BBVA
Asset Management

CLIMATE REPORT 2025

TCFD



At BBVA Asset Management, our purpose is to help our customers achieve their goals. To do so, we offer a broad range of products and solutions tailored to their needs.

We also believe in the importance of responsible investing, integrating Environmental, Social and Governance (ESG) criteria into our investment decisions.

In this regard, throughout 2025 our teams continued to develop our Sustainability Plan, improving the metrics and methodologies used to measure the Environmental, Social and Governance impacts of investments in managed portfolios, both at the individual instrument or issuer level and on an aggregate, corporate-wide basis, through calculations performed under our Principal Adverse Impacts Management Policy.

We also refined the metrics used to identify sustainable investments and worked with our institutional customers to better understand their sustainability priorities and, in certain cases, incorporate decarbonization targets into managed mandates in line with those priorities.

Managing climate risks, both physical and transition risks, remains an important aspect of our strategy, as we work to identify opportunities that may arise to finance the investments needed both to adapt to climate change and to advance the decarbonization of the economy.

In 2021, we joined the Net Zero Asset Managers initiative, with the goal of advancing toward net-zero greenhouse gas emissions by 2050 across our managed assets; in 2022, we published our interim 2030 decarbonization targets, following a detailed analysis of our investments to define the assets to be included, the appropriate metrics for setting targets, and the data and methodologies used to calculate them; and in 2023 and 2024, we published our first two reports on climate-related risks and opportunities, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). These reports provided details of our sustainability strategy, particularly our climate strategy, the targets we set, and the progress we have made.

In January 2025, amid a complex geopolitical environment, the NZAM initiative was suspended. The suspension remained in place until the end of February 2026, when NZAM announced its relaunch and new framework. BBVA AM remains a member of the initiative and continues to integrate climate risk management into its fiduciary duties and in the interests of its customers, adapting its approach to developments in the industry.

In keeping with the transparency policy that guides our sustainability strategy, we are publishing this third report, which details the progress made throughout the year and, in particular, the evolution of our 2030 decarbonization targets.



Jaime Lázaro
Head of BBVA AM&GW

Contents

Executive Summary 4
Governance model 4
Strategy 4
Risk management 5
Metrics and Targets 5

Introduction 6
Sustainability strategy at BBVA and BBVA AM 8

Governance model 9
BBVA AM within the BBVA Group 10
BBVA AM&GW structure 11
Sustainability governance model 12

Strategy 14
How BBVA AM integrates sustainability 15
PILLAR 1. INTEGRATION 17
PILLAR 2. EXCLUSION 17
PILLAR 3. ENGAGEMENT 17
PILLAR 4. IMPACT 20
Climate strategy 22
How the strategy evolved in 2025 23
Regulatory context 23
Data 25
Technology 25
Product 26
Disclosure and transparency 26
Internationalization 26
Investing process 27
Teams and training 27

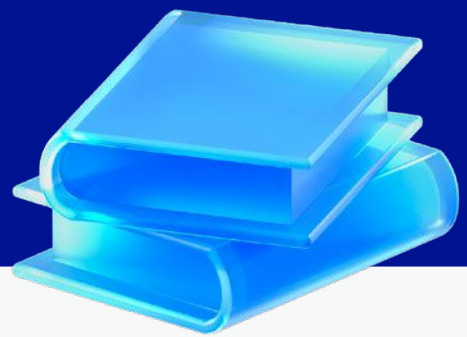
Managing risks associated with climate change 28
Climate-related risks and opportunities for BBVA AM 29
Description of the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning 30
The resilience of BBVA AM's strategy 30
Climate risks at BBVA AM 33
Organization and structure 33
Data and system developments 34
Risk identification and assessment processes 37
Climate risk management processes 39

Metrics and Targets 40
Climate Targets 41
Interim targets for 2030 41
Approaches to action 44
Metrics 45
Portfolio carbon intensity metrics 45
Portfolio alignment metrics 48

Appendix 50
TCFD recommendations compliance table 51
Other documents of interest 52
Glossary 53



Executive Summary



Governance model

BBVA Asset Management & Global Wealth ("BBVA AM&GW") is a business area of the BBVA Group responsible for asset management and private banking activities. The Asset Management unit (AM) operates in Spain, Mexico, Portugal, Luxembourg, Colombia, Peru, Argentina and Türkiye through independent asset management entities.

BBVA AM's sustainability governance model is structured around the Sustainability Governance Group ("GGS"), a cross-functional forum that supports the various asset management entities within BBVA AM. The GGS drives and coordinates the sustainability agenda, defines sustainability objectives and promotes the implementation of the various workstreams, under the oversight of the Asset Management & Global Wealth Management Committee and in coordination with BBVA Group's Global Sustainability area, without prejudice to the powers and responsibilities of the governing bodies of each asset management entity.

In addition, a number of forums and working groups have been established to analyze and monitor the various workstreams of the sustainability strategy, and standards, policies and procedures have been developed to establish guidelines for action around the different pillars of the sustainability strategy.

Strategy

BBVA AM's sustainability strategy is structured around four pillars: Environmental, Social and Governance ("ESG") integration, exclusion, engagement and impact.

In 2025, work continued on the climate strategy linked to the decarbonization targets, along with further development of actions relating to each of the four pillars. Key areas of progress include: developments to standardize the calculation and analysis of ESG criteria, both across portfolios and in the countries where BBVA AM operates; progress on transparency, including improvements to the sustainability section of the website; the expansion and enhancement of metrics in sustainability monitoring and management systems, including progress in incorporating climate-related metrics and data into the investment process; and adjustments to the management strategy of an occupational pension plan to bring it under the sustainability transparency regime for financial products that promote environmental or social characteristics, in accordance with Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR"), as well as progress on other occupational pension plans with a view to bringing them under this regime over the following year.

Risk management

Climate risk management is integrated into BBVA AM's overall risk management and control processes.

In 2024, progress focused on system enhancements and improvements to methodologies and information, while in 2025 it focused on integrating quantitative climate methods and improving regulatory disclosures, including:

- Strengthening and maintaining the metrics generated under the sustainability strategy.
- Improving mechanisms for managing and administering the parameters of the climate risk model.
- Expanding and developing periodic information, both regulatory (including information related to SFDR) and non-regulatory, particularly for institutional customers.
- Developing various metrics to monitor sustainability promotion strategies across different asset types (equities and government promotion strategies with a climate focus), linked to SFDR sustainability disclosures.

Metrics and Targets

BBVA AM has established interim decarbonization targets for its portfolios for 2030, as part of its efforts to achieve its 2050 climate targets. The firm has defined the scope, assets to be considered, metrics to be used, and baseline level.

This report provides the status and progress toward the 2030 interim targets relative to the baseline as of year-end 2025. In this regard, the corporate portfolio has shown positive progress, both in terms of emissions intensity and the degree to which companies are aligned with the defined targets. Meanwhile, the EU government debt portfolio has improved considerably compared with last year, both in terms of alignment and the aggregate metric; in particular, due to the improvement in the rating of the Spanish government, a country in which we have a significant position.

In 2025 it focused on integrating quantitative climate methods and improving regulatory disclosures.

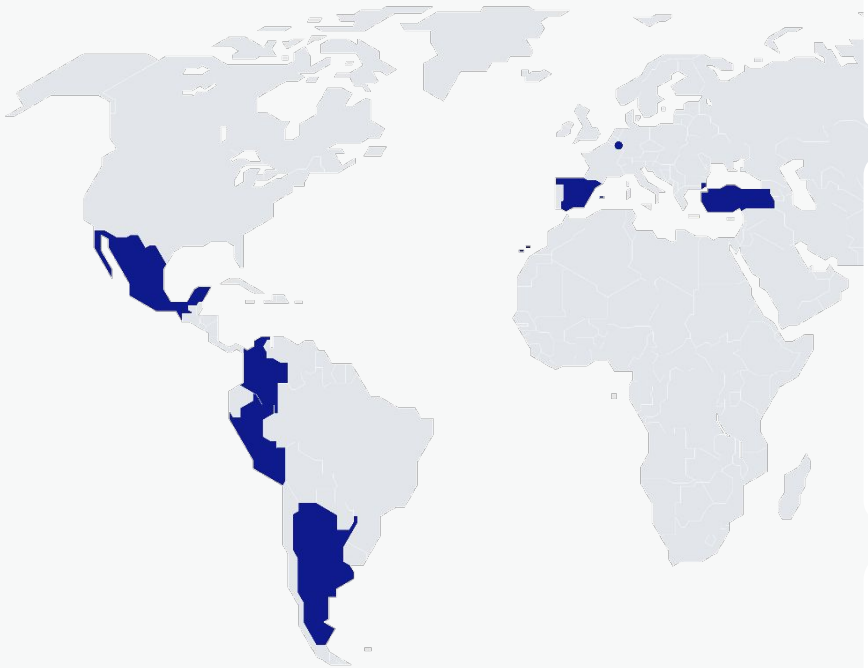
Introduction



BBVA Asset Management & Global Wealth (hereinafter, "BBVA AM&GW") is the business area of Banco Bilbao Vizcaya Argentaria, S.A. (hereinafter, "BBVA" or the "Bank") responsible for asset management and private banking activities. This area includes the asset management unit —hereinafter, "BBVA Asset Management" or "BBVA AM"—, which encompasses the Group's investment and pension fund managers and portfolio management companies. BBVA AM manages more than €198.609 billion in assets across eight countries (Spain, Mexico, Portugal, Luxembourg, Colombia, Peru, Argentina and Türkiye) through independent asset management companies, combining local presence with the global capabilities of both BBVA AM's global business and the BBVA Group.

Day-to-day operations focus on providing investment products and solutions and portfolio management services to BBVA Group customers, whether individuals, companies or institutions, as well as customers from other financial institutions through distribution agreements.

Accordingly, BBVA AM has global investment, risk analysis and control, and product development processes, complemented by local market knowledge derived from its presence through local asset management companies, as well as the expertise of its 700+ employees, including more than 150 investment professionals and over 170 employees with internationally recognized certifications in asset management and risk management.



North America

Mexico
BBVA Bancomer Gestión S.A. de C.V.

South America

Argentina
BBVA Asset Management, Argentina, S.A.
Mutual Fund Management Company.

Colombia
BBVA Asset Management, S.A.
Sociedad Fiduciaria.

Peru
BBVA Asset Management, S.A. S.A.F.

Europe

Spain
BBVA Asset Management S.A., S.G.I.I.C.
BBVA Pensiones, S.A., E.G.F.P.
Gestión de Previsión y Pensiones, E.G.F.P., S.A.

Luxembourg
Luxembourg companies are managed from the Spanish company, as allowed by European regulations.

Portugal
BBVA Fundos, Sociedade Gestora de Fundos de Pensões S.A.

Turkey
Garanti Portföy Yönetimi A.Ş.

