



ESG

Framework

UCI GROUP

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Content

1. Foreword.....	3
2. Highlights	4
3. Sustainability & Responsibility at the heart of our strategy	5
3.1. Identifying our material matters	5
3.2. How do we engage our stakeholders?	6
4. ESG integration in our activity	6
4.1. Supporting our client’s transition to low-carbon, resilient economy (E).....	7
4.2. Enabling an inclusive, diverse and equal growth (S)	10
4.3. Guiding our business through ethical, responsible and transparent criteria (G).....	14
5. Walking the talk – Dedicated ESG Area	17
6. Annexes	19

1. Foreword

The concept of Sustainable economy has become a centre of policy debates in recent years, and even most in recent times. The COVID-19 pandemic and the resulting containment measures have shifted our society and world towards an entirely new paradigm which has made companies to rethink the economic pillars and social attitudes. This crisis has profoundly disrupted people's lives and the economy. Global demand, supply chains, labour supply, industrial output, commodity prices, foreign trade and capital flows have all been affected. The pandemic struck the European economy when it was on a moderate path and still vulnerable to new shocks. Given the severity of this unprecedented worldwide shock, it is now quite clear that the EU has entered the deepest economic recession in its history. During times of crisis, investors used to retreat into tried and trusted safe havens, while sustainable investing was viewed as a fashion or something of a luxury during uncertain times. This thinking belongs in the past. Companies taking care of their stakeholders while monitoring externalities are benefiting from their commitment. Funds investing in companies with strong environmental, social and governance (ESG) policies have outperformed their benchmarks not only this year but over recent years.

In fact, we live in a world that is more interconnected, more interdependent and more interactive than ever before. Rapid technological advances in particular continue to have a profound effect on the economic, political, cultural, environmental and social landscape. These advances have changed the way we think and act. They have altered the way we do business. They have transformed the products and services we consume, and reshaped the perceptions of the world around us. While this has brought with it significant benefits and opportunities, it has also created far greater awareness of the challenges we all face.

At UCI we promote sustainable financing solutions to facilitate access to housing. We focus on responsible home buying, accompanying people so that they feel guided, properly informed, and know the financial and personal impact of a vital project such as buying a home. We contribute to rehabilitating homes and renovating the housing stock of our country under sustainable, energy-efficient, and environmentally respectful criteria, thus contributing to the challenges of the SDGs (Sustainable Development Goals), directly to SDG's nº 4, 8, 10, 13, and 16.

As a financial entity, UCI is in a privileged position to help to address these challenges, both together with our stakeholders, and through creating synergies, and network effects. Our principles and standards clearly define the way we do business and interact at UCI. We engage with our stakeholders through our Code of Conduct and Ethics and through our Corporate Responsibility Policy. Our work in key societal areas such as protecting the environment, empower society and respecting human rights are part of this. Living up to our societal responsibilities contributes to the wider goal of sustainable development. As an agent to boost debates on the importance of societal topics, mainly in building the transition to g

, we are ready to contribute to the setting of standards and collaborate in and beyond our industry.

The year 2020 will be remembered as a year in which business and everyday life were turned upside down, and the social and financial consequences are likely to stay with us for years. In this context, UCI, as mortgage specialist, is in a solid position to support our customers throughout the crisis. We have been working with our stakeholders and the government to develop sustainable solutions and to promote access to housing.

Throughout the process, adaptation has been KEY. We have brought different ways of working and new ways to meet stakeholders. This experience has strengthened our ambitions to become a financial entity focused in social and in sustainable matters.

And this is just the start. We have been changing our corporate behaviour and are re-assessing our relationships with our customers, employees, suppliers and the wider community. We believe it is everyone's responsibility to foster into a ESG ecosystem, and make sure this really happens.

2. Highlights

UCI'S Sustainable Commitment

We see sustainability as an essential part of our business model:

2017

Launch of the Green Mortgages & Loans area

2018

Membership of the Energy Efficient Mortgages Initiative (EEMI) of the European Mortgage Federation (EMF)

Launch of the first green mortgage in Spain

2019

Agreement with Gloval and GBCe to promote sustainable finance

Launch of the SUMA Green Mortgage to finance energy-efficient purchases and renovations

NAR (National Association of Realtors) Green training: providing real estate professionals with training in green property finance

2020

Structuring and launch of the first green securitisation fund (RMBS Belem 1). STS, Sustainalytics label, EEMI initiative of the EMF, in collaboration with the EIB

Agreement with the Madrid Municipal Housing and Land Corporation (EMVS) to contribute to the renovation of housing in Madrid

ISO 14001 Environmental Management System certification from AENOR

Great Place to Work Certification ®

AENOR Certification of Protocols against COVID-19

2021

Greenmociónate forum to develop real estate professionals as agents for change of the real estate stock

Launch of [creditos.com](https://www.creditos.com), a channel for refurbishments and renovation

Membership of the AUNA forum to promote the renovation of buildings through affordable finance and contribute to decarbonisation of the real estate stock

Participation in the United Nations Global Compact

Participation in the #apoyamoslosODS campaign (Let's support the SDGs) to raise the profile of the UN Goals

