	5,196	670,148

4.4.3 Support to R&D&I and to knowledge transfer (expectations A.3 and A.4)



Both the farming sector and the industrial reach of its activity within the processing industry, which we call the agricultural sector, constitute as a whole a strategic and cross-cutting sector for the Spanish economy, contributing to support the territory, preserve rural areas, fight against desertification, tie capital and population to the territory and create employment. This strategic importance is even more pronounced in the case of Grupo Cooperativo Cajamar. Due to its history, its position and its vision, the agricultural sector is essential in the Group's business model and its strategic approach. The agricultural sector becomes particularly important in the local productive systems in which Grupo Cooperativo Cajamar is present and gives financial cover.

Related information

Agricultural Innovation

Las Palmerillas Experimental Station

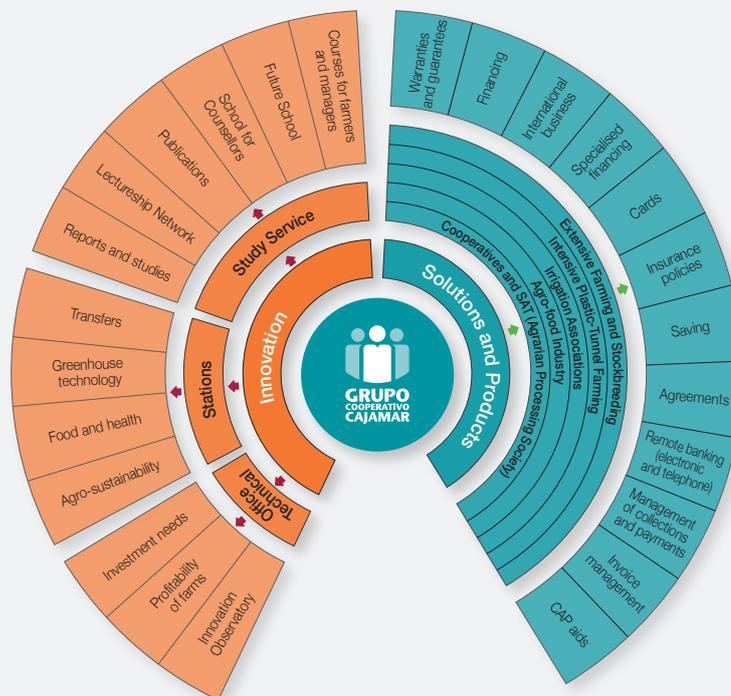
Experimental Centres in Paiporta

Cajamar Network of Chairs

Studies and Publications

School of Directors

Model for integrating the banking business and R&D&I in the Group



Grupo Cooperativo Cajamar's impact on the primary sector and the agro-industry is projected via two clearly differentiated lines, but deeply integrated since the Group's origins: the banking activity (financing and management of agricultural credit risk), and research,

development and innovation (R&D&I). The deep understanding of the sector, which is a result of the many years linked to it (mainly through cooperativism and social economy), has enabled it to create a costs and risks analysis model for agricultural holdings that is currently the benchmark in the banking industry. This model, in turn, has enabled the sector to access funding in very favourable conditions. On the other hand, R&D&I and the generation of knowledge in the agricultural sector has not only reinforced the above-mentioned management model, but it has also contributed, via knowledge transfer, to improving the competitiveness of agricultural holdings and companies.

Grupo Cooperativo Cajamar's knowledge transfer the agricultural sector (2016)



TKnowledge transfer. The results from the R&D&I projects conducted in CGC's experimental stations are projected to the productive fabric and the territory via the transfer of technology. The systematic organisation of technical sessions, seminars, conferences and the educational visits to these centres are the main tools that the Group has for the farmers, and the agro-food sector in general, to benefit from the technological and cultural advances aimed at increasing their holdings' yield, competitiveness and efficiency, while reducing the possible negative impact on the environment, and minimising the use of natural resources.

Throughout 2016, Grupo Cooperativo Cajamar has organised, in 21 different provinces, 149 activities, between seminars, professional conferences and courses, for the transfer of knowledge and technology to the agro-food sector. These informative and technical events have been attended by more than 10,000 professionals linked to the sector: technicians,

farmers, researchers, etc. In addition, nearly 4,000 people, between investigators, farmers and students of all educational cycles, have visited Grupo Cooperativo Cajamar’s experimental centres in Almería and Valencia.

10,000 professionals attended

4,000 visits to experimental centres

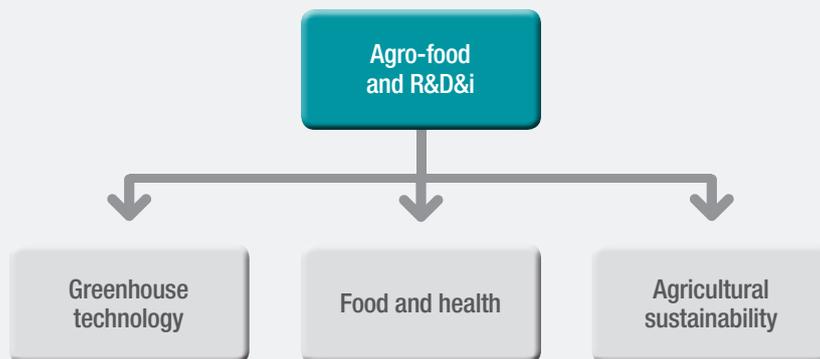
R&D&I. During 2016, more than a hundred projects were open in these experimental centres. They had a varied scope and impact on society. The vast majority were developed by the Group’s own researchers, and others were developed in collaboration with different Spanish and foreign companies, technological centres and universities. The partnership with companies and research centres is essential to improving research efficiency and, in turn, multiplying the positive impact of research for the agricultural sector, the environment and society as a whole.

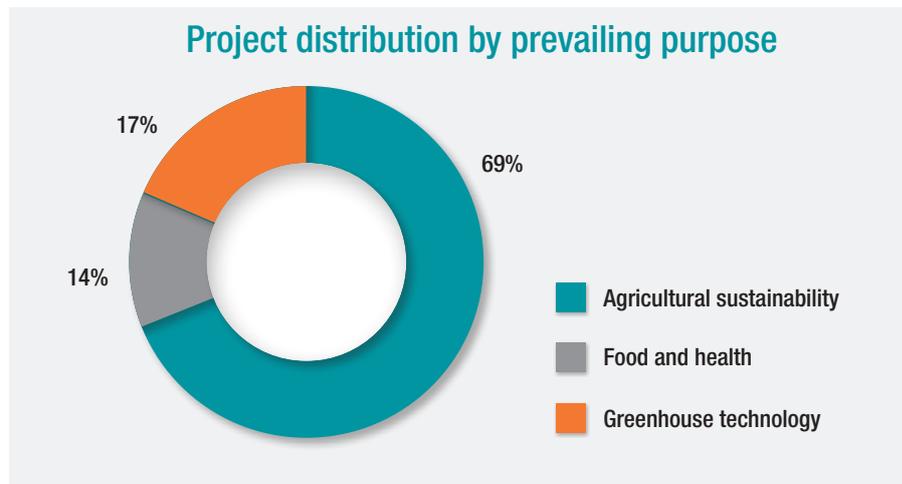
Grupo Cooperativo Cajamar’s R&D&I activity is mainly channelled via two agro-food experimentation centres:

- Las Palmerillas Experimental Station
- Cajamar Experimental Centre in Paiporta

The entire experimenting activity is divided in three organisational fields that fulfil the main needs of the productive sector and of its main agents, particularly farmers and agro-food cooperatives: greenhouse technology, food and health, and agricultural sustainability.

R&D&I areas of Grupo Cooperativo Cajamar in the agricultural sector





Greenhouse technology (13 projects). This R&D&I development area of Grupo Cooperativo Cajamar stems from the idea that the new developments in protected crops should be based on a sustainable agricultural system that must be efficient in the consumption of resources (water, energy, etc.) and that diversifies both the production schedules and the variety of crops. The experimentation prior to the incorporation of new technological developments to the protected agriculture sector is an essential and valuable tool when it comes to efficiently incorporating technology to the agro-food sector. In this sense, the Group’s experimental stations contribute to the technological developments reaching their expected results, which is to improve the sector’s competitiveness. The main lines of research are as follows:

- Greenhouse structures, water and nutrient use in systems without soil
- Plastics for agriculture and climate control and management
- Renewable energies applied to intensive farming
- Computer simulation tools and robotics, mechanisation and computerisation

Food and health (11 projects). The new changes of tendency in consumers’ expectations, which are increasingly concerned about their health, impose further nutritional information on the products that they consume, especially in the fresh fruit and vegetables sector. From this perspective, Grupo Cooperativo Cajamar’s experimental stations, through research and experimentation, intend to promote food safety, quality and range, with the purpose of meeting the consumer’s needs and demands. The main lines of research are as follows:

- Post-harvest, quality and healthy nutrition
- Bioactive components / Use of by-products in fruits and vegetables
- Microorganism biotechnology and alternative and value crops

Agricultural sustainability (53 projects). This R&D&I area has a great potential for development, both due to the regulatory requirements, which are increasingly more demanding and strict, and due to the expectations of the different agents that comprise the agro-food sector. The projects conducted within this scope in Grupo Cooperativo Cajamar’s experimental stations are related to the analysis of the impact of agriculture and its ancillary industry on the natural environment. The main lines of research are as follows:

- Water and nutrient management in crops
- Comprehensive management of plagues and diseases
- Growing techniques, ecological farming and new plant-based materials
- Modernisation of agriculture and application of ICTs to production

4.4.4 Transfer of knowledge (expectation A.4)



Related information
Cajamar Network
of Chairs

Studies and
Publications

School
of Directors

The Group’s support to generating relevant knowledge for the productive fabric, and, in general, society as a whole, as well as encouraging research and innovation in the agro-food sector, involves the existence of suitable channels to transfer the obtained results. The main channels and instruments through which this transfer is materialised are as follows:

Transfer of agro-food technology. The results from the R&D&I projects conducted in the Group’s experimental stations are projected to the productive fabric via the transfer of technology. The systematic organisation of technical sessions, seminars, conferences and the educational visits to these centres are the main tools that the Group has for the farmers, and the agro-food sector in general, to benefit from the technological and cultural advances aimed at increasing their holdings’ yield, competitiveness and efficiency, while reducing the possible negative impact on the environment, and minimising the use of natural resources.

