

CRÉDITO AGRÍCOLA'S SUSTAINABILITY POLICY



**A commitment
to the future.**

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1. Our Sustainability Policy within the Group's Philosophy

Crédito Agrícola Group ("the Group") is a financial cooperative group made up of *Caixas de Crédito Agrícola* (Agricultural Banks). The Group has more than **400,000 members, over 1,500,000 customers and more than 600 branches nationwide**. Founded in 1911, Crédito Agrícola was initially focused on supporting the financing of farmers in Portugal. Over the years, it has expanded its scope of activity to other sectors and expanded its scope of operation. The Group is currently composed of insurance companies and specialised banks, in addition to *Caixas Agrícolas* and *Caixa Central* (Central Agricultural Bank).

The Group's vision is "**to become a leading entity in terms of inclusion, sustainability and innovation, whilst maintaining the recognition of a trusted Financial Group by the Portuguese**". To achieve this recognition, the Group has defined that its *mission* is to "**contribute to the economic and social progress of the regions, with banking operations that enhance togetherness, purpose and sustainability**". This relationship is established based on the Group's corporate values: solidity, proximity, trust and simplicity.

The Group's *mission* is carried out by *Caixa Central* and *Caixas de Crédito Agrícola Mútuo*, which are entities fostering economic, social and cultural development in the regions where they are established. The existence of an in-depth knowledge of the business and economic fabric, as well as of the challenges to economic and social progress at a local level, has enabled *Caixa Central* to play an important role as a local community development engine through its close relationship with customers, contributing to meeting their ambitions and improving their well-being.

The financial cooperative movement in Portugal was recognized under Portuguese law in 1911, focusing on the development of the agricultural sector, with CA (Caixa Agrícola) becoming a leading financial institution in this sector. Given its scope, the organization's operations are based on the principles advocated by Friedrich Wilhelm Raiffeisen, founding father of the cooperative movement in the European banking sector:

- Existence of a common goal and a social mission;
- The emphasis on people ("people first");



- Profit is important because it is necessary for the continuity of the cooperative;
- Decisions are made democratically;
- Members are also owners and therefore share responsibilities;
- The cooperative must be able to rely on the economy of the members to grant loans.

The Group's operating philosophy is guided by a social purpose and the development of local communities, such as:

- Meeting the financial needs and aspirations of our customers;
- Enhancing the development of local communities, whether rural, intermediate or urban areas;
- Promoting investment in sustainable projects;
- Improving customer relations through streamlined processes and services of excellence;
- Addressing business opportunities that present prospects of continued return on equity (ROE) and strengthening of cooperative values.

Since environmental, social and governance issues are increasingly relevant to the Group's customers and local communities, by contributing to the minimization of risks and the identification of new opportunities, the Group has decided to define its Sustainability Policy. **This Policy explains the Group's commitment to promoting the sustainable development of communities**, and is applicable to the entire Group and all its business areas.



2. Scope

Our Sustainability Policy applies to the entire Group, including the provision of financial, protection and investment services that are conducted within the Group, as well as all activities in which the Group is involved.

The Board of Directors of *Caixa Central*, the management of *Caixa Associadas*, the management of the Group's companies and all our employees, as well as all other persons who are not staff members but act on behalf of the Group, are responsible for ensuring compliance with this Policy whilst carrying out their respective activities.

3. The Group's Sustainability Principles

The Group has developed financial products and services in order to promote the development of communities, thus contributing to the creation and development of various economic activities. The existence of an active business fabric is essential to the creation of jobs and the welfare of the populations. However, we also recognize the existence of negative environmental and social impacts, which should be mitigated or even avoided whenever possible.

A linear economy, which marked the growth model after the industrial revolution, needs to be transformed into a circular economy, with efficient management of natural resources, where waste is minimized, maximized reuse of materials and the creation of new service businesses. The Group intends to contribute to a greener, more circular and socially inclusive economic model by channelling investments and capital into projects that contribute to reducing the environmental impact of economic activities as well as social exclusion and inequality. The Group intends to promote a more efficient management of the daily use of the resources required for the execution of its activities, while ensuring the physical, emotional and social well-being of its employees. The Group aims to enforce this policy for all those who are associated with the Group.

The *origin* of the Group is in the agricultural sector and, being close to nature, it recognizes the importance of ecosystems, the relevance of the efficient use of resources, the urgency in tackling climate change and inequality. Only by respecting the planet's limited resources, can we attain a level of prosperity that ensures the well-being of society.



The Group is aware of the impact that its activities can have on communities in Portugal as a financial institution, and in the world, due to globalization.

Sustainability for the Group means fostering the sustainable development of local communities, through a set of financial products that support Customers to reduce their negative environmental and social impact, as well as identify new business opportunities that are greener, more circular and more respectful of human dignity.

Therefore, the Group believes it is its duty to contribute to: (i) the preservation of ecosystems, (ii) the reduction of waste generation, (iii) the reduction of the physical impacts of climate change and (iv) the fight against social inequalities.

The Group also undertakes to ensure that its decision-making process shall prioritize respect for employees' rights and gender equality. This also includes helping employees find a balance between their professional, personal and family life.

Finally, the Group is committed to respect for human rights and to combat corruption and all types of bribery attempts in the development of its activity.

