

STATEMENT OF NON-FINANCIAL INFORMATION



2019

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1. Introduction

This document is the statement of non-financial information of Allfunds, an international financial group comprising its parent company Allfunds BANK, S.A.U., and all its subsidiary financial institutions, branches and representative offices, which together with the Bank constitute the Allfunds Group (hereinafter, "Allfunds"). The statement of non-financial information is prepared in accordance with and in compliance with Law 11/2018 of 28 December, which amends the Commercial Code, the Revised Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regards to non-financial information and diversity.

2. Objective

The objective of this document is to comply with Law 11/2018 of 28 December, which amends the Commercial Code, the Revised Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Law 22/2015 of 20 July on the Auditing of Accounts, with regards to non-financial information and diversity, specifically Article 1 and point 6 thereof. And in this sense, it contains sufficient and necessary information to understand the evolution, results and situation of Allfunds, and the impact of its activity with regards to, at least, environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as with regards to staff, including the measures that, where appropriate, have been adopted to promote the principle of equal treatment and opportunities between women and men, non-discrimination and inclusion of persons with disabilities and universal accessibility.

The consolidated statement of non-financial information has been prepared in accordance with the contents of current commercial legislation and refers to the period from January to December 2019.

In addition, the drafting of this statement of non-financial information takes into account the recommendations of prestigious international initiatives in the field of social responsibility, such as:

- Global Reporting Initiative (GRI) standards and guidelines for sustainability reporting.
- The seven principles of social responsibility set out in ISO 26000³.
- Sector analysis based on the study of statements of non-financial information, social responsibility reports and sustainability reports of companies in the sector.
- The Sustainability Yearbook 2019. RobecoSAM.
- Relevant issues identified through national and international press analysis.

3. Organisational context

3.1. Business model

- **Business environment and markets in which it operates.**

Allfunds administers and distributes funds from third-party financial institutions, offering the possibility of choosing any investment fund, at any time, and in any form. Allfunds is an automated brokerage platform supported and managed by the best fund analysis team to cover all investment and marketing needs within the financial sector.

Allfunds is Europe's leading investment fund brokerage platform thanks to its ability to provide the investment industry with exclusive solutions in four areas:

- Hiring, custody and fund management solutions.
- Information tools, marketing support and state-of-the-art tools.
- Investment solutions and fund analysis.
- Regulatory compliance.

Important information about Allfunds

- Presence in **four continents, 45** different **countries**.
- **685** customers.
- Collaboration with **1,641** investment fund managers.
- More than **€601 billion** in **assets under intermediation**.
- **10 times higher** than the average European platform in terms of volume of assets
- More than **1,641** funders and supply from more than **87,343** funds.
- Transactions with **18** different **currencies** and the availability of **35** different fund **domiciles**.
- Settlement of **540 billion** per year, **14.4 million** transactions per year and work with **149** different **administrators**.
- Number of **transactions managed**: 15,226,403.

- Number of **dividends paid/reinvested**: 945,893.
- Number of **payments made** in either cash or live accounts: 1,969,938.
- Number of **stock transfers settled**: 630,943.
- Total amount of **settled transactions**: €230,584,587,795.64
- **Number of transfer agents** (different) with whom orders are exchanged: 177.

Acquisitions and agreements 2019

Nasdaq Broker Services AB

Allfunds successfully completed the purchase of Nasdaq Broker Services (Allfunds Sweden), previously owned by the Nasdaq Group in October 2019.

With this operation, Allfunds consolidates its presence and leadership in the Nordic countries. The acquisition of Allfunds Sweden's customer base has boosted Allfunds' presence in the Nordic countries, benefiting existing customers with value-added solutions, increased efficiency and advanced technology.

These customers will join Allfunds' distribution network in the region, which already includes entities in Sweden, Norway, Finland, Denmark, Iceland and the Baltic countries. This agreement will benefit local financial institutions that are increasing outsourcing relationships with specialised and global-scale providers, fostering efficiency, leveraging state-of-the-art technology and increasing service supply to meet industry challenges.

With the closing of the deal, Allfunds officially has an office in Stockholm.

Credit Suisse InvestLab

Allfunds incorporated Credit Suisse InvestLab, one of the world's leading B2B fund platforms, in September 2019 to combine Credit Suisse's open architecture investment fund activities with Allfunds.

The combined business is set to distribute more than 78,000 funds and ETFs to over 700 distributors in 45 countries and an asset under management of more than €500 billion.

Research business of Fundinfo AG

Allfunds acquired the fund analysis business (ifunds) from Fundinfo AG in July 2019. With this acquisition, Allfunds strengthens its data management activity and also its ESG analysis capacity.

This transaction is part of Allfunds' strategic plan to consolidate its position as a leading provider of fund analysis for institutional investors.

Allfunds Business model



An exclusively B2B comprehensive service delivery approach.



Customised solutions for open architecture companies.



Global/local offer that complies with current standards and regulations worldwide.



Exceptional fund information services.



Analysis of independent funds.



Leading platform for contracting funds.

Allfunds was created in 2000 and today offers the largest fund distribution network worldwide and access to the largest pool of investment funds and ETFs in the world.

Allfunds' **mission** is to transform the WealthTech world. The company wants to create value for its customers by motivating them with a unique combination of scale, experience and digital mindset.

The **vision** is to make Allfunds the leading WealthTech company in the market dedicated to customer experience, innovation and digital solutions.

Allfunds' centres are located in 10 countries worldwide - Spain, Italy, the United Kingdom, Brazil, Colombia, Chile, the United Arab Emirates, Luxembourg, Switzerland and Singapore.

OFFICE	ADDRESS
MADRID EUROPA III, PLANTA 3, Portal 1/ A	Calle San Rafael nº1, Local A, planta 3ª Portal 1º Alcobendas
MADRID PADRES DOMINICOS ITALY - MILAN BRANCH	Calle Padres Dominicos 7, Avenida de Burgos 201 Via Bocchetto 6
UAE- DIFC DUBAI REPRESENTATION OFFICE	The Gate Building, West Wing, 4th Floor
LONDON- UK BRANCH - LEASE AGREEMENT	6th Floor at 2 Fitzroy Place, 8 Mortimer Street, London W1T 3JJ
SWITZERLAND - Allfunds INTERNATIONAL SWITZERLAND LTD	BAHNHOFSTRASSE 13, 8001 Zurich
CHILE - CHILE REPRESENTATION OFFICE	Edificio Torre Alto el Golf de Avenida Vitacura numero 2; 1969; Comuna de Las Condes. [Oficina 1202; piso 12/ Estacionamientos números 229, 249, 261, 262 y 322]
BOGOTA - COLOMBIA REPRESENTATION OFFICE	Oficina 808, Carrera 9-Número 115-06 y 115-30- Edificio Terra Firme-Bogota
SINGAPORE - SINGAPORE BRANCH - LEASE AGREEMENT	6 Battery Road, 15th Storey, Singapore.
SAO PAULO - BRAZIL BRANCH - LEASE AGREEMENT	Rooms 101 and 102 Edificio Spazio, Sao Paulo, Estado de Sao Paulo, Rua Tabapua, no. 1227, Bairro Iram Bibi.
FINAMETRIX S.L.U.	Pintor Sorolla 5 (Valencia, Spain)
Allfunds HONG KONG LIMITED	20 F, ONE INTERNATIONAL FINANCE CENTRE, 1 HARBOUR VIEW STREET, CENTRAL, Hong Kong, China
LUXEMBOURG - Allfunds BANK INTERNATIONAL, S.A.	30, Boulevard Royal L-2449, Luxembourg

Allfunds' consolidated turnover in 2019 (sales and services) was 1,333,118 thousand euros.

■ Organisation and Structure

The organisational structure of the Allfunds is laid out as follows:

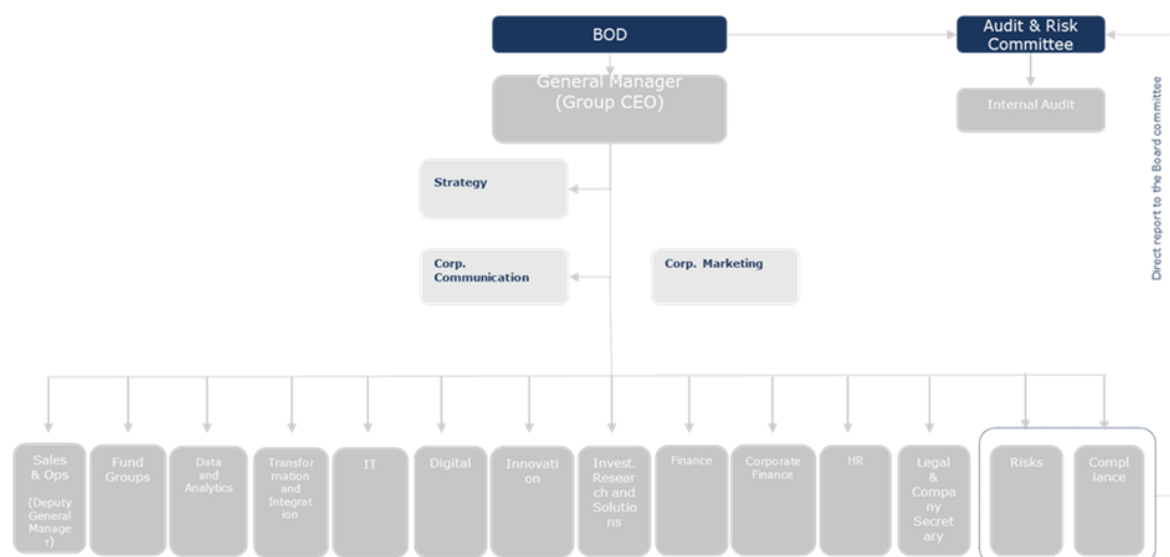


Illustration 2.- Organisation chart of the Business Group.

