

bankinter.

Human Rights Due Diligence Process

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Background

Bankinter is committed to respecting and promoting human rights in the environments in which it operates, recognised by the international community and included in the following agreements:

- The United Nations International Bill of Human Rights, which was developed in: The Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.
- The International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, which falls into four categories: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation, and its eight fundamental Conventions.
- The Charter of Fundamental Rights of the European Union.
- The United Nations Guiding Principles on Business and Human Rights.
- The OECD Guidelines for Multinational Enterprises.
- The United Nations Global Compact.
- The Equator Principles.
- The Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI).

By establishing these agreements as guidelines, in 2018, the Bank established a human rights policy that includes its commitment to respecting, supporting and protecting human rights in the performance of its activities and its relationship with its stakeholders in the environment in which it operates: (employees, customers, suppliers and other commercial partners) under the UN motto: "protect, respect and remedy".

Due diligence

I. Areas involved

In order to develop the implementation process of the Human Rights Policy, the bank has developed a due diligence process involving the areas directly involved in its management:

1. Legal Counsel
2. Regulatory Compliance
3. Risks/CRO
4. Digital Banking
5. People, Corporate Communication and Quality
6. Investment Banking
7. Investor Relations
8. Sustainability
9. Efficiency and Transformation

II. Risk identification and assessment process

In order to identify events of human rights violations, the list of human rights included in the IFC's Human Rights Impact Assessment and Management Guide was used as a starting point.

Bankinter has reviewed its entire value chain and its relations with its stakeholders for possible events of violation, taking into account their relationship with principles one and two of the Guiding Principles of the Global Compact, their relationship with the commitments set out in the Bankinter Group's Human Rights Policy, as well as with the mitigation mechanisms.

Following this analysis process, a potential risk of violation has been identified in these stakeholder groups:

- Employees
- Customers (differentiating between individuals and companies)
- Product and service providers
- Potential customers
- Women
- Children
- The elderly
- Local communities
- Migrant workers

- Workers hired by a third party
- Indigenous communities

The fact that the Group operates exclusively in EU countries reduces the risks of any direct impact from its activities on the following groups: Women, children, migrant workers or indigenous communities.

However, due to the entity's own financial activity, the following stakeholders are identified as relevant: Employees, customers, suppliers and the environment.

The following risks have been covered in the due diligence process, whether due to the direct activity of the bank, or due to possible risks derived from its financial activity:

- Human trafficking
- Forced labour
- Child labour
- Freedom of association
- The right to collective bargaining
- Equality of remuneration
- Discrimination
- Reconciliation of family life
- Right to privacy
- Right to enjoy just and favourable conditions of work

Bankinter is committed to respecting them and encouraging respect for them throughout its value chain.

The methodology applied for the assessment and management of potential risks consists of an initial assessment of each risk, assigning a score with a criterion referenced to two variables:

- Impact, factors to consider:
 - Bank involvement: Direct/Indirect.
 - Severity of the social or environmental impact
 - Repair capacity.
- Probability, factors to consider:
 - Recurrence.
 - Country in which the activities object of the analysis are carried out.
 - Sector or activity

Impact x Probability = Severity of the event

Adjusting both probability and impact, taking into account the (mitigation actions) established by the bank to obtain the residual risk, which, based on a scale of values, categorises the risks into three levels: low, medium, and high.

This methodology provides a risk map as a result, enabling the entity to identify the significant aspects involved in the potential risk of breaches of human rights. This map shows that operating in Spain, Portugal and Luxembourg reduces the risks of direct impacts on the Bank's activity in this area. However, due to the Bank's activity, these are identified as significant risks associated with its investment and/or financing operations. The Bank establishes and applies specific controls to minimise residual risk in such operations.

A set of performance indicators has been identified to make risk controls effective. The report of this analysis is annual and it is expected to be done every four months, including it in the meetings of the Sustainability Committee as an additional item on the agenda.

The human rights violation risk map is reviewed annually by the Sustainability Department in collaboration with the different areas involved, as an exercise in continuous improvement, and to seek new mitigation mechanisms in order to minimise residual risk. The bank will endeavour to provide the resources to train and raise awareness among its stakeholders, especially its employees, regarding the Guiding Principles on Business and Human Rights.

III. Due diligence and mitigation tools

The bank has defined the due diligence process into four aspects:

1. People management.

The Group does not tolerate any practices that violate the rights of its employees, applying the strictest of standards in areas associated with human rights and establishing policies and specific measures in areas such as security, health, well-being, diversity and equality, work-life balance, accessibility, etc. Some of the bank's mitigation tools include the Code of Professional Ethics, the UNE 170001 Universal Accessibility Management System and the EFR (Family Responsible Company) system.

