



Asset Management

# General Sustainability Policy

Madrid, 20 June 2023

BBVA Asset Management, S.A., SGIC

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# 1. Introduction

## 1.1 Sustainability as a strategic priority

In 2019, Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter “**BBVA**” or the “**Bank**”) embarked on a strategic reflection process to further deepen its transformation and adapt to the main trends that are changing the world and the financial sector. Two of the main trends identified are the fight against climate change and the growing importance of social inclusion.

In this context, the strategic plan approved by the Bank's Board of Directors in 2019 aims to accelerate this transformation and the achievement of its goal of “Making the opportunities of this new era accessible to all”. This plan includes six strategic priorities, including “helping customers transition to a sustainable future” and “improving the financial health of our customers”.

BBVA Asset Management, S.A., S.G.I.I.C. (hereinafter, BBVA AM or the Manager) has also included sustainability as one of its strategic priorities, in line with the strategy of the Group to which it belongs.

Combatting climate change constitutes a historic upheaval, bearing profound economic impacts. This challenge necessitates adaptation from all societal sectors, including governments, regulators, corporations, consumers, and the broader community.

This climate change, the shift towards a low-carbon economy and the imperative of biodiversity conservation and restoration profoundly affect the value chains across numerous industries, demanding substantial investments. Technological progress in areas such as energy efficiency, renewable energy, efficient transportation, and the circular economy presents fresh opportunities for all.

Additionally, there is a growing expectation from customers, markets, and society that large corporations should not only generate value but also contribute positively to societal welfare. Specifically, there is an anticipation that the economic growth they foster should be inclusive.

BBVA AM recognizes the central role that [financial institutions](#) play in steering the world towards sustainability through the [management](#) of [customer assets](#). The company is ready to play an important role in this societal transformation and support the transition to a sustainable future.

In addition, BBVA AM is committed to doing [business](#) responsibly and will ensure that its activities are aligned with a framework of values, principles, criteria and attitudes aimed at continuously creating value for shareholders, employees, customers and the broader society.

BBVA AM aligns its approach with the United Nations 2030 Agenda for Sustainable Development through this policy. In line with this commitment, BBVA AM has joined various international initiatives such as the [United Nations Principles for Responsible Investment](#) and the [Net Zero Asset Managers initiative](#). Consequently, this Policy sets forth [BBVA AM's vision](#), as well as the [overarching principles and guidelines for integrating sustainability within the organization](#).

## 1.2 Regulatory framework

This Policy is based on the following regulatory framework:

- (i) Article 249 bis of Royal Legislative Decree 1/2010, of July 2, which approves the revised text of the Corporate Enterprises Act, are non-delegable powers of the board of directors, among others, the determination of the general policies and strategies of the company.
- (ii) Rule 2 and 3 of Circular 6/2009, of the National Securities Market Commission, on internal control of management companies of collective investment institutions and investment companies, which establishes the obligation of the Board of Directors to establish, maintain and supervise the entity's internal control policies and procedures.
- (iii) Article 12 of the BBVA AM Board of Directors Regulations, which establishes that the Board of Directors shall be responsible for establishing the Company's corporate governance policy and for approving and applying any other policies regulations from time to time in the applicable regulations.

## 2. Definition, objectives and scope

### 2.1 Definition and purpose

Following the United Nations' definition, BBVA AM interprets sustainable development (or sustainability in a broader sense) as the fulfillment of present generation's needs while ensuring the ability of future generations to meet their own needs. Sustainable development has become a fundamental principle guiding global development, aiming to attain economic growth, social progress, and environmental conservation in a harmonious manner.

BBVA AM takes a comprehensive approach to the challenge of sustainable development and recognizes that achieving its mission of “Making the opportunities of this new era accessible to all”, together with its commitment to “helping clients transition to a sustainable future”, is aimed at creating a positive impact. This impact is achieved through [investments that fulfill the fiduciary responsibility](#) to customers, the company's own business activities and its commitment and promises to society.