The structure of the group's governance is as follows:

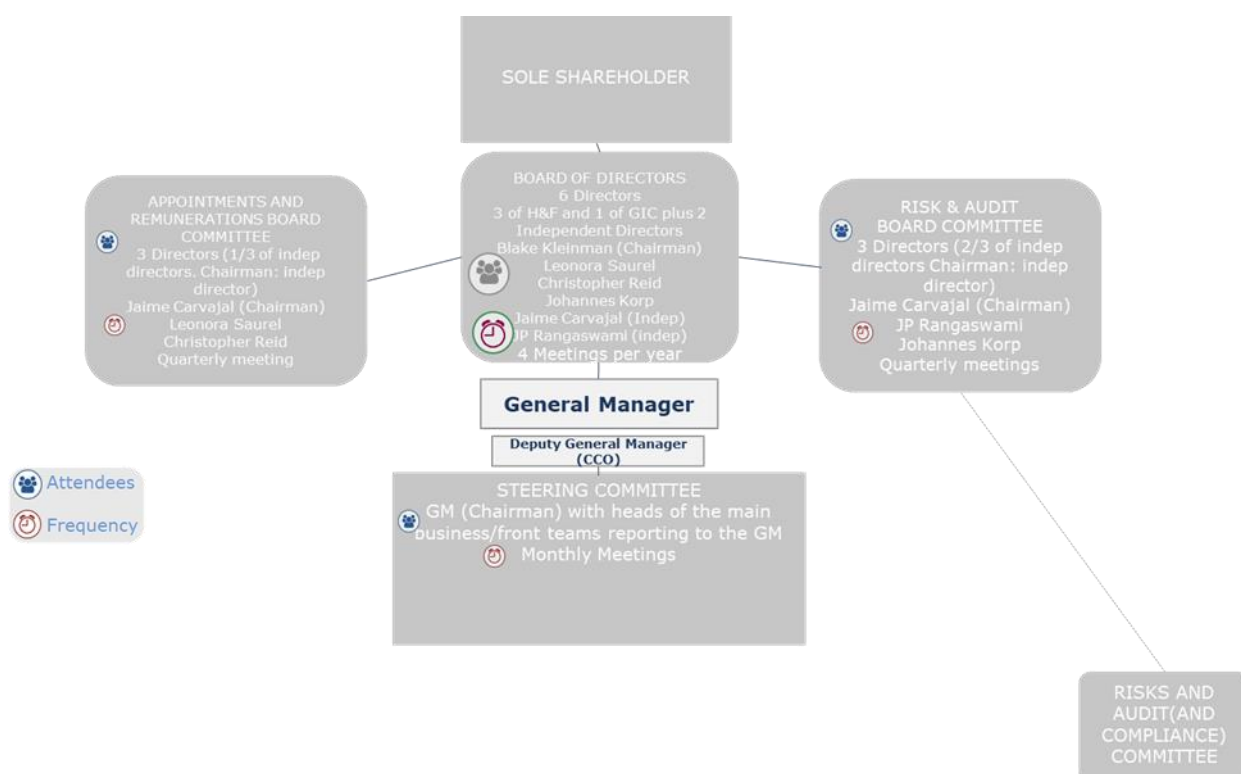


Illustration 3 - Allfunds' Corporate Governance Structure

Allfunds Bank S.A.U. is the head of a financial group whose sole shareholder is the holding company Liberty Partners, S.L.U, a company controlled by the venture capital companies Hellman & Friedman and GIC.

The Allfunds Board of Directors is made up of 6 members, who do not hold executive positions in the company, of which 4 represent the venture capital companies and the other 2 are independent directors with the aim of seeking balanced management in decision-making in the highest board of directors. Each director is entitled to one vote in decision-making processes.

Allfunds activities are organised according to process maps as follows:

Diagrama Contratación + Liquidación

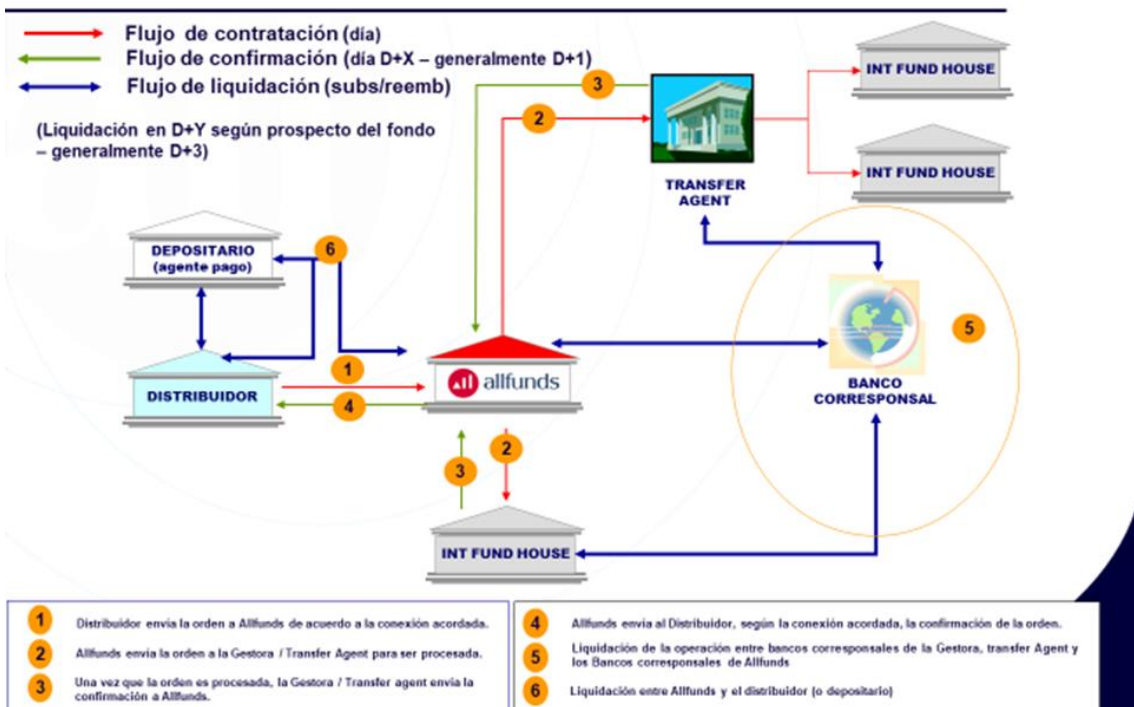


Illustration 4. Process map

Diagrama contratación + Liquidación (equation)

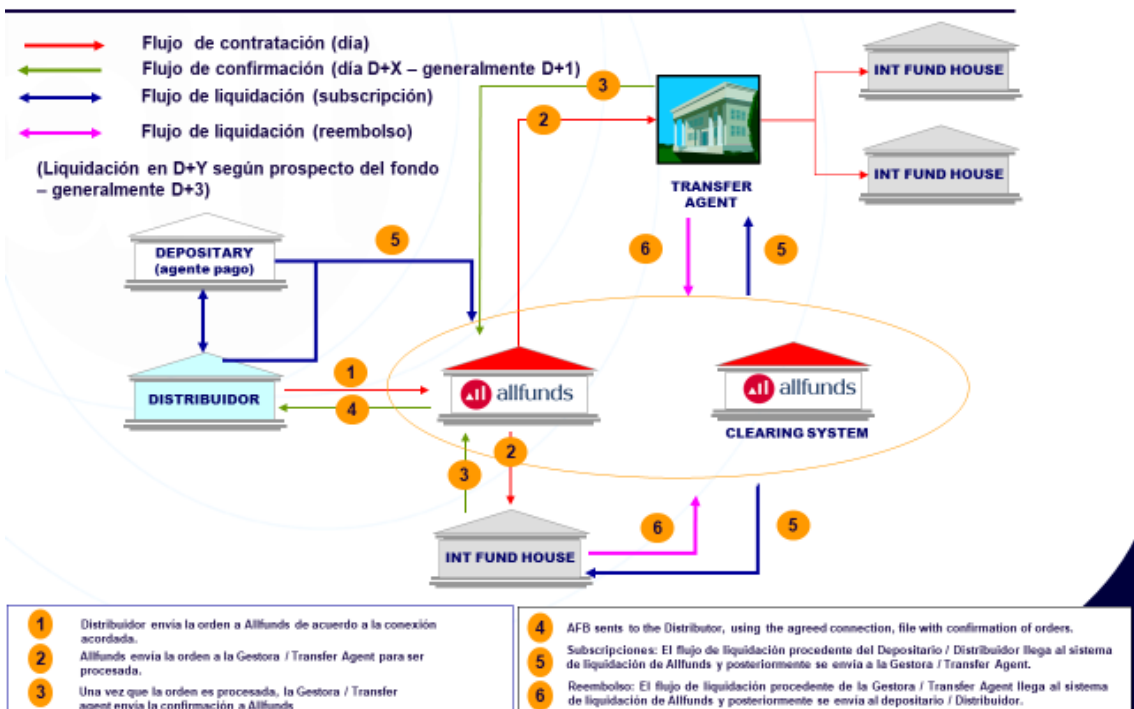


Illustration 5. Process map

▪ Objectives and strategies

The strategic lines and objectives of Allfunds during 2019 include:

- Continuing to increase the number of customers, the volume brokered and the percentage of market share in the marketing of foreign CIUs in the various markets in which it is present.
- Encouraging the use of other investment instruments such as ETFs, instruments that are very attractive among passive management investors.
- Increasing presence in new markets considered strategic in the Bank's business plan (United Kingdom, Benelux, Nordic countries and Central Europe).
- Continuing commercial activity in the Asian markets (mainly Singapore, Hong Kong and Taiwan), supported by the recent opening of the Singapore branch.
- Opening representative offices in new markets in order to achieve a greater market share and provide better service to customers who demand more local attention.

▪ Main factors and trends that may affect future development of Allfunds.

Allfunds is a financial institution that offers access to investment funds in an efficient manner and is therefore subject to the main trends and constraints of the investment fund market and the financial sector. Investor appetite for investing and saving in financial assets is critical to understanding the evolution and sensitivity of the business.

The evolution of the financial markets determines the value of Allfunds' business portfolio, which can rise and fall depending on the market valuation of the different financial instruments.

