



Climate Change Management and Environment Policy

Allfunds



Version Control

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1.0	April 2020	CSR and Marketing Department	New document
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Environmental Principles and Best Practices

This climate change management and environment policy draws on the best practices in international conventions and protocols, on the principles defined by the Global Compact, on the ISO 14001 environment standard, on matters related to key environment issues dealt with by ISO 26000, as well as on UN Sustainable Development Goals.

Allfunds Group's commitment to the environment is underpinned by the ethical and conduct principles defined by the Group for the stakeholders with which it engages. Accordingly, the policy reflects values such as honesty, moral principles and integrity, as it does the pillars of our business: excellence, responsibility, leadership and inspiration.

General overview

Sustainable development is a priority for the Allfunds Group, thereby determining its commitment to environmental protection and to fighting against climate change.

Simply by way of responsible environmental management the Allfunds Group manages to render its corporate pursuits sustainable by providing the biggest fund distribution network in the world, along with access to Exchange Traded Funds (ETFs).

Allfunds provides its customers with a unique Collective Investment Institution (CII) business model that offers different investment and ancillary services, along with online information tools. Allfunds Group is mindful of the risks that a direct environmental impact can have on the environment arising from the use of natural resources in its internal operations, while at the same time continually analysing the possible indirect impact that its banking and finance activity may have.

On account of the importance Allfunds gives to the environment, all company staff are urged to integrate environmental criteria into the decision making processes, into the implementation of these decisions by way of programmes and plans, as well as into the daily management and pursuit of their projects and activities.

This policy is in keeping with other Allfunds Group policies and protocols, particularly the Corporate Social Responsibility policy and the Group's General Code of Conduct.

Notwithstanding, it should be pointed out that Allfunds is not involved in any activities outlined by banking authorities to promote environmental issues in financial institutions' strategy and decision-making processes, such as funding operations, issuing financial instruments (e.g. bonds), portfolio management, etc.

Scope of application

This policy will apply to ALLFUNDS BANK, S.A.U. and all its subsidiaries and branches, including ALLFUNDS BANK INTERNATIONAL, S.A. and its respective branch offices, jointly referred to herein as "Allfunds" or the "Allfunds Group".

Accordingly, this policy affects all personnel at and all the activities pursued by the Allfunds Group, its subsidiaries and branch offices in the different countries where they operate. Moreover, it also applies to those companies that pursue activities in behalf of the Allfunds Group. It shall also be extended to include all Allfunds Group stakeholders.

Allfunds' obligations

Allfunds is obliged to adopt the measures required to comply with this policy and to communicate it to all interested parties.

Moreover, Allfunds undertakes to assign roles and responsibilities, as well as the resources, required to meet its commitments acquired under the policy.

Environmental Actions and Commitments

- **Preventive approach**

Taking a preventive approach that favours the environment whenever Allfunds participates in projects where there may be a threat of serious or irreversible damage to the environment or human health.

- **Risk management**

Opting for a sustainability approach based on the management of environmental risks and implementing standing environmental management activities to identify, measure, assess, mitigate, control and monitor risks and any direct and indirect impact caused by our activity.

Moreover, this approach also involves the appropriate assessment of the impact that climate and environmental risks may have on the environment in which the entity pursues its corporate activity.

To this end, several Allfunds departments must take environmental criteria into account in their processes and review existing controls, as well as defining new ones where appropriate, particularly with respect to those departments most affected by these matters.

The Risk Department, as part of the Allfunds Group second line of defence includes environmental matters in its Risk Management processes and in the Group's general risk map, where environmental risk indicators are defined.

Risk compliance and due diligence

Overseeing compliance with legal requirements in environmental matters in those countries where it operates, as well as any voluntary requirements taken on, promoting adaptation to more restrictive standards and rules of behaviour that may be agreed to internationally in the future, when so required.

Complying with the principles set forth in the Allfunds Group General Code of Conduct and in the Corporate Social Responsibility policy, where the commitment to protect the environment is taken on, by means of adopting procedures to reduce the environmental impact and to promote sustainable development.

The Compliance Department includes environmental risks in its Compliance Supervision Programme to periodically verify the effectiveness of the controls implemented by the first line of defence as these are geared towards mitigating regulatory risks related to these matters. Furthermore, it keeps a watchful eye on any applicable regulatory amendment and supervisory instructions to ensure the risk matrix and its environmental obligations are duly updated, while also assessing those departments affected by its implementation.

- **Fight against climate change**

Contributing to climate change mitigation and the sustainable resources use by promoting energy efficiency and combining or replacing the use of non-renewable resources with renewable resources in key areas such as materials and energy.

- **Environmental protection**

Collaborating in the protection of the environment and the prevention of pollution by:

- Reducing greenhouse effect emissions
- Making energy savings wherever possible throughout the organisation
- Preventing and reducing waste generation and managing it appropriately
- Reducing electricity, water and materials consumption, thereby encouraging sustainable consumption
- Promoting environmental best practices throughout the Allfunds Group
- Driving the digitalisation of processes and the use of environment friendly technology and services
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- **Coherence**

Establishing environmental criteria to select suppliers and in procurement and service hiring decisions, while also promoting environmental responsibility actions in the Allfunds Group sphere of influence.

Encouraging active participation and communication, establishing an open and transparent dialogue regarding environmental management with a view to motivating and involving all stakeholders.

Integrating environmental variables into the business strategy and the design of new financial services and products. Along the same lines, information is enlarged regarding environmental criteria related to the investment funds distributed by the entity.

Furthermore, environmental criteria are included in the relations established with Allfunds counterparties (Investment funds and fund subdistributors/customer entities).

- **Culture**

Assigning roles and responsibilities, as well as the resources, required to meet its commitments acquired under the policy.

Implementing training and skills-building programmes and launching awareness and educational campaigns among all in-house and subcontractor personnel as regards environmental best practices and climate change.

Seeking to positively influence the environmental conduct of our stakeholders.

- **Transparency**

Measuring, recording and transparently reporting on the main environmental indicators. To this end, both the annual non-financial statement and the corporate social responsibility report contain important data on environmental matters. Both of the aforementioned documents are available on the Allfunds website.

Informing our customers of environmental accidents and incidents that occur in the pursuit of our activity and which are related to the service provided.

Supervision and updating

Specifically, this policy is supervised both by the General Services area, Marketing & CSR, as well as by the Risk and Audit Committee. ALLFUNDS GROUP environmental matters will be dealt with at the Corporate Social Responsibility Meetings that are held every six months. Its compliance is assured through internal good governance processes led by the Board of Directors in collaboration with the management team.

Moreover, this policy is the reference document for all Allfunds Group entities and, where necessary, their governing bodies are responsible for drawing up and approving their corresponding, internal, environmental and climate change policies by making the essential adaptations to this policy to meet their specific standards and regulations, or the expectations of the supervisory authorities regarding the latter.