

# ESG POLICY

---

December 2020



AZORA

# **ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG):**

## **I. INTRODUCTION: THE IMPORTANCE OF RESPONSIBLE INVESTMENT AND MANAGEMENT:**

As an independent asset manager, the Azora Group is convinced that managing capital responsibly is an integral part of its fiduciary responsibility. Azora manages its investments with integrity, incorporating its social responsibility as a responsible company and manager into its financial/economic objectives.

This is consistent with sustainable and ethical asset investment and management, and it involves operating under well-defined and strict governance rules, incorporating the ESG principles that must be a part of Azora's decision making process as an asset manager.

Integrating environmental, social and governance factors into asset investment and management creates clear benefits, insofar as it makes possible, on one hand, a better definition of the risks map of investments and their corresponding factors and, on the other hand, identification of opportunities to improve assets, with an impact on generation of value and returns for our shareholders and investors, being more socially responsible as a company.

## **II. OBJECTIVE AND SCOPE: AZORA GROUP**

The commitment to responsible investment and the ESG principles and commitments defined in this Policy apply to the entire Azora Group. The companies subject to them are Azora Capital S.L., as the parent company of the Group, its two management companies, Azora Gestión S.G.I.I.C. S.A.U. and Azzam Vivienda S.L., and all of their subsidiaries, entities and managed vehicles.

The ESG principles are applied in Azora on a corporate level and they affect all of the Group's activities: from managing the entire investment cycle, to managing assets, reconfiguring and repositioning them, and ultimately divesting from them. However, effective application of the ESG principles may vary between the asset classes, objectives and characteristics of each investment.

The purpose of this Policy is to formalise the general ESG principles applicable to Azora on a corporate level and their different activities and investment vehicles, in addition to defining the commitments and management framework guiding those principles.

## **III. ESG PRINCIPLES AND COMMITMENTS: RESPONSIBLE INVESTMENT**

Azora used the UN Principles for Responsible Investment (PRI) to define its own general principles and commitments, which are :

### **INTEGRATION OF ESG INTO ALL PROCESSES**

- Managing our investments with integrity, considering ESG criteria in the processes of analysis, due diligence, valuations, modelling and decision making on investments, as well as in managing assets and their own operations.
- Using and assessing ESG criteria to improve the portfolio constantly from the perspective of risk and generation of value.
- Monitoring our ESG commitments and putting an objectives system into place that contributes methodology, traceability and standardisation to the ESG information.

## **STRONG GOVERNANCE AND ETHICS IN ALL ACTIVITIES**

- Conducting the investment, divestment and asset management process responsibly and ethically, in line with our Code of Conduct.
- Working together with our employees, partners, operators and investors to boost the application of ESG criteria and to jointly be more effective at implementing them.
- Ensuring that our investments and asset management always respect and support protection of human rights.
- Basing the relations with our investors on regularity, transparency, equal treatment and legal compliance.

## **CARING FOR OUR EMPLOYEES AND COMMUNITIES**

- Creating a culture focused on attracting and retaining the right employees for Azora.
- Promoting equal opportunities, professional development, diversity, integration and fair treatment for all Azora employees.
- Ensuring health and safety conditions for our employees by defining suitable objectives and measures.
- Promoting positive impacts in the communities where we work.

## **USING RESOURCES EFFICIENTLY**

- Incorporating analysis and control of the risks arising from climate change in assessments of investments in assets.
- Encouraging the use of material, energy and water resources to try to reduce greenhouse gas emissions that may be contributing to climate change.

## **CLEAR AND TRANSPARENT REPORTING**

- Defining a standardised, comparable and reliable system for reporting on ESG aspects in the corporate and operational fields.
- Communicating our data, objectives and progress on implementing the ESG principles in a transparent and periodic manner.

## **IV. CROSS-SECTIONAL ESG MANAGEMENT FRAMEWORK**

Responsible investment principles and commitments are integrated at Azora on both a corporate and an operational level in the various activities and vehicles we manage, where there may be differences depending on the characteristics of the assets and the respective investment objectives.