56 events

3,652 participants

Grupo Cooperativo Cajamar’s experimental stations in El Ejido (Almería) and Paiporta (Valencia) organised 56 knowledge transfer activities in 2016. In addition, they provide a technical-agricultural advisory service to Group companies, cooperatives, partners and customers that is free of charge.

School of Cooperative Directors. The main purpose of the School of Cooperative Directors is to train the governing council members of agro-food cooperatives in different manage-

ment areas. Its activity is mainly aimed at improving the organisations' competitiveness. In 2016 the Group delivered 7 training programmes in this field and 118 cooperative representatives participated.

7 programmes

118 beneficiaries

Cajamar Network of Chairs. Cajamar Network of Chairs is an initiative by means of which different research, training and knowledge transfer projects are regularly conducted through agreements with different universities, with the main purpose of bringing together certain scopes of knowledge, developed by Spanish universities, and the productive fabric and needs of the real economy. This public-private partnership's networking involves sharing research objectives and cooperating in a multidisciplinary environment that is in line with Grupo Cooperativo Cajamar's strategic objectives: social economy and cooperativism; the agricultural sector and its ancillary industry; the agro-food industry and the environment. Cajamar Network of Chairs is an initiative with seven chairs located in different Spanish universities.

Studies and publications. A new volume of Colección Mediterráneo Económico (Economic Mediterranean Collection) has been published in 2016, which is a multidisciplinary monographic series aimed at publishing knowledge related to topics that are especially relevant to our environment and the public opinion. Volume number 30 focused on the problems of regional financing: *Regional financing: model proposals and proposals for reform*.

Furthermore, within the Series temáticas collection, a dozen new studies have been published in 2016. These address different issues related to the agricultural and agro-food system. Among them, the following stand out:



- *Water markets in Spain*
- *Cooperatives and the adjustment of their principles to the market*
- *Greenhouse agriculture in Almería*
- *The milk sector at a crossroads*
- *Economic, social and environmental contributions*
- *Innovation in product management and modernisation in a citrus cooperative*
- *Economic and financial diagnosis of agro-food cooperatives in Spain*
- *Analysis of the fruit and vegetable campaign in Almería 2015/2016*
- *Basic principles of agricultural insurance*
- *25 years of agro-food cooperativism*
- *The horticultural protection system in the province of Almería*
- *Agronomic use of harvest residues in the sanded greenhouses of the Mediterranean basin*



5. Cooperative Group Cajamar's Future Prospects



Mr. Manuel Yebra Sola

The banking industry is changing at a rapid pace; as a result, we must face significant challenges. The unavoidable digital transformation is mutating the organisational processes and systems, the performance of the branches and the new electronic and mobile channels for customer service. Therefore, we have to adapt to this reality; turn our branches into advice, asset management and investment centres; and train our people to work in a very different professional context than in the past. This involves providing a continuous training that will contribute to periodically updating our knowledge, qualification and validity to perform this essential advisory work, which today is the epicentre of the financial business.

We are faced with the great challenge of searching for a further territorial balance, being present in all Spain, although under a different structure. Our plan consists in a lower branch density, but being present in more places, always pursuing a geographically balanced implementation. Our branches have to be transformed into advisory points and provide greater added value, in line with our partners' and customers' expectations. In short, we intend to become a Group with a national scope that is present wherever there are local productive systems, especially those based on agro-food.

Our strategic levers are clear, even when it comes to facing external events that have had an impact on the national and international economic and financial scenario, and which are also adding uncertainty to an already complex context. Under the supervision of the Single Supervisory Mechanism linked to the ECB, Grupo Cooperativo Cajamar addressed the requirements presented in 2016, demonstrating thus once again its strength and skills. Certain court and jurisprudential rulings are affecting our dynamics, evolution and good working practices, as is the case with the collar clauses, but it is important that we are not diverted from our path, our objectives and our strategic approaches, which are very much linked to what we are and have been: an institution that is very close to the territory, based on proximity and on supporting the families, the local productive systems, the self-employed workers, the small and medium-sized enterprises and the social economy.

Indeed, beyond the decision of the Supreme Court of May 2013, in its controversial sentence, we have not deceived anyone, nor have we taken advantage of people, nor have we done anything contrary to an ethical behaviour. Our customers were aware at all times that their mortgages had a collar clause, and that thanks to that protection the institution was able to offer a lower interest rate in a period in which interest rates were 6, 7 or 8%. However, the Group is ready to face this type of sentences, especially due to the systematic respect for the legislation and the commitments and moral values that define and characterise us.

The year 2017 will also be marked by strong regulatory pressure and a much more complicated financial environment that, in addition, will be accompanied by different challenges related to the technological change. Our Group has the necessary means to face this scenario and maintain its independence and autonomy. If necessary, it is prepared to work towards making the unity of the entire sector of rural banks a reality. Our challenges for 2017 still remain the same: improve the quality of our assets, reduce the non-performing loans so the Group is subjected to fewer requirements and improve our rating in the monitoring exercises.

The Spanish financial system, and Cooperative Group Cajamar as a part of it, has to face an unprecedented fact in the banking business of the past few decades: the intermediation of liabilities and assets between customers and acquiring and placing monies is currently not enough to maintain the Institution's cost structure. Therefore, our Group's main challenge is to adapt to this financial reality by redefining our banking practices and responding with a high added-value business model that provides a good service and advice to our customers.

To this end, it is important to rethink which is the cooperative banking's commercial space today, which is our natural place. If we are able to identify who we are, what makes us unique and what we do different than others and we are able to be made seen as a socially useful and differentiated instrument, we will have a successful future. This is our social licence to operate. Our Group's size enables it to be independent, but we must improve our efficiency and profitability. By being a reference institution of the agro-food sector and the rural world and being able to project a different way of relating with people stemming from our cooperative spirit, we will secure our space and be able to set our direction.

The 2015-2017 strategic plan is a response to our Group's needs aimed at reinforcing its economic-financial situation and providing it with the necessary financial and human resources to face this new reality and the challenges it brings.

Manuel Yebra Sola

CEO

BCC-Grupo Cooperativo Cajamar



6. Report's Contents

Linking of corporate material aspects with the GRI4.0 DMA				
Category	Disclosures on Management Approach (DMA)	Corporate material aspect	Coverage	Scope
Impact of products and services	List of products	E.4, S.1, S.2, A.2, A.3	Mixed	CGC
	Audit	E.1, A.1	Mixed	CGC
	Active ownership	E.1, S.1, S.5	Mixed	CGC
	Labelling of products and services	E.4, S.4	Mixed	CGC
Economic dimension	Economic performance	E.2, E.3, S.3	Internal	CGC
	Market presence	E.1, S.3	Mixed	CGC
	Indirect economic consequences	E.2, S.1, S.2, S.4, S.5, S.6	Mixed	CGC
	Procurement practices	E.5	Mixed	CGC
Environmental dimension	Materials	A.1	External	CGC
	Energy	A.1	External	CGC
	Water	A.1	External	CGC
	Biodiversity	Non-material	Not applicable	Not applicable
	Issues	A.1	External	CGC
	Effluents and waste	A.1	External	CGC
	Products and services	A.2, A.3, A.4	External	CGC
	Regulatory compliance	A.1	External	CGC
	Transport	A.1	External	CGC
	General	A.1, A.2, A.3, A.4	External	CGC
Labour practices and decent work	Employment	S.3	Internal	CGC
	Relations between employees and management	S.3	Internal	CGC
	Health and safety at work	S.3	Internal	CGC
	Training and education	S.3	Internal	CGC
	Diversity and equal opportunities	S.3	Internal	CGC
	Equal pay between women and men	S.3	Internal	CGC
	Assessment of the supplier's labour practices	E.5	Mixed	CGC
	Complaint mechanisms covering labour practices	E.1, S.3	Mixed	CGC
Human Rights	Investment	S.1, S.2, S.3	Mixed	CGC
	Non-discrimination	S.2, S.4	External	CGC
	Freedom of association and collective bargaining	S.3	Internal	CGC
	Child labour	Non-material	Not applicable	Not applicable
	Forced labour	Non-material	Not applicable	Not applicable
	Security measures	Non-material	Not applicable	Not applicable
	Rights of the indigenous population	Non-material	Not applicable	Not applicable
	Assessment	E.1	Mixed	CGC
Society	Evaluation of suppliers with regard to human rights	E.5	Mixed	CGC
	Complaint mechanisms covering human rights	E.1, S.4	Mixed	CGC
	Local communities	S.4, S.5, S.6	External	CGC
	Combatting corruption	E.1	Mixed	CGC
	Public policy	E.1	Mixed	CGC
	Unfair competition	E.1	Mixed	CGC
	Compliance	E.1	Mixed	CGC
	Evaluation of suppliers' social impact	E.5	Mixed	CGC
Product responsibility	Complaint mechanisms covering social impact	E.4	Mixed	CGC
	Health and safety of customers	E.4	Mixed	CGC
	Labelling of products and services	E.4	Mixed	CGC
	Marketing communications	E.1, E.4	Mixed	CGC
	Customer privacy	E.1, E.4	Mixed	CGC
Product responsibility	Regulatory compliance	E.1, E.4	Mixed	CGC

6.1 International framework for the drafting of Integrated Reports

Cooperative Group Cajamar considers the need to report on relevant issues affecting its ability to create value in the short, medium and long term. To this end, the Group has adopted the international reference framework for the drafting of integrated reports that has been developed by the International Integrated Reporting Council. The integrated report is the most advanced and exhaustive model for integrating and reporting financial and non-financial information.

INTEGRATED REPORTING <IR>



Aspects included in the integrated report, according to IIRC's content requirements.