€199bn of assets | **+700** employees | **8** countries

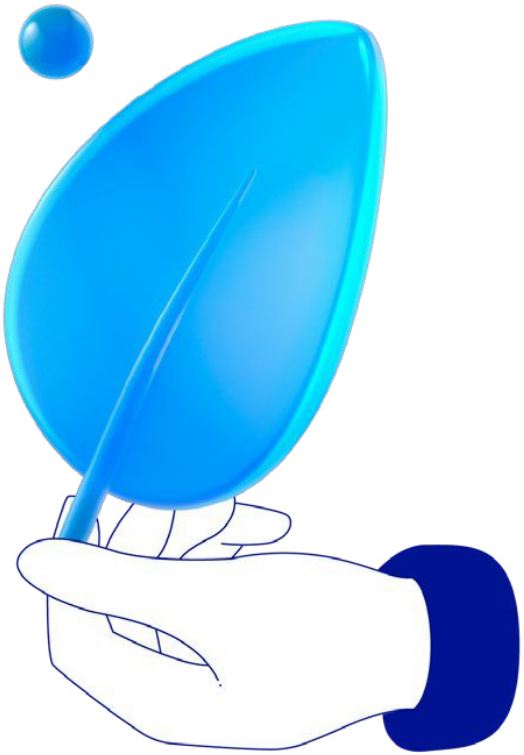
Sustainability strategy at BBVA and BBVA AM

BBVA has five-year strategic plans that define a series of priorities that guide its actions during each period. Both the 2019–2024 strategic plan and the 2025–2029 strategic plan include sustainability as one of the Group's priorities. BBVA views sustainability as a driver of growth and structures its approach around three key areas: climate action, natural capital and inclusive growth.

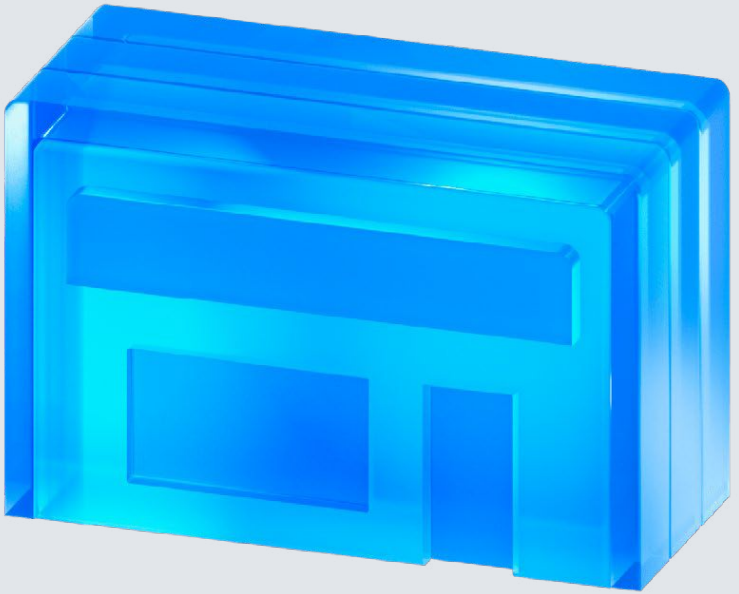
As part of BBVA, BBVA AM operates in a context of structural transformation driven by climate change and the need to move toward more efficient and resilient economic models, and considers sustainability a cross-cutting element of the investment process. This involves incorporating ESG factors into the analysis of traditional financial factors in order to provide a more comprehensive assessment of investment risks and opportunities, with a long-term perspective and in line with its fiduciary duty.

In this regard, BBVA AM published its initial 2030 decarbonization targets in 2022 and, since 2023, has published annual reports on climate-related risks and opportunities, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This report, covering fiscal year 2025 and continuing to use these recommendations as a reference, includes, among other aspects, progress toward the interim emissions reduction targets set for 2030.

It is worth noting that, in June 2023, the International Sustainability Standards Board (ISSB) published its first sustainability disclosure standards, including IFRS S2 on climate-related disclosures, which incorporates the TCFD recommendations. Following the publication of these standards and the completion of the TCFD's mandate, the Financial Stability Board (FSB) concluded its work in October 2023. Nevertheless, BBVA AM monitors developments in the ISSB standards and their potential impact on future climate-related disclosures, while continuing to use the TCFD recommendations as a reference for this report.



Governance model



BBVA AM within the BBVA Group

As mentioned in the previous section, within the BBVA AM&GW unit, BBVA Asset Management is the BBVA Group business area that encompasses the Group's client asset management activities in the various countries where it operates and reports to and is part of the Retail Client Solutions area, which reports directly to BBVA's CEO [(1)].



(1) Reporting to the CEO and to the Chair (for topics related to strategy and transformation of the Sustainability area). (2) Reporting to the CEO for Argentina, Colombia, Peru, Venezuela and Uruguay, as well as monitoring of all countries, including Spain, Mexico and Turkey. (3) Reporting to the Board of Directors.

(1) Note: Information as of December 31, 2025. The report's publication date may be later, and the information may have changed since that date.

BBVA AM&GW structure

BBVA AM&GW Head
Jaime Lázaro

RCP
Inés Castro

GI. Control & Compliance
Erick Rodríguez

Global Risks
Tomás Pérez

Global Investments
Eduardo Gª Hidalgo

Sustainable Investment
Alberto Gómez-Reino

Strategy & Portfolio Mngt.
Asís Alonso

Global Wealth
Salvador Sandoval

Quality Funds
Pablo Martín

Financial Management
Pedro Reigada

AM Europa
Belén Blanco

AM México
Luis Rodríguez

AM Colombia
Mauricio Wandurraga

AM Perú
Antonio Cevallos

AM Argentina
Lautaro Veliz

AM Turquía
Eyüp Gülsün

BBVA Banca Privada Internacional Suiza
David Conde

BBVA Global Wealth Advisors Miami
TBC

At BBVA AM, decision-making and management are structured around two operating areas: the global business and the business in each country, with its own structure in each.

The global head of AM&GW oversees, on the one hand, the heads of the global functions: Investments, Risks, Control & Compliance, Quality Funds, Global Wealth and Strategy & Portfolio Management; and, on the other, the heads of the AM business in each country, who also report to the local heads of Retail Client Solutions in each country.

Together, they make up the global Asset Management (AM) management committee and, at their regular meetings, oversee the performance of the business and its key strategic priorities, including sustainability.

Sustainability governance model

Sustainability is one of the BBVA Group's strategic priorities, as defined in the General Sustainability Policy approved by the Board of Directors. To ensure the effective implementation of this priority, the Group established the Global Sustainability Area (GSA), whose head reports at the highest level to both BBVA CEO Onur Genç and Group Chairman Carlos Torres Vila on strategic matters.

The implementation of the sustainability strategy is cross-functional across the Group, with each business area responsible for incorporating it into its strategy and objectives. The GSA communicates the Group's sustainability principles and objectives and advises the various business areas on their implementation.

As one of the BBVA Group's business areas, BBVA AM has adopted this model, working in line with the GSA's guidelines and incorporating strategic sustainability decision-making, as well as its implementation and monitoring, into its governance model.

Sustainability Governance Group

In 2021, BBVA AM established the Sustainability Governance Group ("GGS"). The GGS is a cross-functional forum that supports the various asset management entities within BBVA AM. Its main functions include driving and coordinating the sustainability agenda, defining sustainability objectives and promoting the implementation of the various workstreams, under the oversight of the Asset Management & Global Wealth Management Committee and in coordination with the BBVA Group's Global Sustainability Area ("GSA"), without prejudice to the powers and responsibilities of the governing bodies of each asset management entity.

Sustainability Risk Forum

Comprising the *Sustainable Investments* and *Risks teams*, it oversees, among other things, the implementation of the sustainability strategy and decarbonization plan.

It also evaluates new sustainability measurement methodologies for different investment strategies, technology developments, improvements in data processing, and methods for monitoring the climate strategy.

European Engagement Forum

Comprising the *Sustainable Investments*, *Investments*, *Risks and Control* & *Compliance teams*. It reviews the exercise of voting rights and how recommendations from the proxy advisor have been addressed, as well as engagement with companies, both reactive (in response to severe controversies involving portfolio holdings) and proactive (in line with BBVA AM's sustainability objectives and the materiality of the case), through individual, collaborative and delegated engagement. In this regard, 2025 was the first year in which delegated company engagement services were used.

European Sustainability Working Group

The European Sustainability Working Group was established in 2025 and meets monthly. It is a forum attended by the heads of BBVA Asset Management Europe and Investments, as well as representatives from, among others, *European Product & Business Development*, *Risks*, *Sustainable Investments*, *Control & Compliance*, *Legal* and *Quality Funds*. Its objective is to coordinate and monitor the implementation of the sustainability strategy, review methodological and regulatory developments, monitor projects related to sustainability matters, and report on the most relevant issues relating to company engagement and voting.

Internal Regulation

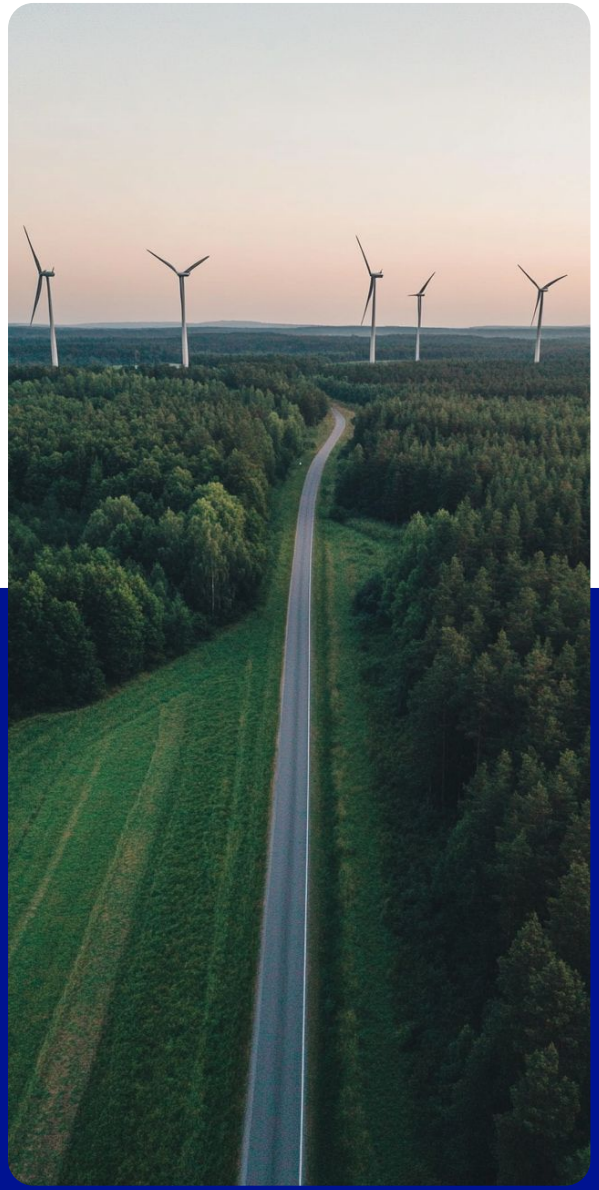
To complete BBVA AM's sustainability governance model, the AM units in Europe (excluding Türkiye) and Mexico have developed policies, standards and procedures that establish guidelines for action around the pillars of the sustainability strategy. In addition, internal standards have been reviewed. Specifically, during the reporting period and with regard to Europe, the engagement policy and the policy for managing and monitoring Principal Adverse Impacts (PAIs) were reviewed.

Topics addressed by the working group include the design and launch of new products, analysis and monitoring of compliance with the ESG risk policy and the definition and establishment of corresponding action plans, consideration and discussion of potential participation in local initiatives, proactive engagement plans with portfolio companies, updates to manuals and procedures, and coordination of participation in shareholder meetings and/or submission of our voting instructions, among others.