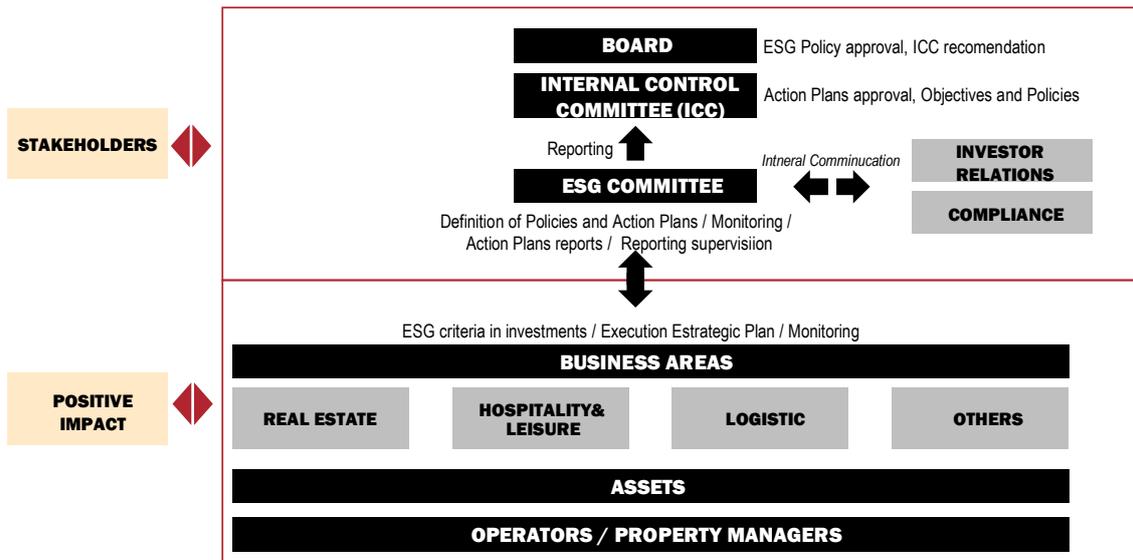
From a corporate perspective, the ESG Committee defines the ESG strategy with its respective strategic objectives, supervision level and monitoring of risk maps, working with the various business areas to specifically define objectives, strategies and plans of action for each activity and managed investment vehicle. This takes the form of preparing a separate document for Azora and for each activity and each investment vehicle managed that covers the ESG actions, strategy, annual objectives and plans of action (named "ESG 360° Framework").

The ESG Committee also monitors compliance with the defined objectives and plans of action, the supervision of correct ESG reporting by the business areas, and the coordination of ESG initiatives at Azora to ensure they are implemented consistently.

It is the business areas, with their respective investment and management teams, that are in charge of integrating the ESG principles and commitments into decision making, and for gathering the necessary information for correct reporting and for implementing the defined plans of action.

Azora's Internal Control Committee approves the corporate plans of action and on a business-area level, and the respective ESG policies and objectives, including the Group's ESG Policy, which it will submit to the

Board of Directors. The Board of Directors is responsible for approving the ESG policy, on the recommendation of the Internal Control Committee.



## V. REVISION OF THE ESG POLICY

This ESG Policy is a public policy that will be permanently posted on the Group's website: [www.azora.es/sostenibilidad](http://www.azora.es/sostenibilidad), together with any subsequent modifications to it.

The Policy may be revised at any time, although it will be revised at least every other year. The main goal of revising the Policy will be to keep it up-to-date with the best practises in the market, with the evaluation of the associated procedures, and with the addition of new ESG commitments relevant to Azora's activity.

## VI. APPROVAL OF THE POLICY

As part of its supervisory duties, the Board of Directors of Azora Capital S.L. signs this Policy and thus assumes responsibility for it, along with the commitment to integrate it into all necessary levels of the organisation.

## VII. CHANGE LOG

Date Prepared	Date Approved	Version #	Description of Changes
1 / 12 / 2020	21 / 12 / 2020	1.0	Initial version