	Aspects requested	Pages
Description of the organisation and environment	General description	6-7
	Vision, mission and values	8-9
	Structure	6-7
	Positioning in the financial sector	6-7
	Description of the environment	18-24
Corporate Governance	Governance bodies and mechanisms	10
	Decision-making process	10-13
	Reflection of the culture in the use of capital and its effect	16-17
	Compensation and value creation	10-11, 14-15, 40
Business Model	Value chain	14-17
	Materiality	32-33
	Stakeholders: identification, selection and management	29-31
	Creation of shared value	13, 29-31
Opportunities and Risks	Identification of opportunities and risks	18-28
	Probability of occurrence and opportunity for improvement	25-28
Strategy and resource allocation: performance	Objectives and actions developed to achieve them	34-38
	Resource allocation	36
	Measurement of achievements and aims	48
Future prospects	Expectations of the organisation on the environment and impact on the organisation	87-88
	Preparation of the organisation regarding future prospects	87-88

6.2 Global Compact and GRI

Banco de Credito Cooperativo, as leading institution of Grupo Cooperativo Cajamar, is adhered as signatory of the United Nations Global Compact since 2006 and it is committed to implementing the ethics, social responsibility in the company and the sustainability principles, as well as annually reporting on its performance regarding its ten Principles. Through this report, Grupo Cooperativo Cajamar addresses the information requirements established in the Progress Report.



Aspects included in the integrated report, according to the Global Compact's content requirements

	Aspects requested	Equivalence in GRI
Human Rights	Principle 1 Companies and Human Rights Companies must support and respect the protection of recognised fundamental human rights	G4-HR3 to G4-HR6 G4-S01, G4-S02
	Principle 2 Violation of the Human Rights Companies must make sure that their companies are not complicit in human rights violations	G4HR3 to G4-HR6
Labour Standards	Principle 3 Companies and freedom of association Companies must support the freedom of association and the effective recognition of the right to collective bargaining	G4-11, G4-LA4. G4-HR4
	Principle 4 Companies and the forced labour and coercion Companies must support the elimination of all forms of forced or compulsory labour	G4-HR6
	Principle 5 Eradication of child labour Companies must support the effective eradication of child labour	G4-HR5
	Principle 6 Discrimination in employment Companies must support the elimination of discrimination in employment and occupation	G4-10, G4-HR3. G4-LA14 to G4-LA15
Environment	Principle 7 Companies and the environment Companies must maintain a precautionary approach that favours the environment	G4-EN1 to G4-EN34
	Principle 8 Initiatives to respect the environment Companies must encourage initiatives promoting greater environmental responsibility	G4-EN1 to G4-EN34
	Principle 9 Dissemination of green technologies Companies must encourage the development and spreading of environment-friendly technologies	G4-EN1 to G4-EN34
Anti-corruption	Principle 10 Companies and corruption, extortion and bribery Companies must work against corruption in all its forms, including extortion and bribery	G4 S03 to G4-S06

6.3 Sustainable Development Goals and GRI

Target	Correspondences with GRI
1 NO POVERTY	EC5; EC8;FS3; FS6; FS7; S02
2 ZERO HUNGER	EC1; EC7; EC8; S02
3 GOOD HEALTH AND WELL-BEING	EC8; EN15; EN16; EN17; EN 20; EN21; EN22; EN23; EN24; EN25; LA6; LA9
4 QUALITY EDUCATION	G4-43; LA7; LA9
5 GENDER EQUALITY	G4-38; G4-40; EC1; EC5; EC7; EC25; HR3; LA1; LA3; LA5; LA9; LA11; LA12; LA13; LA14
6 CLEAN WATER AND SANITATION	EN8; EN9; EN10; EN22; EN23; EN24; EN26; EN27
7 AFFORDABLE AND CLEAN ENERGY	EC1; EN3; EN4; EN5; EC7; EN31
8 DECENT WORK AND ECONOMIC GROWTH	EC1; EC5; EC6; EC8; EN1; EN2; EN3; EN6; EN7; EN10; EN27; EN28; FS6; FS7; G4-10; G4-11; HR3; HR4; LA1; LA2; LA3; LA4; LA5; LA6; LA7; LA8; LA9; LA10; LA11; LA12; LA13; LA14; LA15
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	EC1; EC7; EN31; FS6; FS7
10 REDUCED INEQUALITIES	EC8; FS1; FS2; FS3; FS4; FS5; FS7; FS10; FS11; FS15; FS16; LA13
11 SUSTAINABLE CITIES AND COMMUNITIES	EC7; EN30; FS7
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	EN1; EN2; EN3; EN4; EN5; EN10; EN15; EN16; EN17; EN20; EN21; EN27; EN28; PR3
13 CLIMATE ACTION	EC2; EN 3; EN4; EN5; EN6; EN 7; EN15; EN16; EN18; EN19; EN27; EN30; EN31
14 LIFE BELOW WATER	EN15; EN16; EN17; EN18; EN19; EN21; EN22; EN24; EN26; EN27; EN31
15 LIFE ON LAND	EN15; EN16; EN17; EN18; EN19; EN21; EN24; EN26; EN27; EN31
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	EN29; EN34; G4-37; G4-38 G4-39; G4-40; G4-41;G4-45; G4-53; G4-56; G4-57; G4-58; HR3; HR5; HR7; HR12; LA14; LA15; LA16; PR2; PR4; PR7; PR8; PR9; S03; S04; S06; S07; S08; S011
17 PARTNERSHIPS FOR THE GOALS	EC8; EN31

→ | Annex I – GRI content index



Materiality Disclosures
Grupo Cooperativo Cajamar

May 2017
Service

GENERAL BASIC CONTENTS

Strategy and analysis	Page	Omission	Ext. V.	
G4-1	4-5	-	Yes,109-110	Declaration of the maximum authority on organisation decisions regarding the relevance for its strategy and organisation, with the aim of addressing it
G4-2	17-28, 34	-	Yes,109-110	Description of the main impacts, risks and opportunities
Organisation's Profile				
G4-3	6	-	Yes,109-110	Your organisation's name
G4-4	6-7	-	Yes,109-110	Most important brands, products and services
G4-5	7	-	Yes,109-110	Location of the organisation's headquarters
G4-6	6-7	-	Yes,109-110	Countries in which the organisation operates and name of those countries where the organisation conducts significant transactions or that have a specific relevance for matters addressed in the report
G4-7	6-7	-	Yes,109-110	Description of nature of ownership and its legal form
G4-8	6, 63	-	Yes,109-110	Markets served (with geographical breakdown, by sectors and types of customers and target groups)
G4-9	6-7	-	Yes,109-110	Organisation's size
G4-10	99-101	-	Yes,109-110	Detailed breakdown of the staff's distribution
G4-11	105	-	Yes,109-110	Percentage of employees covered by collective bargaining agreements
G4-12	55-56	-	Yes,109-110	Description of the organisation's supply chain
G4-13	6-7	-	Yes,109-110	Significant changes that have taken place during the period object of analysis in the size, structure, ownership or supply chain of the organisation
G4-14	9-10	-	Yes,109-110	Indicate how the organisation deals with, if necessary, the precautionary principle
G4-15	9,39,65,77	-	Yes,109-110	List of letters, principles or other external initiatives of economic, environmental and social nature that the organisation subscribes or has adopted
G4-16	9,57	-	Yes,109-110	List of national or international promoting associations and organisations to which the organisation belongs and in which it has a position in the governing body, participates in projects or committees, or contributes with considerable funds, as well as the compulsory membership fees. It considers that being a member is a strategic decision
Material aspects and coverage				
G4-17	6	-	Yes,109-110	Institutions appearing on the report and/or in the organisation's consolidated financial statements and other equivalent documents
G4-18	3,32	-	Yes,109-110	Description of the process followed to determine the report's contents and the coverage of each aspect, and their principles of preparation
G4-19	32	-	Yes,109-110	List of material aspects identified during the defining process of the report's contents
G4-20	32-33,89	-	Yes,109-110	Coverage of each material aspect within the organisation
G4-21	32-33,89	-	Yes,109-110	Limit of each material aspect outside the organisation
G4-22	3	-	Yes,109-110	Consequences of the restatements of information provided in earlier reports and their causes
G4-23	3	-	Yes,109-110	Significant changes in the scope and coverage of each aspect compared to previous reports
Involvement of stakeholders				
G4-24	29-31	-	Yes,109-110	List of stakeholders linked to the organisation
G4-25	29-31	-	Yes,109-110	Criteria for the selection of stakeholders to work with
G4-26	29-31	-	Yes,109-110	Description of the focus of the organisation on the involvement of stakeholders, including the frequency it collaborates with the different types and groups of stakeholders, or indication of whether or not the involvement of a group was carried out specifically in the report's preparation process
G4-27	32-33	-	Yes,109-110	Key issues and problems that have been identified from the involvement of stakeholders and description of the assessment conducted by the organisation, among other aspects via its memory Specification of stakeholders that presented each of the key issues and problems
Report's profile				
G4-28	3	-	Yes,109-110	Reporting period
G4-29	3	-	Yes,109-110	Date of last report
G4-30	3	-	Yes,109-110	Reports' presentation cycle
G4-31	110	-	Yes,109-110	Meeting point to resolve any doubts that may arise regarding the report's contents
G4-32	93-98	-	Yes,109-110	"Agreement" option chosen by the organisation and reference to external verification report
G4-33	3	-	Yes,109-110	Organisation's current policy and practices regarding the external verification of the report