Monitoring Sustainability Integration in AM Mexico

In Mexico, there is a working group responsible for implementing, executing and monitoring the Sustainability Strategy at the country level. The multidisciplinary team comprises representatives from the various areas within Asset Management, including *Investments, Risks and Control & Compliance, Sustainable Investments and Sales*. The working group meets every two weeks to address a wide range of sustainability issues that are of common interest.

Sustainability is one of BBVA Group's strategic priorities, defined in the General Sustainability Policy approved by the Board of Directors, which monitors its compliance.



Strategy



How BBVA AM integrates sustainability

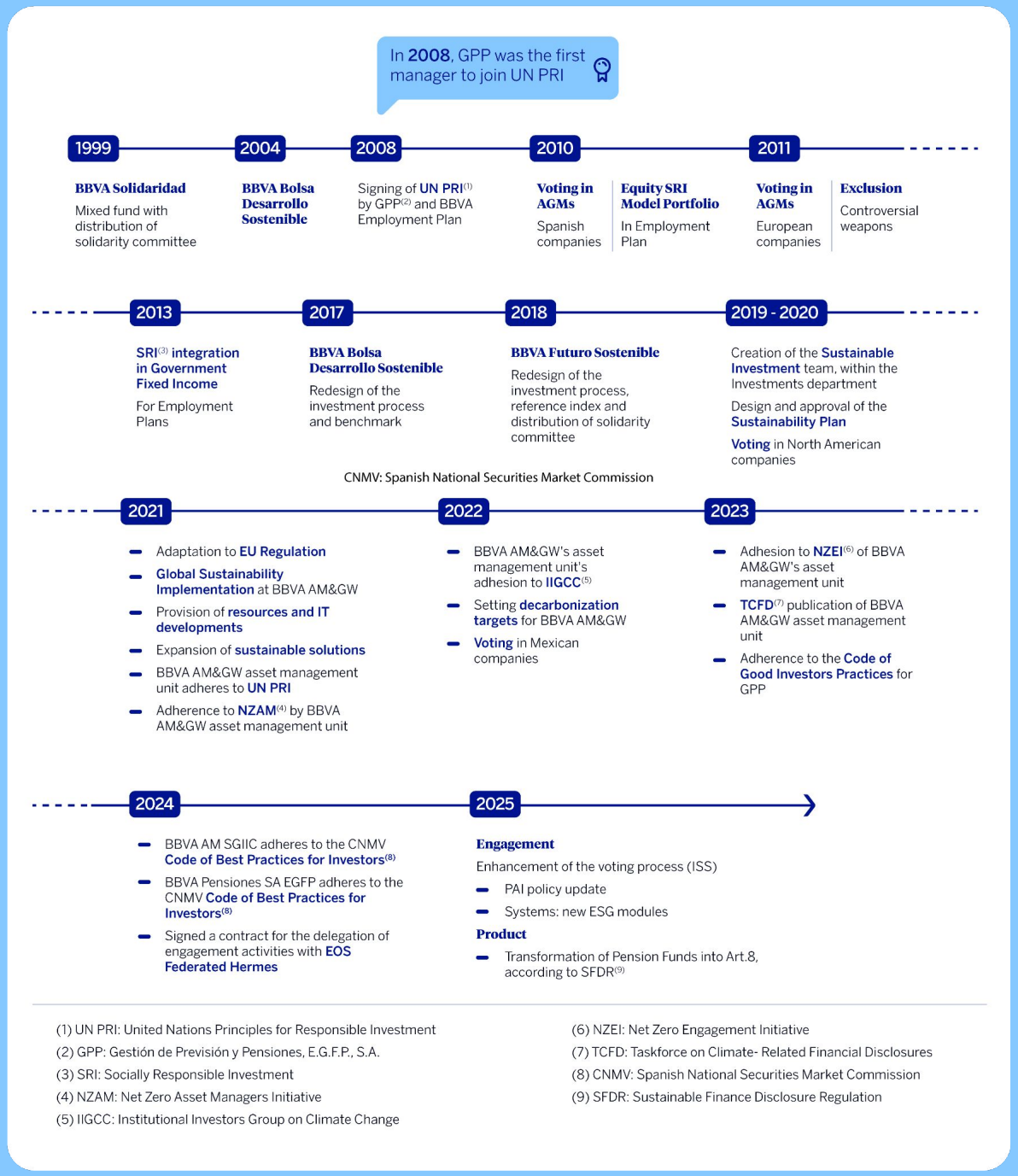
BBVA AM incorporates non-financial information into its investment analysis in order to incorporate sustainability characteristics and improve risk management in actively managed investment vehicles for which it has been delegated management. BBVA AM believes that integrating sustainability criteria into investment processes can contribute to a more comprehensive assessment of certain relevant investment risks and opportunities. In 2025, we continued working to improve the following areas, as they are considered relevant to investment management at BBVA AM:

- **More comprehensive informed decision-making.** Adding sustainability considerations to the assessment of different types of investments alongside purely financial criteria.
- **Launch of proactive individual engagement with companies.** Engagement with portfolio companies on financially material environmental issues and in line with the sustainability objectives adopted by the unit.
- **Quality improvement.** Serving as an additional quality filter for portfolios, with the aim of reducing risk over the medium and long term.
- **Increased transparency.** Adding new financially material metrics to assess portfolio companies.

As a global unit, BBVA AM has been a signatory to the Principles for Responsible Investment (UN PRI) since 2021. This initiative, launched by the United Nations in 2006, brings together an international network of institutional investors and was established in response to the growing importance of environmental, social and governance issues in the investment sector. The implementation of these principles by signatories aims to promote the development of a more sustainable global financial system.

BBVA AM adopts the Principles and implements them to the extent that they are consistent with its fiduciary responsibilities. It also works to assess their effectiveness and contribute to improving their content and implementation over time.

The following infographic details BBVA AM's sustainability journey and key milestones over the years.



BBVA AM integrates sustainability criteria to support the long-term value of investments, mitigate risks and identify growth opportunities. To this end, it has a Sustainability Plan based on four pillars — integration, exclusion, engagement and impact — complemented by medium- and long-term climate targets. Together, these elements make up its sustainability strategy.

While these pillars are intended to apply generally to all investment vehicles and portfolios managed by the Asset Management Company, certain exceptions and specific features are set out in the applicable standards and policies in the various geographies where BBVA AM operates. Likewise, the extent to which the pillars are applied to each vehicle or portfolio will depend on its investment policy or mandate.

PILLAR 1. Integration

The integration of Environmental factors (such as climate change, pollution, waste management, the circular economy and best practices for ecosystem preservation), Social factors (including human capital management and social responsibility in product development) and Governance factors (good corporate governance practices) into BBVA AM's decision-making process is achieved through the development of an internal rating model for companies, governments and collective investment institutions (CII) managed by third-party entities.

This model is applied in the investment decision-making process, meaning that assets receiving the lowest rating are not eligible for investment. When an asset already held in a portfolio subsequently receives this lowest rating, engagement with the company is initiated. If this does not resolve the situation that led to the rating, it may result in divestment. Currently, this model covers most of BBVA AM's investment universe.

PILLAR 2. Exclusion

At BBVA AM, while we believe exclusions should not be the cornerstone of the sustainability strategy, we do apply them, both to comply with minimum international standards on social, labor and human rights issues and to implement regulations and best-practice recommendations relating to certain types of activities and conduct.

The Exclusion Standard sets out all exclusions and their categories in detail and applies to direct investments across all vehicles and portfolios entrusted to BBVA AM for management, subject to the exceptions described in the document itself, such as index-tracking portfolios.



PILLAR 3. Engagement

In accordance with its fiduciary duty to act in the best interests of its investors, BBVA AM considers engagement with both the companies in which it invests and other market participants to be important, in addition to exercising its voting rights in accordance with its established guidelines.

BBVA AM's voting procedures and engagement policies are aligned with its values and international best practices.

The main voting and engagement activities carried out during the year are detailed below:

Voting Rights

In Europe, BBVA AM has been exercising its voting rights since 2010, when it began voting at European shareholder meetings. In 2020, voting rights were extended to shareholder meetings of companies in the U.S. and Canada. The firm relies on the support of a proxy advisor to exercise its voting rights.

In 2025, BBVA Asset Management Europe made further progress in automating its voting process. Through joint efforts by the Sustainable Investments team, technology teams and data providers, the voting process is being optimized and improved, along with the information provided to customers and stakeholders. These activities are carried out under the Engagement Policy, and their implementation and main results are presented in the corresponding Engagement Report.

Meanwhile, the asset management unit in Mexico began exercising its voting rights at some local company shareholder meetings in 2024, a practice that continued in 2025.

Dialog

True to its fiduciary duty, BBVA AM believes in the importance of engaging actively with the companies in which it invests, international organizations, regulators, and other investors and stakeholders in order to create long-term value through its investments. In recent years, BBVA Asset Management Europe has worked to develop the different forms of engagement:

Collaborative Engagement

In 2022, to expand engagement activities with portfolio companies that have room for improvement on their path to decarbonization, BBVA AM&GW's asset management unit joined the Institutional Investors Group on Climate Change ("IIGCC"). IIGCC, which supports climate initiatives globally, launched its own initiative in 2023, the *Net Zero Engagement Initiative* (NZEI), which covers companies that need to be a focus of efforts to achieve the Net Zero goal and fall outside the scope of Climate Action 100+. BBVA AM&GW's asset management division became a founding member of NZEI in 2023. In the second half of 2024, it took a further step by participating as a collaborating member in engagement activities with a European energy utility company. In late 2025, the position held in that European energy utility company was primarily in passive investment vehicles, so the decision was made to leave the engagement group. Instead, BBVA AM joined the engagement group for a European utilities company held in active management strategies, with a significant contribution to portfolio emissions intensity and not covered by the delegated company engagement approach. That same year, it began participating more proactively in IIGCC events.

Delegated Engagement

In 2024, with the aim of improving both the quality and scope of company engagement activities, an analysis of the main engagement service providers was conducted, and EOS at Federated Hermes ("EOS") was selected at the end of that year to provide the service. Thus, 2025 was the first year in which delegated company engagement activities were carried out, allowing BBVA AM to expand the scope of its engagement, including on climate-related issues at companies held in managed portfolios.

To monitor the sustainability performance of portfolio companies included in delegated engagement activities, data from the provider's platform is analyzed and cross-referenced with internal databases to identify, among other things, financially material climate issues on which engagement activities have been or are being carried out.

The provider's environmental engagement activities during 2025 focused on:

- Climate change: in particular, ensuring that companies have greenhouse gas emissions reduction targets and strategies aligned with the goals set out in the Paris Agreement; assessing the credibility of their transition plans; and ensuring that they take into account key legal, technological and market dependencies. The focus is on both high-emitting sectors and the technology sector, with the aim of helping mitigate emissions associated with the high energy demand of services related to artificial intelligence (AI).

- Protection of biodiversity and natural capital (water, forest resources and similar), both in companies' own operations and throughout their value chains.

- Physical climate risks: with the aim of strengthening resilience and ensuring that affected companies pursue a just transition for their employees and communities.