The dynamics of the investment fund industry also have a direct impact on our platform, with relevant trends such as pressure on margins, digitalisation, the proliferation of passive management and regulation.

There are other commercial factors to take into account such as the attractiveness of investment funds compared to other instruments distributed by financial institutions. This is an important factor in assessing the potential development of Allfunds' business. The appetite of the various institutions for investment in third-party investment funds is even more acute as Allfunds' business is based on an extended range of funds and investment solutions with third-party providers.

3.2. Policies

Allfunds has the clear aim of integrating sustainability, ethical and social strategies and contributions to sustainable development into its corporate governance in a global and transversal manner. This is why the company has a code of conduct based on Allfunds' values, which inspires the policies, procedures and behaviour of all people working in or on behalf of Allfunds.

Allfunds' **General Code of Conduct**, which aims to ensure professional, ethical and responsible behaviour by the Allfunds Group and all its employees, executives and members of its board of directors in the course of their activities, as a basic element of its corporate culture, which is

based on the training and personal and professional development of its employees, executives and members of its board of directors. This code refers to the ethical principles and guidelines of conduct that should guide Allfunds' actions, as well as the duty to comply with external and internal regulations in force at all times:

- Customer relationship values. At all times we must act in the best interests of the customer, with due honesty, impartiality and professionalism, guaranteeing fair treatment of the customer. Applying principles of trust and transparency and promoting integrity and respect.
- Employee relationship values. Equal opportunities and non-discrimination; respect for people; teamwork, management style; reconciliation of work and personal life; prevention of occupational hazards; environmental protection; collective rights.
- General conduct guidelines. Compliance with regulations and ethical behaviour; non-competition; responsibility and professionalism and appropriate risk management; free competition; digital switch-off.
- Guidelines for conduct in specific situations. To avoid conflicts of interest, applying due control of information and confidentiality, as well as measures for the prevention of money laundering and financing of terrorism and corrupt behaviour, among other issues.

Finally, the Allfunds complaint channel is an essential part of this code as one of the processes established to ensure effective enforcement of applicable regulations and guidelines. This channel is also a means of helping all employees to report any non-compliance they observe or become aware of.

Allfunds' main compliance policies include:

- **Regulatory Compliance Policy.** Compliance with the regulations by Allfunds is a task for all Group employees. That is why regulatory compliance must be part of the organisation's culture.
- **Conflict of Interest Management Policy.** This establishes the criteria and measures for prevention and management that make it possible to assess and mitigate or prevent actual and potential conflicts between the interests of Allfunds and its customers or the private interests of its employees and executives with the interests of the customers.
- **Anti-Corruption and Gift and Invitation Policy.** This sets out the criteria to be followed by employees, executives and members of its board of directors in any of their professional relationships with Allfunds, to ensure compliance with anti-corruption regulations and to promote ethical criteria and values, especially in the area of gifts, invitations, commissions, remuneration, income, advantages, discounts or benefits.
- **Regulatory Compliance and Criminal Risk Prevention Policy.** This seeks to prevent and avoid the criminal and reputational risk that may be caused by the commission of any illegal, criminal or other act contrary to the ethical values of the Entity. The policy shows the strong commitment of Allfunds and its Board to combat these acts. Based on this policy, a Criminal Compliance Model or Corporate Defence Model has been created.
- **Anti-Money Laundering and Anti-Terrorist Financing Manual.** This defines the measures implemented in the organisation to manage and prevent the risk of money laundering and financing of terrorism.
- **Privacy Policy.** This establishes a single framework for defining privacy and personal data protection, where it undertakes to protect and treat all personal data, always ensuring compliance with the various regulations and laws applicable in this area.

- **Asset Protection Policy.** This establishes appropriate controls aimed at ensuring that customers' property rights are safeguarded when safeguarding their assets.
- **Best Execution and Order Management Policy.** This defines the measures adopted for the correct management of customer orders and those required to obtain the best possible result in the execution of the orders, depending on the financial instrument in question.

All these policies have been approved by the Board of Directors and are regularly reviewed and updated (usually annually). The Compliance Department is responsible for supervising the performance of the organisation in accordance with the policies, and must report to the Board of Directors, through the Audit and Risk Committee, on the results of its controls.

Allfunds also has a **Corporate Social Responsibility Policy** approved in its latest version on 21 March 2018, and available to all Allfunds stakeholders on its website.

This Policy is inspired by the regulations applicable in each of the countries in which the entity operates, as well as by the best practices set out in international conventions and protocols, codes of conduct and internationally applicable guidelines on social responsibility such as ISO 26000:2010 and the Principles of the United Nations Global Compact.

Within this framework of social responsibility, Allfunds establishes its general principles of action, its position and commitments in the following five areas:

- Ethics and good governance.
- Respect for Human Rights.
- Active listening to stakeholders.
- Vocation and value creation.
- Environmental protection.
- Social commitment.

Compliance with the corporate social responsibility policy is ensured through internal good governance processes led by the Board of Directors and the management team. In particular, this corporate social responsibility policy is supervised both by the Marketing & CSR promotion area and by the Risk and Audit Committee.

The Allfunds Solidarity Fund is governed by the **Investment Policy of the Solidarity Fund**. This is based on the principle of good faith, to be applied rigorously in all global aid projects using voluntary donations from employees and from the company itself.

Allfunds also has a number of policies that demonstrate the organisation's commitment in various specific areas such as the protection of fundamental rights, as well as the development and progress of its employees. The internal policies for managing people include:

- **Remuneration Policy.** Its objective is to create a high performance culture focused on continuous improvement, achievement of objectives and customer service, where employees are rewarded and recognised for their achievements, efforts, performance, involvement and commitment, measured through competencies (knowledge, skills and attitudes) and by setting objectives, which allow for adequate attraction, management and retention of talent.
- **Training and Development Policy.** This establishes how to manage learning and development in a coherent and fair manner. It includes talent and knowledge

management. This policy is drafted in 2019 and is expected to be approved by the Board of Directors in 2020.

- **Equality and Diversity Policy.** This sets out the Allfunds commitments to respect the principle of equal opportunities between women and men, as well as non-discrimination from any perspective other than gender. This policy was drafted in 2019 and opened the process of diagnosis and elaboration of the company’s equality plan and is expected to be approved by the Board of Directors in 2020.

3.3. Policy outcome

Allfunds has an internal control system to monitor the policies described in the previous section. During 2019, thanks to the level of implementation and the control system of the company’s policies, the results of the corporate policies described throughout this document confirm that there are no relevant social, environmental, ethical or good governance risks.

Furthermore, beyond the establishment and monitoring of appropriate standards of conduct, compliance with policies and regulatory compliance advocated by the compliance system, Allfunds develops internal control mechanisms that respond both to the regulations in force for financial institutions and to the company’s interest in achieving the highest level of excellence in its management. The Allfunds internal control system is based on three lines of defence as outlined below.

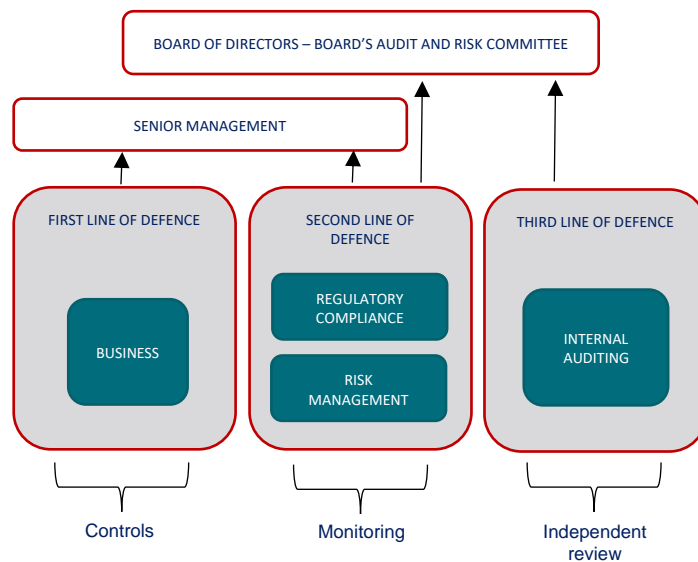


Illustration 6. - Representation of the internal control system for compliance with obligations.

Allfunds’ first line of defence, within the business and support departments, is to establish the appropriate controls to meet its obligations arising from its activities.

The Risk and Compliance areas, acting as a second line of defence, monitor activities as explained in the following section.

Internal Auditing. Allfunds has an Internal Audit unit located in Madrid and Luxembourg that audits all the company’s offices. The responsibility of the Internal Audit team is to provide the

Board of Directors and Senior Management with a reliable and independent assessment of the effectiveness of the controls designed to mitigate the significant risks affecting the business, the proper functioning of good governance, risk management and the controls in place to mitigate actual and potential risks.

Internal control of financial information. The Allfunds Board of Directors is responsible for financial and non-financial reporting and for the existence of an appropriate internal control system for the same.

Certifications. ISAE 3402 Type II standard. Allfunds is audited annually under the ISAE 3402 Type II standard to ensure the quality of outsourced managed hosting solutions.

3.4. Risk and Compliance. Due Diligence Procedure

Risk management at Allfunds, as a business and strategic approach in a socially responsible company, seeks to prevent, minimise and mitigate possible negative impacts arising from its activity, in order to reduce the uncertainty arising from potential threats within the area in which it operates.

In this sense, at Allfunds, risk management is one of the main pillars of the company's strategy. Therefore, senior management recognises and promotes the appropriate and efficient definition, evaluation, control and monitoring of the risks assumed by the organisation during the course of its activities.

The ultimate responsibility for risk management lies with the Board of Directors, which annually reviews the Risk Appetite Framework that determines the type of different risks that the entity considers reasonable to assume in the development of its business strategy. It also determines the key metrics and indicators for monitoring and management, including measures of solvency, liquidity, concentration, profitability, non-performing loans and other non-financial risks, among other variables. For each metric, a target, tolerance and limit is set, which would trigger corrective action if it were exceeded.