2021 Mortgage Prize from CESINE and Metros2 for our commitment to real estate sustainability through the Green Mortgage

UCI, the first institution in the Iberian Peninsula to be awarded the Energy Efficient Mortgage Label (EEML) by the European Mortgage Federation, which certifies compliance with the strictest environmental protection criteria

Creation of our Sustainability and CSR Department. UCI is committed to the inclusion of these values as part of its commitment to stakeholders

Euronext Sustainable Finance prize awarded to RMBS Green Belem, the first green bond issue in Portugal

3. Sustainability & Responsibility at the heart of our strategy

In an environment where consumption models have been adapting to new social and environmental risks, at UCI we had took part in this challenge by launching financial initiatives and products that contribute to social welfare, sustainability and care for the environment.

The 2015 Paris Agreement and the Sustainable Development Goals, as part of the United Nations' 2030 Agenda for Sustainable Development, represented a turning point in awareness for the world to move towards sustainability.

In recent years attitudes towards sustainable finance have undergone a transformational shift. Once a 'nice to have', today it is a clear 'must have' as more and more clients prioritize sustainable assets in companies' investment processes.

At UCI we have integrated sustainability and responsibility into our commitment to our stakeholders. Through long term relationships and highly committed people we provide innovative products, quality advice, along with the highest standards for corporate governance, compliance and risk management. By doing this, we aim to contribute to long term sustainable growth and create value for our customers, shareholders, employees, and society at large.

We define sustainable finance as "finance to support economic growth while reducing negative impacts and increasing positive impacts on ESG factors". This aligns well with the EU's definition, and it covers integration of ESG considerations into our activity across the Group. We are committed to developing sustainable and responsible financial products, implementing projects that minimize environmental impact, and mapping ESG-related risks.

3.1. Identifying our material matters

As a company and financial entity, UCI is strongly impacted by outside events, economic conditions, laws and regulations, growing competition and an increased demand for transparency and availability from customers and other important stakeholders.

The materiality analysis is a good and important practice to understand which issues and drivers are priorities for the company's customers and stakeholders when they make their choices, as well as which areas are considered most important for UCI to contribute to society's sustainable development.

UCI's process on identifying the most material issues is based on an on-going engagement with our stakeholders in combination with our own assessment of issues that are of strategic importance for our business. Our boundaries are set in relation to how we impact – indirect and direct. Through our indirect impact we aim to proportionally avoid causing, contributing or being directly linked to negative impact through our products and services. At the same time, we strive to create positive direct and indirect impact in line with our vision and strategy, commitment to international standards such as the UN Sustainable Development Goals and the Paris Agreement.

This analysis provides a fundamental framework on the matters that are included in ESG Framework and provides information on what is expected from the Company to establish its Sustainability Plan. The selection of issues resulting from this process was already defined and the list of relevant issues has been classified according to ESG criteria, as it is demonstrated by the following materiality table:

ESG CLASSIFICATION	RELEVANT TOPICS
Environment	1. Sustainable Housing Finance 2. Sustainable management of resources and spaces
Social	3. Health and well-being at work 4. Equality and diversity 5. Talent development and training 6. Support for the development of real estate professionals 7. Follow-up and training for financial consultants 8. Responsible purchase 9. Customer satisfaction and experience 10. Ethical and responsible management of suppliers 11. Social investment and volunteering
Governance	12. Financial autonomy and profitability 13. Comprehensive risk management 14. Good corporate governance 15. Compliance and adaptation to the regulatory framework 16. Transparency and clear language 17. Cybersecurity and data protection 18. Multichannel business strategy 19. Digital transformation 20. Alignment with shareholder policies



3.2. How do we engage our stakeholders?

Addressing key stakeholders’ views and expectations are critical for UCI’s continuous development and ability to create long-term value. We want to be open and transparent and increase the possibilities to establish a frank and robust dialogue.

We engage directly with our internal and external stakeholders to assess our areas of focus against their priorities – through ongoing conversations, as well as surveys and information requests from investors and ratings agencies. We also monitor closely the relevant ESG frameworks and reporting guidelines.

4. ESG integration in our activity

Our approach to ESG is continuously checked against stakeholder expectations and we are engaged actively in conversations to understand their different perspectives. This includes balancing near-term and longer-term objectives and managing carefully the balance between the two. It also means being transparent about the costs and opportunities involved.

It is important to highlight that none of this is static. The frontiers of what constitutes a meaningful and effective ESG approach for a company are changing all the time, particularly with respect to ‘E’ and to the time-critical nature of the climate challenge. Equally, as the green economy develops it seems likely that environmental and social issues will grow increasingly interrelated and complex.

Thus, we consider that impact in ESG pillars is greatest when we take action at three layers and considering the four fundamental dimensions:



Our main goal is to boost the transition to a low-carbon, resilient and inclusive economy aligned with UN SDG's, totally integrated in UCI's DNA.

UCI is well experienced in adapting as society grows and evolves, but we are aware that our continued success depends on that adaptability as much today as it ever did, and we welcome feedback and ideas on how we're doing, as we pursue ongoing improvement in our ESG agenda.