Individual Engagement

Also in 2025, with regard to individual company engagement, work was carried out to establish the parameters for initiating proactive conversations with companies, based on BBVA AM's sustainability objectives, starting with climate objectives, and the materiality of the issues to be addressed. In this regard, an internal methodology was developed to prioritize engagement activities with companies selected for this approach, taking into account, among other criteria, their Weighted Average Carbon Intensity (WACI), the significance of BBVA AM's position in them, and portfolio managers' interest in retaining them.



Engagement with other stakeholders

BBVA AM has also focused on engagement and participation in forums related to regulation, the media and training activities. In the regulatory arena, it generally takes an active role within the financial industry, both during the legislative process and through dialogue with supervisors, which sometimes includes promoting legislative initiatives.

This activity includes participation in numerous forums such as INVERCO (Spanish Association of Collective Investment Institutions and Pension Funds), ALFI (Luxembourg Association of Collective Investment Institutions), ASCRI (Spanish Association of Capital, Growth, and Investment), among others — with the aim of promoting best market practices in the interest of its investors (especially regarding sustainability). The 2025 fiscal year continued the trend of previous years and was particularly significant in terms of the debate on the development and simplification of the European regulatory framework for sustainable finance, in the context of implementing the European Commission's Sustainable Finance Action Plan.

During the year, the European supervisory authorities — EBA, EIOPA, and ESMA — also continued to deepen their analysis and supervision of risks associated with "greenwashing", strengthening initiatives aimed at ensuring that sustainability-related information provided to investors is clear, accurate, and not misleading. In this area, it is worth highlighting, on the one hand, BBVA AM Europe's process of adapting to the ESMA guidelines on the use of ESG terminology in investment fund names, published the previous year, which establish specific criteria to ensure that product names accurately reflect their sustainability strategies and characteristics.

It also remains a signatory to the United Nations Principles for Responsible Investment ("UN PRI") and the Net Zero Asset Managers ("NZAM") initiative, a voluntary initiative for asset managers aimed at individually supporting investment aligned with the global goal of net-zero greenhouse gas emissions. In January 2025, amid a complex geopolitical environment, the initiative was suspended. The suspension remained in place until the end of February 2026, when NZAM announced its relaunch and new framework.

In addition, in 2025 BBVA AM participated in various knowledge-sharing forums: the UBS Nature Finance Conference (June, London), the Annual Conference of the Global Research Alliance for Sustainable Finance and Investment (August, Paris), the Morningstar Sustainable Investment Summit (September, Amsterdam), the 2025 Fide Oxford Conference: "Exploring Opportunities and Challenges in Accelerating Sustainable Finance" (September 2025), the EOS Federated Hermes Annual Conference (October, London), the SPAINSIF and Federation of Basque EPSVs Roundtable on Narratives and Controversies in Sustainable Investment (December, Bilbao), and the SPAINSIF 2025 Survey.

Finally, BBVA Asset Management Europe publishes sustainability-related information on its website. In particular, in 2025 it published an article on the role of artificial intelligence as a tool to support the selection of sustainable investments and two semiannual issues of "Sustainability in Focus".

PILLAR 4. Impact

BBVA AM considers it important to make investments that, under its internal methodology or applicable external standards, exhibit environmental, social or governance characteristics. Sustainable instruments are, first and foremost, financial assets that, due to their financial and non-financial characteristics, represent viable investment options, including for portfolios without explicit sustainability objectives.

BBVA AM may include sustainable instruments in the vehicles and portfolios it manages, provided they meet the financial and/or non-financial objectives established by their respective investment policies or management mandates.

Integration

Rating for most of the assets in which we invest

Assets with a rating:

- Companies
- Governments
- Funds

Rating:

A: best

B: medium

C: worst rating or very severe controversies: cannot be invested in

Exclusion

Universal

By international standards, for certain economic activities such as controversial weapons and some fossil fuels, by geographies

Additional

For certain economic activities

Engagement

Vote

Exercising the rights to attend and vote in certain circumstances

Engagement

Value creation in the companies in which it invests

Dialog with companies to establish objectives and improvement plans on sustainability issues

Impact

Sustainable investments

Companies with a positive impact on environmental and social issues

Investments by SDG

Companies with strategies aligned with the SDGs

Impact bonds

Green, social, sustainable and sustainability-linked

Sustainable funds

Funds with sustainable investment objectives

Climate strategy

In 2021, BBVA AM joined Net Zero Asset Managers (NZAM), a global initiative for asset managers. The initiative supports the goal of achieving net-zero greenhouse gas emissions by 2050 or earlier, as well as investments aligned with that goal. As part of this objective, the unit implemented a decarbonization plan for its managed vehicles and, following the established methodology, set interim targets for 2030 in 2022. The scope and details of these targets are explained in the "*Targets and Metrics*" section, and their progress is actively reviewed and monitored.

In January 2025, amid a complex geopolitical environment, the initiative was suspended. The suspension remained in place until the end of February 2026, when NZAM announced its relaunch and new framework.

BBVA AM participated in the consultation processes conducted by the initiative during its suspension and carried out an analysis and review of how changes to the initiative could affect the asset manager's climate targets, ultimately deciding to remain a signatory.

As mentioned in the previous section, in 2022 BBVA AM joined the Institutional Investors Group on Climate Change (IIGCC), the leading European organization for investor collaboration on climate change, whose members may be either asset owners or asset managers.

IIGCC's mission is to support its members and help them address climate-related financial risk, while positioning them to make the most of the investment opportunities offered by climate mitigation and adaptation efforts.

Finally, in 2023, 2024 and 2025, in keeping with its commitment to transparency, BBVA AM&GW published climate reports following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

2021

BBVA AM joined Net Zero Asset Managers (NZAM)

2022

BBVA AM joined the Institutional Investors Group on Climate Change (IIGCC)

2023 - 2024 - 2025

BBVA AM&GW published climate reports following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

How the strategy evolved in 2025(2)

Regulatory context

To understand the development of BBVA AM's sustainability strategy, it is essential to understand how the global regulatory framework in this area has evolved, particularly in Europe, where a significant part of its business is based.

European Union (EU)

BBVA AM's climate strategy is developed within the European sustainable finance framework, driven by the European Commission's 2018 Action Plan on Financing Sustainable Growth and aimed at channeling capital toward activities compatible with the European Union's climate goals, particularly the transition to a low-carbon, climate-resilient economy.

In 2025, European regulatory developments were marked by a shift in focus: without abandoning the climate and sustainability goals of the European framework, European Union institutions focused their efforts on simplifying certain requirements, improving proportionality and facilitating practical implementation by companies and investors.

One of the main developments was the European Commission's proposal to revise SFDR, presented in November 2025. The proposal aims to address certain limitations identified during the framework's first years of implementation, particularly the complexity of disclosures, the use of Articles 8 and 9 as de facto categories for sustainable products, and greenwashing risks. Key elements include simplified investor disclosures, the removal of certain entity-level disclosure requirements relating to Principal Adverse Impacts ("PAIs"), and the introduction of three voluntary product categories: "Sustainable", "Transition" and "ESG Basics".

The Transition category is particularly relevant from a climate perspective, as it is intended to channel investment toward companies or projects that are not yet sustainable but have a credible transformation pathway. As of the preparation date of this report, the proposal is still undergoing the legislative process.

In addition, in February 2025, the European Commission presented the so-called "Omnibus" package, aimed at simplifying various elements of the sustainability regulatory framework. In the area of corporate reporting, the initiative primarily affects the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the Taxonomy Regulation. Significant progress was made in this process during 2025, including the postponement of certain implementation timelines and the simplification of the scope and content of certain reporting requirements. From an investor perspective, these changes may affect the availability, granularity and comparability of corporate climate information used in analysis, risk management and product reporting processes.

(2) Note: Information as of December 31, 2025. The report's publication date may be later, and the information may have changed since that date.

In parallel, EFRAG worked on simplifying the European Sustainability Reporting Standards (ESRS) throughout 2025 and published its technical advice on the revised standards in December. In the first months of 2026, the European Commission submitted draft amending delegated acts for consultation, ahead of their adoption and subsequent review by the European Parliament and the Council. This review aims to reduce reporting burdens while maintaining the essential objectives of the European framework. For BBVA AM, developments in the ESRS E1 climate standard are particularly relevant, given that corporate information on emissions, transition plans, physical and transition risks, and decarbonization targets is a key source for the climate analysis of issuers and portfolios.

Lastly, the EU Taxonomy continued to evolve as a reference tool for identifying environmentally sustainable economic activities. Measures to simplify Taxonomy reporting were promoted during 2025 and, in January 2026, a delegated act simplifying reporting for the 2025 financial year entered into force, with companies given the option to apply the previous rules for that year.

These changes affect, among other things, reporting templates and certain technical criteria, including adjustments relating to the "do no significant harm" (DNSH) principle. Developments in this framework are relevant to identifying investments aligned with climate objectives and improving the comparability of information available in the market.

Overall, the 2025 developments reflect a period of consolidation and adjustment of the European sustainable finance framework, aimed at enhancing the usefulness of climate information, reducing unnecessary burdens, and keeping transition financing at the heart of the framework.



Mexico

Between 2023 and 2025, Mexico transitioned from a primarily voluntary approach to an increasingly regulated sustainability framework.

As a result, early 2025 saw one of the most significant regulatory developments in Mexico in recent years. On January 28, 2025, the National Banking and Securities Commission (CNBV) published various amendments to the Sole Circular for Issuers (CUE) in the Official Gazette of the Federation (DOF), including the addition of Article 82 Bis. This article establishes that certain issuers must prepare a report containing sustainability information incorporating the IFRS S1 and IFRS S2 standards issued by the International Sustainability Standards Board ("ISSB"). Financial entities that are issuers are subject to the specific regulations issued by the competent financial authorities. These amendments, which entered into force the day after their publication, require issuers subject to this regime to disclose information on sustainability-related risks and opportunities (S1) and climate-related risks and opportunities (S2).

(3) Note: As of the publication date of this report, the amending delegated acts had already been adopted in July 2026.

With this development, Mexico became one of the first countries in Latin America to make ISSB standards mandatory for the securities market. On June 13, 2025, the federal government announced that Mexico had been recognized by the IFRS Foundation as a jurisdiction that had adopted the Sustainability Disclosure Standards issued by the ISSB.

With regard to the ESG-related amendments to the Sole Circular for Investment Funds ("CUFI"), during 2026 the authorities continued working on the proposed amendments, and the proposal was formally submitted to the regulatory process. After receiving industry comments, the regulation was adopted in July 2026.



Data

Access to high-quality information and reliable sources remains one of the biggest challenges when integrating sustainability into investment decisions. Accordingly, BBVA AM periodically reviews the information and methodological approaches it uses with its associated providers. It also maintains regular contact with other major international providers to stay up to date on sustainability innovations, paying particular attention to metrics related to physical climate risk, the energy transition, and biodiversity.

During 2025, the entity continued to expand the volume of portfolios and assets analyzed through its internal Helena tool, which, by applying ESG and climate filters, provides a more comprehensive view of the profile and actual impact of its investments.

Technology

During 2025, BBVA AM continued to develop new internal tools to improve the management, control, monitoring and periodic disclosure of information on its portfolios with sustainable characteristics.