Governance	Página	Omisión	V. Ext.	
G4-34	11-13	-	Yes,109-110	Organisation's governance structure, without forgetting the supreme governing body's committees. Indicate which committees are responsible for decision-making on economic, environmental and social issues
G4-35	11-13	-	Yes,109-110	Process through which the supreme governing body delegates its authority to the senior management and to certain employees for economic, environmental and social issues
G4-36	11-13,77	-	Yes,109-110	Indicate if the organisation has executives or positions with responsibility on economic, environmental and social issues, and if its holders report directly to the supreme governing body
G4-37	29-31	-	Yes,109-110	Describe the consultation processes among stakeholders and the supreme governing body regarding economic, environmental and social issues
G4-38	11-13	-	Yes,109-110	Composition of the supreme governing body and its committees
G4-39	13	-	Yes,109-110	Indicate if the person who chairs the supreme governing body also holds an executive position. If so, describe their executive functions and the reasons for this arrangement
G4-40	11-13	-	Yes,109-110	Nomination and selection processes of the supreme governing body and its committees, as well as the criteria on which the nomination and selection of the members of such body is based
G4-41	10-12	-	Yes,109-110	Describe the processes by which the supreme governing body prevents and manages potential conflicts of interest
G4-42	11-13	-	Yes,109-110	Functions of the supreme governing body and senior management in the development, approval and updating of the aim, values or mission statements, strategies, policies and objectives regarding the organisation's economic, environmental and social impacts
G4-43	11-12	-	Yes,109-110	Point out which measures have been taken to develop and improve the collective knowledge of the supreme governing body regarding economic, environmental and social issues
G4-44	11-12	-	Yes,109-110	Assessment processes of the supreme governing body's performance in relation to government on economic, environmental and social issues
G4-45	10-13	-	Yes,109-110	Role of the supreme governing body in the identification and management of impacts, risks and opportunities of economic, environmental and social nature
G4-46	10-13	-	Yes,109-110	Role of the supreme governing body in analysing the effectiveness of the organisation's risk management processes regarding economic, environmental and social issues
G4-47	10-13	-	Yes,109-110	Frequency with which the supreme governing body analyses the impacts, risks and opportunities of economic, environmental and social nature
G4-48	11	-	Yes,109-110	Committee or most important position which reviews and approves the organisation's sustainability report and ensures that all material aspects are reflected
G4-49	10-11	-	Yes,109-110	Process for transmitting important concerns to the supreme governing body
G4-50	32-33	-	Yes,109-110	Nature and number of important concerns that were transmitted to the supreme governing body; also describe the mechanisms used to deal and evaluate them
G4-51	40	-	Yes,109-110	Compensation policies for the supreme governing body and senior management
G4-52	40	-	Yes,109-110	Process for determining the remuneration
G4-53	32	-	Yes,109-110	How the opinion of the stakeholders regarding compensation is requested and taken into account, including, where appropriate, the voting results on policies and proposals related to this issue
G4-54	102	-	Yes,109-110	Ratio of total annual compensation of the best paid person in the organisation in each country where significant transactions are carried out with the annual average total compensation of the entire staff
G4-55	102	-	Yes,109-110	Ratio of the percentage increase in total annual compensation of the best paid person in the organisation in each country where significant transactions are carried out with the percentage increase in the annual average total compensation of the entire staff
Ethics and integrity				
G4-56	9-13	-	Yes,109-110	Values, principles, standards and rules of the organisation, such as codes of conduct or ethical codes
G4-57	10-12	-	Yes,109-110	Internal and external advisory mechanisms towards enhancing an ethical and lawful conduct, and for issues related to the integrity of the organisation, such as helplines or advice
G4-58	10-12, 29-31	-	Yes,109-110	Internal and external mechanisms to report unethical or illegal conduct and matters related to the integrity of the organisation, such as the staggered reporting to executives, mechanisms to report irregularities or helplines

SPECIFIC BASIC CONTENTS

Category:	Page	Omission	Ext. V.	
Business				
Material Aspect: Economic performance				
G4-DMA	15	-	Yes,109-110	General information on the management approach
G4-EC1	15	-	Yes,109-110	Direct economic value generated and distributed
G4-EC2	23-24,27-28	-	Yes,109-110	Economic consequences and other risks and opportunities for the organisation's activities arising from climate change
G4-EC3	104	-	Yes,109-110	Coverage of the organisation's obligations deriving from its performance plan
G4-EC4	71	-	Yes,109-110	Financial aid by government entities
Material Aspect: Market presence				
G4-DMA	101-102	-	Yes,109-110	General information on the management approach
G4-EC5	102	-	Yes,109-110	Ratio of initial salary by gender and local minimum salary in places where significant transactions are developed
G4-EC6	101	-	Yes,109-110	Percentage of senior management from the local community in places where significant transactions are carried out
Material Aspect: Indirect economic consequences				
G4-DMA	63-67	-	Yes,109-110	General information on the management approach
G4-EC7	63,65-67	-	Yes,109-110	Development and impact of infrastructure investments and types of services
G4-EC8	15,60,63-64	-	Yes,109-110	Significant indirect economic impacts and their scope
Material Aspect: Procurement practices				
G4-DMA	55	-	Yes,109-110	General information on the management approach
G4-EC9	55	-	Yes,109-110	Percentage of expenditure in places with significant transactions corresponding to local suppliers
Environment				
Material Aspect: Materials				
G4-DMA	79	-	Yes,109-110	General information on the management approach
G4-EN1	79	-	Yes,109-110	Materials by weight or volume
G4-EN2	79	-	Yes,109-110	Percentage of materials used that are recycled materials
Material Aspect: Energy				
G4-DMA	77-78,81-85	-	Yes,109-110	General information on the management approach
G4-EN3	78	-	Yes,109-110	Internal power consumption
G4-EN4	77	-	Yes,109-110	External power consumption
G4-EN5	77-78	-	Yes,109-110	Energy intensity
G4-EN6	77-78,81-85	(a)	Yes,109-110	Reduction of energy consumption
G4-EN7	77-78	-	Yes,109-110	Reductions in power requirements for products and services
Material Aspect: Water				
G4-DMA	79	-	Yes,109-110	General information on the management approach
G4-EN8	79, (b)	-	Yes,109-110	Water total use according to source
G4-EN9	(b)	-	Yes,109-110	Water sources that have been significantly affected by water use
G4-EN10	(b)	-	Yes,109-110	Percentage and total volume of water recycled and reused
Material Aspect: Issues				
G4-DMA	80	-	Yes,109-110	General information on the management approach
G4-EN15	80	-	Yes,109-110	Direct emissions of greenhouse gases (Scope 1)
G4-EN16	80	-	Yes,109-110	Indirect emissions of greenhouse gases in generating energy (Scope 2)
G4-EN17	80	-	Yes,109-110	Other indirect emissions of greenhouse gases (Scope 3)
G4-EN18	80	-	Yes,109-110	Intensity of greenhouse gas emissions
G4-EN19	80	(c)	Yes,109-110	Reduction greenhouse gas emissions
G4-EN20	(d)	-	Yes,109-110	Emissions of ozone depleting substances
G4-EN21	(e)	-	Yes,109-110	NOX, SOX, and other significant air emissions
Material Aspect: Effluents and waste				
G4-DMA	79	-	Yes,109-110	General information on the management approach
G4-EN22	(f)	-	Yes,109-110	Total discharge of water, by type and destination
G4-EN23	79	-	Yes,109-110	Total weight of waste managed, by type and disposal method
G4-EN24	(g)	-	Yes,109-110	Total number and volume of most significant spills
G4-EN25	(h)	-	Yes,109-110	Weight of transported, imported, exported or treated waste deemed hazardous under Annexes I, II, III and VIII of the Basel Convention and percentage of internationally transported waste
G4-EN26	(i)	-	Yes,109-110	Identification, size, protected status and biodiversity value of water bodies and related habitats significantly affected by discharges and runoff from the organisation
Material Aspect: Products and services				
G4-DMA	77	-	Yes,109-110	General information on the management approach
G4-EN27	77-78	(j)	Yes,109-110	Mitigation of the environmental impact of products and services
G4-EN28	(k)	-	Yes,109-110	Percentage of products sold and their packaging materials recovered at the end of its useful life, broken down by category

Category: Environment	Page	Omission	Ext. V.	
Material Aspect: Regulatory compliance				
G4-DMA	80	-	Yes,109-110	General information on the management approach
G4-EN29	80	-	Yes,109-110	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations
Material Aspect: Transport				
G4-DMA	77-80	-	Yes,109-110	General information on the management approach
G4-EN30	77,80	-	Yes,109-110	Significant environmental impacts due to transporting products and other goods and materials used for the organisation's activities, as well as the transport of personnel
Material Aspect: General				
G4-DMA	78	-	Yes,109-110	General information on the management approach
G4-EN31	78	(l)	Yes,109-110	Breakdown of expenditure and investment for environmental protection
Material Aspect: Environmental assessment of suppliers				
G4-DMA	55-56	-	Yes,109-110	General information on the management approach
G4-EN32	55	-	Yes,109-110	Percentage of new suppliers examined, in accordance with environmental criteria
G4-EN33	55-56	-	Yes,109-110	Significant negative environmental impacts, both actual and potential, in the supply chain and measures taken in this regard
Material Aspect: Mechanisms of environmental complaint				
G4-DMA	54	-	Yes,109-110	General information on the management approach
G4-EN34	54	-	Yes,109-110	Number of environmental claims that have been filed, addressed and resolved through formal grievance mechanisms
Category: Social performance				
Subcategory: Labour practices and decent work				
Material Aspect: Employment				
G4-DMA	100-104	-	Yes,109-110	General information on the management approach
G4-LA1	100-101	-	Yes,109-110	Number and rate of recruitment and average rotation of employees, broken down by age group, gender and region
G4-LA2	104	-	Yes,109-110	Social benefits for full-time employees, not offered to temporary or part-time employees, broken down by significant activity locations
G4-LA3	103	-	Yes,109-110	Levels of return to work and retention after maternity or paternity, broken down by gender
Material Aspect: Relations between employees and management				
G4-DMA	100	-	Yes,109-110	General information on the management approach
G4-LA4	100	-	Yes,109-110	Minimum periods of notice for operational changes and the possible inclusion of these in the collective bargaining agreements
Material Aspect: Health and safety at work				
G4-DMA	101-103	-	Yes,109-110	General information on the management approach
G4-LA5	102	-	Yes,109-110	Percentage of employees represented on joint management-employee health and safety committees, established to promote control and advise on occupational health and safety programmes
G4-LA6	101-103	-	Yes,109-110	Type and rate of injuries, work-related illnesses, lost days, absenteeism and number of fatalities related to work by region and gender
G4-LA7	102	-	Yes,109-110	Workers whose profession has a high incidence or risk of illness
G4-LA8	102	-	Yes,109-110	Health and safety issues covered in formal agreements with trade unions
Material Aspect: Training and education				
G4-DMA	68-70	-	Yes,109-110	General information on the management approach
G4-LA9	70	-	Yes,109-110	Annual average training hours per employee by gender and job category
G4-LA10	70	-	Yes,109-110	Programmes for skills management and continuous training that promote employability of workers and help them to manage the end of their careers
G4-LA11	68-70	-	Yes,109-110	Percentage of employees receiving regular assessment on performance and career development, broken down by gender and professional category
Material Aspect: Diversity and equal opportunities				
G4-DMA	101-102	-	Yes,109-110	General information on the management approach
G4-LA12	13,101-102	-	Yes,109-110	Composition of the governing bodies and staff breakdown by professional status and sex, age, minority status and other diversity indicators
Material Aspect: Equal pay between women and men				
G4-DMA	101-102	-	Yes,109-110	General information on the management approach
G4-LA13	101-102	-	Yes,109-110	Ratio of basic salary of men and basic salary of women, broken down by professional status and activity-significant locations.
Material Aspect: Assessment of the supplier's labour practices				
G4-DMA	55-57	-	Yes,109-110	General information on the management approach
G4-LA14	55-57	-	Yes,109-110	Percentage of new suppliers that were examined according to labour practice criteria
G4-LA15	55	-	Yes,109-110	Significant negative impacts, actual and potential, in supply chain labour practices, and corresponding measures
Material Aspect: Complaint mechanisms covering labour practices				
G4-DMA	55-57	-	Yes,109-110	General information on the management approach
G4-LA16	71,103	-	Yes,109-110	Number of labour practice claims that have been filed, addressed and resolved through formal grievance mechanisms
Subcategory: Human Rights				
Material Aspect: Investment				
G4-DMA	57	-	Yes,109-110	General information on the management approach
G4-HR1	57,71	-	Yes,109-110	Number and percentage of significant investment contracts and agreements including human rights clauses or that have been analysed on human rights