4.1. Supporting our client's transition to low-carbon, resilient economy (E)

The science is unequivocal, and the evidence is growing ever stronger: climate-related risks are larger, and coming through more rapidly, than previously thought. Recent evidence suggests that the Earth, now exceeding 400 parts per million by volume of CO2 in the atmosphere, has already transgressed one of the nine planetary boundaries, and is approaching several other Earth-system thresholds. We have reached a point at which the loss of summer polar sea-ice is almost certainly irreversible. By the end of 2017, global average temperatures were about 1.0°C warmer than in pre-industrial times. At the current rate of warming of about 0.2°C per decade, the IPCC report states that we will exceed 1.5°C of warming between 2030 and 2052.

Today, action requires significant investment, but inaction will be significantly costlier and could pose a systemic risk to financial stability. Climate change may prove to be the greatest market failure the world has ever seen, with the most significant societal impacts. As the world gets warmer, the potential damage intensifies. The Paris Agreement made history by establishing a clear, immovable goal and direction of travel: to keep global temperature rise well-below 2°C above pre-industrial levels.

With the society as our starting point, we ask ourselves some hard questions about the state of the economic, environmental and social systems currently in place, how those might evolve, and our role as a financial entity and a mortgage specialist in being part of the solution and driving value for our clients.

We believe a better world is one whose economic model is low carbon, more environmentally sustainable and more equitable and inclusive. We want to change the world through housing. We contribute to rehabilitating homes and renovating the Portuguese and Spanish housing stock

under a criterion of sustainability, energy efficiency, and respect for the environment, thus contributing to the challenges of the SDG's (Sustainable Development Goals).

As the world recovers from the pandemic, we aspire to a country in which all households have access to stable, affordable, and safe homes in places they want to live. We are committed to broadening access to home ownership and exploring opportunities to increase our support to the Spanish and Portuguese Real Estate Sector.

Our commitment to the transition to a low-carbon, resilient economy is materialized in three objectives:

- **Foster Sustainable financing:** Developing products and services that promote to environmental sustainability and foster Green Economy. Promoting and encouraging the purchase of energy-efficient homes and the renovation of the real estate properties. Developing mortgage solutions that encourage the purchase of energy-efficient homes, that allows to buy a home and renovate it to improve its energy efficiency in a single mortgage loan. In this way, a home buyer will be able to purchase a home and undertake renovation measures that reduce its energy consumption and, therefore, its CO2 emissions. A web B2B renovation real estate stockage portal - créditos.com- with the goal to improve the energy efficiency of homes and residential real estate properties, in general.
- **To minimize our environmental impact:** implementing an environmental management system and policy, following the standards of ISO 14001: 2015 that allows our control and influence of the activities with the greatest impact, compliance with legal requirements, and the guidelines coming from our stakeholders. ISO 14001 Certification reinforces our commitment to protecting the environment, preventing pollution, enhance energy efficiency, and reducing CO2 emissions, under the ethical principles and values of our organization.
- **Environmental risk management:** ESG Risks have been integrated into the company's global risk management system, with specific controls and a periodic evaluation of energy consumption and CO2 emissions generated, despite not having identified serious risk activities for public health or the environment. Additionally, it has been incorporated in origination policies ESG Risk Matters. It also has been incorporated low-carbon transition and physical risks into our portfolio and it is previewed to integrate it into our origination policy to assess our clients about their risk exposition, with the goal to advise them to mitigate their asset risk exposure. In order to evaluate and measure ESG risks in a common and comparable way, from risk management function, ESG, physical and transition risk have been integrated in our corporate risk map to understand how these factors translate into financial risks. Important to mention that the methodology used for the integration of the ESG family in the SGR is that of the GRI criteria, considering it is the most common and widespread approach.

To foster the Green Economy, we have considered that is crucial to create strategic alliances to accelerate the energy efficiency of the real estate properties. As it is the case of our partnership with Green Building Council Spain (GBCe) and Gloval (a leading company of valuation, engineering and real estate consulting services). Since 2018 we have been part of the Energy Efficient Mortgages Initiative (EEMI), promoted by the European Mortgage Federation (EMF-ECBC), a pioneering project at the European level that has brought together more than 50 entities with the aim of creating a Green Mortgage standard.

Furthermore, we have also signed new alliances with key players such as the European Investment Bank to finance green investments in the Iberian Peninsula, specifically to renovate the real estate building and to boost the construction of nZEB's buildings. These investments will be possible thanks to green mortgage loans branch that UCI has launch into the market in 2019.

In 2020 we also signed an agreement with the Municipal Housing and Land Company (EMVS) to contribute to the renovation of homes in the Spanish capital. In addition, we are part of AÚNA, the Spanish forum that will contribute to achieving the objectives of the National Integrated Energy and Climate Plan for 2021-2030 (PNIEC) and the 2020 Update of the Long-term Strategy for Energy Renovation in the Building Sector in Spain (ERESEE).

a) GREENIZATION - Our contribution to accelerate the sustainability shift

“Greenization” is the action we had embraced to foster the need of our stakeholders to integrate sustainability into their business model and accelerate the awareness of the energy efficient households.