The most significant developments over the past year centered on:

- Evolution of the system of metrics generated as part of the sustainability strategy, which generally encompasses the integration of information from sustainable data providers into internal tools, the calculation of sustainability metrics for managed portfolios, and the preparation of relevant information for the different areas.
- Focus on periodic reporting, both regulatory reporting (under SFDR) and reporting to institutional customers. Work was undertaken to expand the list of metrics that provide transparency into the monitoring of key indicators for managing a product's sustainability objective, as well as to develop metrics for monitoring different promotion strategies across various asset classes (equity or government promotion strategies with a climate focus). Work has also been carried out to support the strategy of bringing certain occupational pension funds within the sustainability disclosure regime set out in Article 8 of SFDR.

The project has a global scope and can be scaled across the unit's different areas, allowing it to be adapted to each of the countries in which BBVA AM operates.

Product

As of December 31, 2025, BBVA AM manages approximately €8.933 billion in sustainability-linked investment products or solutions across the different countries in which it operates, comprising a total of 33 vehicles, including investment funds and pension plans. This figure includes products subject to different regulatory frameworks and covers those that, under the applicable regulations in each jurisdiction and their respective investment policies, promote sustainability characteristics or have sustainability objectives.

During 2025, vehicles managed in the European Union continued to adapt to evolving sustainability regulations, enabling our product offering to cover different asset types, risk profiles and sustainability preferences. In addition, the first occupational pension fund joined the sustainability disclosure regime set out in Article 8 of SFDR (financial products that promote environmental or social characteristics). Efforts are continuing to ensure that other pension plans also have environmental and/or social characteristics. It should be noted that the asset manager has minimum sustainability parameters that all managed vehicles must meet, subject to certain exceptions.

Disclosure and transparency

BBVA AM has developed new methodologies to expand regulatory reporting of sustainability-related data and has continued working to improve commercial information provided to customers.

The Engagement Policies and the Principal Adverse Impacts (PAI) Management Policies were reviewed and adapted to reflect evolving practices and developments.

In addition, the content and format of the Engagement Reports issued by management companies and investment vehicles in Europe were reviewed and expanded to provide clearer and more comprehensive information. Lastly, BBVA AM has continued to engage actively with its sustainability stakeholders.

Key activities included:

- Participation in numerous forums, meetings with investors and customers, surveys, and media roundtables to help promote sustainability best practices in investment.
- Active participation in international regulators' consultations on sustainability matters.
- The contribution to promoting and implementing sustainability with different stakeholders in society through training activities.

Internationalization

During 2025, work was carried out to automate controls under the exclusion policy in parallel in Europe and Mexico within the Helena ESG tool, incorporating the second update to the exclusion standard for asset management companies.

Work was also carried out to incorporate new businesses and products that have delegated their management to the Mexican asset management company into the analysis of the climate strategy.



In **Colombia**, the ESG integration process was carried out by incorporating sustainability metrics into the Helena tool. The integration was carried out through collaboration among the global sustainability, ESG risks, technology and Colombia investments teams.

Investing process

Throughout 2025, various workstreams were advanced to consolidate progress made in previous periods. These initiatives represent further progress in integrating sustainability across the different stages of the investment process.

Specifically, the areas of development were as follows:

- Strengthening investment beliefs regarding the integration of sustainability factors. A strategic exercise was conducted with the equity, fixed income, asset allocation and risk management teams and the Chief Investment Officer ("CIO") to revisit how the asset manager integrates sustainability and climate considerations into the investment process.

- Strengthening the technical expertise and the management and analysis of data required for decision-making and risk control. These data and methodologies are applied across the different pillars of the sustainable strategy, including: the exclusion standard, proxy voting, engagement activities, and impact and Principal Adverse Impacts (PAI) analysis.

- In addition, BBVA AM's Global Investments team made progress in integrating the implications of the climate transition into models used to estimate medium- and long-term economic growth and inflation. This process seeks to incorporate relevant non-financial information to analyze its impact across different geographic areas, while also enhancing the information required to calculate capital market estimates used for strategic asset allocation and the resulting asset prioritization. In 2025, work continued on evaluating various models and estimates to improve the incorporation of climate factors into growth and inflation estimates.

Teams and training

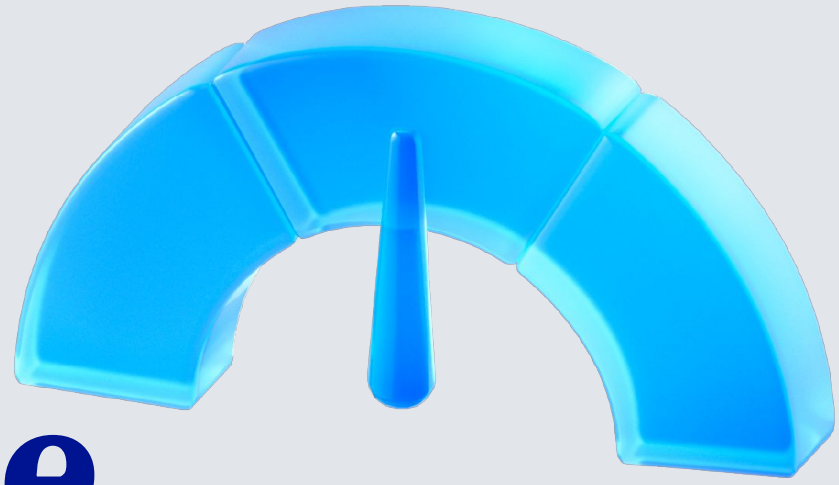
In recent years, the resources dedicated to the Sustainable Investments and Global Risks teams have been strengthened. This has enabled the teams to expand their capabilities and develop knowledge, criteria and methodologies that are particularly relevant to managing and monitoring customers' investments and portfolios in the countries where they operate.

In addition, BBVA AM has been able to promote the integration of sustainability across the organization by creating cross-functional working teams composed of members of its teams, including: Legal, Risks, Control & Compliance, Operations, Engineering, Investments, and Process & Procedures.

This facilitates the effective implementation of BBVA AM's sustainability strategy and is also particularly useful for sharing specific knowledge across the organization.

As a complement to the above, significant efforts have been made to provide BBVA AM employees with specialized, high-level training. In 2025, we had approximately 91 employees with internationally recognized sustainability certifications (CFA Institute Certificate in ESG Investing, EFFAS Certified ESG Analyst (CESGA), CFA Climate Risk, Valuation and Investing Certificate, EFPA ESG Advisor, etc.).

Managing risks associated with climate change



Climate-related risks and opportunities for BBVA AM

Climate change is a key factor in the business and investment environment, with a dual impact.

On the one hand, risks threaten operational and financial stability and can be divided into direct physical impacts (both acute extreme events and long-term chronic climate changes) and transition risks (arising from regulatory, technological, market and reputational adaptation to a low-carbon economy).

On the other hand, strategic opportunities arise for organizations leading the transition through resource optimization, the development of clean energy and climate technologies, access to financing, and the deployment of resilient adaptation infrastructure and services.

Specifically, BBVA AM focuses its efforts on risks related to climate change mitigation and adaptation, and on opportunities arising from the energy transition, as shown in the following table.

RISKS AND OPPORTUNITIES ASSOCIATED WITH CLIMATE CHANGE

Subject	Subtopic	Description	Risk or opportunity	Actual / Potential	Time horizon
Climate change	Climate change mitigation	Risk of a fine or financial loss arising from non-compliance with regulatory requirements and stakeholder expectations regarding climate change mitigation, including the quality of reporting and the climate characteristics of funds managed by BBVA AM	Risk	Potential	MT
		Reputational risk arising from negative stakeholder perceptions due to failure to meet climate commitments and targets	Risk	Potential	LT
		Financial risks arising from investments in companies affected by extreme weather events or long-term weather changes (physical risk)	Risk	Potential	LT
	Climate change adaptation	Financial risks arising from companies in which BBVA AM invests that, while operating across different sectors, do not optimally manage climate change transition and mitigation risks (transition risk)	Risk	Potential	LT
		Improving returns by increasing investment in companies that are adapted or resilient to the effects of climate change, as a source of financial benefits since they will be stronger and more efficient businesses	Opportunity	Potential	MT
	Energy	Differentiation and positioning in responsible markets by developing new sustainable products, capitalizing on sustainability trends and leading companies for inclusion in BBVA AM's investment portfolio	Opportunity	Potential	ST

(1) ST: Short Term, <4 years; MT: Medium Term, 4-10 years; LT: Long Term, >10 years

Description of the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning

Based on its climate objectives and sustainability strategy, BBVA AM has established a dedicated structure and resources to measure and manage climate-related risks. Accordingly, BBVA AM can:

- Identify relevant data and information sources, assess their quantity and quality, and update measurements as the underlying data improve.
- Develop relevant metrics for classifying and measuring the sustainability and climate characteristics of investments held in product portfolios.
- Set priorities for measuring and managing risks based on projected time horizons and their potential impact.
- Set management priorities for the levers of the climate strategy (engagement, tilting and divestment).
- Prepare relevant information needed to meet regulatory requirements in the different countries in which it operates.
- Produce relevant information for incorporating sustainability and climate factors into customer reporting.
- Develop methodologies and obtain data for the creation and development of investment products with climate-related characteristics or objectives.

See Climate Risks at BBVA AM section

The resilience of BBVA AM's strategy

The climate targets set have led to the launch of monitoring metrics and the analysis of measurement methodologies and data sources that will enable BBVA AM, over time, to identify and manage its climate risks so that it can progressively align its portfolios and operations with decarbonization objectives.



As mentioned in previous sections, BBVA AM recognizes climate change as a critical challenge and an opportunity for sustainable investment. Accordingly, the risk teams continue to work to address this challenge from several perspectives:

Relationship between global units and countries. The geographic characteristics of BBVA AM's structure make it possible to promote the integration of sustainability risks, particularly climate-related risks, in countries where sustainability practices are at an earlier stage.

Responsibility for system development and data management. The Global Risk Team is responsible for directly coordinating and overseeing the development of sustainability-related metrics and functionalities in the internal tool.

Preparation of information for corporate governance bodies. Local risk teams are responsible for preparing recurring information for submission to the executive risk committees or governing bodies of the entities that make up BBVA AM, relating to the exclusion, integration and climate target pillars.

Liaison with corporate risk departments. Through the relevant reporting lines to the corporate risk areas, developments relating to climate risk management are escalated and, conversely, potential synergies between the processes established at BBVA and BBVA AM are taken into account.



The developments described in this section began to be implemented in 2023 and continued to be developed in 2025.

The first workstream relates to regulation. In Europe, progress has been made in calculating PAIs, achieving more comprehensive detail, particularly for those related to climate risk. In other countries where BBVA AM operates, regulations are at an earlier stage, and developments are aligned with this initial phase.

The second workstream focuses on implementing BBVA Group corporate policies on sustainability in general and climate risk in particular. One of the objectives of these policies is to mitigate greenwashing risk through specific rules, following industry best practices.

The third and final key workstream has focused on improving and refining systems and data management to support not only the monitoring of climate and sustainability risks, but also the management of BBVA AM's strategy itself.

Depending on BBVA AM's activities, two different sources of risk can be distinguished:

- **Risk incurred by BBVA AM in its operations.** This risk is managed by BBVA's dedicated teams. The criteria established by BBVA Group therefore apply.

- **Risk related to the investments of vehicles managed by BBVA AM. S**ustainability and climate risks (both transition and physical) incurred through fund portfolio investments are the responsibility of BBVA AM and are the risks for which decarbonization targets have been established.



