

ESG POLICY
OF MORA BANC GRUP, S.A.



Characteristics of the document

Title	ESG policy – MoraBanc
Objective	To define MoraBanc's ESG Policy
Approval date	21/12/2023
Version	1
Review frequency	Every 3 years

Bodies responsible

Body responsible for drafting	ESG Department
Body responsible for approval	Board of Directors

Table of contents

1. INTRODUCTION	4
1.1 Definition and scope of application	5
1.2 Objective	5
2. GENERAL PRINCIPLES	6
a) Responsible governance	6
b) A local financial institution	6
c) Growth of people	6
3. CRITICAL MANAGEMENT PRINCIPLES AND PARAMETERS	7
3.1 ESG principles and management parameters	7
3.2 Relations with stakeholders	7
Supervision of governing bodies	8
Relationship with shareholders	8
Commitment to employees	8
Customer focus	8
Work with suppliers	9
A financial institution that partners with society	9
Alignment with national and international bodies	9
4. GOVERNANCE SET-UP AND STRUCTURE	10
5. MONITORING THE ESG POLICY AND REPORTING	11
6. APPROVAL DATE AND NEXT UPDATE	12

1. INTRODUCTION

The ESG (environmental, social and governance) strategy was presented at the meeting of the Board Directors of Mora Banc Grup, SA (hereinafter, MoraBanc or the Financial Institution) on 24 March 2023, together with a master plan setting out the resources and actions to be carried out to contribute to transforming the economy and society towards sustainable management. This is a priority for the Financial Institution that was set out during the presentation of the strategic plan a few months earlier. Although the Principality of Andorra does not currently have any ESG regulations, the Board of Directors wishes to promote and follow international criteria and standards in this area.

Following the best international practice in sustainability, MoraBanc will apply the actions to the challenges that have the greatest impact on financial activity. Accordingly, it will work in particular on 7 of the 17 sustainable development goals set by the United Nations: Good health and well-being (3), Quality education (4), Gender equality (5), Decent work and economic growth (8), Sustainable cities and communities (11), Climate action (13) and Partnerships for the goals (17).

MoraBanc's ESG plan includes 21 initiatives over the next three (3) years, ten (10) of which will be implemented in 2023. The actions are divided into three main areas within the strategy. Nine projects focus on the field of governance, five on country projects and seven on the growth of people.

Governance, country and people, three strategic focuses

In the area of responsible governance, we work with a banking model that does not require giving up being a leader in creditworthiness, liquidity and profitability, while valuing the principles of business ethics and responsible investment. Sustainability is integrated into the growth strategy, led by a Board of Directors aligned with the highest standards of governance. Equality objectives for its members are also included. Approving an ESG policy, measuring achievement with indicators and reporting them to the Board of Directors, transparency and integration of ESG risks in the Financial Institution's risk management are some of the ongoing actions.

With regard to being a local financial institution, actions are included to stimulate economic activity in the territories where MoraBanc operates and to promote responsible transformation. To achieve this, the calculation of the group's carbon footprint will be extended to the products and services it markets, with demanding reduction targets (heading towards net zero emissions). The actions will be aligned with sustainability criteria and we will support the business fabric in transitioning their activities.

In the third strategic area, the growth of people, MoraBanc is working towards growth, digitisation and excellence in the customer experience. This is based on talent management, diversity, training and the well-being of employees and transitioning the product and service offer towards society's new expectations.

1. INTRODUCTION

1.1 Definition and scope of application

This internal application policy sets out the criteria for integrating ESG factors in all financial institutions within MoraBanc's scope of prudential and accounting consolidation.

In applying it, the nature, degree and complexity of the risks inherent in the business model and the relevant activities carried out by each financial institution in the MoraBanc Group are taken into account in all cases, as well as compliance with the local and sectoral legislation, and the regulations that apply in each case.

1.2 Objective

To define the principles of MoraBanc's ESG Policy with the utmost transparency and clarity so that they can be understood by all of the Financial Institution's employees.

These principles define and establish the way of acting and the main undertakings towards stakeholders that the Group must follow, in accordance with the applicable regulations in force at any time and international best practice in this area.

Through this Policy, MoraBanc's Board of Directors wishes to highlight the entire group's commitment to efficient, sustainable and responsible action. This Policy is reviewed every three (3) years to keep it updated with new ESG practices and commitments.

2. GENERAL PRINCIPLES

MoraBanc has a firm commitment to its actions following the model of a responsible bank and ensuring its activity is carried out in accordance with a set of values and principles aimed at creating sustained value for shareholders, employees, customers and society as a whole.