	Página	Omisión	V. Ext.	
Material Aspect: Investment				
G4-HR2	71	-	Yes,109-110	Training hours of employees on policies and procedures concerning aspects of those human rights relevant to their activities, including the percentage of trained employees
Material Aspect: Non-discrimination				
G4-DMA	71	-	Yes,109-110	General information on the management approach
G4-HR3	71	-	Yes,109-110	Number of cases of discrimination and corrective actions taken
Material Aspect: Freedom of association and collective bargaining				
G4-DMA	105	-	Yes,109-110	General information on the management approach
G4-HR4	105	-	Yes,109-110	Identification of centres and suppliers in which freedom of association and right to collective bargaining may be violated or threatened, and measures taken to defend these rights
Material Aspect: Assessment				
G4-DMA	71	-	Yes,109-110	General information on the management approach
G4-HR9	57	-	Yes,109-110	Number and percentage of centres that have been the object of examinations or impact assessments relating to human rights
Material Aspect: Evaluation of suppliers with regard to human rights				
G4-DMA	55-56	-	Yes,109-110	General information on the management approach
G4-HR10	57	-	Yes,109-110	Percentage of new suppliers that were examined according to human rights criteria
G4-HR11	11,55-57	-	Yes,109-110	Significant negative impacts on human rights, both actual and potential, in the supply chain, and measures adopted
Material Aspect: Complaint mechanisms covering human rights				
G4-DMA	11	-	Yes,109-110	General information on the management approach
G4-HR12	11	-	Yes,109-110	Number of human rights claims that have been filed, addressed and resolved through formal grievance mechanisms
Subcategory: Society				
Material Aspect: Local communities				
G4-DMA	57-61	-	Yes,109-110	General information on the management approach
G4-S01	75-76	-	Yes,109-110	Percentage of centres where development programmes, impact evaluations and local community participation have been implemented
G4-S02	57-61,73-76	-	Yes,109-110	Operations centres with significant negative effects, potential or actual, on local communities
FS13	74-75	-	Yes,109-110	Access to financial services in unpopulated/disadvantaged areas by access type
FS14	21,74-75	-	Yes,109-110	Initiatives to improve access for people with disabilities or impairments
Material Aspect: Combatting corruption				
G4-DMA	42,71	-	Yes,109-110	General information on the management approach
G4-S03	42-43	-	Yes,109-110	Number and percentage of centres in which the risks related to corruption have been evaluated and significant risks detected
G4-S04	42-43	(m)	Yes,109-110	Communication and training policies and procedures relating to combatting corruption
G4-S05	11	-	Yes,109-110	Confirmed cases of corruption and measures adopted
Material Aspect: Public policy				
G4-DMA	40	-	Yes,109-110	General information on the management approach
G4-S06	40	-	Yes,109-110	Value of political contributions, by country and recipient
Material Aspect: Unfair competition				
G4-DMA	43	-	Yes,109-110	General information on the management approach
G4-S07	43	-	Yes,109-110	Number of claims for unfair competition, practices that are monopolistic or anti-competitive and the results of these.
Material Aspect: Regulatory compliance				
G4-DMA	43	-	Yes,109-110	General information on the management approach
G4-S08	43	-	Yes,109-110	Monetary value of significant fines and number of non-monetary sanctions for non-compliance with legislation and regulations
Material Aspect: Evaluation of suppliers' social impact				
G4-DMA	55-57	-	Yes,109-110	General information on the management approach
G4-S09	55,57	-	Yes,109-110	Percentage of new suppliers that were examined based on criteria relating to social impact
G4-S010	55-57	-	Yes,109-110	Significant negative impacts on society, actual and potential, in the supply chain, and measures adopted
Material Aspect: Complaint mechanisms covering social impact				
G4-DMA	54	-	Yes,109-110	General information on the management approach
G4-S011	54	-	Yes,109-110	Number of social impact claims that have been filed, addressed and resolved through formal grievance mechanisms
Subcategory: Product responsibility				
Material Aspect: Health and safety of customers				
G4-DMA	38,54	-	Yes,109-110	General information on the management approach
G4-PR1	21,38	-	Yes,109-110	Percentage of significant product and service categories whose impact on health and safety have been evaluated to promote improvements
G4-PR2	54	-	Yes,109-110	Number of incidents derived from non-compliance with the regulations or voluntary codes relating to health and safety impacts of the products and services during their life cycles, broken down according to the results of these incidents

	Página	Omisión	V. Ext.	
Material Aspect: Labelling of products and services				
G4-DMA	54	-	Yes,109-110	General information on the management approach
G4-PR3	54	-	Yes,109-110	Type information required by the organisation's procedures concerning information and the labelling of its products and services, and percentage of significant product and service categories that are subject to such requirements
G4-PR4	54	-	Yes,109-110	Number of infringements of regulation and voluntary codes relating to information on and labelling of products and services, broken down by result type
G4-PR5	51-52	-	Yes,109-110	Result of the customer satisfaction surveys
Material Aspect: Marketing Communications				
G4-DMA	54	-	Yes,109-110	General information on the management approach
G4-PR6	21	-	Yes,109-110	Sale of prohibited or disputed products
G4-PR7	54	-	Yes,109-110	Number of cases of non-compliance with regulations or voluntary codes relating to marketing communications, including advertising, promotion and sponsorship, broken down by result type
Material Aspect: Customer privacy				
G4-DMA	54	-	Yes,109-110	General information on the management approach
G4-PR8	54	-	Yes,109-110	Number of claims based on the infringement of privacy and the leaking of customer details
Material Aspect: Regulatory compliance				
G4-DMA	43	-	Yes,109-110	General information on the management approach
G4-PR9	43	-	Yes,109-110	Monetary value of significant fines for non-compliance with laws and regulations regarding the provision and use of products and services
SPECIFIC BASIC CONTENTS: FINANCIAL SECTOR				
Impact of products and services				
Material Aspect: List of products				
FS1	10, 55-56	-	Yes,109-110	Policies with specific environmental and social aspects applied to business lines
FS2	46-47	-	Yes,109-110	Procedures for evaluating and monitoring social and environmental risks in business lines
FS3	46-47	-	Yes,109-110	Processes to monitor the implementation by customers of the social and environmental requirements included in contracts or transactions
FS4	70-71	-	Yes,109-110	Processes to improve employee competence for implementing environmental and social policies and procedures applied to the business lines
FS5	29-31	-	Yes,109-110	Interactions with customers/investee companies/business partners relating to environmental and social risks and opportunities
FS6	45	(n)	Yes,109-110	Percentage of the portfolio for business lines
FS7	60-61, 65-67, 81-85	-	Yes,109-110	Monetary value of the products and services designed to provide specific social benefits for each line of business broken down according to its purpose
FS8	65,80	-	Yes,109-110	Monetary value of the products and services designed to provide a specific environmental benefit for every itemised line of business according to its intention
Material Aspect: Audit				
FS9	-	(ñ)	Yes,109-110	Audit coverage and frequency to assess the implementation of environmental and social policies and risk assessment procedures
Material Aspect: Active Property				
FS10	50-51	-	Yes,109-110	Percentage and number of companies in the institution's portfolio with which the organisation has interacted on environmental and social topics
FS11	46-47	-	Yes,109-110	Percentage of assets subject to both positive and negative environmental or social controls
FS12	77, (o)	-	Yes,109-110	Voting policies for environmental or social issues in participations over which the organisation holds the right to vote or voting recommendation
Material Aspect: Labelling of products and services				
FS15	54	-	Yes,109-110	Fair trade policies of financial products and services
FS16	54,85-86	-	Yes,109-110	Initiatives to enhance financial culture, broken down by type of beneficiary