Climate risks at BBVA AM

Organization and structure

BBVA AM's risk structure follows the lines established by BBVA Group, with risk management functions divided between the units covering financial risks (Global Risk) and non-financial risks, together with the compliance function (Global Control & Compliance). This same structure is replicated in each country, where local heads have been appointed for these functions.

The global heads of Global Risks and Global Control & Compliance have a dual reporting line to the global head of AM&GW and the heads of the different corporate units within BBVA Group, and participate in the relevant corporate committees established under its governance system.

In addition, as previously mentioned, the global heads of Global Risks and Global Control & Compliance are members of the Sustainability Governance Group and are directly involved in decision-making and monitoring relating to BBVA AM's climate strategy. The current structure therefore provides for two-way communication.

This dual structure means that the heads of Global Risks and Global Control & Compliance at BBVA AM serve, on the one hand, as the points of contact for BBVA Group's corporate risk areas on climate risk management and, on the other, as the reference points for BBVA AM's risk teams in each of the countries where it operates.

Lastly, within the Global Risks team, a team of ESG risk specialists is responsible for coordinating progress on controls relating to the integration of sustainability risks in the different countries where BBVA AM operates, and for directly coordinating specific climate risk developments, particularly metrics used to monitor decarbonization targets. This team meets weekly with the other BBVA AM teams dedicated to sustainability to monitor established controls and developments in progress.



Data and system developments

BBVA AM decided to centralize data and developments relating to risks arising from the integration of sustainability into its processes in an internal tool. Over the past few years, the teams have developed various functionalities, with the Global Risks team responsible for coordinating implementation and validation. As part of this project, a dedicated area has been created for developments relating to climate risk in general and, in particular, metrics related to climate targets.

In 2025, various developments were implemented to improve and optimize processes in the climate area. Some of the key developments in this area include:

Dashboard and controls:

- **Dashboard for monitoring compliance with the CII objective of SFDR Articles 8 and 9.** A dashboard has been developed to review historical exposure levels and compliance with Sustainable Investment and portfolio promotion objectives, together with an alert system to monitor any changes in this regard.

- **Executive summary of sustainable indicators by investment fund for monitoring and reporting purposes.** A dashboard has been developed explaining the origin of each of the items making up the portfolio's total sustainable investment or investment promoting sustainability.

- **Development of customized,** specific best-in-class strategies that promote environmental or social characteristics in their investments.

- Automated measurement of the **environmental and social breakdown** of sustainable investment by funds that have a sustainable investment objective or promote environmental or social characteristics in their investments.

- Automated measurement of the **contribution to each of the Sustainable Development Goals** (SDGs) by certain asset categories in portfolios that have a sustainable investment objective or promote environmental or social characteristics in their investments, for the purpose of determining their classification as sustainable investments under Article 2.17 of SFDR.

- **Alert system** covering the **issuer universes** used for the key metrics supporting the Integration, Exclusions and Impact pillars described in the section "How BBVA AM Integrates Sustainability", identifying additions to and removals from investable or excluded sub-universes.

- **Preparation of specific reports.** Providing information to BBVA AM's key stakeholders is one of the fundamental pillars of its sustainability strategy. Accordingly, in 2025, work continued on developing and expanding the reports made available to customers. Of particular note is the increase in information required by regulators, especially in Europe in relation to SFDR requirements. Over the past year, new annual engagement reports for pension plans were produced, along with periodic reports for managed portfolios and more comprehensive marketing fact sheets for institutional customers.

- With regard to the **metrics calculation tool,** throughout 2025 the list of portfolio-level aggregated metrics continued to expand, providing transparency into the monitoring of key indicators for managing a product's sustainability objective and the development of different promotion strategies across various asset classes.

Methodologies:

- **Integration of sustainability data from funds managed by other entities.** One of the basic elements of BBVA AM's investment management is its open architecture, that is, investing in funds managed by third parties. The ability to consolidate large volumes of data from investment funds managed by other asset managers is therefore essential. During 2025, the methodology of the internal ESG rating system applicable to recommended actively managed funds and the full range of approved passively managed funds was further developed to adapt it to emerging trends and market developments in sustainability.
- **Review of the alignment methodology for corporates and sovereign fixed income.** Based on NZIF 2.0 (Net Zero Investment Framework), published in June 2024, a review of the methodology used to measure the alignment of corporate and sovereign fixed-income portfolios is ongoing. Building on NZIF 1.0, the databases used are being expanded to provide a more holistic view and improve the quality of the information used.

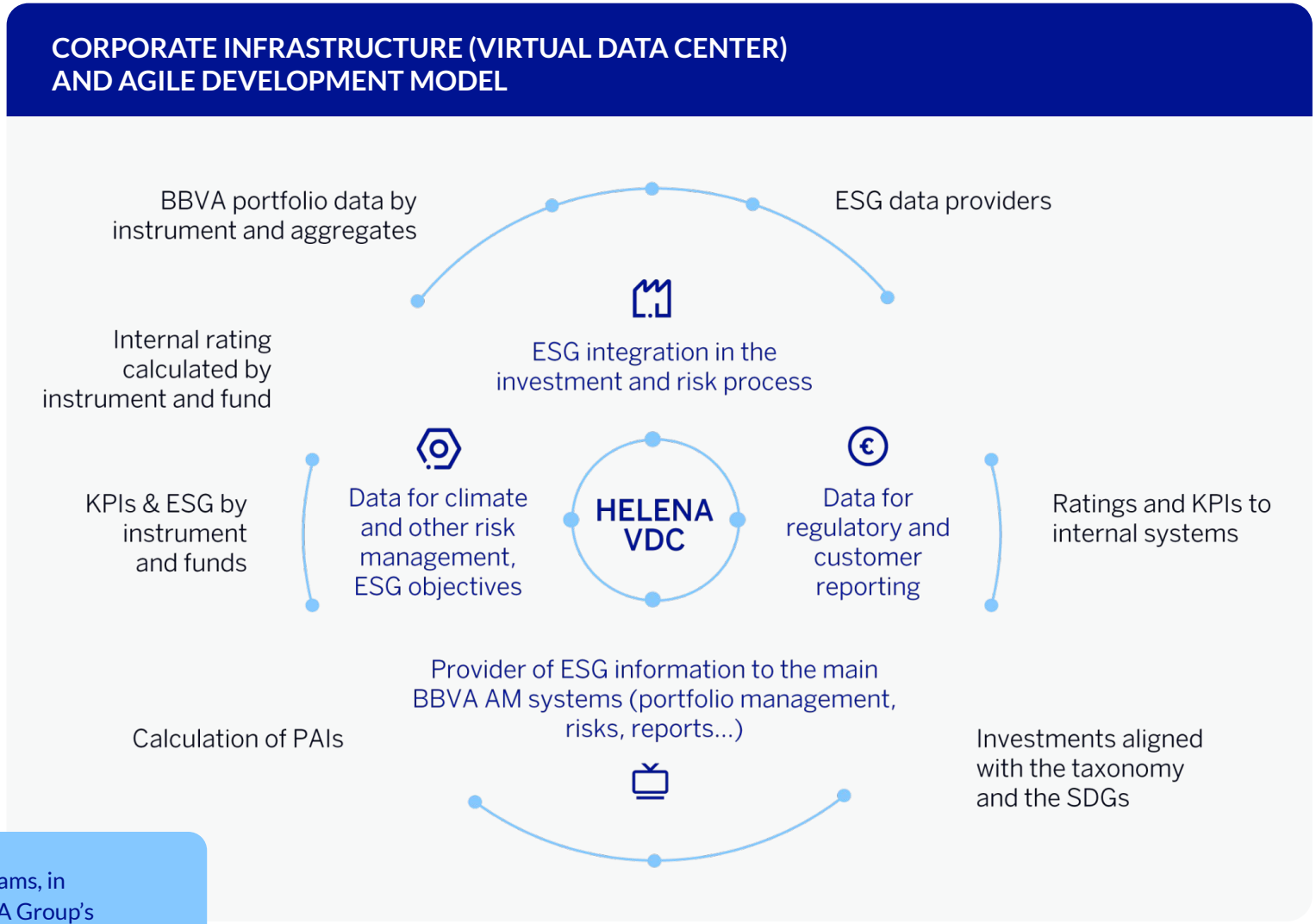
Business:

- **Expansion of the countries** in which Asset Management operates that integrate ESG considerations and are included in the Helena internal sustainability system. New query windows for metrics at the fund, instrument and portfolio composition levels, providing Risk and Investments teams with access to results for analysis.

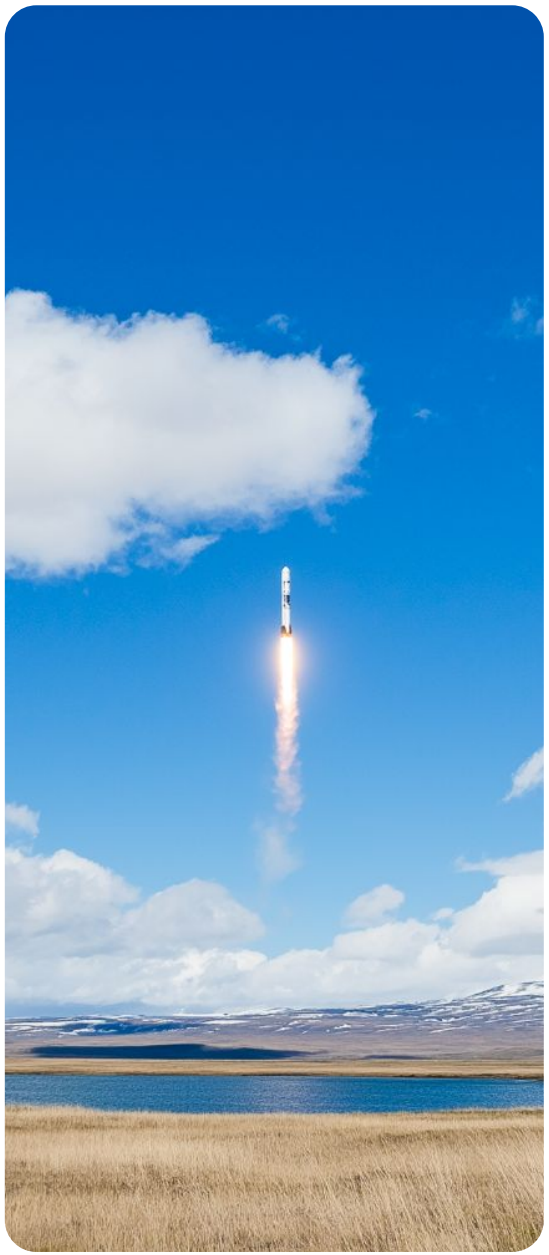


This non-exhaustive list of developments should also include the increase in data, both from new providers (benchmarks and static data from different providers) and from providers with which BBVA AM has worked since the project began.

As mentioned in the 2024 report, BBVA AM has established a twofold objective for the development of its internal ESG measurement tool: Helena. On the one hand, it performs the most relevant calculations relating to sustainability risk information, while on the other, it serves as an information repository providing the most relevant metrics, which are in turn used by other tools relied on by the different teams in their day-to-day work.



Currently, BBVA AM teams, in collaboration with BBVA Group's corporate risk areas specializing in climate risk, are exploring the possibility of leveraging the tools used by those areas to follow the same methodology.