It is also a financial institution committed to sustainability. It is thus considered key to establish clearly-defined principles to govern the organisation's ESG management in relation to the following three areas:

- Environment (E)
- Social (S)
- Governance (G)

Accordingly, MoraBanc is fully committed to incorporating the Sustainable Development Goals (SDGs) defined by the United Nations, as a starting point for the Financial Institution's work to contribute to this global agenda for 2030 in response to the great economic, social and environmental challenges we face, and to achieve a resilient future for the territories we operate in. Within the framework of the ESG strategy defined by MoraBanc, we have identified which SDGs the Financial Institution can have the most impact on, as well as the opportunities for action.

The application of this Policy is thus governed by the following general action principles, in accordance with the ESG strategy defined and in force, and in line with the SDGs:

a) Responsible governance

Mitjançant la governança, a MoraBanc consolidem un model de banca líder en solvència, liquiditat i rendibilitat fonamentada en una estratègia de gestió de riscos i oportunitats ajustada i equilibrada, posant en valor els principis d'ètica empresarial i inversió responsable propis d'una entitat amb ADN familiar.

b) A local financial institution

We will work with a business model aligned with a strategy that contributes to the economic activity of the country and energises it, as a Financial Institution with a significant presence and in constant dialogue with our stakeholders; while, at the same time, bring a significant facilitator of the transition of the country model in the territories where the Financial Institution operates.

c) Growth of people

We will work for growth, digitisation and excellence in the customer and employee experience, based on talent management, diversity, training, well-being and transition of the product and service offer towards society's new expectations.

3. CRITICAL MANAGEMENT PRINCIPLES AND PARAMETERS

3.1 ESG principles and management parameters

This Policy defines the principles that will govern ESG activities at the Financial Institution:

- 1 **Aligning our conduct with the principles in the Code of Ethics** and the rest of the corporate rules that govern the behaviour of all MoraBanc employees in performing and carrying out their activities.
- 2 **Including the ESG risks and opportunities assessment** in the Financial Institution's risk management.
- 3 **Ensuring compliance with the new legislative requirements concerning sustainability.**
- 4 **Encouraging the well-being of MoraBanc employees** by creating a safe work environment in which there are equal opportunities and any kind of discrimination is avoided.
- 5 **Supporting customers in the transition process towards a sustainable business model** by acting as a promoter of behaviours and actions aligned with ESG aspects.
- 6 **Contributing to the sustainable development of Andorra and the territories in which we operate** and establishing a prominent position in this area, so we manage to be a driving force behind the country's sustainable economy.
- 7 **Setting goals for social issues** that measure the Financial Institution's progress in relation to contributing to global challenges through initiatives that generate a positive impact.
- 8 Following the strategic focus **to positively influence the immediate environment of action as a local financial institution**, the priority ESG topics and the associated processes may be supplemented in subsidiaries in other countries to adapt to the specific regulatory context at local level, if necessary.

3.2 Relations with stakeholders

To promote transparency in the undertakings MoraBanc has made, and to look after the relationships we establish as a financial institution, we are actively involved in society and with the various stakeholders to promote ESG in the financial sector in Andorra and thus become a lever for the country's sustainable development.

The specific principles for the relationship between the Financial Institution and stakeholders to implement this ESG Policy and integrate it in MoraBanc's day-to-day operations are set out below:

3. CRITICAL MANAGEMENT PRINCIPLES AND PARAMETERS

Specific principles:

a) Supervision of governing bodies

The adoption of ESG criteria in our governance is a priority for MoraBanc.

MoraBanc's Board of Directors is ultimately responsible for the implementation of this Policy. Corporate governance is the core on which the rest of the Financial Institution's ESG actions are based. It is a key vector in the decisions and leadership of the ESG culture at MoraBanc.

The integration of ESG risks and transparency are thus two basic undertakings for MoraBanc. Consequently, we will disclose our corporate policies concerning anti-corruption and money laundering, and indicators will be used to report the Financial Institution's compliance with ESG matters.

b) Relationship with shareholders

The creation of long-term value and the utmost information transparency are fundamental pillars in MoraBanc's relationship with shareholders. Therefore, the equal treatment of shareholders is guaranteed, and complete, clear and truthful information is provided to all our shareholders through the various communication channels we have available.

c) Commitment to employees

We work to attract and win the commitment of the best professionals, always taking care of their development and promoting the acquisition of new skills.

To enhance the ESG culture within the Financial Institution, ESG criteria will be considered when assessing employee performance, promoting diversity, equity, inclusion and a work-life balance.

d) Customer focus

We are committed to building long-term relationships of trust with our customers by adapting to their needs, and earning their satisfaction and loyalty. The Financial Institution is also currently working on the transition towards digitisation and the expansion of its product and service offer with the integration of ESG criteria.

