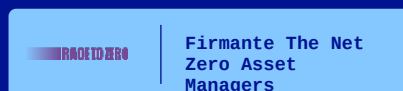
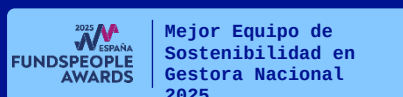
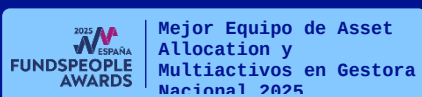


# ANNUAL SUMMARY

Summary of the disclosure regarding the principal adverse impacts of investment decisions on sustainability factors.

**2024**

BBVA Asset Management, S.A., S.G.I.I.C.



## Statement on principal adverse impacts of investment decisions on sustainability factors summary.

**Financial market participant BBVA Asset Management, S.A., S.G.I.I.C. (Código LEI: 95980020140005542272)**

### Summary

BBVA ASSET MANAGEMENT, S.A., S.G.I.I.C. (Legal Entity Identifier (LEI): 95980020140005542272) (hereinafter the "Management Entity") considers the principal adverse impacts of its investment decisions on sustainability factors (hereinafter also referred to as "PAI"). This statement regarding the principal adverse impacts on sustainability factors covers the period from January 1 to December 31, 2024.

The indicator figures presented in this statement have been calculated using average positions, taking into account the closing dates of March, June, September, and December 2024, and the value of the PAI at the end of December 2024. These figures are comparable with those for the 2023 period. This is not the case with those for 2022, since, exceptionally, for this period, they were calculated taking the average levels of each indicator at the end of September, October, November, and December, instead of the average levels at the end of each calendar quarter, due to the impossibility of obtaining representative data as of March 31 and June 30.

Following the publication of Delegated Regulation (EU) 2022/1288 (the "SFDR RTS"), which came into force on 1 January 2023, the Management Entity established the appropriate processes to monitor and/or manage the mandatory PAI (listed in Table 1 of Annex I of the SFDR RTS) and two additional voluntary ones; specifically, a climate-related, "Investments in companies without carbon emission reduction initiatives" (included in Table 2 of Annex I of the SFDR RTS) and another social-related, "Absence of anti-corruption and anti-bribery policies" (included in Table 3 of Annex I of the SFDR RTS). The selected voluntary PAI reflect the Management Entity's belief in the importance of establishing clear action frameworks on the path to reducing greenhouse gas emissions and combating potential breaches of international climate standards and the protection of human and social rights due to corrupt practices or bribery.

In 2024, in the "Explanation" column, as in 2023, for PAI 1, 2, 3, 6, 8, 9, and 15, the percentage change in the data for each PAI between 2022 and 2023 and from 2023 to 2024 has been included—aligning the calculation of the variation for PAI 6 with the rest of the PAI measured with data—and for the rest of the PAI, as well as for the coverage of all of them, the difference with respect to the previous year (these variations can be either positive or negative). The coverage figure, which represents the percentage of assets under management of the Management Entity for which the calculation was made, is included because data is available. While coverage has improved for most metrics, in some cases it has barely changed, and in others it remains at such low levels that it complicates the creation of criteria for its management. In fact, in cases where coverage remains so low, the Management Entity has not considered it representative.

In 2024, the third-party provider, MSCI ESG Research LLC (or, where applicable, other group subsidiaries), made improvements to the calculation methodology for some PAI, including:

- PAI 7 – Activities adversely affecting sensitive areas with regard to biodiversity: This includes the operations of companies located in or near sensitive areas whose activities may negatively affect local biodiversity, lack an impact assessment, or are involved in disputes with severe impacts on local biodiversity.
- PAI 11 – Absence of compliance processes and mechanisms to monitor compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises: This does not consider the absence of such processes or mechanisms when the company has at least one policy that covers some of the principles of the UNGC or the OECD Guidelines for Multinational Enterprises and a system for monitoring compliance with that policy or a grievance handling mechanism.

In 2023, both the external provider, MSCI ESG Research LLC (or, where applicable, other group subsidiaries), and the Management Entity made adjustments to the calculation methodology for some PAI.

In addition, the data provider made a series of corrections and improvements to the quality of the data, which, in some cases, resulted in a deterioration of the coverage. The most affected PAI were:

- PAI 5 - Proportion of non-renewable energy production and consumption: the data for 2023 were subject to corrections, improvements in the selection of information, and changes in methodology by the external provider. The Management Entity also improved the calculation methodology. All of this means that the data for 2023 are not comparable with those for 2022.
- PAI 8 - Emissions to water: in 2023, the information provider improved the data selection and calculation methodology.
- PAI 9 - Hazardous waste and radioactive waste ratio: In 2023, the provider improved the data selection.