Accordingly, this policy sets out the overarching principles and key management and control objectives and guidelines that BBVA AM will follow in its pursuit of sustainable development.

### 2.2 Scope of application

This Policy will be applicable to BBVA AM. When applying it, the nature, scale and complexity of the risks associated with the business model and the activities carried out by the management company must be taken into account in each case, as well as compliance with local and sector-specific regulations that may be applicable in each case.

Finally, the references contained in this Policy to different areas, entities and committees of BBVA AM and the BBVA Group should be understood as referring to those performing their functions at any given time and may be subject to changes in their nomenclature.

### 3. General principles

BBVA AM will follow the following general principles of action in the field of sustainability (hereinafter, the "**Principles**"):

- Supporting customers in the transition to [investment mandates that take into account sustainability criteria and the companies and entities in which investments are made so that they make the transition](#) to more sustainable business models and act as a lever to promote such behavior or action.
- Gradually integrating sustainability-related opportunities and risks into their strategy, business, processes and risk management.
- Ensuring the direct and indirect environmental and social impacts in the most important areas that its business and activities can cause, promoting positive impacts and reducing negative impacts.
- Respecting the dignity of people and the inherent human rights in accordance with the various commitments it has made at a broad national or international level.
- Developing community investment programs and activities to address the key challenges of the communities in which it is present, with the aim of creating opportunities for all.
- Engaging as an agent of social change together with other stakeholders (employees, shareholders, investors, suppliers or society in general) with the aim of creating opportunities for all and dedicating its competencies and business knowledge, skills and resources to this goal.

BBVA AM will also carry out its activity in the field of sustainability, based on the following general principles that already apply in its various General Policies:

- Integrity.
- Prudence in risk management.
- Transparency.
- Achieving a profitable and sustainable business in the long term.
- Creating long-term value for all stakeholders.
- Compliance with applicable legislation at all times.

## 4. Policy Provisions

### 4.1 Areas of focus for sustainability action

BBVA AM's main areas of focus for sustainability action will be the following:

- The fight against **climate change**, so that BBVA AM is a driving force in the collective global effort to accelerate the transition to a net zero emissions economy by 2050 and preserve **natural capital**.
- **Inclusive growth**, so that BBVA AM acts as a catalyst for change that increases the well-being and economic growth of society, leaves no one behind and makes the opportunities of this new era accessible to all.

### 4.2 Sustainability objectives for BBVA AM

Based on the two main areas of action in the field of sustainability described in the previous section, BBVA AM pursues specific sustainability objectives (hereinafter the “**BBVA AM Sustainability Objectives**”), which at the time of writing are as follows:

1. **Increase the growth of BBVA AM business through sustainability.** Identify new opportunities, innovate through the development of sustainable products and advise our customers to incorporate sustainability criteria into their investment mandates, integrating sustainability risks into BBVA AM's management processes.
2. **Achieve greenhouse gas emissions neutrality.** Reduce BBVA AM's direct and indirect emissions through **investments made** to achieve carbon neutrality by 2050 at the latest, in line with the more ambitious goals of the Paris Agreement.
3. **Promote integrity in our relationship with stakeholders.** Ensure responsible treatment of our customers and suppliers, promote diversity and inclusion in our team, improve transparency and promote investment in the community.

### 4.3 Enhancing sustainability at BBVA AM

BBVA AM's commitment to sustainability means that the principles and objectives of Sustainability are integrated into the daily work and everything the company does, both in its internal processes and in its relationships with customers and other stakeholders (employees, shareholders, suppliers and society in general).

To this end, the BBVA Asset Management unit within the BBVA Group has the [Sustainability Governance Group](#) (GGS) which supports all the BBVA Group's asset management entities, including the Management Company. The GGS is made up of the Heads of Investments, Product, Risks, Compliance and Sustainable Investments and is responsible, among other things, for designing and promoting the implementation of BBVA Asset Management's strategic sustainability agenda (which must apply to all of the division's asset management entities, including the Asset Manager) and business development in this area; setting sustainability targets; and promoting and coordinating the various lines of work developed by the different areas.

