

## **Sustainable financing policies**

Bankinter is aware that the financial sector contributes in an essential way to economic development. Aware of its role, the Bank wishes to develop its activities responsibly and encourage its customers to move towards a transition committed to future challenges and sustainable development.

The fundamental principle that governs the Group's Corporate Responsibility strategy is that its business goals are compatible with the sustainable development of society; preserving environmental and cultural resources for future generations, respecting diversity and promoting the formation and recognition of social groups that require specific support. These principles are complemented by other Bank policies, including:

- The Bankinter Human Rights Policy
- The Bankinter Environment Policy
- The Bankinter Sustainability Policies

Bankinter, within its Risk Control and Management Framework, has approved its framework for financing in particularly controversial or high-risk sectors, whose social and environmental impact may be significant. To this end, guidelines have been drafted that allow the Bank to establish the measures and references it will follow in its decision-making process, incorporating environmental, social, and governance factors, always considering, and where possible, adhering to the best international practices and standards within each sector.

These guidelines reflect Bankinter's commitment to sustainable development and the importance the Bank places on ensuring its clients follow good practices. Bankinter is committed to adhering to these guidelines and ensuring their proper application, as well as their continuous review.

Compliance with these guidelines will be assumed by both the Bank's risk units and business units. Specifically, the Bank has Guidelines for the Defense Sector, the Extractive Sector, the Agricultural Sector, and the Energy Sector.

Among the main recommendations and principles on which Bankinter bases its policies are:

- The Equator Principles, to which Bankinter is affiliated and whose objective is the evaluation and management of the environmental and social risks of the projects to be financed.
- The United Nations Global Compact, to which the Bank has adhered since 2008 and assumes the assumption of its ten principles of conduct and action in human, labour, environmental and anticorruption rights.
- The United Nation's Universal Declaration of Human Rights.
- The fundamental Conventions of the International Labour Organisation (ILO).
- The Financial Initiative of the United Nations Programme for the Environment, making use of its recommendations and of the specific sectorial guidelines of the International Finance Corporation (IFC).
- The United Nations Sustainable Development Goals.
- The list of Protected Areas, Critical Natural Habitats and World Heritage zones.

Additionally, within the Risk Control and Management Framework, two lines of action are outlined regarding the management of climate and environmental risks:

- The establishment of an inclusive strategy aligned with the commitments made through the Bank's membership in the Net Zero Banking Alliance, which also promotes the transition to a sustainable model.
- The recognition and management of risks related to climate and the environment, both those arising from physical effects and from the transition process itself.

Bankinter must progressively include climate and environmental factors in risk management, beginning with their identification, followed by evaluating their impact and managing them according to the declared appetite and tolerance levels. To this end, Bankinter has incorporated a climate rating

for legal entities within the sanctioning process, allowing for the assessment of sensitivity to climate and environmental factors. Specifically, this rating distinguishes between five risk levels: very low, low, medium, high, and very high. For significant transactions and clients with high and very high risk, it is necessary to initiate a dialogue to understand their real exposure and adaptation plans, as well as to explore possible financing opportunities. If it is observed that, due to the specific activity of the client or their relationship with other companies, their risk level is substantially higher than that assigned by the model, this dialogue must also be initiated. The goal is to incorporate the environmental dimension into risk analysis. It is the responsibility of the General Risk Management to establish the materiality thresholds.

However, it is important to note that the largest source of greenhouse gases comes from the combustion of fossil fuels, so efforts in the coming years will focus on significantly reducing this dependency. In this context, it will be necessary to become progressively more stringent in meeting decarbonization targets, limiting financing for activities incompatible with emission reductions or financing clients unwilling to transform.

Thus, new criteria have been incorporated into the guidelines related to the extractive and energy sectors, limiting financing to clients where more than 25% of their activity involves thermal coal extraction, significant coal-based electricity generation (more than 25%), or significant involvement in unconventional oil and gas extraction (oil sands, hydraulic fracturing, and/or Arctic exploration and production) representing more than 10% of their revenue, and who do not have a diversification or decarbonization strategy.

Furthermore, in line with the bank's portfolio decarbonization goals, Bankinter commits to:

- Gradually reducing, by 2030, the provision of any form of financing to clients for whom coalbased energy generation represents more than 10% of their consolidated revenues.
- Having no exposure to thermal coal mining by 2030.