The Group's Code of Professional Ethics (CPE), which applies to all Group employees, sets out principles for avoiding the violation of human rights and establishes the control mechanisms and bodies. The competent bodies and individuals for ensuring compliance with the Code of Professional Ethics are the Crime Prevention and Professional Ethics Committee, the Internal Audit

Division, the People Management Division and the Regulatory Compliance and Anti-money Laundering Unit.

2. Customer protection

The group seeks to establish a balanced, transparent and clear relationship with its customers, developing products and services geared towards their needs and circumstances, guaranteeing compliance with the regulations governing the use of personal data. To avoid a possible violation of these rights, the bank has a Code of Professional Ethics and other tools, such as employee training on responsible management and data protection, customer financial literacy tests and a Customer Ombudsman.

3. Responsible management of the value chain

A) In relation to its financial activity:

With regard to the Equator Principles and the due diligence processes carried out prior to entering into financing agreements or any other type of contract, the Group undertakes to evaluate the Human Rights policies and practices of its counterparties and to act in accordance with the principles established in the Human Rights Policy.

By way of complementing the Human Rights Policy, Bankinter has established some [Sustainable Investment Principles](#) in order to avoid financing activities that may be contrary to the Group's sustainability principles, and has developed an exclusion policy in those business units that have a high environmental, social or economic impact due to the resources they consume, the human capital they apply or the controversy they generate. This policy is complemented by sector policies/guidelines for certain sectors:

- Defence
- Agricultural
- Energy
- Extractive

Based on the approval of the Responsible Investment Policy, Bankinter analyses the operations following the scrutiny protocols set out in sector guidelines of the previously mentioned guidelines.

The purpose is to analyse the possible human rights violations of potentially affected groups and other stakeholders, depending on the size, nature and context of the company.

Compliance with these principles and the sectoral policies is the responsibility of the Group's Risk Unit and Business Units. Other mitigation tools include training for employees in the risk area in the application of ESG criteria in

financing and investment operations, evaluation of control policies and procedures by internal audit, and training for employees in the prevention of money laundering.

B) Related to the supply chain:

The Group establishes some principles of action in the Supplier Code of Conduct which must be observed by any individual or legal entity that provides goods, services or resources to the Group. The Code includes its commitment to the 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption of the United Nations Global Compact, along with its responsibility to ensure that its own suppliers and subcontractors are subject to principles of action that are equivalent to those of this Code.

In addition, the Bank has an ESG supplier approval procedure whereby suppliers are rated by answering a questionnaire that covers environmental, social and governance aspects. This rating is considered by the Purchasing Department in the contract selection and award process. Other mitigation tools available to the bank include the responsible procurement procedure, which includes the ESG supplier approval process, and supplier training on Human Rights and Business.

4. Protection of the social environment and vulnerable groups.

The Group implements social action initiatives that seek to respond to the needs and expectations of the environment in the performance of its activity, establishing strategic alliances with third sector entities and ensuring that they observe correct social and environmental performance in line with the principles of the Group, through references from solvent organisations.

The bank's main tool in ensuring the protection of the environment and vulnerable groups is the Social Action Strategy, which includes its social causes, such as financial integration, social entrepreneurship and education and the promotion of the integration of sustainability in the strategy and management of companies.

Other environmental protection tools the bank has at its disposal include financial inclusion programmes, the Accessibility Management Systems certification, training in caring for people with disabilities, and the protocol for caring for the elderly.

IV. Repair process for adverse effects against human rights:

To repair any possible damages caused that could occur despite the established controls and mitigation mechanisms, the company provides channels so that those affected can inform the entity of the activities or behaviours that could be in violation of human rights.

I. Complaint mechanisms:

- A) Confidential whistleblowing channel for employees. The Group has an internal whistleblowing channel for its employees to report any irregularity or offence of which they are aware.
- B) Confidential whistleblowing channel for suppliers. The whistleblowing channel can be found on the Suppliers Portal in order to report any irregular conduct identified by suppliers in their dealings with Group employees.
- C) Customer Services and Customer Ombudsman: The Customer Service Department (SAC) for lodging any complaints or claims about transactions and banking and financial services stemming from their relationship with the entity. These services operate independently, applying regulations related to customer protection, regulators, and best practices, and is separate from commercial services.

II. Remediation or restoration mechanisms:

In the event of any harm caused by the violation of human rights in the social environment, the bank establishes compensation systems (economic or non-economic) for the affected groups, and systems for the restoration or remediation of the affected environment.

A review is also carried out, which could lead to changes in the mitigation mechanisms in order to make them more effective.

III. Communication:

Bankinter reviews and reports annually on its human rights due diligence process on its corporate website and in the Human Rights section of the Non-Financial Information Statement.