Risk management

Risk management consists of identifying and measuring direct and indirect risks, as well as potential and emerging risks, determining Allfunds' appetite for the identified risks and deciding whether to accept, avoid, mitigate or transfer them. And finally to gain resilience, gain competitive advantage and identify new business opportunities, as well as to create a *modus operandi* when it comes to assessing and preventing the risks identified within Allfunds.

Table 1. Main types of risks considered by Allfunds

Financial risks	Non-financial risks
<ul style="list-style-type: none"> • Credit/counterparty risk 	<ul style="list-style-type: none"> • Operating Risk
<ul style="list-style-type: none"> • Market risk 	<ul style="list-style-type: none"> • Technological risk
<ul style="list-style-type: none"> • Interest rate risk 	<ul style="list-style-type: none"> • Third-party risk (outsourcing)
<ul style="list-style-type: none"> • Exchange rate risk 	<ul style="list-style-type: none"> • Regulatory compliance risk
<ul style="list-style-type: none"> • Liquidity Risk 	<ul style="list-style-type: none"> • Reputational risk
<ul style="list-style-type: none"> • Concentration Risk 	<ul style="list-style-type: none"> • Behavioural risk
	<ul style="list-style-type: none"> • Legal risk
	<ul style="list-style-type: none"> • Environmental risk
	<ul style="list-style-type: none"> • Money laundering and financing of terrorism risk

To identify potential threats, the risk and compliance areas have tools to manage those risks and provide security against them to all internal and external audiences of the company. In addition, there is an ethical stance to determine how to react to a threat and what values are behind each decision making process.

The identification, evaluation and control of financial and non-financial risks that may affect the performance and reputation of the company are set out in the Allfunds risk map, with the Risk and Audit Committee and the Internal Risk and Audit Committee¹ being responsible for updating, monitoring, managing, mitigating and validating them in accordance with the risk appetite established by the Board of Directors.

The function of the Internal Risk and Audit Committee and the Risk and Audit Committee is to ensure that the entity's risk exposure is within the tolerance established by the Board of Directors. The main objectives of the Risk Committee are therefore to define, administer and monitor compliance with the organisation's risk management policies.

The Risk Management area (including the Technology Risk team), together with the Compliance area, contributes to business sustainability by prudently managing the following risks, both at the level of the parent company and at that of the branches, subsidiaries and local representative offices.

- Credit/counterparty risk.
- Market risk.
- Interest rate risk.
- Exchange rate risk.
- Liquidity risk.

¹ Allfunds has a Risk and Audit Committee that reports directly to the Board of Directors and an internal Risk and Audit Committee that reports to Management.

- Concentration risk.
- Operating risk.
- Technological risk.
- Third-party risk (outsourcing).
- Regulatory compliance risk.
- Reputational risk.
- Behavioural risk.
- Legal risk.
- Environmental risk.
- Money laundering and financing of terrorism risk.

Given the type of activity carried out by Allfunds, the main risks are operational risk, including technology risk, as well as reputational risk.

The above aspects are developed in more detail within the Prudential Relevance Report available on the Allfunds public website.

Risk control measures

The risk management model at Allfunds is based on three lines of defence, meaning that the entire organisation is involved in managing and controlling risk.

However, the Risk Unit has controls to detect incidents, of which the Risk and Audit Committee is informed, as well as a Crisis Management Committee as a fundamental element in decision-making.

Specifically, Allfunds has a Mitigation Management Procedure aimed at identifying and managing the mitigation measures needed to reduce operational risk.

In addition, Allfunds has a Recovery Plan with a twofold objective: to provide the institution with tools to detect and manage a possible substantial deterioration in its financial position and entry into crisis, and to identify and analyse possible measures to be taken to bring its financial position, solvency and liquidity back to a desirable situation.

The Recovery Plan is subject to a specific governance framework involving different bodies of the entity, including the Board of Directors, Management Committee, Finance Department, Risk Department, Internal Audit Department, Crisis Management Committee, Risk and Audit Committee and Internal Risk and Audit Committee. The Recovery Plan is integrated within the Allfunds governance and closely linked to the governance of the Risk Appetite Framework (RAF).

Below are the people responsible for managing each of the main risks affecting Allfunds.

Financial risks	Those responsible for prevention and management
• Credit/counterparty risk	• Risk department
• MARKET RISK	• Risk Department
• IRRBB RISK	• Risk Department
• OPERATING RISK	• Risk Department
• LIQUIDITY RISK	• Finance Department, Risk Department and Operations Department.

Table 2. - Main risks and those responsible for the risk

Other risks	Those responsible for prevention and management
• CONCENTRATION RISK	• Finance Department, Risk Department and Operations Department.
• TECHNOLOGICAL RISK	• Technological Risks Department.
• THIRD-PARTY RISK (OUTSOURCING)	• Legal Department, Compliance Department, Risk Department, IT Security Department.
• REPUTATIONAL RISK	• Compliance Department (Prevention of Money Laundering).
• COMPLIANCE RISK	• Compliance Department (Regulatory compliance).
• LEGAL RISK	• Legal Department.

Table 3.- Main risks and those responsible for the risk

Compliance monitoring programme

This is based on the analysis of regulatory and behavioural risks in order to ensure compliance with regulations and internal policies, as set out in various rules and the guidelines of the European Banking Authority and the European Securities and Markets Authority. The results are periodically presented to the Board's Audit and Risk Committee.

The programme aims to ensure that the internal policies, procedures, standards, codes of conduct applicable to its activity, organisation and control measures remain effective and appropriate to prevent, detect, correct and minimise the risk of non-compliance that could lead to penalties, material, financial or reputational losses. Through the Compliance programme, we

seek to promote behaviour in accordance with regulations and ethical values, applying a comprehensive vision, to prevent and identify possible regulatory breaches and mitigate them.

The phases developed for the implementation of this programme have been:

- (i) Evaluation of the applicable regulations, both at the global level of the Group and at the local level, for the activities carried out by Allfunds and the specific regulatory requirements.
- (ii) Identification of the risk inherent in each regulatory requirement.
- (iii) Assignment of mitigating controls and control owner (first line of defence in business and support areas), at the local, entity and global levels.
- (iv) Execution of regular monitoring of the correct design and effectiveness of controls. In the first step, surveys are conducted in the business and support areas for self-assessment, and in the second step, the Compliance department reviews the evidence and checks the controls.
- (v) Definition of action plans for inefficient controls and supervision of their development.

The following diagram shows the phases developed in this programme in 2019.

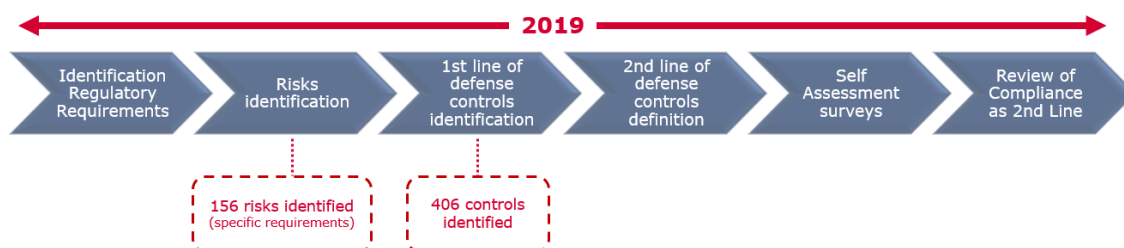


Illustration 6.- Phases of the compliance monitoring program.

Prevention of Money Laundering and Financing of Terrorism

In accordance with the provisions of Law 10/2010 on the Prevention of Money Laundering and the Financing of Terrorism, of 28 April, updated by Royal Decree-Law 11/2018, of 31 August, which transposes Directive (EU) 2015/849 of the European Parliament and of the Council, of 20 May (known as the Fourth AML/CFT Directive), Allfunds has a Manual for the Prevention of Money Laundering and Financing of Terrorism, which sets out the guidelines for action and due diligence measures implemented throughout the Group, and is managed and coordinated by the AML/CFT Unit within the Compliance Department.

The pillars on which the model is based include:

- (i) Measures at the beginning of commercial relations with customers, through the application of due diligence and analysis of each customer. Also, before starting commercial relations in each geography, a country analysis is carried out.

The approval of new customers is made by the Customer Acceptance Committee, chaired by the General Manager and assisted by the Compliance management and the members of the AML/CFT Unit, the Risk department management, and the Legal and Commercial departments. The committee presents the analyses made of each customer by both the AML/CFT Unit and the Risk Department, as well as the commercial reasons. This committee also approves new countries in which to establish customer relations.

- (ii) Customer monitoring measures. Allfunds has established the following tools for this purpose: daily screening of customer data, comparing it with international lists of sanctions and embargoes, periodic analysis of customer due diligence, daily screening of money flows, controls and alerts based on customer transactions, and on-site visits and reviews of higher-risk customers or in major risk areas.

Criminal Risk Prevention

In accordance with the Spanish Criminal Code and Circular 1/2016, on the Criminal Responsibility of the Legal Person, of the State Attorney's Office, companies must have robust models for the prevention of criminal risks adapted to their activity.

As a result, and in line with its compliance culture, Allfunds has a Criminal Compliance Model implemented through the Regulatory Compliance and Criminal Risk Prevention Policy and its development manuals and guides, as well as a methodology from the Supervisory and Control Body whose tasks correspond to the Compliance Department.

As mentioned above, the Regulatory Compliance and Criminal Risk Prevention Policy sends a clear message to all Allfunds' executives and employees, as well as to third parties who have dealings with the company, opposing the commission of any illegal, criminal or other acts and their commitment to combat such acts and to prevent any deterioration in the image and reputation of Allfunds. During 2019, this message has been reinforced through specific training plans for employees in terms of behaviour guidelines and criminal risk prevention models, including practical cases to make the message more pragmatic.

Among the bodies that favour an adequate control environment, we highlight (i) the Board Committees, the Audit and Risk Committee and the Remuneration and Appointments Committee, (ii) the Audit and Risk Committee through which the Global Head of Compliance, as the Supervisory and Control Body, reports to management on the conclusions of the Corporate Defence model and (iii) the Customer Acceptance Committee and the AML/CFT Internal Control Body.