In this scope, we have oriented our ‘greenization’ approach around the four following lines:

DIMENSION	PARAMETER	TARGET
E1 CARBON FOOTPRINT EMS (environment management system)	E1.1 Greenhouse gas emissions	▶ Overall company CO2 emissions ▶ Total GHG emissions: Scope 1 emissions are direct emissions from company-owned and controlled resources; Scope 2 emissions are indirect emissions from the generation of purchased energy, from a utility provider; Scope 3 emissions are all indirect emissions – not included in scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions
		E1.2 Circular Economy & Waste Prevention and Management ▶ Recycled waste per employee (Kg/employee)
	E1.3 Sustainable use of resources ▶ Water consumption per employee (m ³) ▶ Paper consumption per employee (kg) ▶ Energy consumption per employee (kWh/year)	
E2 Sustainable and responsible financial products	E2.1 Climate Change & Global Warming	▶ Green Production volume according to EIB & Sstainalytics & HDT criteria ▶ Green Production / Origination ▶ Energy consumption / savings per business line (kWh/m ² /year) ▶ Co2 reduction per business line (ton)

- E1.1 Reduce Greenhouse gas emissions:** UCI calculates the greenhouse gases that it has emitted directly or indirectly into the atmosphere: by turning on the lights in its offices or using its computers or climatic equipment, through the consumption of paper or other materials, with transportation or the trips of its employees, etc. Our main goal is to achieve a considerable reduction year by year, reflecting an active emission control policy and thus contributing to the path to net zero by 2050. Additionally, we are starting to calculate our carbon footprint and from these an adequate action plan will be draw. For the Group, the calculation and compensation of its carbon footprint is a key management tool to capture its commitment to the environment.
- E1.2 Foster Circular Economy & Waste Prevention and Management:** as a supporter to the circular economy – which is expected to produce growth in the future – we share expertise and support businesses that are looking to go circular, connecting innovators with large clients and suppliers with buyers. Our social impact activities, meanwhile, centre on financial resilience, financial inclusion and equal opportunities for the vulnerable in society. Our overarching goal in all these activities is to accelerate the sustainability shift.
- E1.3 Encourage the Sustainable use of resources:** by recognising that humanity's economic activities are dependent on the global ecosystem - in particular its capacity to

provide resources and to absorb pollution and waste – UCI assumes the crucial importance of resource efficiency and makes it as one of its guiding principles. Furthermore, the Group strives to achieve maximum efficiency in the use of the natural resources, in accordance with ISO Standard 14001 on Environmental Management, and market best practices.

- **E2.1 Fight Climate Change & Global Warming:** to help fight climate change and promote the energy transition, we support our clients in greening their property. It is assumed that with recovery comes THE opportunity to build a greener future, creating new businesses and jobs. We want to play our part in supporting the transition to net zero and are committed to working with our stakeholders and the market to help reduce the carbon emissions.

Finally, we have created a training network, and efficient tools to help in the “Green” selling process, to facilitate the market development and boost energy efficiency awareness in the households, through a simple, but integrated set of processes and procedures. These outputs are direct results of testing of solutions with appropriate partners in a ‘sandbox’ environment. The results of and learning from the sandbox experiment are documented, and the process adapted.

4.2. Enabling an inclusive, diverse and equal growth (S)

By integrating a social commitment into our ESG strategy we aiming to foster a positive impact in our stakeholders throughout the programme: “Te acompañamos”. Therefore, UCI Social strategy is focused on the following four main lines:

DIMENSION	PARAMETER	TARGET
S1 Promote talent & Diversity, equality and inclusion among the organizational structure	S1.1 Employment & Labour Relations & Training & Qualification	▶ Employee satisfaction
		▶ Talent
		▶ Gender, generational and diverse abilities equal opportunities
		▶ Diversity, Employment and employability
		▶ Decent and conciliatory employment
S2 Foster residential inclusion and financial education	S2.1 Financial Social Engagement	▶ Business Social inclusion
		▶ Community Investment
S3 Client Support during the several stages of their journey	S3.1 Customer Relationships	▶ Customer satisfaction
		▶ Security breach / Data Protection
S4 Foster Real Estate professionalization and diversification	S4.1 Real Estate Activity Capabilities	▶ Trainings
		▶ Webinars
		▶ Events
		▶ CRS & Green Designation
		▶ NAR Members

As a European financial entity, we commit to the European Union’s principle – “United in Diversity”– and value diversity, equality and inclusion, as they are good for society. We want to enable economic growth and societal progress through our positive impact.

To do this, we build inclusive and diverse teams to drive business results. We believe talent is found in all cultures, countries, races, ethnicities, genders, sexual orientations, disabilities, beliefs, generations, backgrounds and experiences. We pursue a working environment where everyone can be authentic and feel a sense of belonging.

Promoting a speak-up culture where our people can be heard and turn ideas into impact. We want all individuals to feel welcomed, accepted, respected and supported. We expect our leaders to build inclusive teams of people with different skills, styles, and approaches to spark innovation. Our leaders strive to empower their teams to contribute their best work. We believe everyone

deserves actionable feedback to help them achieve their career goals and succeed based on merit.