The Financial Institution also has a relationship with customers based on transparency, clarity and responsibility.

MoraBanc employees must take special care to only offer customers products and/or services that suit their circumstances and needs, as well as their knowledge and experience, by helping them to understand their terms and conditions, benefits, risks and costs, all of which is in accordance with our general code of conduct and the risk management model for conduct with customers.

3.CRITICAL MANAGEMENT PRINCIPLES AND PARAMETERS

e) Work with suppliers

MoraBanc maintains relationships with supplier companies based on ethics and transparency. This way of working is included in the MoraBanc Group Code of Conduct.

The selection of these companies will be based on respect for the Financial Institution's ESG commitments throughout its entire value chain. Special emphasis will be placed, as far as possible, on the fact that the undertakings made in this Policy extend to all suppliers and their employees, while respecting their management autonomy, and following the procurement practices and procedures defined in the Financial Institution's regulations.

In addition, assessment of compliance with human rights will be included in the supplier selection criteria, where possible, to ensure that suppliers are aligned with MoraBanc's ethical standards.

f) A financial institution that partners with society

MoraBanc has developed several programmes aimed at adding value to our customers and the country as a whole, thus playing our role in society at the local level as a financial institution that energises sustainable development.

Accordingly, we sponsor many different activities that promote sport in the country and improve the quality of life in society. In addition, we act as a catalyst for employees to take part in voluntary work.

g) Alignment with national and international bodies

We take into consideration the principles and action programmes of leading bodies in the field of ESG to adapt and incorporate them, always taking into account the possible contribution of value by the Financial Institution.

Accordingly, the Financial Institution will value alignment with initiatives concerning the country's environmental strategy (climate change, circular economy and biodiversity) and join international initiatives in the field of ESG.

4. GOVERNANCE SET-UP AND STRUCTURE

The Board of Directors is responsible for approving, supervising and periodically assessing the definition, development and implementation of the ESG strategy. Accordingly, it is also responsible for approving, supervising and monitoring the effectiveness of this Policy and the undertakings made in it.

The Risk Committee proposes the Group's risk policy, which includes sustainability risks, to the Board.

The Auditing and Control Committee's functions include supervising and assessing the process of drafting and presenting non-financial information, and the effectiveness of internal control systems.

It is the responsibility of the Financial Institution's ESG Department to ensure the integration and application of the basic principles in this Policy, in the respective areas of responsibility, as well as to review it and propose the relevant updates to the Board of Directors

The ESG Department's functions and responsibilities that have direct implications for this Policy are described below:

- Leading the company's ESG culture, with a specific contribution to decisions affecting personnel, the environment and procurement, customers and marketing, and institutional and shareholder relations.
- Coordinating, monitoring and reporting on the implementation of the current ESG strategy.
- Working to achieve the actions stipulated in the ESG strategy.
- Developing and/or overseeing the deployment of KPIs and the ESG reporting system.
- Deciding on the ESG content included in the integrated annual report.
- Coordinating environmental operations at the Financial Institution.
- Identifying and assessing pilot projects and programmes to place us at the forefront of ESG in financial products.

In addition, whenever considered appropriate, the various departments of MoraBanc will be responsible for integrating ESG criteria in their activities. Moreover, when the Financial Institution's ESG Department considers it necessary, it will advise the other departments on carrying out an appropriate integration of ESG criteria in their respective areas of responsibility. Furthermore, monitoring mechanisms will be put in place to assess the results obtained. Accordingly, a cross-cutting working group coordinated by the ESG Department has been set up.

MoraBanc will allocate the resources necessary for carrying out the activities that are the responsibility of the ESG Department, as well as all those that promote the alignment of the Financial Institution's operations with the ESG criteria and undertakings included in this Policy.

5. MONITORING THE ESG POLICY AND REPORTING

In relation to compliance with the Policy, the ESG Department will ensure that the departments affected by this Policy, within their respective scopes of responsibility, cooperate with each other to apply and supervise it, in accordance with their responsibilities.

Accordingly, in order to assess progress with the actions performed within the framework of MoraBanc's ESG strategy, the ESG Department will report to the CEO each month, and to both the Management Committee and the Board of Directors at least twice a year.

Moreover, the Financial Institution publishes an annual report that includes details of the sustainability activities carried out, thus allowing MoraBanc's progress in ESG matters to be observed. The report includes ESG indicators to further analyse the performance analysis results in economic, environmental, social and governance aspects.

6. APPROVAL DATE AND NEXT UPDATE

This Policy was approved by the Board of Directors on 21 December 2023 and applies from the day after its approval.

Updates to the Policy by the ESG Department will be proposed whenever necessary, and at most every three (3) years.



morabanc.ad