Allfunds opts for a sustainability perspective based on environmental risk management and the environmental education of employees to evaluate, avoid, reduce and mitigate the environmental risks and impacts of the activities carried out by the company.

For this reason, during 2019, it created an environmental assessment procedure to identify and evaluate its environmental aspects and their associated impacts, and to control and monitor them.

4. Environmental issues

4.1. Global Environment

Detailed information on the current and foreseeable effects of the company's activities on the environment and, where appropriate, on health and safety, environmental assessment or certification procedures.

Environmental responsibility is a prerequisite and unavoidable condition for the survival and prosperity of human beings, which is why the management of environmental aspects is an important issue within the company's social responsibility. Allfunds takes responsibility for the environmental impacts of its activities throughout their entire life cycles, and in each and every region in which it operates.

Allfunds identifies its environmental aspects and the impacts associated with its service provision according to its environmental assessment procedure. The main environmental aspects identified, and their impacts include:

Process / Activity	Aspect	Impact
Lighting of the installations and supply of equipment	Electricity consumption (kWh)	Exhaustion of natural resources
Cleaning, human consumption and domestic use	Water consumption (m ³)	Exhaustion of natural resources
Paper use in the office	Paper consumption (sheets)	Exhaustion of natural resources
Paper printing in the office	Toner consumption (units)	Resource depletion through consumption of raw materials
Bulb replacement or end of life of bulbs	Fluorescent waste generation (units)	Environmental pollution, land use
Paper use and printing in the office	Paper and cardboard waste generation (kg) Toner waste generation (units)	Pollution from waste management, land use
Packaging waste, containers	Generation of plastic and packaging waste (kg)	Environmental pollution, land use

Obsolete or damaged equipment	Generation of WEEE waste (units)	Environmental pollution, land use
Kitchen, dining-room and pruning waste	Generation of organic waste	Pollution from waste management Landfill filling
Use of office equipment	Alkaline battery generation (kg)	Environmental pollution, land use
Office activities	Noise emission to the atmosphere	Air pollution and health conditions
General office toilet use	Discharge of urban waste water or domestic water (m ³)	Water pollution.

Table 4.- Environmental aspects and impacts.

Allfunds includes a commitment to the environment in its General Code of Conduct, as follows: “The persons covered to the Code, within the scope of their competence, must actively and responsibly undertake to preserve the environment, respecting legal requirements and following the recommendations and procedures established by Allfunds to reduce the environmental impact of their activities and promote sustainable development.”

And the following environmental commitments in its Corporate Social Responsibility Policy:

- Prevent pollution by making reasonable use of resources and establishing actions to gradually minimise it.
- Contribute to climate change mitigation and sustainable resource use by combining or replacing the use of non-renewable resources with renewable resources in key areas such as materials and facilities use and water.
- Establish environmental criteria in the selection of suppliers and encourage environmental responsibility actions while waiting for Allfunds’ input.
- Measure, record and report with transparency on the company’s main environmental indicators.

Furthermore, in relation to its decision-making and activities, it applies a preventive approach so that it does not become involved in projects where there are indications of a threat of serious or irreversible damage to the environment or human health.

Allfunds assesses the occupational risks of each of its business lines and activities. The effects of these risks on health are recorded annually in its annual report on preventive activity, as well as in the results provided in section 5.3 of this report.

The resources dedicated to the prevention of environmental risks

Allfunds has a general services department that monitors environmental aspects and proper waste management, and a Marketing & CSR department and is responsible for coordinating the company's social responsibility activities. The maintenance of the facilities, which has no significant impact on the environment, is subcontracted to external companies.

The total resources allocated to environmental risk prevention in 2019 were €164,001. The breakdown of these resources dedicated to the prevention of environmental risks is as follows:

- Resources allocated to salaries of people directly involved in the prevention of environmental risks related to the percentage of exclusive allocation to this duty: €12,000
- Resources allocated to the maintenance of facilities with environmental impact: €132,692.08
- Resources allocated to waste management: €12,349
- Resources allocated to the implementation of environmental management procedures: €6,960.

Allfunds has not received any fines or environmental sanctions during 2019.

The application of the precautionary principle, the amount of provisions and guarantees for environmental risks.

The principle of environmental precaution at Allfunds is articulated through its procedure for environmental aspects, its corporate social responsibility policy and the commitment to the environment in its General Code of Conduct.

Since Allfunds considers the environmental impacts of its business lines to be insignificant, it has no provisions or guarantees to deal with the possible materialisation of its environmental risks.

4.2. Pollution

During 2019, Allfunds has conducted a study of all its workplaces in order to calculate its carbon footprint. In some of the centres it has not been possible to calculate the emissions derived from electricity consumption, since this is included in the rental costs. Even so, the calculation of the carbon footprint includes the energy consumption of most of the major Allfunds centres according to the number of employees. The result of the carbon footprint calculation for all its centres is as follows:

Table 5.- Emissions in tonnes of CO₂ equivalent			
Allfunds centres	Scope 1 (t CO₂eq)	Scope 2 (t CO₂eq)	Scope 1+2 (t CO₂eq)
MADRID	0.00	364.36	364.36
MILAN	4.88	24.39	29.27
ZÜRICH	4.27	-	4.27
LUXEMBOURG	0.00	38.15	38.15
SINGAPORE	0.00	9.53	9.53
CHILE	56.26	-	56.26
COLOMBIA	1.19	-	1.19
LONDON	0.00	-	0.00
DUBAI	1.91	-	1.91
HONG KONG	0.00	-	0.00
TOTAL	68.51	436.43	504.94

Scope 1 corresponds to direct emissions. These include:

- Fuel consumption in buildings (natural gas and diesel boilers).
- Leakage of fluorinated refrigerant gases in air-conditioning/refrigeration equipment (gas refilling carried out in such equipment).
- Vehicle fuel consumption.

Scope 2 is indirect emissions due to electricity consumption in buildings.

During 2019, Allfunds established measures to reduce carbon emissions at its Madrid centre:

- There are twelve solar panels for the production of hot water and for the reduction of electricity consumption. From July to December 2019, electricity consumption has been reduced by 9,314.15 kW.
- All the lighting is Dali and can be regulated by the FUDOMO BMS building management programme.
- During 2019, the property of the building started a process to obtain a LEED GOLD-SILVER certification (Leadership in Energy and Environmental Design). It is a green and sustainable construction programme that requires objective evidence that specific requirements have been met in the areas of sustainability, efficiency in the use of water, energy, air, materials and resources, indoor environmental quality, locations and linkages, environmental awareness and education, and design innovation.

Allfunds' London office building is ISO 14001 certified for environmental management, and its environmental policy includes a commitment to achieve zero net carbon emissions from its UK workplaces by 2030. To achieve this objective, the short-term goal is to integrate zero net carbon

emissions into the services of all the buildings it manages and the implementation of sustainable and innovative practices in the workplace.

Several work centres have terraces with various types of plants to absorb carbon dioxide:

- Madrid: 1,525.6 m² of ivy (*hedera*) and yew (*taxus baccata*) bushes.
- Luxembourg: on the 6th floor there are 28 m² of boxwood (*Buxus sempervirens*) and on the 7th floor, 118 m² of boxwood and shrubs.
- Milan: on the 6th floor there are 820 m² of olive, lavender and boxwood trees, and on the 7th floor, 140 m² of shrubs.

During 2019, no environmental measurements or measures to prevent, reduce or repair noise or lighting pollution have been made because the assessment of environmental aspects has determined them to be of a non-significant nature. In any case, Allfunds complies with the Municipal Ordinances of the locations where the workplaces are located regarding noise and light pollution in Spain, and other legal provisions in the rest of the countries.

4.3. Circular economy and waste prevention and management

Allfunds does not carry out actions to promote the circular economy beyond recycling and reuse of the waste generated. By 2020, it plans to use garden waste to produce compost, as well as to obtain LEED certification in its Madrid centre.

Allfunds' activities generate paper and cardboard, plastic and organic waste, toner, alkaline and fluorescent batteries and obsolete computer equipment.

Allfunds has contracts with authorised waste managers for the correct collection and management of paper, cardboard and oil waste at its Madrid centre. In the other centres, responsibility for the proper management of waste is transferred to the building's property.

As far as actions to combat food waste are concerned, only the Madrid centre has a kitchen and dining-room. Leftover food is usually distributed among the workers of the organisation. For next year, new actions, also related to LEED certification, will be studied. Even so, it is not a relevant event or one that has a significant impact on the organisation, nor does it influence the assessments and decisions of stakeholders.

4.4. Sustainable use of resources

Water consumption comes from the general public sewage system where Allfunds is present. Allfunds calculates the total water consumption and for each of its workplaces where it has a meter, since, in most centres, water consumption is included in the cost of renting the buildings occupied by Allfunds.

Total water consumption in 2019 at the Madrid and Singapore centres was 3,963.40 m³ and average consumption per person was 34.68 m³ (out of a total of 284 workers). By 2020, it is planned to change the water outlets for employees' showers in the Madrid centre, to reduce consumption and control the water flow per second (m³/s).

Allfunds records and monitors the paper consumption of all its workplaces. Total paper consumption in 2019 was 9,549,019.00 pages. In accordance with its privacy policy and the Allfunds digitisation process, it is expected that paper consumption will be minimised in the future.

The buildings do not have boilers, so there is no fuel consumption for the thermal comfort of workers in the workplace.

Allfunds offers its employees a fleet of 26 vehicles, four of which are hybrids. In addition, as a measure to promote the transition to electric cars, Allfunds has 9 electric vehicle chargers in the Madrid centre.

With regard to electricity, Allfunds consumes energy from the general electricity network and in the Madrid centre energy is generated and consumed by twelve solar panels, thanks to which electricity consumption has been reduced, from July to December 2019, by 9,314.15 kW. In Madrid, the environmental impact of our electricity depends on the energy sources used to generate it. On a scale from A to G where A indicates minimum environmental impact and G the maximum, and considering that the national average value corresponds to level D, the energy supplied by VIVE ENERGÍA has the value of carbon emissions C.