The [implementation of the sustainability strategy is therefore a cross-cutting issue in BBVA AM and all areas are responsible for progressively incorporating it into their strategic agenda and work dynamics](#). The GGS sets the agenda and priorities of the strategy and supports the different areas so that they can implement it. In this context, the principles, commitments and communication, participation and dialog channels that BBVA AM applies in the context of sustainability for each of its stakeholders and in specific areas of action are listed below<sup>1</sup>:

#### [Stakeholders and other groups](#)

- **Customers:** BBVA AM puts its customers at the heart of its activity and one of its objectives is to support them in the transition to a more sustainable future, accompanying them on their path to decarbonization, offering them innovative solutions for investments with a positive environmental and social impacts and leading initiatives that better respond to the challenges of sustainability.  
BBVA AM also maintains a relationship with its customers that is based on transparency, clarity and responsibility. To fulfill this purpose, BBVA AM has adopted various internal regulations, one of the most important of which is currently the

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<sup>1</sup> There will be no need for a modification to this Policy if the internal regulations mentioned in the future are amended in their title or content.



Customer Defense Regulation or the Code of Conduct, which applies generally to all employees of the subsidiaries of the BBVA Group.

- **Employees:** BBVA AM is deeply committed to upholding human rights, fostering diversity, promoting equal opportunities, and combating discrimination based on factors such as gender, race, ethnicity, disability, religion, sexual orientation, or political opinion. Furthermore, BBVA AM encourages professional growth, raises awareness about environmental and social challenges, provides training in various fields of expertise (including sustainability), supports work-life balance practices, and promotes a culture of social and environmental responsibility, facilitating opportunities for volunteer activities. Additionally, the BBVA Group has internal regulations within the Talent & Culture Area, as well as its own Code of Conduct, which apply to BBVA AM.
- **Suppliers:** BBVA AM implements the principles set out in this policy in its supplier relationships. This includes providing comprehensive and transparent information during procurement processes, ensuring compliance with legal labor and environmental requirements, respecting human rights and promoting demand for socially responsible products and services. These commitments are reflected in various internal regulations of the bank, which set out BBVA's overarching procurement principles and the suppliers' code of ethics.
- **Regulators and supervisors:** BBVA AM complies with the applicable legal requirements in all countries in which it operates. Likewise, BBVA AM maintains a constructive and continuous dialog with supervisory and regulatory authorities to participate in public policies that promote responsible [business](#) practices and contribute to a society that creates more opportunities for all.
- **Investing in the community:** BBVA AM promotes the development of the societies and communities in which it operates by supporting investments, contributions and participation in charitable activities. BBVA AM focuses its activities in this area preferably in the following areas, with the possibility of focusing on other areas in the future (fight against climate change, protection of natural capital, education, financial literacy, entrepreneurship, support for disadvantaged groups, science, knowledge and culture, corporate social responsibility and support in emergency situations).

### *Areas of action*

#### ▪ **Fiscal responsibility**

BBVA AM conducts its business in correct compliance with its tax obligations and avoids all practices that result in unlawful tax avoidance or damage to the treasury.

To this end, the Group's internal tax regulations contain corporate policies on tax matters and tax strategy, which include the promotion of integrity, transparency and prudence in the Group's taxation.

#### ▪ **Preventing illegal behavior and corruption**

The Code of Conduct establishes that BBVA AM promotes compliance with legal obligations and avoids behaviors that violate internal rules and policies or that could damage the Group's assets, image or reputation.

The Group also has a comprehensive internal regulatory framework to prevent illegal behavior, including the Anti-Corruption Policy and other specific guidelines that address the main activities that may generate risks of this nature, as well as a Criminal Risk Prevention Model for legal entities embedded in the general internal control model, all of which are applicable to BBVA AM.

#### ▪ **Commitment to Human Rights**

In all interactions with employees, customers, shareholders, suppliers, and the communities in which it operates, BBVA AM ensures compliance with applicable laws and upholds internationally recognized human rights.