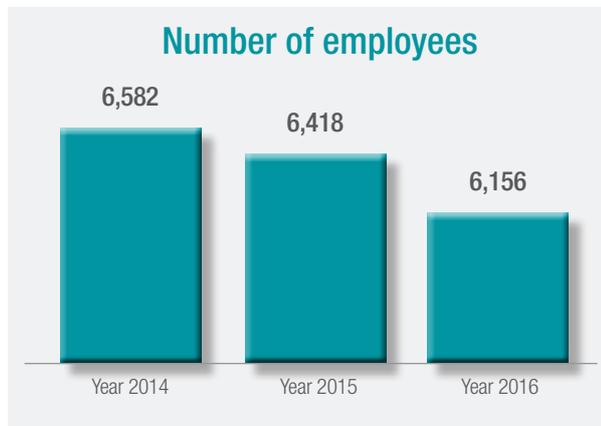
NOTES

- (a) Grupo Cooperativo Cajamar has not established the power consumption reduction in 2016; therefore, this information is not available. It is planned to be established in the Eco-efficiency Plan's five-year period
- (b) The institution's offices are in urban centres, therefore water is both drawn from and discharged via the urban network
- (c) Grupo Cooperativo Cajamar has not established the reduction of greenhouse gas emissions in 2016; therefore, this information is not available. It is planned to be established in the Eco-efficiency Plan's five-year period
- (d) Given the institution's activity, substances that deplete the ozone layer are not generated
- (e) Given the institution's financial activity, significant emissions into the air are not produced
- (f) The Institution draws water from and discharges it to the urban network
- (g) The Institution's offices are located in urban centres, and its activity does not generate spills
- (h) The Institution does not transport waste
- (i) The Institution's offices are located in urban centres; therefore, it has no impact on protected natural areas and/or biodiversity
- (j) Grupo Cooperativo Cajamar has not established the reductions in 2016; therefore, this information is not available. It is planned to be established in the Eco-efficiency Plan's five-year period
- (k) This information is not relevant given the Institution's financial activity
- (l) Grupo Cooperativo Cajamar has not established the broken-down environmental investments in 2016; therefore, this information is not available. It is planned to be established in the Eco-efficiency Plan's five-year period
- (m) The information related to the distribution by professional status is not available. The Group will establish the internal procedures to provide the information in the medium term
- (n) The information related to the breakdown of the portfolio for lines of business by region is not published for confidentiality reasons
- (ñ) Currently unavailable - Cooperative Group Cajamar is working on identifying the social and environmental risks, as well as developing actions aimed at implementing audits that assess these risks. The Group will establish the procedures to provide the information in the medium term
- (o) Regarding voting intentions of Cooperative Group Cajamar on environmental issues, all decisions adopted, both internally and related to adhered institutions and investee companies, will follow the action guidelines established in the Environmental Policy of the Group

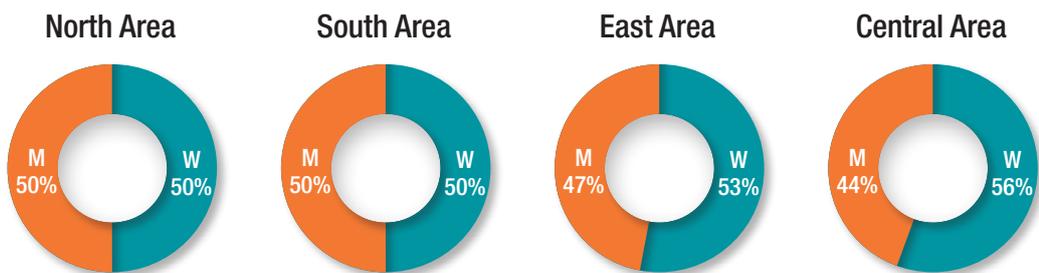
Cooperative Group Cajamar prepares its integrated report based on the comprehensive option in accordance with its GRI G4 guidelines

Cooperative Group Cajamar supports the GRI initiative, the main objective of which is to promote among the organisations the production of sustainability reports containing the measurement, disclosure and accountability with respect to all its stakeholders of the performance and the objective of sustainable development. Therefore, the Group has prepared this report under the guidelines set out in the "Guide for the Preparation of GRI Sustainability Reports", in its new G4 version, and under the criteria set forth in the financial supplement.

➔ | **Annex II – Staff profile**



Employment stability	
Employees with permanent contracts	97.68%
Full-time employees	97.38%



➔ **Distribution of Cooperative Group Cajamar's staff by employment contract and gender**

Gender	Year 2014		Year 2015		Year 2016	
	Contract Permanent	Contract Temporary	Contract Permanent	Contract Temporary	Contract Permanent	Contract Temporary
Men	3,329	150	3,302	100	3,129	78
Women	2,985	118	2,964	52	2,884	65
Total	6,314	268	6,266	152	6,013	143

➔ **Distribución por tipo de jornada de la plantilla del Grupo Cooperativo Cajamar**

Gender	Year 2014		Year 2015		Year 2016	
	Conference complete	Conference reduced	Conference complete	Conference reduced	Conference complete	Conference reduced
Men	3,353	126	3,308	94	3,148	59
Women	3,005	98	2,916	100	2,847	102
Total	6,358	224	6,224	194	5,995	161



Geographical distribution¹ of Cooperative Group Cajamar's staff

Area ⁽¹⁾	Year 2014		Year 2015		Year 2016	
	M	W	M	W	M	W
North	14	12	17	16	15	15
South	1,278	1,221	1,254	1,184	1,178	1,188
East	1,838	1,600	1,789	1,552	1,682	1,484
Central	349	270	342	264	332	262
Total	6,582		6,418		6,156	

(1) The northern area includes data from the regions of Galicia, Asturias, Cantabria, Basque Country and Navarra; the central area includes data from La Rioja, Aragon, Castilla y Leon, Madrid, Castilla-La Mancha and Extremadura; the Eastern area includes data from Catalonia, Valencia, Murcia and the Balearic Islands; the Southern area includes data from Andalusia, the Canary Islands, Ceuta and Melilla.



Breakdown of the Group's staff distributed by groups of age, gender and geographical area - 2016

Area	Up to 35 years old			From 36 to 55 years old			> 55 years old			Total		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
North	4	4	8	11	11	22	0	0	0	15	15	30
South	116	217	333	979	954	1,933	83	17	100	1,178	1,188	2,366
East	117	287	404	1,510	1,187	2,697	55	10	65	1,682	1,484	3,166
Central	48	79	127	267	180	447	17	3	20	332	262	594
Total	285	587	872	2,767	2,332	5,099	155	30	185	3,207	2,949	6,156



Evolution of new recruitments

New continuing recruitments	25	80.65%
New recruitments who stop working	6	19.35%

Mobility: In the event of a period of posting longer than three months, the advance notice should not be less than 5 working days. In addition, in the event of a transfer or a substantial change in the working conditions, the advance notice may not be less than 30 days.



No. and % of new recruitments in Grupo Cooperativo Cajamar distributed by age, gender and geographical area - 2016 (LA1)

Area	Up to 35 years old				From 36 to 55 years old				> 55 years old				Total			
	M	Pro-portion	W	Pro-portion	M	Pro-portion	W	Pro-portion	M	Pro-portion	W	Pro-portion	M	Pro-portion	W	Pro-portion
North		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	0	0.0%	0	0.0%
South	1	0.9%	5	2.3%	4	0.4%	2	0.2%		0.0%		0.0%	5	0.4%	7	0.6%
East	5	4.3%	2	0.7%	6	0.4%		0.0%		0.0%		0.0%	11	0.7%	2	0.1%
Central	2	4.2%		0.0%	4	1.5%		0.0%		0.0%		0.0%	6	1.8%	0	0.0%
Total	8	2.8%	7	1.2%	14	0.5%	2	0.1%	0	0.0%	0	0.0%	22	0.7%	9	0.3%

Number and % of leaves in the Group distributed by age, gender and geographical area - 2016 (LA1)

Area	Up to 35 years old				From 36 to 55 years old				> 55 years old				Total			
	M	Proportion	W	Proportion	M	Proportion	W	Proportion	M	Proportion	W	Proportion	M	Proportion	W	Proportion
North		0.0%		0.0%	2	18.2%		0.0%		0.0%		0.0%	2	13.3%	0	0.0%
South	5	4.3%	17	7.8%	24	2.4%	27	2.8%	58	69.9%	5	29.4%	87	7.4%	49	4.1%
East	12	10.3%	19	6.6%	71	4.7%	63	5.3%	40	72.7%	14	140.0%	123	7.3%	96	6.5%
Central	1	2.1%	9	11.4%	7	2.6%	8	4.4%	17	100.0%	5	166.7%	25	7.5%	22	8.4%
Total	18	6.3%	45	7.7%	104	3.8%	98	4.2%	115	74.2%	24	80.0%	237	7.4%	167	5.7%

Distribution of Cooperative Group Cajamar's staff by professional category, age and gender (LA12)

Puestos	Up to 35 years old				From 36 to 55 years old				> 55 years old				Total			
	M	Proportion	W	Proportion	M	Proportion	W	Proportion	M	Proportion	W	Proportion	M	Proportion	W	Proportion
Executives	64	58.2%	46	41.8%	963	75.4%	315	24.6%	31	93.9%	2	6.1%	1,058	74.5%	363	25.5%
Pre-executives	81	30.6%	184	69.4%	668	47.4%	742	52.6%	11	91.7%	1	8.3%	760	45.1%	927	54.9%
Technicians	40	33.6%	79	66.4%	272	51.5%	256	48.5%	7	77.8%	2	22.2%	319	48.6%	337	51.4%
Other	100	26.5%	278	73.5%	864	45.9%	1,019	54.1%	106	80.9%	25	19.1%	1,070	44.7%	1,322	55.3%
Total	285	32.7%	587	67.3%	2,767	54.3%	2,332	45.7%	155	83.8%	30	16.2%	3,207	52.1%	2,949	47.9%

Other indicators of the diversity of Cooperative Group Cajamar's staff (LA12)

Positions	Foreigners				LISMI (Act on Social Integration of People with Disabilities) in BCC				LISMI in Cajamar Caja Rural			
	M	Proportion	W	Proportion	M	Proportion	W	Proportion	M	Proportion	W	Proportion
Executives	2	0.1%	1	0.1%		0.0%	1	0.1%	13	0.3%	1	0.0%
Pre-executives	1	0.0%	5	0.2%	1	0.1%		0.0%	11	0.2%	12	0.2%
Technicians	3	0.2%	1	0.1%	3	0.3%	5	0.6%		0.0%		0.0%
Other	1	0.2%	7	1.1%	3	0.3%	3	0.3%	36	0.7%	34	0.7%
Total	7	0.1%	14	0.2%	7	0.8%	9	1.0%	60	1.2%	47	1.0%

BCC employees 871

Cajamar Caja Rural employees 4,875

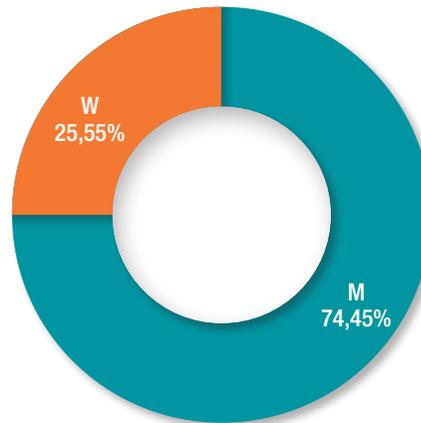
Other banks 410

Women-men salary ratio by professional category and institution (LA13)

Positions	BCC			Cajamar Caja Rural			Rest of companies		
	%	Tenure		%	Tenure		%	Tenure	
		M	W		M	W		M	W
Executives	75.31%	18.23	16.20	89.30%	17.03	15.05	90.69%	21.21	20.87
Pre-executives	94.33%	19.49	15.16	93.36%	16.62	14.56	92.35%	22.31	19.84
Technicians	91.68%	16.32	13.39	81.48%	19.03	14.09	89.86%	20.05	15.19
Other	99.42%	21.25	17.13	83.31%	19.31	14.66	94.11%	19.67	17.20

The difference in Women-men salary ratio is directly related to seniority in the professional category. It is therefore a salary difference resulting from supplements rather than base salary, since the base salary by professional category is equal for men and women. This egalitarian relationship is maintained in all institutions of Grupo Cooperativo Cajamar.