Risk identification and assessment processes

Aware of the importance of correctly identifying and assessing sustainability risks, particularly climate risks, BBVA AM has developed a series of tools for their identification and analysis.

In this regard, with respect to assessing the materiality of companies' and governments' actions affecting the environment and society, BBVA AM has a process for measuring Principal Adverse Impacts (PAIs) for the asset management companies under its umbrella that are subject to European Union regulations. This process measures the negative, material and significant effects of investment decisions on sustainability factors, and is supported by a policy governing their monitoring and management. As mentioned above, the PAI Policy was reviewed in 2025[4], to reflect the improvements and progress made.

Measuring all PAIs and the related management policy, for BBVA AM asset management companies subject to European Union regulations, makes it possible to identify the entities that contribute most to them.

Specifically, with regard to climate risks, a series of metrics have been developed to identify companies with the highest Scope 1, 2 and 3 emissions, among other climate metrics. In addition, from a carbon intensity perspective, it is possible to identify the main contributors to WACI[5] in the portfolio, identify entities operating in high-emission sectors, and benchmark a company's intensity against its sector average to assess its emissions on a relative basis.

Since BBVA AM considers not only current emissions or their intensity to be relevant, but also their expected evolution over time, decarbonization pathways are modeled for these companies based on their stated targets. The quality of these targets is assessed and, based on this analysis, their degree of alignment with the 2050 net-zero emissions target is determined.

Assessment of the alignment that BBVA AM has established with both its long-term targets for 2050 and its interim targets for 2030. The following chart illustrates the process for assessing the alignment status of companies in the portfolio:

(4) The PAI Policy applies to BBVA Asset Management Europe (Spain, Luxembourg and Portugal), with Türkiye outside its scope. The details of the scope of application are set out in the Policy itself.
(5) Weighted Average Carbon Intensity, which measures how many tons of CO_2 a company generates per million euros in revenue and covers Scope 1 and 2 emissions.

DECISION TREE FOR COMPANIES' CO_2 EMISSIONS



Climate risk management processes

BBVA AM believes that sustainability risk and climate risk management must form part of the processes throughout the life cycle of the products it manages. Accordingly, these risks are considered from the product definition stage through to approval.

Throughout the product life cycle, BBVA AM teams also manage specific ESG risks, in addition to the product's inherent risks, since this type of product forms part of the overall managed portfolio. Furthermore, products are required to align with the objectives established by BBVA AM as an asset management unit.

In addition, reporting lines have been established for escalating any incidents that may arise, both to the investment management teams and to the various risk management bodies: risk committees, boards of directors of the asset management companies, or equivalent bodies.

In particular, BBVA AM's risk management process is structured into three layers:

LAYER 1

This layer can be divided into two: on the one hand, the teams responsible for designing products, which consider the applicable regulations, internal policies to prevent greenwashing risks, the feasibility of controls throughout the product's life cycle, and its alignment with the objectives we have established at BBVA AM; and, on the other hand, the investment management teams, which are primarily responsible for complying with internal policies, the product definition and applicable regulations.

BBVA AM has established the following as the main levers for managing the investment team in this first layer:

- **Direct action on portfolios,** assessing asset selection with the aim of investing in the most efficient companies and incorporating climate factors into the investment process.
- **Engagement with investee companies, either directly or through collaborative or delegated platforms,** thereby supporting companies in their decarbonization efforts and considering climate risks in proxy voting policies where this is possible.

LAYER 2

The main parties responsible for this layer are the risk management teams of the entities in each country. Their role is to monitor the main metrics for both individual funds and the overall portfolio managed by BBVA AM. They are also responsible for preparing monitoring information for risk committees and other relevant governance bodies.

LAYER 3

The Internal Audit teams are responsible for executing the controls in the third layer.



Metrics and Targets



Climate Targets[6]

In 2021, BBVA AM joined the international NZAM initiative and, in doing so, committed to supporting the companies and issuers in which it invests in achieving their decarbonization targets to reach net-zero emissions over the long term.

Based on the methodology of the *Paris Aligned Investment Initiative* (PAII) framework, which allows targets to be set at the overall portfolio and asset class levels, BBVA AM set an initial 2030 target that at the time called for decarbonizing 22% of assets under management. These assets are part of portfolios managed in Europe and Mexico and comprise eurozone sovereign fixed income (10% of total assets under management) and corporate equity and fixed income (12%).

For the time being, asset classes for which reliable data and methodologies were not available have been excluded from the scope of the project: including investment funds managed by third-party asset managers and derivatives, among others.

This criterion was maintained in 2025, as no significant progress had been observed that would allow them to be included with adequate monitoring and control. Nevertheless, work is continuing to incorporate all assets into the targets established.

In addition to decarbonizing its portfolios, BBVA AM aims to decarbonize its own operations. As part of BBVA Group, the unit operates in eight countries, uses the Bank's facilities, and conducts its activities under the same policies and objectives regarding the use of renewable energy and the reduction of direct CO_2 emissions.

Interim targets for 2030

BBVA AM has set the following interim portfolio decarbonization targets for 2030, covering the asset classes listed above:

- For all assets included in the initial target, achieve 60% of assets aligned or aligning with Net Zero.
- Reduce emissions from its equity and corporate fixed-income assets by 50%, measured using the WACI (Weighted Average Carbon Intensity) indicator, which measures the tons of CO_2 generated by a company per million euros in revenue.
- For eurozone sovereign fixed income, the target is to improve the Climate Change Performance Index ("CCPI") annually, an index that monitors countries' climate protection performance each year.

The targets are therefore defined at two different levels: by asset class (government on the one hand and corporate on the other), with metrics and targets tailored to each, and at the overall global portfolio level, where alignment with Net Zero is measured without segmenting by asset class.

(6) The achievement and progressive advancement of decarbonization targets will depend to a large extent on the actions of third parties, such as customers, governments and other stakeholders, and may therefore be materially affected by such actions, or the lack thereof, as well as by other external factors beyond BBVA AM's control (including, without limitation, new technological and regulatory developments, armed conflicts, and the evolution of climate and energy crises).Consequently, these targets may be subject to future revisions.

Net Zero Asset Managers Membership

2021

Starting point

2022

22% AUM COMMITTED
(Companies + Eurozone governments)

CLIMATE OBJECTIVES

COMPANIES

WACI emissions
Initial value: **173** tCO_2/€M sales

EUROZONE GOVERNMENTS

CCPI data
Initial value: **56.5**

ALIGNMENT of assets committed to **Net Zero** at the outset:
26%

2025

30.8% AUM COMMITTED
(Companies + Eurozone governments)

CLIMATE OBJECTIVES

COMPANIES

55.8% reduction in WACI emissions compared to the initial value.

Value at year-end 2025:
76.31 tCO_2/€M sales

EUROZONE GOVERNMENTS

Annual improvement in CCPI over initial value: **4%**
Value at year-end 2025: **58.6**

ALIGNMENT of assets committed to **Net Zero**:
39%

Commitment

2030

CLIMATE OBJECTIVES

COMPANIES

WACI emissions reduction compared to the initial value **50%**

EUROZONE GOVERNMENTS

Annual improvement in CCPI over initial value

ALIGNMENT of assets committed to **Net Zero**:
60%

Commitment

2050

CLIMATE OBJECTIVES

✓

ALIGNMENT of assets committed to **Net Zero**:
100%

AUM: Assets under management.
WACI: Weighted average of the carbon intensity of the portfolio, measured in tons of greenhouse gas emissions per million Euros of sales.
CCPI: Index of countries' performance in the fight against climate change.

With respect to the initial targets presented last year, the relevant metrics have evolved as follows:

- Committed assets under management increased from the initial 22% to 30.8% at the end of 2025 (12.1% eurozone sovereign debt and 18.7% equity and corporate fixed income).
- For all assets included in the initial target, 39.2% of assets have been aligned or are in the process of aligning with Net Zero, compared with 27% in 2024.
- A 55.8% reduction in the average carbon intensity of equity and corporate fixed-income assets compared with the baseline, measured using the WACI indicator, which measures the tons of CO_2 generated by a company per million euros in revenue. At the end of 2025, the metric stood at 76.31 tCO_2/€m, compared with 71.95 tCO_2/€m in 2024.
- For eurozone sovereign fixed income, the target is to improve the CCPI annually. This is an index that monitors countries' climate protection performance each year. At the end of 2025, the committed portfolio stood at 58.63, compared with 57.41 at the end of the previous year, representing a 2.1% increase in the metric compared with the previous year and a 3.8% improvement compared with the baseline when the target was set (56.5).

22% ↑ **30.8%**
2024 2025

Committed assets under management

27% ↑ **39.2%**
2024 2025

Assets aligned or aligning with Net Zero

71.95 tCO_2/M€
2024

76.31 tCO_2/M€
2025

Asset emissions measured using the WACI indicator



57.41
2024

+2.1%

58.63
2025

CCPI indicator level for European government portfolios



Approaches to action

BBVA AM's asset management area has designed a plan to achieve its decarbonization targets, based on the following lines of action:

- Invest in companies and countries that are on a transition pathway, with established targets and action plans.
- Engage with companies as part of its engagement activities to encourage the companies in which it invests to establish climate targets and action plans. And understand, where such targets change, the reasons for the change and how it aligns with the companies' activities, industry practices and the market environment.
- Place greater focus on the companies with the highest emissions in the portfolio and on the alignment of their actions with the decarbonization target adopted.
- Identify and monitor countries and companies, as well as new products that may incorporate an energy transition theme.

During 2025, BBVA AM teams worked on various aspects to obtain a more comprehensive picture of their investments. The targets of the companies in which it invests were identified and filtered, analyzing whether they are consistent with the targets established for the portfolios. This step is essential for implementing the levers described above.

OUR LEVERS

Invest in companies and countries that are on the transition path with set objectives and action plans.

Carry out engagement activities, so that companies that have not set objectives or do not have action plans can start on the path.

Work on action and monitoring plans so that companies with the highest emissions contribute to the set goal of decarbonizing portfolios.

Identification and monitoring of countries and companies, as well as new products that may incorporate the theme of energy transition.

Metrics

Portfolio carbon intensity metrics

During 2025, BBVA AM continued to follow the recommendations of the Paris Aligned Investment Initiative (PAII) framework, under which emission reduction targets and their corresponding metrics have been established at the asset class level, together with portfolio alignment targets based on a more qualitative assessment.

Equities and corporate debt

The metric selected to monitor portfolio emissions is WACI (Weighted Average Carbon Intensity), following the parameters established in the measurement framework defined by PAII. For each company, this metric is defined as the tons of CO_2 emissions generated by the company per million euros in revenue and covers Scope 1 and 2 emissions.

As mentioned above, at the end of 2025, the portfolio's total WACI stood at 76.31 tCO_2/€m. For this metric, BBVA AM has set an interim target of a 50% reduction by 2030 for the assets initially included in the commitment.

With regard to the sectoral distribution of WACI, high-emission sectors (High Emitters under the PAII methodology) account for approximately 76% of the total contribution.