Allfunds has calculated the electricity consumption of all its workplaces where there is an individual meter and where it has access to the data, and this is not included in the rental cost (Madrid, Milan, Luxembourg and Singapore). Electricity consumption in 2019 was 1,061,635.06 kWh and the average per worker was 2831.03 kWh (out of a total of 375 workers).

4.5. Climate change

During 2019, Allfunds has conducted a study of all its workplaces in order to calculate its carbon footprint. This information is set out in section 4.2 Pollution.

Allfunds has long-term goals set for the reduction of greenhouse gas emissions. These include:

- Changing the chemicals used in their gardens for less polluting ones.
- Installing plants on the terraces inside London and Zurich.
- Trying to quantify the emissions from electricity consumption in centres where no data is available, in order to subsequently reduce such consumption.

4.6. Protection of biodiversity

Allfunds does not carry out specific measures to preserve or restore biodiversity, as all of its workplaces are located in cities or urban areas where biodiversity is not affected or where impacts on natural protected areas are not generated.

5. Social and staff issues

5.1. Employment

a) Total number of employees by sex, age, country and professional classification.

The criteria used to create the professional classifications throughout this report is: i) administrative: without university qualification, ii) technical: with university qualification; and iii) executives: members of the Board of Directors, a group identified by banking regulation, and certain regional and area directors, according to consolidated annual accounts as of December 31.

COUNTRY	No. of employees Total	Age ranges (years)			Executives		Administrative workers		Technicians	
		<30	30-50	> 50	Men	Women	Men	Women	Men	Women
Brazil	1	0	1	0	1	0	0	0	0	0
Chile	3	1	2	0	1	0	0	1	0	1
Colombia	4	4	0	0	1	0	0	0	1	2
Hong Kong	2	0	2	0	1	0	0	0	0	1
Italy	60	8	45	7	1	1	0	0	20	38
Luxembourg	31	1	29	1	6	2	0	1	10	12
Singapore	16	0	15	1	1	0	0	1	8	6
Spain	324	71	229	24	13	4	3	6	189	109
Sweden	5	1	4	0	1	0	0	0	1	3
Switzerland	23	3	14	6	3	0	0	1	13	6
Arab Emirates	3	0	2	1	1	0	0	1	0	1
United Kingdom	44	8	33	3	5	0	0	1	11	27
Overall total	516	97	376	43	35	7	3	12	253	206

Table 6.- Total number of employees by sex, age, country and professional classification.

b) Distribution of employees by sex, age, country and professional classification.

COUNTRY	No. of employees Total	Age ranges (years)			Executives		Administrative workers		Technicians	
		<30	30-50	> 50	Men	Women	Men	Women	Men	Women
Brazil	1	0.0%	100.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Chile	3	33.3%	66.7%	0.0%	33.3%	0.0%	0.0%	33.3%	0.0%	33.3%
Colombia	4	100.0%	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%	25.0%	50.0%
Hong Kong	2	0.0%	100.0%	0.0%	50.0%	0.0%	0.0%	0.0%	0.0%	50.0%
Italy	60	13.3%	75.0%	11.7%	1.7%	1.7%	0.0%	0.0%	33.3%	63.3%
Luxembourg	31	3.2%	93.5%	3.2%	19.4%	6.5%	0.0%	3.2%	32.3%	38.7%
Singapore	16	0.0%	93.8%	6.3%	6.3%	0.0%	0.0%	6.3%	50.0%	37.5%
Spain	324	21.9%	70.7%	7.4%	4.0%	1.2%	0.9%	1.9%	58.3%	33.6%
Sweden	5	20.0%	80.0%	0.0%	20.0%	0.0%	0.0%	0.0%	20.0%	60.0%
Switzerland	23	13.0%	60.9%	26.1%	13.0%	0.0%	0.0%	4.3%	56.5%	26.1%
Arab Emirates	3	0.0%	66.7%	33.3%	33.3%	0.0%	0.0%	33.3%	0.0%	33.3%
United Kingdom	44	18.2%	75.0%	6.8%	11.4%	0.0%	0.0%	2.3%	25.0%	61.4%
Overall total	516	18.6%	73.5%	7.9%	26.4%	0.8%	0.1%	7.1%	25.0%	40.6%

Table 7.- Distribution of employees by sex, age, country and professional classification.

c) Total number of employment contract modalities

Type	Technicians			Administrative workers			Executives			TOTAL
	Man	Woman	Total	Man	Woman	Total	Man	Woman	Total	
Under 30 years of age	60	30	90	2	2	4	1	0	1	95
Indefinite	60	29	89	2	2	4	1	0	1	94
Full Time	60	29	89	2	2	4	1	0	1	94
Part Time	0	0	0	0	0	0	0	0	0	0
Temporary	0	1	1	0	0	0	0	0	0	1
Full Time	0	0	1	0	0	0	0	0	0	1
Part Time	0	0	0	0	0	0	0	0	0	0
Between 30 and 50 years old	192	147	339	0	10	10	23	6	29	378
Indefinite	192	147	339	0	10	10	23	6	29	378
Full Time	192	147	339	0	10	10	23	6	29	378
Part Time	0	0	0	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0	0	0	0
Full Time	0	0	0	0	0	0	0	0	0	0
Part Time	0	0	0	0	0	0	0	0	0	0
Over 50 years old	17	13	30	1	0	1	11	1	12	43
Indefinite	17	13	30	1	0	1	11	1	12	43
Full Time	17	13	30	1	0	1	11	1	12	43
Part Time	0	0	0	0	0	0	0	0	0	0
Temporary	0	0	0	0	0	0	0	0	0	0
Full Time	0	0	0	0	0	0	0	0	0	0
Part Time	0	0	0	0	0	0	0	0	0	0
TOTAL:	269	190	459	3	12	15	35	7	42	516

Table 8.- Total number of employment contract modalities.

d) Distribution of employment contract modalities

Type	Technicians			Administrative workers			Executives			TOTAL
	Man	Woman	Total	Man	Woman	Total	Man	Woman	Total	
Under 30 years of age	11.63%	5.81%	17.44%	0.39%	0.39%	0.78%	0.19%	0.00%	0.19%	18.41%
Indefinite	11.63%	5.62%	17.25%	0.39%	0.39%	0.78%	0.19%	0.00%	0.19%	18.22%
Full Time	11.63%	5.62%	17.25%	0.39%	0.39%	0.78%	0.19%	0.00%	0.19%	18.22%
Part Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Temporary	0.00%	0.19%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.19%
Full Time	0.00%	0.19%	0.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.19%
Part Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Between 30 and 50 years old	37.21%	28.49%	65.70%	0.00%	1.94%	1.94%	4.46%	1.16%	5.62%	73.26%
Indefinite	37.21%	28.49%	65.70%	0.00%	1.94%	1.94%	4.46%	1.16%	5.62%	73.26%
Full Time	37.21%	28.49%	65.70%	0.00%	1.94%	1.94%	4.46%	1.16%	5.62%	73.26%
Part Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Temporary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Full Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Part Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Over 50 years old	3.29%	2.52%	5.81%	0.19%	0.00%	0.19%	2.13%	0.19%	2.33%	8.33%
Indefinite	3.29%	2.52%	5.81%	0.19%	0.00%	0.19%	2.13%	0.19%	2.33%	8.33%
Full Time	3.29%	2.52%	5.81%	0.19%	0.00%	0.19%	2.13%	0.19%	2.33%	8.33%
Part Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Temporary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Full Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Part Time	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL:	52.13%	36.82%	88.95%	0.58%	2.33%	2.91%	6.78%	1.36%	8.14%	100.00%

Table 9.- Distribution of employment contract modalities.

e) Average annual number of indefinite contracts, temporary contracts and part-time contracts by sex, age and professional classification

This information is not relevant since, as can be seen in the table above, the frequency of part-time and temporary contracts is minimal.

f) Number of dismissals by sex, age and professional classification.

Type	Man	Woman	Total
Executives	2	1	3
Under 30 years of age	0	0	0
Between 30 and 50 years old	1	0	1
Over 50 years old	1	1	2
Administrative workers	0	0	0
Under 30 years of age	0	2	2
Between 30 and 50 years old	0	2	2
Over 50 years old	0	0	0
Technicians	9	4	13
Under 30 years of age	3	2	5
Between 30 and 50 years old	6	1	7
Over 50 years old	0	1	1
Total:	11	5	16

Table 10.- Number of dismissals by sex, age and professional classification.

g) The average salaries and their evolution broken down by sex, age and professional classification or equal value.

The salaries include fixed remuneration, variable remuneration and company contributions to the employee pension plan. Due to confidentiality issues and not distorting the results, we have excluded the Top-4 managers, as well as modified the age ranges. Data is expressed in thousands of euros.

Type	Average Remunerations 2019			Average Remunerations 2018		
	Man	Woman	Total	Man	Woman	Total
Executives	€213	€237	€225	€195	€237	€216
Under 40 years of age	€183	€246	€215	€185	€246	€215
Over 40 years old	€244	€228	€236	€206	€227	€216
Technicians	€74	€72	€73	€57	€57	€57
Under 40 years of age	€56	€56	€56	€43	€42	€42
Over 40 years old	€93	€87	€90	€70	€73	€72
Administrative workers	€24	€65	€45	€18	€60	€39
Under 40 years of age	€23	€46	€35	€11	€40	€25
Over 40 years old	€26	€84	€55	€26	€79	€52
Total:	€104	€125	€114	€90	€118	€104

Table 11.- Average salaries and their evolution broken down by sex, age and professional classification or equal value.

h) Wage gap, remuneration for equal or average jobs at company.

The calculation of the wage gap has been made taking into account the average remuneration of women minus the average remuneration of men divided by the average remuneration of men. The average salary gap of society using this formulation is -16%.

i) The average remuneration of directors and executives, including variable remuneration, allowances, indemnities, payment to long-term savings schemes and any other payment broken down by gender.

For reasons of confidentiality and non-distortion of the results, we have excluded the Top-4 executives and modified the age ranges. Data are expressed in thousands of euros.