Women executives



Distribution of the Group's employees with promotion broken down by gender				
Gender	Staff		Promotions	
	Number	%	Number	%
Men	3,207	52.10%	238	38.39%
Women	2,949	47.90%	382	61.61%
Total	6,156	100.00%	620	100.00%

Medical examinations carried out in Group Cooperative Cajamar institutions			
	Year 2014	Year 2015	Year 2016
Initial	0	0	0
Periodic	3,139	1,680	3,563
Total	3,139	1,680	3,563

Initial wage for new employees

17,948.20 €

National minimum wage

9,172.80 €

Ratio 1.96

The total annual fixed wage of the best-paid person in the Group is 11.68 times the Group staff's average total annual fixed wage

The percentage increase of the total annual fixed wage of the best-paid person in the is 24.72 times the percentage increase of the Group staff's average total annual fixed wage

None of the professionals who perform their work in Grupo Cooperativo Cajamar is exposed to work-related illnesses, since the sector in which Grupo Cooperativo Cajamar operates has not recognised such illnesses in the RD 1299/2006 of November 10. 100% of the staff of the institutions adhered to SPM (Joint Prevention Service) is represented in different Committees of Occupational Health and Safety, as well as by the workers' representatives performing the role of Prevention Delegates in the absence of the Committee.



	Occupational accidents of Grupo Cooperativo Cajamar's employees, by gender and region (LA6)										Total
	Men					Women					
	North	South	Central	East	Total	North	South	Central	East	Total	
Total accidents	0	17	8	34	59	0	26	11	32	69	128
Accidents not entailing medical leave	0	10	2	21	33	0	11	5	16	32	65
Accidents entailing medical leave	0	7	6	13	26	0	15	6	16	37	63
Total working days lost entailing leave	0	118	46	255	419	0	392	59	292	743	1,162



Volume and type of employee absenteeism in Cooperative Group Cajamar, by gender and region (LA6)

	Men					Women					Total
	North	South	Central	East	Total	North	South	Central	East	Total	
Total leaves	1	250	35	331	617	3	433	95	485	1,016	1,633
New leaves	1	234	35	303	573	3	407	88	428	926	1,499
Additions	1	221	34	307	563	3	393	87	438	921	1,484
Total working days lost	6	5,897	514	7,255	13,672	67	9,892	2,072	13,177	25,208	38,880
Rate of accidents	0.000	0.014	0.024	0.020	0,018	0.000	0.022	0.042	0.022	0,023	0.021
Rate of days lost due to accidents (1)	0.000	0.000	0.005	0.000	0.001	0.000	0.001	0.001	0.001	0.001	0.001
Rate of absenteeism (2)	0.002	0.020	0.006	0.017	0.017	0,018	0.034	0.0013	0.035	0.034	0.025

Note 1: Days lost due to accidents / No. business days of the entire staff in the area. Note 2: Total working days lost / No. business days of the entire staff in the area

Total working days of the entire staff	3,974	300,178	83,805	427,188	815,145	3,706	291,749	67,099	374,897	737,451	1,552,596
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Cajamar Cooperative Group's employees entitled to maternity or paternity leave (LA3)

	Men	Women
No. of employees entitled to leave	136	166
No. of employees who exercised that right	130	166
No. of employees who have not finished their leave	2	45
No. of employees who are on extended leave after exercising that right	0	12
No. of employees who returned to work after exercising that right	128	109
% return to work after exercising the right to leave	98.46%	65.66%



Percentage of retention of Grupo Cooperativo Cajamar's employees after maternity or paternity leave, by gender (LA3)

	Men	Women
No. of maternity / paternity leaves last year	136	189
No. of employees who returned to work	136	154
No. of employees who remain in the company 12 months later	131	173
% retained	96.32%	91.53%

In 2016 no labour practice claims have been filed, addressed and resolved through formal grievance mechanisms.



Social benefits (LA2)			
	Permanent (full- or part-time)	Temporary	Comments
Life insurance	Yes	Yes	
Health insurance	No	No	Not paid by the institution. Included in the flexible remuneration, borne by the employee
Coverage for incapacity or disability	Yes	Yes	
Maternity or paternity leave	Yes	Yes	
Pension fund	Yes	Yes (minimum 2 years of work)	
Stock / Shares	Yes	Yes	Possibility of contracting contributions to the institution's share capital
Study grants	Yes	Yes	
Flexible remuneration	Yes	Yes	In the case of temporary employees, provided that the duration of the contract is at least the same as the duration of the service (nursery, insurance, etc).
Professional development and training	Yes	Yes	
Holidays, paid leave, permissions and leave of absences	Yes	Yes	
Flexible working day and hours	Yes	Yes	
Social financing	Yes	No	
Business culture	Yes	Yes	
Equality plan	Yes	Yes	
Aid scheme for employees with disabled children	Yes	No	

(*) The Employees' Pension Plan Control Committee agreed as mandate to apply ethical, social, environmental and corporate governance criteria in the Employment Fund's management. Likewise, it shall comply at all times with the Principles of Responsible Investment of the UN. At 31 December 2016, the number of Pension Plan participants is 7,249, the number of beneficiaries is 538 and the equity constituted amounts to €141,170,811. The pension plans are defined contribution and benefit pension schemes. There are groups with solely defined pension schemes and mixed groups (with contribution and benefit schemes). All obligations are outsourced, either in the occupational pension schemes or in insurance policies.

→ | Annex III – Trade union relations

Grupo Cooperativo Cajamar believes that freedom of association and worker representation are rights that must be preserved, guaranteeing that the representational and defence functions of workers can be carried out in a suitable environment that enables, through means of negotiation, the improvement of their conditions by creating shared value. In this sense, the Directorate General for Human Resources provides the necessary and sufficient information for the social agents to swiftly and effectively perform their functions of representation and defence of the interests of Grupo Cooperativo Cajamar's employees, maintaining a permanent and continuous dialogue between the different institutions that comprise it and the union representation.

According to the labour regulations, the employees are represented by trade unions, which constantly inform them on any changes and agreements that take place within the organisation. Likewise, Grupo Cooperativo Cajamar makes available to such trade union representation all the appropriate means to perform its activity. In addition, our internal communication channels are always updated in order to provide information to the Group's entire staff.

Currently, Grupo Cooperativo Cajamar has a structure, from a trade union viewpoint, of three trade union sections constituted at Group level; therefore, they have the power of representation and negotiation of any female and male employee belonging to it. At the representatives' level, taking into account all the Institutions comprising the Group and the leading institution, BCC, there are a total of 279 workers' representatives with presence in 33 provinces and spread over 20 workers' committees and 27 provinces with the figure of personnel delegates. All the Group's staff is governed by the twenty-first Collective Agreement for Credit Cooperatives, published in the Official Gazette No. 10 of 20 December 2016, as well as by the labour agreements signed with Grupo Cooperativo Cajamar's trade union representatives since social dialogue is taken into account at all times. Throughout 2016, no situation has put at risk the rights of freedom of association and trade unionism of employees, or of any significant suppliers linked to the institution's business.

Grupo Cooperativo Cajamar's institutions are members of the employers' organisation ASEMECC, an association of companies incorporated to defend the interests of and represent its members in collective bargaining and labour relations. The association's corporate purpose is to represent its members in collective bargaining and labour relations, as well as perform the complementary and related activities required to achieve the aforementioned purpose.

→ | Annex IV – Regulatory

Circular 4/2016 of the Banco de España on financial reporting regulations

In 2016, Circular 4/2016, of 27 April, of the Banco de España, which amends Circular 4/2004, of 22 December, to credit institutions, on public and confidential financial reporting and financial statement formats, and Circular 1/2013, of 24 May, on Spain's Central Risk Information Database. This regulation includes important regulatory changes, among of which stands out the guidelines by the Basel Committee on Banking Supervision on credit risk management and accounting, which seek to strengthen the risk management models.

The Circular differentiates between different types of risk: standard risk, standard risk in special surveillance, doubtful risk due to non-performing customer loans, doubtful risk other than due to non-performing customer loans and write-off risk. This classification introduces a significant modification with respect to the previous text. The substandard loan category is deleted and split in two: standard risk in special surveillance and doubtful risk other than due to non-performing customer loans.

The price must cover financing, structural credit risk costs. If a credit transaction does not cover these pricing elements, it should be accounted for at its reasonable value, posting the difference between this price and the granting price as a loss.

The institutions should start replacing the standard calculations used in the method for calculating provisions for internal calculation methods. In addition, a more accelerated provision schedule is established in the early stage of the irregular situation, but it globally extends throughout time.