- **S1 People First: Promote talent & Diversity, equality and inclusion among the organizational structure**

UCI's success depends largely on its employees - their ideas, skills, commitment, wellbeing, and health. Our Human Resources (HR) agenda seeks to create an environment where employees are empowered to work together to enhance the company's performance continually. It reflects a number of workforce trends: – New, agile work practices accelerate innovation and foster greater customer focus, iteration, and consultation – An attractive, inclusive work environment and flexible work arrangements that promote a healthy work-life balance will be essential for the company to remain an attractive employer. Moreover, in 2020 the international consulting firm Great Place to Work® has recognized us as a Great Place to Work, one of the most prestigious national and international distinctions in the field of Human Resources.

At UCI we advocate for equality. One of the objectives within the workplace is the eradication of sexist behaviours, discrimination based on ethnicity, religion, nationality, marital status, sexual orientation, and/or social class, as well as behaviours that could constitute a crime such as sexual harassment. In this way, an egalitarian coexistence is achieved within the Organization, which will benefit the well-being of the collaborators and, therefore, higher performance in the company.

Ethical standards must be present in all collaborators within the workplace, being the responsibility of each one to adapt them to the different situations that may arise on a day-to-day basis. Each of the people who are part of UCI Group has a moral commitment to denounce any type of behaviour mentioned above that they witness, in order to collaborate in the achievement of a work environment in accordance with the company's own values, culture, and customs.

In addition, different awareness-raising and support actions have been carried out for the integration of diversity.

Several policies were developed to promote equal treatment and opportunities between women and men in matters related to new incorporations to the workforce, promotions, or mobility within the company.

The General Policy on Gender Diversity; the Selection Policy; the Internal Mobility; The Promotion Policy and the Time Flexibility Policy are included the White Book of Diversity, which has been developed and published in 2019.

Likewise, in 2019, the Diversity Committee was set up to deal with all matters related to diversity and gender equality, with periodic quarterly meetings and composed by collaborators from different areas of the Company. An Inclusive Language Guide has also been published, coordinating its dissemination with the different brands of the UCI Group to promote the representation of all people.

Concerning our resilient organizational design and flexibility, it should be highlighted that most of our staff have a permanent contract, and all of our employees benefit from a Remuneration Policy that guarantees an adequate remuneration system. We offer our collaborators multiple social benefits, to which, in 2018, the policy of Flexible working was included in Spain, which seeks to facilitate gender diversity through an improvement in family reconciliation and improve productivity, commitment, and Pride of belonging.

With regard to Health and Well-being at work, in 2020 the UCI Human Resources Department has implemented actions to guarantee the good health and safety of the workforce.

Last but not least, at UCI we consider that enhancing the development of our employees' skills has a positive bi-directional impact. The evolution and development of our employees' skills are crucial. To support these changes, the Group is focusing on three key things: ensure the sustainable employability of our employees; promoting the continuous skills development and continuous adjustment to how business lines are changing; supporting the acquisition of new skills and anticipating changes. Year by year, we continue to strengthen our Learning Culture to further create value.

- **S2 Financial Social Engagement: Foster residential inclusion and financial education**

At UCI we contribute to the economic and social development of the community through our own activity and through social investment in projects to support disadvantaged and vulnerable groups. In this matter, our responsible commitments to society are:

- Support the progress of the societies where we are present through the activity of housing finance.
- Support educational programs, with a special focus on financial education and future skills, to promote education in savings and responsible consumption.
- Encourage the orientation of young people for professional experience and future work.
- Promote support for these specific groups: disabled people, people at risk of residential exclusion, and young people.

To make this contribution effective, we have developed a Social Action Policy with 4 specific lines of action to contribute to the social improvement of the communities in which the company operates.

Additionally, as one of the entities that adhered to the United Nations Global Compact, which works in favour of peace, security, and sustainable development, at UCI we have incorporated the principles of the Global Compact in all areas of the company, as part of our operations, corporate culture and long-term strategy.

The Corporate Responsibility Policy establishes the principles of responsible action, among which are included the promotion and respect for Human Rights in the territories in which UCI is present, in accordance with the universal principles and with the contribution to the Sustainable Development Goals in which the company has a direct impact.

Our approach to Human rights is anchored in our Code of Conduct. The core principle of our approach is that we do not engage in activities or business relationships where there is evidence of human rights violations. To uphold this principle, we endorse international standards and guidelines, such as the – International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, including the ILO Core Labour Standards and the UN Guiding Principles on Business and Human Rights. Our approach covers all dimensions of our business and assess the risks associated with human rights violations regularly, ensure our due diligence processes remain resilient and monitor as well as evaluate how negative impacts can be consistently avoided.

- **S3 Customer centric: Client support during all stages of their journey**

At UCI we are committed to a 'customer centric' business model, that is, a model aimed at maintaining a relationship with our client that goes beyond the simple act of contracting a loan or buying a property. Our commitment is to offer a quality service and products, adapted to the circumstances of our clients, competitive and, at the same time, sustainable with our environment, which add value to our clients and to society.