Executives and Directors	Average Remunerations 2019	
	Man	Woman
Under 40 years of age	€183	€247
Over 40 years old	€247	€228
Total:	€247	€228

Table 12.- Average remuneration of directors and executives.

j) Disconnection policies.

Allfunds includes a section on digital switch-off within its General Code of Conduct, as follows: "The mobile devices that can be assigned to employees are intended to provide flexibility and facilitate work activity through information technology and in addition to other work tools (computer or otherwise). Allfunds wishes to encourage the sensible and intelligent use of such devices. Therefore, unless it is strictly necessary for justified business or urgent reasons, or the specific characteristics of the job so require, employees are not expected to attend to work requests received through such devices during rest periods."

k) Employees with disabilities

In 2019, Allfunds was employing 7 people with special needs in two of the countries in which it operates. (5 people in Spain and 2 in Italy).

The percentage of people with special needs in relation to the average workforce in 2019 in Allfunds is 1.36% in total. In Spain it is 1.54%, and in Italy 3.33%.

Allfunds has a certificate of purchase dated December 2019 granted by the Special Employment Centre CADEMADRID as a non approved alternative for compliance with the General Disability Act. This is why in 2019 it completes its contribution to the inclusion and integration of people with disabilities in the workplace compared to other special employment centres for the amount

of 23,861.26 euros, equivalent to 1.23%, thus complying with the General Disability Act, with more than 2% of people with special abilities hired (1.54%+1.23%=2.77%).

5.2. Organisation of work

The working hours and shifts of the people who work at Allfunds are marked, apart from the current legislation and the collective agreement, by the needs of the customers according to their activity. In this sense, Allfunds has established office hours at all its centres, with the following being the most common opening times:

- From Monday to Thursday: 8-hour day, with flexibility in terms of start and end time of 2 hours, depending on the time work is started, which will be from 8 a.m. to 10 a.m. There is one hour for lunch, between 1.30 p.m. and 3.30 p.m.
- On Fridays: 6.5-hour day, with flexibility in terms of start and end time of 2 hours, depending on the time work is started, which will be from 8 a.m. to 10 a.m. Workers have 30 minutes or one hour for lunch, at their own discretion, between 1.30 p.m. and 3.30 p.m.

The total number of hours of absence during 2019, calculated in an aggregate way in all countries, was 26,497.50 hours.

The measures of Allfunds aimed at facilitating the enjoyment of conciliation and promoting co-responsibility by both parents are time flexibility and digital disconnection. Additionally, it includes the reconciliation of work and personal life within its General Code of Conduct.

5.3. Health and safety

Allfunds fulfils its responsibility to provide a safe and healthy working environment for its employees by applying the regulations in force in each country in which it operates. In particular, in Spain, in accordance with Articles 10 and 14 of Royal Decree 39/1997, Allfunds adopts a third-party prevention service (SPA) as a preventive modality, which takes on the specialities of health and safety at work, industrial hygiene, ergonomics, applied psychosociology and health surveillance. Despite the fact that all the activities related to health and safety in the workplace are included in the preventive reports that the SPA carries out annually, the most important milestones in health and safety during 2019 include:

- The updating of occupational risk assessments due to the move to the new facilities in the Madrid centre.
- Installation of defibrillators. Throughout 2019, the decision was made to install defibrillators in all Allfunds offices regardless of the number of workers, size and location. Its aim is to offer the greatest protection and means to the employees and thus set up safe and healthy working spaces.

No Health and Safety Committees have been set up in Allfunds, although it has had two workers' representatives in Luxembourg since April 2019.

In 2019, there were 4 accidents with sick leave at Allfunds. The following table shows the breakdown of accident types and frequency and severity rates by sex:

Type	Man	Woman	Total
No. of accidents	2	2	4
Frequency rate (no. of accidents/no. of hours worked*10 ⁶)	1.03	1.03	2.06
Severity index (no. of days off/no. of hours worked*10 ³)	0.075	0.075	0.15
Occupational diseases	0.00	0.00	1.00
Frequency rate (no. of diseases/no. of hours worked*10 ³)	0.00	0.00	0.00
Severity index (no. of days off/no. of hours worked*10 ³)	0.00	0.00	0.00

Table 13.- Occupational accidents 2019 and frequency and severity rates.

Allfunds does not hold positions in the organisation that are classified as being at high risk of accidents and/or illness related to its activity.

5.4. Social relations

In Luxembourg, since April 2019, there has been worker representation. In the other countries, Allfunds organises its social dialogue with workers through direct communications with the Human Resources Department and the Regulatory Compliance Unit, which are articulated through its communication channels and mailboxes made available to workers (regulatorycompliance@allfunds.com and through the intranet in the Whistleblowing Channel section).

80.45% of Allfunds employees are covered by collective agreements since not in all countries where Allfunds operates there are collective agreements. The various collective agreements are detailed below:

- In Madrid, Banking Agreement. Including 272 employees.
- In Valencia, Valencia Office Agreement. Including 52 employees.
- In Italy, Contratto Collettivo Nazionale di Lavoro peri quadri direttivi per il personale delle aree professionali (dal 1° alla 3°) dipendenti dalle aziendecreditizie, finanziarie e strumentali). Including 60 employees.
- In Luxembourg, Collective Bargaining Agreement for Bank Employees. Including 31 employees.

Allfunds complies with the health and safety requirements included in its collective agreements. In addition, it complies with the provisions of the occupational risk prevention legislation that applies to it. The balance of the entire occupational health and safety management carried out by Allfunds, including the balance of the collective agreements, is evidenced by the number of occupational accidents and diseases and their associated accident rates.

5.5. Training

Allfunds has a policy and annual training plan for staff. The total number of training hours per professional category and type of training provided in Allfunds during 2019 was:

Type	Mandatory training	Languages	Technology	No. of training hours
Administrative workers	59	123	0	182
Technicians	1958	4376	220	6,554
Executives	126	309	8	443
Total:	2143	4808	228	7,179

Table 14.- Number of training hours 2019.

5.6. Universal accessibility for people with disabilities

The interior spaces of the Allfunds offices are adapted for people with disabilities, in compliance with current regulations. There are entries suitable for use by everyone and there are toilets adapted for people with disabilities in most centres. For the property of the building in the centre of Madrid, there has been a process for getting an accessibility certificate for the facilities under way since 2019. The ultimate goal is that the environment should not be a constraint on people.

In its General Code of Conduct, Allfunds includes a section on equal opportunities and non-discrimination, which states that it is a basic principle of Allfunds to provide the same opportunities of access to work and professional promotion, always ensuring that there is no discrimination based on gender, sexual orientation, race, religion, family background, nationality, age, disability, language, marriage status or social condition, political ideology, political or union membership or any other characteristic not objectively linked to working conditions or whose consideration for this purpose is prohibited by applicable legislation. It also has an equality and diversity policy.

5.7. Equality, non-discrimination and diversity management

Allfunds has had more than 250 employees since the end of 2018, and in accordance with the Law 3/2007 for effective equality between women and men, in 2019 it selected an external consultant to carry out the advice for the design and negotiated preparation of the Allfunds Equality Plan. As of 31 December 2019, Allfunds has a situation diagnosis from which it will deploy its commitment and actions to respect the principle of equality between women and men.

Allfunds has an equality and diversity policy which is drawn up in 2019 and is scheduled for approval by the Board of Directors in 2020, and its CSR policy includes a commitment to ensure that equal treatment and opportunities for employees, suppliers, customers, and anyone else with whom Allfunds has contact or who may have an impact are not discriminated against or nullified.

Allfunds includes in its General Code of Conduct a section on respect for people, where it is included that harassment and abuse whether sexual, work or personal, intimidation, lack of respect and consideration or any type of physical or verbal aggression are unacceptable and will not be permitted or tolerated at work. In addition, it indicates how to act in the event of having knowledge of these cases.

6. Respect for human rights

For human rights due diligence and prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and redress possible human rights abuses, Allfunds has:

- A Compliance system, led by the AML Internal Control Body and the Risk Committee in which Allfunds Management participates, which meet quarterly. Additionally, the Compliance Department reports to the Board's Risk and Audit Committee on a regular basis.
- Corporate social responsibility policy, which includes a commitment to contribute to the effective practice of fundamental labour rights in each and every country where Allfunds employs people. These rights include the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and equal opportunities and access to promotion and career, training and any social benefits provided by the company.
- A General Code of Conduct, which includes a section on respect for the internationally recognised rights of union membership, association and collective bargaining, as well as the activities conducted by organisations representing employees, in accordance with the duties and competencies legally attributed to them, with whom they will maintain a relationship based on mutual respect in order to promote open, transparent and constructive dialogue to consolidate the goals of social harmony and employment stability.
- Supplier Code of Conduct, which aims to align its decision-making process based on its leadership, ethical and socially responsible values, in accordance with the seven principles of social responsibility included in ISO 26000: accountability, transparency, ethical behaviour, respect for the interests of stakeholders, respect for the rule of law, respect for international standards of behaviour and respect for human rights.

The Regulatory Compliance Unit coordinates the training of Allfunds employees on conduct (alignment with ethical standards and principles of conduct that must be considered by Allfunds employees) & Corporate Defence (knowledge of Allfunds' corporate defence model, the list of potential criminal offences that could affect the company's activity, the existence of appropriate channels for reporting unethical or illegal behaviour), Prevention of Money Laundering and Financing of Terrorism (knowledge of the detection and prevention measures in place), Privacy (knowledge of the measures required in data and information processing) and Regulations applicable in the field of the securities market.

Allfunds provides its staff with channels for consulting and/or reporting cases where non-compliance with the General Code of Conduct is detected or suspected (through regulatorycompliance@allfunds.com and the Whistleblowing Channel on the Allfunds intranet, both managed through the Regulatory Compliance Unit).

In addition, Allfunds has a generic communication channel for third parties in the contact section of the Allfunds website.

During 2019, at Allfunds there were no complaints for human rights violations, so it has not been necessary to take measures to mitigate, manage and repair possible abuses.