Act 22/2015, of 20 July, on Audit of Accounts

On 17 June 2016, the new auditing act entered into force. Its main objective is to improve rigour, transparency and independence with the purpose of providing confidence and credibility to the performance information issued by the companies to its different stakeholders. This regulation forces organisations, such as Grupo Cooperativo Cajamar, which is a Public Interest Entity, to change auditor every 10 years, while reinforcing the incompatibility criteria by establishing that from one year before the beginning of the audited year, the auditing company may not provide services that involve designing, implementing the internal control procedure or managing risks related to the preparation and control of financial information. The new regulation reinforces the personal independence of the candidates that audit the accounts in aspects related to financial, labour and family interests, as well as in the business relations of the auditing company.

The Audit Committee includes new functions, such as pre-approving services other than the auditing services, confirming the author's independence and conducting the competition or tender to select the auditing company. The audit report must include further detailed information about the risks that the companies face and can have an impact on their financial statements.

Methodological change of the 12-month Euribor rate

The European Money Markets Institute (EMMI) has already developed the new method for calculating the reference rate for 90% of mortgages in Spain. Although its implementation was initially planned for 2015, the negative interest rates that in some European countries have caused institutions to pay their customers for their mortgages; the uncertainty regarding the index's volatility; the fear of its impact on the price of mortgages; and the need for a legal framework that oversees the methodological change has caused further delays in its implementation. Initially it was delayed to 2016, and subsequently to 2017. The new index is supposed to be more stable and transparent, as it will be based on the actual transactions occurring in the market and not on estimates, thus limiting any possibilities of manipulation by the institutions. However, there are uncertainties regarding its volatility.

Mortgage Act of Andalusia

Act 3/2016, of 9 June, on the protection of the rights of consumers and users in the contracting of loans and mortgages entered into force in September 2016. This act establishes the information that lending institutions must provide to the consumer before granting the mortgage loan deed. In addition, it encourages the institutions to adhere to the Spanish Arbitration System Governing Consumer Affairs.

MiFID II

The entry into force of the MiFID II for 2018, through which a new financial architecture will be created and which will reinforce the investors protection with regard to the MiFID II that will enter into force in 2017, will involve significant changes in the marketing of products, practices and financial markets. It pushes the concept of financial advice to another level, which necessarily will have to become increasingly explicit. The Directive is inspired in three crucial elements for the financial products and markets: security, efficiency and transparency. Companies will have to provide employees with intensive training and certification programmes, new independence criteria will appear, rebates from fund fees will be limited and deep changes in the commercial system will occur.

Act 5/2015, of 27 April, on the promotion of business financing

The spirit of this act is essentially to modify the business financing framework by allowing for a greater and easier access to credit. Although this act entered into force in 2015, it established transition periods that have had effects in the year 2016. This act introduces for the first time in our country a regulatory framework for crowdfunding, whose platforms are an opaque financing alternative to bank financing. It also unifies all the Spanish regulations on securitisations, and, among other new developments, it introduces a series of requirements that all banking institutions must fulfil when considering the renewal of its customers' current assets. If maintaining a customer's floating assets is no longer permitted or they are reduced in 35%, the institution must inform the customer with three months in advance. This law means that the institutions will have to study their customers with enough time in advance to assess the possibilities of extending short term funding: floating assets and working capital.

→ | Annex V – Business Continuity Management System

During 2016, Grupo Cooperativo Cajamar' Business Continuity Management System has continued adapting to the changes in the organisational structure, and it has been formally enlarged with the purpose of dealing with the *cybersecurity* threats inherent to the digital transformation that is underway. The solutions presented in previous years have proven to be valid to maintain its life cycle, in terms of the threat to the availability of the infrastructures, people and the technological support provided for both of these within the Business Continuity Plan, but a step further has been taken within the technological scope by formalising the Technological Continuity Plan. In doing so, we can deal with new scenarios in which the threats and contingencies affect technology, including new *cybersecurity* scenarios. This is all managed comprehensively and by conducting coordinated simulations with the participation of the teams that would deal with a real contingency: crisis management committees, support and recovery teams, and the response team for technological incidents, one of them under a scenario of a contingency resulting from *cybersecurity* threats.

The Business Continuity Management System continues to fulfil the new and existing legal requirements under the supervision of the Banco de España, the European Central Bank and the requirements of the CNMV. In addition, the regulations and best practices on this matter continue to be applied, which have been established by the DRII (Disaster Recovery International Institute), BSI (British Standards Institution), BCI (Business Continuity Institute), AENOR (Spanish Association for Standardisation and Certification), ISO 27001 and ISO 27002, ISO 22301 (Societal security – Business continuity management systems – Requirements), ISO 24762 (Information technology - - Security techniques - - Guidelines for information and communications technology disaster recovery services), Basel II, PCI-DSS Visa/MasterCard and MiFID (Markets in Financial Instruments Directive), and the NIST Institute (with respect to planning in the event of contingencies in the organisations and in IT systems).

As we can see, the Business Continuity Management System is in a permanent process of improvement in line with the evolution of Grupo Cooperativo Cajamar's institutions and their business requirements, and it is ready to respond to and recover from the diverse potential threats in an efficient and coordinated manner. All of this is carried out under a continued preventive monitoring, including risk management and analysis, applying corrective measures and incorporating the different lessons learnt to mitigate the possibility of the different threats from materialising. Similarly significant are the training plans of the different teams involved, which are developed and reviewed annually.

→ | Annex VI – PwC Verification Report



INFORME DE ASEGURAMIENTO LIMITADO INDEPENDIENTE DE LOS INDICADORES DE RESPONSABILIDAD CORPORATIVA

A la Dirección del Grupo Cooperativo Cajamar:

Hemos llevado a cabo un encargo de aseguramiento limitado de los indicadores de Responsabilidad Corporativa contenidos en el "Anexo I – Índice de contenido GRI" del Informe Integrado 2016 (en adelante, "los indicadores de RC") del Grupo Cooperativo Cajamar correspondiente al ejercicio anual finalizado el 31 de diciembre de 2016, preparados conforme a los contenidos básicos generales y específicos propuestos en la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative (GRI) versión G4 (en adelante, Guía GRI G4) y en su Suplemento Sectorial de Financial Services.

Responsabilidad de la Dirección

La Dirección del Grupo Cooperativo Cajamar es responsable de la preparación, del contenido y de la presentación del Informe Integrado de acuerdo con la Guía GRI G4 y su Suplemento Sectorial de Financial Services, según la opción Exhaustiva "de conformidad" con la Guía. Esta responsabilidad incluye el diseño, la implantación y el mantenimiento del control interno que se considere necesario para permitir que los indicadores de RC estén libres de incorrección material, debido a fraude o a error.

La Dirección del Grupo Cooperativo Cajamar es también responsable de definir, implantar, adaptar y mantener los sistemas de gestión de los que se obtiene la información necesaria para la preparación de los indicadores de RC.

Nuestra Responsabilidad

Nuestra responsabilidad es emitir un informe de aseguramiento limitado basado en los procedimientos que hemos realizado y en las evidencias que hemos obtenido. Hemos realizado nuestro encargo de aseguramiento limitado de acuerdo con la Norma Internacional de Encargos de Aseguramiento 3000 (NIEA 3000) (Revisada), "Encargos de Aseguramiento distintos de la Auditoría y de la Revisión de Información Financiera Histórica", emitida por el Consejo de Normas Internacionales de Auditoría y Aseguramiento (IAASB) de la Federación Internacional de Contadores (IFAC).

El alcance de un encargo de aseguramiento limitado es sustancialmente inferior al de un encargo de aseguramiento razonable, y por lo tanto la seguridad proporcionada es también menor.

Los procedimientos que realizamos se basan en nuestro juicio profesional e incluyeron consultas, observación de procesos, inspección de documentación, procedimientos analíticos, y pruebas de revisión por muestreo que, con carácter general, se describen a continuación:

- Reuniones con el personal de las diversas áreas del Grupo Cooperativo Cajamar involucradas en la elaboración del Informe Integrado.

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- Análisis de los procedimientos utilizados para recopilar y validar los datos e información presentada en los indicadores de RC.
- Análisis de la adaptación de los indicadores de RC del Grupo Cooperativo Cajamar a lo señalado en la Guía GRI G4 para la preparación de informes y su Suplemento Sectorial de Financial Services.
- Comprobación, mediante pruebas de revisión en base a la selección de una muestra y realización de pruebas analíticas y sustantivas de la información cuantitativa y cualitativa de los indicadores de RC del Grupo Cooperativo Cajamar. Asimismo, hemos comprobado su adecuada compilación a partir de los datos suministrados por las fuentes de información del Grupo Cooperativo Cajamar.

Nuestra Independencia y Control de Calidad

Hemos cumplido con los requerimientos de independencia y demás requerimientos de ética del Código de Ética para Profesionales de la Contabilidad emitido por el Consejo de Normas Internacionales de Ética para Profesionales de la Contabilidad (IESBA), que se basa en los principios fundamentales de integridad, objetividad, competencia y diligencia profesional, confidencialidad y comportamiento profesional.

Nuestra firma aplica la Norma Internacional de Control de Calidad 1 (NICCC 1) y mantiene en consecuencia un exhaustivo sistema de control de calidad que incluye políticas y procedimientos documentados relativos al cumplimiento de requerimientos de ética, normas profesionales y disposiciones legales y reglamentarias aplicables.

Conclusión de Aseguramiento Limitado

Como resultado de los procedimientos que hemos realizado y de las evidencias que hemos obtenido, no se ha puesto de manifiesto ningún aspecto que nos haga creer que los indicadores de RC del Grupo Cooperativo Cajamar correspondientes al ejercicio anual finalizado el 31 de diciembre de 2016, contienen errores significativos o no han sido preparados, en todos sus aspectos significativos, de acuerdo con la Guía GRI G4 y su Suplemento Sectorial de Financial Services.

Uso y Distribución

Nuestro informe se emite únicamente a la Dirección del Grupo Cooperativo Cajamar, de acuerdo con los términos de nuestra carta de encargo. No asumimos ninguna responsabilidad frente a terceros distintos de la Dirección del Grupo Cooperativo Cajamar.

PricewaterhouseCoopers Auditores S.L.



M^a Luz Castilla
24 de mayo de 2017