Faced with the extraordinary and unprecedented situation of the health crisis, this 2020, home has become a true refuge. In this sense, we wanted to remain close to our clients in situations of payment difficulties, adopting solutions that accommodate the greatest number of people in vulnerable situations. Our recovery department carries out good practices that allow us to anticipate the non-payment of clients, making a personalized follow-up in order to find solutions adapted to each client.

Clients expect access to their company's services anytime, anywhere, and through a variety of channels. At the same time, the scale, speed, and sophistication of cyberattacks are increasing. We need to preserve the confidentiality, integrity, and availability of our clients' and business partners' data and our information assets to retain stakeholder trust. In a continually evolving threat landscape, information security remains a significant topic for UCI. We are aware of our obligation to help maintain a stable and resilient financial system and therefore continue to invest in risk mitigation. In 2020, we strengthened our cyber and physical security capabilities to keep pace with threats.

One of the main objectives of UCI Group is to respect the interests of clients and their inherent rights. For this reason, Consumer Protection is a relevant function within the Compliance area. Within this framework, our company has established its Consumer Protection Policy.

Additionally, and because we recognize that satisfied and loyal clients are vital for sustainable growth and our ongoing success, we keep on pushing forward the customer satisfaction and recommendation. That is why gathering client feedback systematically is an important aspect of our client centricity strategy, which is central to our transformation initiatives. Additionally, UCI has a customer service to channel and resolve the complaints received and offer adequate attention to its customers.

The COVID-19 pandemic dramatically increased virtual interactions with clients. We focused on enhancing clients' virtual experience, placing a particular emphasis on short response times and new digital formats.

- **S4 Real Estate Activity Capabilities: Foster Real Estate professionalization and diversification**

At UCI, we understand and recognize the importance of the service provided by real estate agents. We are aware that it is essential for home buyers and for the community where they operate. Their work requires high standards of quality, responsibility, and training. At UCI we contribute to meeting these growing market demands by launching initiatives and providing tools for the development and growth of real estate professionals in Spain and Portugal. Through our professional development area, SIRA by its acronym Spanish International Realty Alliance (PIRA in Portugal), we promote courses and training that allow them to develop their business and anticipate the future.

4.3. Guiding our business through ethical, responsible and transparent criteria (G)

Assuming that there is no successful “E” or “S” without a functioning “G” in ESG, UCI aims to inspire progress by spreading a Good Governance culture based on an ethical, responsible and transparent criteria so that it is able to meet ESG investor and regulator rising demands.

Therefore, UCI Governance strategy is focused on the following main lines:

DIMENSION	PARAMETER	TARGET
G1 Promote a clear organizational structure, with well-defined, transparent and coherent lines of responsibility	G1.1 Good Governance	▶ % of total Independent Advisors/Independent Board Members
	G1.2 Policies and procedures	▶ Map of Responsible Policies and Corporate Governance
G2 Encourage ethical conduct that promotes the relationship between the Group and the agents involved	G2.1 Ethics & Compliance	▶ No. of complaints received in the Ethical Channel (Code of Conduct)
		▶ No. of Money Laundering Alerts communicated to the Regulatory Body
G3 Implementation of a sound internal governance framework with regard to ESG risks	G3.1 Comprehensive Risk Management	▶ Impacts of environmental and social risks on corporate risks (credit, market, liquidity, operational, underwriting)
		▶ Monitoring of portfolio exposure to critical sectors
		▶ Establishment of qualitative and quantitative risk appetite statements and definition of a taxonomy of climatic and social risks

- G1 Promote a clear organizational structure, with well-defined, transparent and coherent lines of responsibility**

The Group assumes a set of principles and values that express its commitment to corporate governance, business ethics, and corporate responsibility. In addition, to guarantee this ethical and responsible management of its activity, UCI has established several policies and procedures on corporate governance, which define:

- A clear organizational structure, with well-defined, transparent and coherent lines of responsibility.
- A policy of analysis and procedures for the identification, management, control and communication of risks.
- Adequate internal control mechanisms, included in the corresponding administrative and accounting procedures.
- Remuneration policies and practices compatible with adequate and effective risk management.

Apart from this, and to reinforce the several policies adopted, an Independent Advisor is part of the Advisory Board and significantly contributes to strengthen good governance at the board by bringing a diverse set of skills with an independent judgement on the significant issues, and by discharging monitoring and advisory role effectively.

In order to ensure a strong involvement of the several areas within the company and to facilitate the daily decision-making process, various Committees were created thereby assuring a solid and equilibrated distribution of power and responsibilities among the crucial areas.

Transparency is an essential element of good stewardship practices and a necessary step towards a sustainable financial system. We recognise that our clients need and are entitled to information on our sustainability policies and practices. We believe that we also have a responsibility to explain to other stakeholders – including governments and civil-society organisations – how we define and implement our commitments to sustainable & responsible

finance. This transparency allows our stakeholders to understand our approach, to engage in well-informed discussions about our practices and processes, and to hold us to account on our commitments.