Hence, the Sustainability Principles adopted by the Group, which encompass environmental, social and governance aspects, are:

- Alignment of our decision-making process with the Paris Agreement, the UN Sustainable Development Goals as well as relevant national and EU policies on these matters, in all areas of the Group;
- Inclusion of the Sustainable Development Goals in the innovation process and in existing financial products;
- Transparency in information regarding the destination and impact of loans and investments made by the Group;
- Information and advice to Customers and other Partners on the importance of protecting natural resources and the urgency of tackling climate change;
- Respect for legal requirements.





4. Priority Sustainable Development Goals

The Group develops activities that can contribute positively and negatively to several Sustainable Development Goals (SDGs). However, after an analysis of the Group's value chain and the potential impact on the financial business in which it operates, the Group has identified **five priority SDGs**, which constitute **the strategic axes of its Sustainability Policy**. This identification was the result of an internal working group strategic reflection, which included the participation of *Caixa Central* management team.



5. Commitments

The Group's *ambition* is to be recognized as a leading financial group in sustainability matters in the national market. Therefore, it is necessary to strengthen its action as an **inclusive, sustainable, innovative, ecological, responsible, close** and **trustworthy** financial institution.

To achieve this *ambition*, the Group makes the following **commitments**:

- Include the theme of Sustainability as part of the fiduciary duties of the Group;
- Avoid contributing to or causing adverse social and environmental impacts;
- Integrate material sustainability criteria in all areas of its activity and across the Group;
- Include environmental, social and governance criteria in financing and investment analysis;
- Create financial products and services that contribute to:
 - Economic prosperity, so that the environmental and social components are effectively incorporated into the feasibility analysis of projects;
 - The reduction of negative impacts resulting from existing practices;
 - A green and circular economy.



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- Create or use methodologies to measure the environmental and social impact of loans and investments made by the Group;
- Inform, in a simple, clear and inclusive way, about how environmental, social and governance matters are incorporated into the financial products and services we provide;
- Train and qualify employees on the importance of financial products that contribute to sustainability;
- Strengthen the Group's leadership with adequate training on sustainability for the members of the Board of Directors and top management teams of the Group companies;
- Include targets associated with the Sustainability Policy in the individual and department performance indicators;
- Provide customers with information and knowledge so that their consumption habits will have a lower environmental impact;
- Induce, support and enable the business sector to implement sustainable management practices and introduce the challenges of SDGs in their innovation and development processes of new products and services;
- Channel venture capital activities towards products and services that deliver SDG solutions;
- Continue to support the Primary sector, which is crucial for the promotion of regional development and the fight against rural flight, making CA the main partner of the sector in the transition to more sustainable practices;
- Support the most disadvantaged communities;
- Be an active voice in fostering sustainability practices together with civil society, business sector, the State and supranational organizations;
- Promote knowledge of sustainability issues among employees, customers and civil society;
- Terminate relations with Customers and Partners that do not comply with the spirit of the Group's Sustainability Policy;
- Define a list of sectors and activities for which the Group will not provide financial services.



6. Policy Implementation

Our Sustainability Policy is applied in the various operating and business areas of the Group through review of the various Group's bylaws. It will be addressed in a Sustainability Plan with specific actions for each strategic axis, i.e., for each priority SDG. This includes a Sustainability Management process that ensures its implementation and review, and the systematic monitoring and follow-up of its key indicators. Each Sustainability Plan will have a 3-year span, being updated when necessary due to changes in the internal and external context, as well as national and international requirements in this area.

7. Policy Review and Approval

The Executive Board of *Caixa Central* shall be solely responsible for the approval of our Sustainability Policy and its reviews. Notwithstanding the opinion of our General Meeting and Supervisory Board as well as the consultation of our Senior Board.

Our Sustainability Policy shall be reviewed every three years or whenever justified. The review of this Policy shall imply joint efforts by the Executive Board of *Caixa Central*, various senior managers, the heads of the CCAM and the Group's various business units, as well as entities outside the Group. Ideally, the review process to be conducted in 2023 should involve the participation of relevant external stakeholders.

8. Policy Supervisory Entity

Responsibility for compliance with our Sustainability Policy rests with all Employees and other people who, although not Employees, act on behalf and for the benefit of the Group. The ultimate supervisory entity regarding this Policy is the Chairman of the Executive Board of *Caixa Central de Crédito Agrícola*. The Chairman relies technically on the GCRI (Communications and Institutional Relations Office) of *Caixa Central* and on the collaboration and contribution of all CCAM Associates and Group entities including Insurance Companies, Asset Management, CAS/CAI, CA *Imóveis* (Real Estate) and CA Capital.



9. Policy Noncompliance

Noncompliance reports regarding our Sustainability Policy should be submitted to **inconformidadesPSustentabilidade@creditoagricola.pt**, which is managed by the Customer Ombudsman Office [*Gabinete de Provedoria de Cliente –GPC*].

Once reports have been received:

- The GPC and GCRI will evaluate the scope of the report and prepare a detailed report of the facts, and may, to this end, use the support of other internal structures or external consultants;
- The report shall be forwarded to the Executive Board of Directors (EBD) with proposals for resolutions;
- The Complainant shall be informed of the measures decided by the EBD;
- The process shall take place within a maximum period of 60 days, except in cases of exceptional complexity, when the process may take place within a maximum period of 90 days.