7. Fight against corruption and bribery

Allfunds has a compliance system based on internal codes of conduct and policies. In addition, it has a compliance monitoring program with two main pillars, the first one according to the Corporate Defence model and the second one through the analysis of regulatory risks. In addition, there is a complaints channel available to all employees via the Intranet. Specifically, to prevent corruption and bribery, Allfunds has established the following protocols:

- Allfunds' General Code of Conduct, which includes a section on gifts, commissions or financial facilities, stating that it is forbidden to deliver or accept any kind of income, fee, gift or invitation not authorised by the procedures established by Allfunds to obtain an advantage from one's position in the group for one's own benefit.
- Anti-Corruption and Gift and Invitation Policy, which clearly sets out the criteria and principles of action to be followed by its employees in any of their professional relationships with Allfunds, in order to ensure compliance with the Anti-Corruption Regulations and specifically with regard to gifts, invitations, commissions, remuneration, income, advantages or benefits, which are mandatory and additional to the General Code of Conduct.

To combat money laundering, Allfunds has a Manual for the Prevention of Money Laundering and the Financing of Terrorism, which contains the concepts, guidelines and directives that employees must observe when carrying out their activities.

8. Information about the company

8.1. The company's commitments to its stakeholders and sustainable development.

Allfunds' commitment to sustainable development is reflected in its CSR policy. Among these commitments to sustainable development, Allfunds' impact on local development is of note, as 90% of its purchases are local.

Allfunds has the Allfunds Solidarity Fund, which is an aid channel whose functional goal is to contribute to social development and carry out social work for the benefit of people. It involves a strong commitment to improving the local communities in which Allfunds operates, as well as

in many other places of need through the generation of funds that are donated in accordance with guidelines and regulations. Donations can come from various parties: directly from Allfunds, from Allfunds employees, from sponsors of solidarity events and from private individuals (customers and people working in Investment Fund Managers).

Only projects submitted by entities under Law 49/2002 on the tax system for non-profit organisations and tax incentives for patronage, legally constituted, that pursue general interest purposes are studied. Allfunds has an Allfunds Solidarity Fund policy, which sets out the following guidelines and criteria when selecting a project or making a donation:

- There is a Solidarity Fund Committee to ensure an objective and consensual choice of project selection.
- The selection of the global projects takes into account the security criteria by analysing each proposed project in depth.
- Operations that do not respond to community or aid work will be avoided.
- The Solidarity Fund Committee will present an annual report detailing the projects financed in the year and the amounts donated.

Donations made by Allfunds during 2019 included:

Table 15. Donations made by Allfunds 2019

Foundations	Donations
Hospital Niño Jesús de Madrid	€3,494
Fundación A LA PAR	€6,000
Unoentrecienmil Foundation	76.313
Prodis Foundation	€2,500
Noor Dubai Foundation	€2,500
Save The Children Foundation	€2,000
CESAL Foundation	€5,040
Fundación Esteban. G. Vigil	€14,512
Fundación Khanimambo	€10,000
Deepak Foundation	€9,771
Fundación Madrina	€20,000
Fundación Pequeño Deseo	€20,000
AFANIC Foundation	€3,000
Fundación CRIS Contra el cáncer	€6,339
Total:	€181,469

In addition, through the Allfunds Solidarity Fund, Allfunds contributes to social development and carries out social work for the benefit of people. During 2019 two social volunteering actions have

been carried out, one in Chile with the Coanil Foundation and the other with Fundación A LA PAR in Madrid.

Allfunds' stakeholders, their communication channels and type of established dialogue is as follows:

STAKEHOLDER GROUPS	COMMUNICATION CHANNELS											
	E-MAIL	TELEPHONE NO.	FACE-TO-FACE MEETINGS	VIDEO CONFERENCE	SOCIAL NETWORKS	WEBSITE	FAX	MAILINGS	EVENTS AND CONFERENCES	ADVERTISING	INTRANET	COLLABORATIVE TOOLS (TEAMS, SKYPE, WHATSHAPP, ETC.)
Customers												
Employees	X	X	X	X	X	X	X		X	X		X
Providers	X	X	X	X	X	X		X				
Regulators	X	X	X	X	X	X		X				
Board of Directors	X	X	X	X		X						X
Press	X	X	X		X				X			
Shareholders	X	X	X			X		X				
Investment Fund Managers	X	X	X	X	X	X		X	X	X		
Associations and Foundations	X	X	X	X	X	X		X	X	X		

Table 16. Stakeholders and communication channels

In relation to communication with stakeholders, Allfunds has a communications protocol that requires that all media requests be coordinated through the Department of Communications, and that all press releases be sent to the Department of Communications for review and approval.

During 2019, Allfunds has made the following sponsorships:

- Spain: Expansión-Allfunds Investment Fund Awards. Teatro Real de Madrid.
- Dubai: Fund Forum Conference
- Colombia: Fiap Asofondos
- Singapore: Hubbies
- Chile: FIAP
- Luxembourg: Farad Forum
- UK: Goodacre

The total cost of these sponsorships was 192,818 euros.

Allfunds belongs to the following associations:

- AEB, Spanish Banking Association.
- Findatex, Financial Data Exchange Templates.
- INVERCO, Association of Collective Investment Institutions and Pension Funds.
- ALFI, Association of the Luxembourg Fund Industry.

8.2. Subcontracting and suppliers

Allfunds has a supplier approval and evaluation procedure, which sets out the guidelines and principles to be considered as acceptable in the process of selecting new suppliers for the supply of any type of product or service. This process takes into account the alignment of the supplier with Allfunds' values and ethical principles of good governance and corporate social responsibility.

Within this procedure there is a supplier approval questionnaire, to ensure the supplier's commitment to and compliance with applicable legislation in terms of Corporate Defence, money laundering and the fight against the financing of terrorism and corporate social responsibility. This procedure also complies with the UK's Modern Slavery Act 2015, and is mandatory for any supplier wishing to be part of the Allfunds supply chain.

necessary to determine the acceptance or otherwise of the provision of a service by a supplier.

This procedure includes the express and documented acceptance of the Supplier Code of Conduct, and a document must be signed as an acknowledgement of receipt of the Code of Conduct. The commitments of action and conduct included in said Supplier Code of Conduct include:

- All laws and regulations of the country where the activities take place will be complied with.
- Human rights will be respected and their importance and universality recognised, and they must be applied in an indivisible manner in all countries, cultures and situations where the company operates. That the rights set out in the Universal Declaration of Human Rights will be respected and promoted within their supply chain.
- No contribution will be made to modern slavery under any circumstances.
- Suppliers shall not engage in or benefit from forced or compulsory labour and must comply with the International Labour Organization Conventions on forced labour.
- The right of employees to associate freely will be respected.
- At a minimum, wages and working hours must comply with the laws, rules and standards applicable in that regard in the country in question, including minimum wages, overtime and maximum working hours.
- No child labour will be used and, specifically, ILO standards will be complied with.
- Suppliers shall not discriminate against or support discrimination based on race, social or national origin, caste, birth, religion, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinions, age, or any other condition that may cause discrimination.
- Suppliers must treat all their workers with dignity and respect.
- Suppliers shall respect the right of their workers to a minimum wage and shall ensure that wages always meet, as a minimum, legal or industry standards and are sufficient to meet the basic needs of workers and also allow for certain discretionary spending.
- Suppliers must comply with legislation prohibiting human trafficking and with all applicable local regulations in the country or countries in which they operate, including, but not limited to, the Modern Slavery Act 2015.
- Suppliers must not, under any circumstances, participate in any form of corrupt practice (such as theft, fraud, conspiracy to defraud, blackmail, participation in a criminal organisation or money laundering activities).
- All employees shall be provided with good occupational health and safety conditions.

- Activities shall be carried out with respect for the environment and in compliance with all relevant legislation of the country concerned.

During 2019, Allfunds has not carried out supplier supervision systems or audits, because it has not been considered that there is a risk of non-compliance with the Supplier Code of Conduct.

8.3. Consumers

Taking into account the definition of a consumer as a person who consumes goods and products in a market society, Allfunds does not have specific measures for the health and safety of consumers, as it is a service company that does not in any way directly or indirectly affect the health and safety of its customers, who cannot be consumers.

Allfunds has a procedure for the management of customer complaints and claims. Its aim is to establish the institution's practices in the management of complaints from customers and users of Allfunds' financial services and to comply with the requirements established by current legislation, specifically those laid down in the regulations on payment services and those transposed into Spanish alternative customer dispute resolution legislation.

Allfunds has channels available for the communication of complaints and claims by customers (atencionalcliente@allfunds.com) and a register of customer claims and complaints with details of their type, description, dates of receipt and response, financial impact if applicable, response to the customer and status, including response and resolution times.

Allfunds received a total of two customer claims and one complaint during 2019. The claims were related to the incorrect calculation of withholding tax and a difference in the units of the share settlements, causing rejections in the refund orders. And the complaint was related to the delay in sending out the calls for the voting meeting. All claims and complaints were properly addressed, followed up and properly closed as of the date of this non-financial statement.

8.4. Tax information

The profits after taxes obtained by Allfunds in 2019 amount to 68,479,927.47 euros, and the breakdown by country is as follows:

Jurisdiction	Result after Taxes (thousands of euros)
Spain	33,764
Italy	29,511
Luxembourg	6,843
United Kingdom	-2,113
Singapore	-4,901
Switzerland	18,443
Brazil	-8
Hong Kong	-348
Sweden	4,068
Total	85,614
Consolidation adjustments	-16,779
Consolidated Allfunds Group	68,480

Table 17.- Benefits after taxes by country

Taxes on profits paid during 2019 amount to 14,074,841.53 euros.

In 2019 the Centre for the Development of Industrial Technology (“CDTI”) of the Ministry of Economy, Industry and Competitiveness awarded a grant of 196,571.41 euros to Allfunds Bank SAU for the Blockchain Platform R&D project. The grant has not been paid out as at 31.12.2019 and its payment, which will take place during the financial year 2020, is subject to the documentary justification of the expenditure incurred in the project.