We believe that the reporting provides a fair and balanced representation of our performance within sustainable finance, environment, social perspectives and governance. Internal control procedures have been established to ensure that the data is reported according to the definitions.

At UCI, we see a connection between the inexorable rise in the number of women serving on boards around the world and the desire for a more inclusive kind of growth. For our own part, we continue to advocate for more diversity in our boardroom, and expect to see a growing consensus that women and other less frequently nominated director groups are simply a natural part of a well-composed board. In this matter, we shine light on the progress made over the past years to increase the number of women serving on our board, having recently incorporated one more woman on it based on a meritocratic approach.

The Group's objective is to annually strengthen governance in terms of sustainability, thus contributing to meeting the strategic challenges assumed.

- **G2 Encourage ethical conduct that promotes the relationship between the Group and the agents involved**

At UCI, one of our priorities is to ensure compliance with current regulations, policies, and procedures established within the group, as well as to adopt the best practices and ethical and professional standards in our activity.

The Culture of Compliance is transversal, which implies that it impacts all levels of the company and has to be part of the day-to-day life of all employees. The best support is the awareness of all the people who are part of UCI. The implementation of the culture of compliance within the organization involves preventing, detecting, and managing Compliance risks through the creation and development of specific programs.

Compliance Competencies include promoting the dissemination, knowledge, compliance, and binding interpretation of the ethical code that establishes a set of principles and guidelines of conduct aimed at guaranteeing the ethical and responsible behaviour of the company.

UCI is exposed to a variety of financial crime risks in the course of conducting its business. Although it is impossible to eliminate the risk of financial crime, a comprehensive control framework to prevent and detect financial crime is in place. This framework is subject to ongoing review to ensure it reflects the evolution and complexity of financial crime risks, such as those posed by new payment methods and cryptocurrencies. We continually improve our infrastructure and control environment to revise regulatory requirements and close gaps identified by us and/or by regulators and monitors. We continue to be subject to various enforcement actions. However, ongoing focus, continued investment, and disciplined implementation of the company's strategic financial crime plans will enhance our financial crime risk management amid increased regulatory scrutiny across the industry.

Within the sustainable and responsible axis, one of the main focuses of action is the ethical management of purchases. The supplier contracting procedure has been reviewed and adapted and the Supplier Code of Conduct has been implemented, which includes the principles of action to be followed by suppliers working with UCI. In addition, the quality evaluation is carried out by those responsible for the processes that fall within the scope of the quality certification ISO

9001:2015. It is important to underline that we are aligned with the best market practices and with the EBA guidelines (verified several times in the audits to which we are subject).

The UCI Group has assumed a “zero tolerance” commitment with respect to any type of corruption and/or bribery activities, in all their forms and circumstances in which they may occur. That is why we have created a Gifts and Hospitality Policy and the Anti-Corruption and Anti-Bribery Policy.

Data protection is a significant issue, both for companies and individuals. Therefore, we are committed to protecting personal data, complying with the General Data Protection Regulation (GDPR).

- **G3 Implementation of a sound internal governance framework with regard to ESG risks**

Environmental Risk is defined as the probability of occurrence of damage that may cause significant adverse effects on the species, the water, the soil, the air or any element of the habitat or environment.

Environmental Risk includes risks arising from climate change (associated with the emission of greenhouse gases which contributes to global warming).

According to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board, Climate Change Risks are defined as:

- **Physical Risks:**
 - Acute: related to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.
 - Chronic: refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves.
- **Transition Risks:**
 - Policy and Legal: associated with and financial impact of policy changes to fight climate change (policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change).
 - Technology: risks associated with technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system.
 - Market: risks associated with changes in the business model derived from the fight against climate change.
 - Reputation: risks associated with a possible passivity of the company in the fight against climate change.

In this context, the process of implementation of the Environmental Risk management framework includes the following lines of action:

- Defining and managing an internal environmental risk management plan in line with the Group's strategy and adapted to its real estate financing activity;
- Integrating into financing policies and procedures those environmental risks that are particularly relevant;
- Monitoring the "green" assets financed by the entity and ensure its compliance with the Group's environmental policy standards;
- Fostering practices that help mitigate the environmental risks at UCI portfolio;
- Seeking to develop systems to identify and measure our exposure to environmental risk, in response to regulatory changes, growing social awareness of these risks and best market practices.

Additionally, the Environmental Risk management model includes the following aspects in its business:

- Translate the ESG-related aspects of the business strategy into adequate internal processes and procedures in line with the institution's risk appetite and risk management policies, credit risk and procedures, adopting a holistic approach.
- Consider ESG risk-related factors in the financial scope, and in particular the potential impact of environmental factors and climate change on appetite for credit risk, policies and procedures.

5. Walking the talk – Dedicated ESG Area



We also continuously assess and evaluate transformative themes and areas which we believe shape the future landscape of businesses, since social and technology change as well as climate change and other environmental issues that impact business models.