As an integral part of the BBVA Group, BBVA AM is dedicated to respecting human rights, which is essential to uphold the dignity and inherent rights of all individuals, and is a fundamental requirement guiding its actions. This commitment revolves around engaging with stakeholders in accordance with the United Nations Guiding Principles on Business and Human Rights.

## ■ Participation in international initiatives

BBVA AM actively supports and engages in initiatives aligned with its strategic objectives and priority areas of focus. These initiatives aim to harness the positive impact of the financial sector on society, driving transformative change to secure a better future and create opportunities for all, both in the present and for future generations.

As an integral part of the BBVA Group, BBVA AM is dedicated to diverse global initiatives committed to promoting planet decarbonization, environmental protection, safeguarding natural capital, fostering inclusive growth, embracing diversity, doing business responsibly, and its ambition is to play a leading role in the international agenda in these areas.

The BBVA Asset Management unit has signed up to the [Principles for Responsible Investment](#), promoted by the United Nations to promote the incorporation of sustainable investment criteria in the Asset Management industry, and to the [Net Zero Asset Managers initiative](#), which is committed to having zero net emissions in its portfolios by 2050. The Management Company, as a member of the BBVA Asset Management unit, is bound by these commitments.

## 5. Governance model and supervision of the Policy

### 5.1 Approval, responsibility for the Policy and governance model

This Policy has been approved by the Board of Directors of BBVA Asset Management, S.A., S.G.I.I.C. on *May xx, 2023* and enters into force at the time of its approval.

The General Policy from which this Policy arises has been prepared and coordinated by the BBVA Group Sustainability function, in collaboration with the Strategy & M&A, Global Risk Management, Regulation & Internal Control, General Secretariat, Customer Solutions, Corporate & Investment Banking and Talent & Culture functions, among others, within the scope of their respective responsibilities.

[The Head of Global Product](#) will be responsible, at the executive level, for this Policy and, therefore, will be in charge of submitting it for approval, promoting its knowledge by the persons subject to it.

BBVA AM managers are responsible for integrating and implementing the Principles into their regulations and activities in the manner they deem appropriate.

The person responsible for the Policy shall be aware of its degree of application, based on the information provided by those responsible for the areas to which it applies, and shall take the necessary measures in the event that it is not being adequately applied, reporting this where appropriate.

## **5.2 Oversight and control**

The Board of Directors of BBVA Asset Management, S.A., S.G.I.I.C. as the ultimate supervisory body of BBVA Asset Management, S.A., S.G.I.I.C., shall monitor, directly or through its committees, the application of the Policy on the basis of periodic or ad hoc reports received from the [Head of Global Product](#), from the different areas of BBVA AM that incorporate sustainability into the daily operations and activities and, where appropriate, from the heads of the different control functions of BBVA AM and the Group.

At least once a year, or when an event occurs that requires changes to this policy, the [Sustainability Governance Group](#) will review it and submit to BBVA AM's governing bodies the updates and changes that are deemed necessary or advisable at a given time.

The control of the level of compliance of this Policy and its implementations will be conducted in accordance with the control model in place at the Group, whose purpose is to adequately manage the risks in the Group and which relies on three lines of mutually independent lines of defense.

Non-financial risk specialists (RCSs) will analyze the provisions of this Policy to identify potential risks in their area of expertise, with particular attention to legal, process, conduct and compliance risks, and incorporate them into the relevant mitigation and control frameworks and actively monitor their level of implementation.

All areas will incorporate the necessary aspects for achieving the Group's Sustainability Principles and objectives set out in this Policy into their rules and procedures. The defined processes will be adapted to include the necessary controls

to ensure their appropriate management. This involves detailing the risk mitigation and control frameworks established by the professionals, as well as the roles and responsibilities of the different parties involved in the process, in accordance with the Group's control model.

The monitoring and reporting of risk and control aspects is carried out in accordance with the governance system established under the Group's General Risk Management and Control Model and the specific risk policies in force.