## Exclusion policy

Based on the principles that characterise Bankinter and with which it intends to lead, together with its customers, a transition towards sustainable development, the Bank has made the commitment to not finance or invest, in general and with exceptions that must be duly justified, in:

- ❑ Companies with evidence that fundamental human rights are not respected or supported, following the Universal Declaration of Human Rights of the United Nations.
- ❑ Companies that do not respect or do not support employment rights, in general and particularly the rights on child labour, discrimination and forced labour, based on the principles of the fundamental Conventions of the International Labour Organisation (ILO).
- ❑ Organisations and companies that have been legally convicted for corruption problems.
- ❑ Organisations and companies that have contributed directly and significantly to dictatorial regimes and have obtained a benefit from that situation.
- ❑ Organisations and companies that recurrently and seriously violate current legislation, or the codes or agreements that apply to them, especially in criminal, labour and environmental matters.
- ❑ Organisations and companies related in any way to child pornography.
- ❑ Organisations and companies related in any way to sexual exploitation.
- ❑ Activities or projects that pose a risk or generate impact in areas included in the list of UNESCO World Heritage sites and the list of United Nations Protected Areas.
- ❑ In addition, in relation to the sectors considered to be controversial or of special risk by Bankinter, a commitment has been made to not finance or invest, in general terms and with exceptions that must be duly justified, in:

### The following activities from the Defence Sector

- ❑ Companies that produce and/or sell controversial weapons: antipersonnel mines, cluster bombs, chemical and biological weapons; weapons of mass destruction and/or ammunition containing depleted uranium.
- ❑ Countries that are under a United Nations or European Union arms embargo.

- Non-governmental armed groups that do not have the support of the United Nations or the European Union.
- Countries that have been sanctioned or in which there is a clear risk that the weapons can be used for internal repression and violations of Human Rights according to the Universal Declaration of Human Rights and the Optional Protocol on the Convention on the Rights of the Child.

### **The following activities from the Extractive Sector**

- The mining area or associated facilities are in areas that are considered UNESCO World Heritage or wetlands included in the Ramsar list.
- The activities carried out are related to the extraction, processing and commercialisation of asbestos.
- The activities carried out require the displacement of vulnerable local populations, such as indigenous communities.
- The projects are related to the so-called "minerals in conflict", if they do not present the corresponding certification.
- The projects are related to the extraction and marketing of rough diamonds not certified by the Kimberley process.
- The activities take place within an area of active armed conflict.
- The projects do not operate in accordance with the requirements established in Convention C 176 on Safety and Health in mines approved in 1995 by the International Labour Organisation (ILO).
- Companies that cannot provide a health and safety plan.
- The projects do not include a specific tailing treatment plan (to avoid contamination of surface and groundwater) and a plan to recover the environment after the completion of the activities.
- Coal mining activity, from January 2025 onward, including existing operations, whether or not they have a decarbonization strategy, unless they are included in one of the Just Transition Programs.

Additionally, the Bank commits to not providing its financial services to clients whose activities consist of more than 25% thermal coal extraction and who do not have a diversification or decarbonization strategy. Furthermore, it commits to having no exposure to thermal coal mining by 2030.

### **The following activities from the Agriculture Sector**

- The project is in declared zones of high ecological and/or social value according to the main international organisations.
- The activity or company does not have a policy on the use of pesticides and fertilisers in large projects from the agriculture sector.
- The project is related to the extraction and sale of native species of wood that do not have an ecological certificate issued by an independent body.
- In the case of projects related to the production of palm oil, certification from the Roundtable on Sustainable Palm Oil (RSPO) will be required. This certification is only limited to the production of palm oil and not to products and manufacturing processes that use palm oil.

### **The following activities from the Energy Sector**

- The area or associated facilities are located in UNESCO world heritage sites or Ramsar wetlands.
- The activities carried out involve displacing vulnerable local populations, such as indigenous communities.
- The activities are carried out in areas of active armed conflict.
- The projects involve child or forced labour as defined in the International Labour Organisation (ILO) conventions.
- Projects related to:
  - New nuclear power plants
  - New coal-fired power plants or the expansion of existing plants
  - Oil and gas exploration and production in the Arctic
  - Exploration and production of oil sands or hydraulic fracturing (fracking) extraction
  - Exploration and production in ultra-deep water (UDW)

□ Customers who:

- Cannot provide a proven track record or health and safety plan for their workers and activities.
- Have significant coal-based electricity generation (more than 25%) and do not have a diversification/decarbonization strategy. In line with the Bank's financing portfolio decarbonization goals, Bankinter commits to progressively reducing, by 2030, the provision of any form of financing to clients for whom coal-based energy generation directly represents more than 10% of their consolidated revenues.
- Have significant activities in the field of unconventional oil and gas extraction (oil sands, hydraulic fracturing, Arctic exploration and production, and/or ultra-deep water (UDW) exploration and production) representing more than 10% of their revenue and do not have a diversification/decarbonization strategy.