A Green division has been created in 2017 to coordinate all the Green Business model from Asset to Liability in a transversal way, and despite what has been done so far, it is just the beginning since the needs and opportunities in this area are enormous. Therefore, with the aim of continuing to enhance our strategy in the field of sustainability, improving coordination, and cross-cutting integration of everything related to sustainability and corporate responsibility, the UCI has decided to create the Sustainability and Corporate Responsibility Division in the beginning of 2021.

This new division will be developing sustainable transformation as a strategic line for the financial institution, reporting directly to the CEO of UCI and integrates the Executive Committee of the company. This division partners closely with other areas such as Commercial, Structured Finance, IT, the Global Risk Division, among others, helping our clients in their transition towards a more sustainable living by promoting initiatives that makes their homes greener, smarter, and more comfortable and efficient.

In order to give solidity and consistency to this framework, we have mapped the company's most important and representative performance indicators for material topics, defined specific targets, and disclosed them in order to demonstrate progress. Where a target has been set for an indicator, information will be provided on whether the target has been achieved or not, and if this is case, a brief explanation will be given. These indicators, which will be periodically monitored, are disclosed in Annex 1 and are able to respond to several areas of the company, thus strengthening the robust internal ESG data collection and associated management processes.

"One more step to continue promoting UCI's strategy in the field of sustainability, improving coordination and integration transversally in all areas of the company"

DISCLAIMER

This framework has been approved by the ESG Committee (CEO, CCO, CFO, CRO & CS&CR) and will be updated on a yearly basis or whenever the current situation demands for.

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6. Annexes

Annex 1

CATEGORY/PILLAR	DIMENSION	PARAMETER	TARGET	
E ENVIRONMENTAL ASPECTS / ENVIRONMENTAL FOOTPRINT	E1 CARBON FOOTPRINT EMS (environment management system)	E1.1 Greenhouse gas emissions	<ul style="list-style-type: none"> ▶ Overall company CO2 emissions ▶ Total GHG emissions: Scope 1 emissions are direct emissions from company-owned and controlled resources; Scope 2 emissions are indirect emissions from the generation of purchased energy, from a utility provider; Scope 3 emissions are all indirect emissions – not included in scope 2 – that occur in the value chain of the reporting company, including both upstream and downstream emissions 	
		E1.2 Circular Economy & Waste Prevention and Management	<ul style="list-style-type: none"> ▶ Recycled waste per employee (Kg/employee) 	
		E1.3 Sustainable use of resources	<ul style="list-style-type: none"> ▶ Water consumption per employee (m³) ▶ Paper consumption per employee (kg) ▶ Energy consumption per employee (kWh/year) 	
	E2 Sustainable and responsible financial products	E2.1 Climate Change & Global Warming	<ul style="list-style-type: none"> ▶ Green Production volume according to EIB & Sstainalytics & HDT criteria ▶ Green Production / Origination ▶ Energy consumption / savings per business line (kWh/m²/year) ▶ Co2 reduction per business line (ton) 	
	S SOCIAL ASPECTS / A DIVERSE, FAIR AND INCLUSIVE APPROACH	S1 Promote talent & Diversity, equality and inclusion among the organizational structure	S1.1 Employment & Labour Relations & Training & Qualification	<ul style="list-style-type: none"> ▶ Employee satisfaction ▶ Talent ▶ Gender, generational and diverse abilities equal opportunities ▶ Diversity, Employment and employability ▶ Decent and conciliatory employment ▶ Training for employees
		S2 Foster residential inclusion and financial education	S2.1 Financial Social Engagement	<ul style="list-style-type: none"> ▶ Business Social inclusion ▶ Community Investment
S3 Client Support during the several stages of their journey		S3.1 Customer Relationships	<ul style="list-style-type: none"> ▶ Customer satisfaction ▶ Security breach / Data Protection 	
S4 Foster Real Estate professionalization and diversification		S4.1 Real Estate Activity Capabilities	<ul style="list-style-type: none"> ▶ Trainings ▶ Webinars ▶ Events ▶ CRS & Green Designation ▶ NAR Members 	
G ASPECTS OF GOVERNANCE / AN ETHICAL, RESPONSIBLE AND TRANSPARENT APPROACH	G1 Promote a clear organizational structure, with well-defined, transparent and coherent lines of responsibility	G1.1 Good Governance	<ul style="list-style-type: none"> ▶ % of total Independent Advisors/Independent Board Members 	
		G1.2 Policies and procedures	<ul style="list-style-type: none"> ▶ Map of Responsible Policies and Corporate Governance 	
	G2 Encourage ethical conduct that promotes the relationship between the Group and the agents involved	G2.1 Ethics & Compliance	<ul style="list-style-type: none"> ▶ No. of complaints received in the Ethical Channel (Code of Conduct) ▶ No. of Money Laundering Alerts communicated to the Regulatory Body 	
	G3 Implementation of a sound internal governance framework with regard to ESG risks	G3.1 Comprehensive Risk Management	<ul style="list-style-type: none"> ▶ Impacts of environmental and social risks on corporate risks (credit, market, liquidity, operational, underwriting) ▶ Monitoring of portfolio exposure to critical sectors ▶ Establishment of qualitative and quantitative risk appetite statements and definition of a taxonomy of climatic and social risks 	