The monitoring and management process for PAI is carried out in accordance with the Management Entity's Principal Adverse Impacts Management Policy (hereinafter, the PAI Management

Policy). This Policy establishes a series of tools and mechanisms, most of which are further developed by other standards or policies of the Management Entity. Thus, the treatment of the PAI can be summarized as follows:

- For mandatory PAI 1 to 3 (relating to greenhouse gas emissions by companies), 4 (relating to companies active in the fossil fuel sector), and 10 and 14 (relating to social and labor issues), the Management Entity's Exclusion Standard applies.
- For mandatory PAI 1 to 3 (relating to greenhouse gas emissions by companies), 4 (relating to companies active in the fossil fuel sector), 5 (associated with the production and consumption of non-renewable energy by companies), 6 (energy consumption intensity by high-climate impact sector), and 15 (relating to greenhouse gas emissions by countries), as well as for voluntary PAI 4 in Table 2 "Investments in companies without carbon emission reduction initiatives," the Management Entity's climate strategy applies, in line with its adherence to the Net Zero Asset Managers initiative (an initiative that seeks to have asset managers commit to achieving net zero by 2050 in line with the premises set out in the Paris Agreement).
- For mandatory PAI 7 to 9 (related to biodiversity, water, and waste) and 16 ("Investee countries subject to violations"), the ESG risk control and management policy in the investment process applies.
- For PAI 5 (associated with the production and consumption of non-renewable energy by companies), 6 (energy consumption intensity by high-climate impact sector), 7 to 9 (related to biodiversity, water, and waste), 11, 12, and 13 (related to social and labor issues), the Management Entity carries out monitoring consisting of the periodic follow-up and analysis of the ten invested companies that contribute most to these adverse impacts, in order to avoid investing in companies with poor performance and impact on each of them.
- The Engagement Policy is a strategy potentially applicable to all PAI. However, it is particularly important to apply it to voluntary PAI 4 in Table 2 (Investments in companies without carbon emission reduction initiatives) and 15 in Table 3 (Absence of anti-corruption and anti-bribery policies). It also applies to mandatory PAI 7 to 13, as a result of sustainability risk integration policies or monitoring strategies, in cases where it is agreed that it is appropriate to carry out an engagement action or exercise a vote to drive improvement in a specific company's performance.
- Regarding PAI 17 and 18, no data is provided because: 1) the Management Entity does not make direct investments in real estate assets, 2) indirect investment is very limited, and 3) there is hardly any information from the external provider in this regard.

The PAI Management Policy and the rest of the standards or policies considered in the management and monitoring of the PAI are agreed upon by the Sustainable Investments, Compliance, Global Product, and Risk teams of BBVA Asset Management & Global Wealth (hereinafter, BBVA AM&GW), together with BBVA's Asset Management Legal Services department. They are also supervised by BBVA AM&GW's Risk and Compliance departments. Both the aforementioned standards and policies may be reviewed and updated to expand and/or align with reforms, new trends, or regulatory developments. During this period, in line with the provisions of the Engagement Policy, the Management Entity, faithful to its fiduciary duty, conducted an analysis of the various engagement delegation service providers in order to increase dialogue with portfolio companies. This process concluded in December with the signing of a contract effective from the beginning of 2025. Furthermore, after joining the Net Zero Engagement Initiative (NZEI) as a founding partner in 2023—an initiative focused on dialogue with companies with high greenhouse gas emissions outside the scope of Climate Action 100+—in 2024, it began participating as a collaborating member in dialogue actions with a European energy supply company.

During 2024, as in previous periods, the Management Entity has worked with the data provider to gather available PAI information. It plans to use the same provider for the period from January 1, 2025, to December 31, 2025. Regular meetings and briefings with the provider provide insight into the provider's progress, both in obtaining data and in improving its quality. Despite this progress, certain shortcomings remain, including the following: data is not available for all companies, some data is unreliable, and/or improvable. Furthermore, the regulatory framework for sustainable finance within the EU is still undergoing a significant implementation process. For example, disclosure of sustainability information will become mandatory for target companies on a phased basis; In turn, similar reporting obligations are either under development or pending definition in other geographic areas.

Finally, it should be noted that the Management Entity, in its efforts to improve the management of PAI, continues to review the various standards and policies that affect their management and analyze the options proposed by different data providers, as well as the data and methodologies reported by the provider it currently works with.

## Disclaimer

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