## Glossary

- **Paris Agreement:** International agreement signed by more than 190 countries in November 2016 that sets long-term targets as a guideline for all countries to significantly reduce greenhouse gas emissions in order to limit the global temperature increase to 2°C this century, and to strive to limit this increase to even more than just 1.5°; review countries' commitments every five years; and provide financial resources to developing countries to enable them to mitigate climate change, strengthen their resilience and improve their capacity to adapt to the impacts of climate change.
- **Agenda 2030 for Sustainable Development of the United Nations:** resolution adopted by the Member States of the United Nations at its General Assembly, which contains the 2030 Agenda for Sustainable Development, an action plan for the benefit of people, planet and prosperity, which also aims to strengthen universal peace and access to justice. The Agenda contains 17 Goals with 169 integrated and indivisible targets for the economic, social and environmental sectors.
- **BBVA or the Bank:** Banco Bilbao Vizcaya Argentaria, S.A., as the Group's parent company.
- **Natural capital:** Natural capital includes the Earth's natural assets (soil, air, water, flora and fauna), and the resulting ecosystems, which make human life possible.
- **International Bill of Human Rights:** A set of human rights instruments proclaimed by the United Nations.
- **Sustainable development or sustainability:** Satisfying the needs of the current generation *without* compromising the ability of future generations to satisfy their own needs.

- **Group or BBVA Group:** international financial group comprising BBVA, as parent company, and other legally autonomous companies, engaged mainly in the banking business and other activities directly or indirectly related to it.
- **BBVA AM Sustainability Governance Group (GGS):** made up of the Heads of Investments, Product, Risks, Compliance and Sustainable Investments.
- **Stakeholders:** customers, employees, shareholders and investors, suppliers, regulators and supervisors, society in general.
- **Internal Regulation Framework:** General Policy, approved by the BBVA Board of Directors, to standardize the different types of Internal Regulation (i.e. General Policies, Rules and Procedures) in the Group, providing guidelines to the executive area for the preparation, application, reporting and supervision of the General Policies.
- **General Management and Control Framework:** set of basic management and control guidelines and General Policies, approved by BBVA's Corporate Bodies, which constitute a common management and control framework for the Group.
- **General Risk Management and Control Model** of the Group: model determined by the BBVA Board of Directors for the management and control of the Group's risks, appropriate to its business model, its organization, the countries in which it operates and its corporate governance system, and which enables it to carry out its activities within the framework of the risk management and control strategy and policy established by the Corporate Bodies.
- **Net Zero Asset Managers:** an initiative developed by an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or earlier, in line with global efforts to limit global warming to 1.5 degrees Celsius, as well as investments consistent with this target.
- **Corporate Bodies of BBVA AM:** for the purposes of this Policy, the Board of Directors of the Manager, including, as the case may be, its Committees.
- **United Nations Principles for Responsible Investment (UNPRI):** The UN PRI is an international network of investors backed by the United Nations that work together to implement six Principles for Responsible Investment: The Principles for Responsible Investment were developed in 2006 by an international group of institutional investors to reflect the growing importance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General. By implementing these principles

the signatories contribute to the development of a more sustainable global financial system.

- **Internal Regulation:** in accordance with the provisions of the *Internal Regulatory Framework*, Internal Regulations are understood to mean all provisions that are mandatory and permanent, that define the framework of action for the Group's persons, divisions or companies and that have been approved internally, either to develop the General Management and Control Framework, to respond to regulatory or supervisory requirements, or to regulate the organization and operation of a specific area of activity or of the Group as a whole.

## Version control

	Date	Approved by	Description of change
1	06/22/2021	BBVA AM SGIC Board of Directors	Transposition of the General Policy of Corporate Social Responsibility of the Group.
2	06/20/2023	BBVA AM SGIC Board of Directors	Adaptation to the Group's General Sustainability Policy <ul style="list-style-type: none"> <li>- Update on Principles, Objectives and Provisions related to sustainability</li> <li>- Incorporation of content and repeal of the General Social Responsibility Policy Corporate</li> </ul>