WACI SECTOR DISTRIBUTION

SECTOR	
Electricity generation	35.07%
Cement	14.25%
Oil & Gas	8.63%
Chemicals	5.12%
Coal miners	3.68%
Maritime transport	2.62%
Financial	2.56%
Steel	2.13%
Paper	0.92%
Autos	0.50%
Aluminum	0.46%
Other industrial	0.41%
Diversified mining companies	0.36%
Airlines	0.00%
Others (low-emission sector)	23.27%
	100%

Data at 2025 closing

DISTRIBUTION DETAIL WACI LOW-EMISSION SECTORS

SECTOR	
Industry	7.73%
Basic consumption	3.36%
Public services	3.01%
Information Technology	2.78%
Communication Services	1.71%
Real estate	1.68%
Healthcare	1.27%
Consumer discretionary	1.08%
Materiales	0.51%
Energy	0.14%
	23.27%

Data at 2025 closing

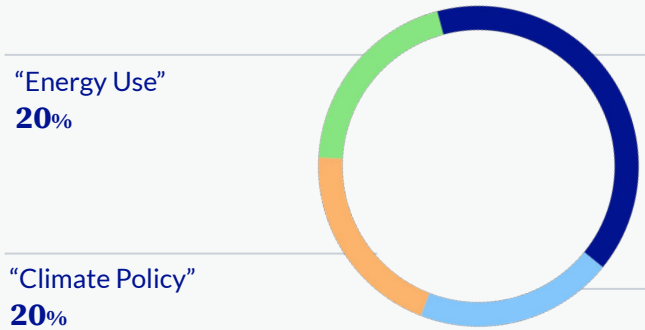
Sovereign Issuers

In this case, the methodologies recommended by PAII have also been followed, using the CCPI as the reference index. The objective is to improve the CCPI of the portfolio's eurozone sovereign debt holdings annually compared with the previous year's reference level.

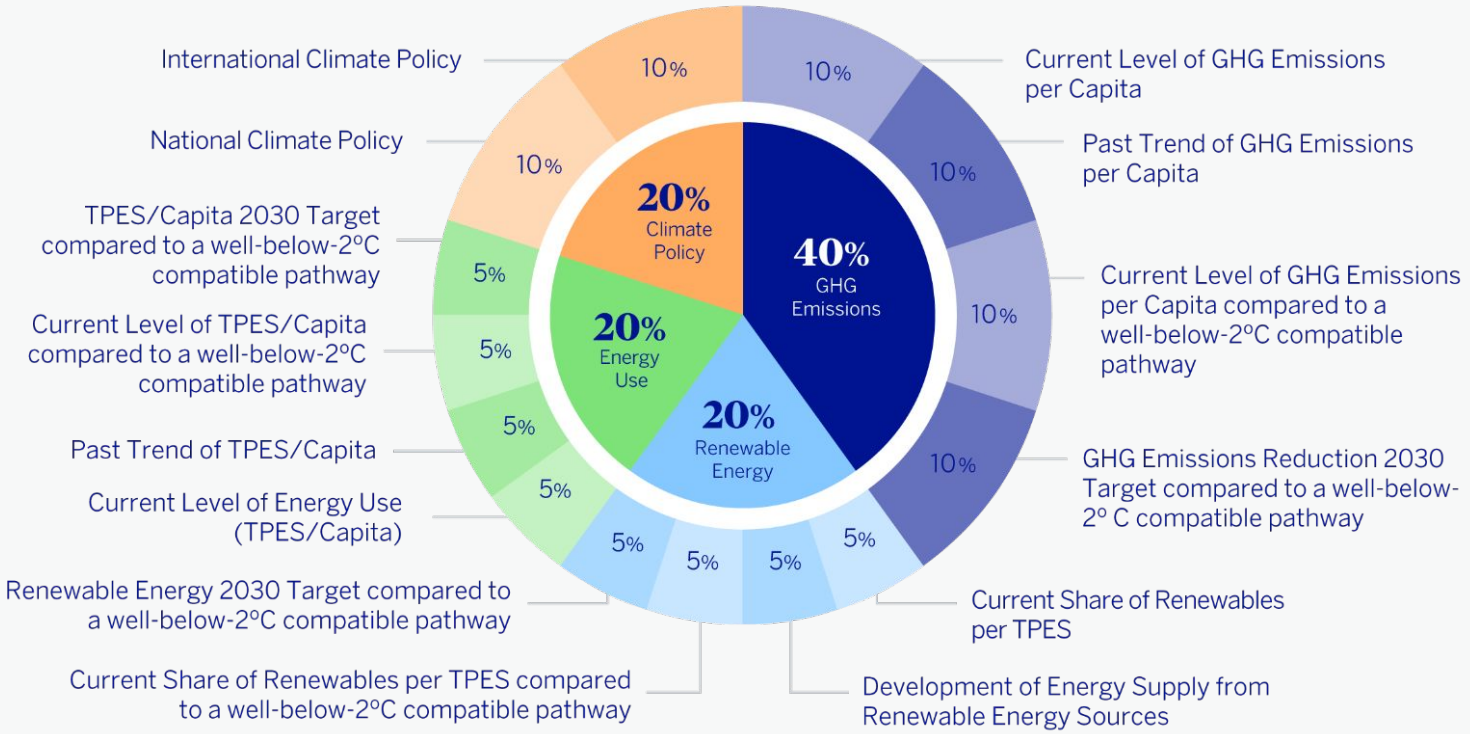
This indicator is calculated by Germanwatch, an independent non-governmental organization whose work focuses on climate change mitigation and adaptation, global food security, corporate responsibility, education for sustainable development, and financing the fight against climate change and for development/food security.

The indicator measures a country's progress in climate change protection by assessing progress in emissions, renewable energy use, energy efficiency and climate change policies. The indicator ranges from 0 to 100, with a higher score reflecting better climate performance by the country.

CLIMATE CHANGE PERFORMANCE IS ASSESSED ACROSS FOUR CATEGORIES:



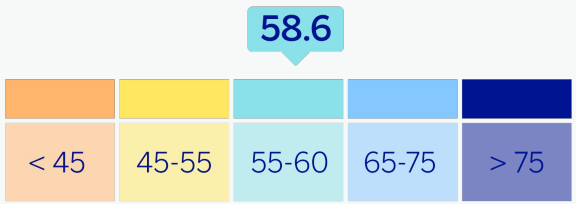
CCPI COMPONENTS



At the end of 2025, the committed portfolio stood at 58.63, above the baseline of 56.5 and also higher than the 2024 year-end level of 57.41. The main investments in the committed government portfolio are concentrated in Spanish, German, Italian and French government securities, as well as European Union issuances.

Spain's CCPI score, to which the portfolio has significant exposure, improved considerably over the most recent period, thereby improving the portfolio's overall figure compared with the previous year.

CCPI SCORE



Portfolio alignment metrics

In addition to the asset-class-specific targets explained above, a 2030 target has been set covering the companies in which BBVA AM invests and that make up its portfolio, together with investments in eurozone governments. The target is for at least 60% of investments to be aligned or aligning with net-zero emissions policies for 2050 by 2030.

For both types of assets (corporate and government) combined, the percentage aligned or aligning with Net Zero stands at 39.2% as of the date of this report, compared with 27% in the previous year. The increase is mainly attributable to the improvement in the sovereign component, particularly Spain.

Equities and corporate debt

For this asset class, the PAII framework was selected to establish a decarbonization target alongside quantitative emissions metrics.

PAII CRITERIA

ALIGNMENT CRITERIA	DESCRIPTION
01. Aspiration	Long-term goal for 2050 aligned with the global achievement of carbon neutrality
02. Targets	Short- and medium-term emission reduction targets
03. Changes in emissions	Comparison of the current level of emission intensity with the targets set
04. Data Release	Publication of emissions data
05. Decarbonization strategy	Defined plan describing the measures developed to achieve emission reduction targets
06. Alignment of capital allocation	Proof that capital investments are aligned with achieving NZ targets by 2050
07. Commitment to policies to combat climate change	The company publicly defends its alignment with the Paris Agreement and demonstrates this in its direct and indirect involvement with the different actors in society and related to its activity
08. Climate governance model	Monitoring transition plans to NZ and remuneration of the executive team linked to the achievement of climate and transition objectives
09. Just transition	The company considers the consequences of the transition to a less carbon-intensive business model on its employees and communities
10. Climate risks in financial statements	The company discloses climate risks and their management in its TCFD report, and incorporates them into its financial statements

To use if data are available

This is a qualitative metric that measures the proportion of the portfolio aligned with the Paris Agreement. It is defined as the proportion of the portfolio falling within the categories defined by PAII, based on an assessment against the ten criteria established. For these purposes, the targets set are based on Scope 1 and 2 emissions.

The portfolio result for this assessment, based on a baseline comprising exposures at the end of 2021 and emissions data for 2019 (the scenario selected to avoid the effects of the crisis caused by COVID-19 in 2020), is as follows: the percentage of the portfolio aligned or aligning with Net Zero was 28%, compared with 47.6% of assets under management in equity and corporate debt at the end of 2025.

Sovereign Issuers

Following the methodological framework established by PAII, BBVA AM uses a metric that shows the evolution of sovereign assets in terms of their performance with regard to climate change.

In this case, the CCPI developed by Germanwatch has been selected. It establishes a ranking in which, based on a country's score, a rating is assigned (ranging from *very high*, *high*, *medium*, *low* and *very low*) to reflect progress in combating climate change. Countries with a very high or high rating are considered aligned or aligning with Net Zero.

Quantitative factors are given greater weight in the calculation of scores and ratings, while the more qualitative components focus on analyzing countries' alignment policies toward decarbonization targets. This is why the very *high*, *high*, *medium*, *low* and *very low* classifications do not correspond to fixed numerical scores. Both scores and ratings are updated annually. In addition, because of the metric normalization process used to calculate the scores, they should be interpreted as a relative measure of performance between countries rather than as a score in their own right.

In 2025, the percentage of the portfolio aligned or aligning (the two highest ratings, i.e., *very high* and *high*) stood at 26% of assets under management in eurozone sovereign debt, compared with 0.8% the previous year and 23% at baseline.

The main reason for the increase in the alignment percentage of the committed government portfolio is Spain's rating upgrade from *medium* to *high* compared with the previous year.



Appendix



TCFD RECOMMENDATIONS COMPLIANCE TABLE

	TCFD recommendations for asset managers	BBVA AM TCFD Report
Governance model	1. Supervision by the Board 2. Role of management	Section 1: Governance model – AM&GW Structure – Sustainability governance model – Sustainability Governance Group Section 3: Managing risks associated with climate change Climate risks at BBVA AM – Organization and structure
Strategy	3. Description of risks and opportunities 4. Impact of risks and opportunities 5. Resilience	Section 3: Managing risks associated with climate change Climate-Related Risks and Opportunities for BBVA AM – Description of the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning – The resilience of BBVA AM's strategy
Risk management	6. Organization to identify and assess risks 7. Organization for risk management 8. Integration into general risk management	Section 3: Managing risks associated with climate change
Metrics and Targets	9. Report on the metrics and objectives used 10. Report on Scope 1, 2 and, where applicable, Scope 3 GHG emissions 11. Report on objectives and performance	Section 4: Metrics and Targets – Climate targets – Approaches to action – Portfolio carbon intensity metrics

Other documents of interest

BBVA Group

BBVA annual report

- Sustainability Strategy
- BBVA decarbonization targets

BBVA Asset Management Europe

- General Sustainability Policy
- Exclusions Policy
- Principal Adverse Impacts Management Policy
- ESG Risk Integration Policy
- Engagement Policy
- Engagement Report 2025
- BBVA AM Net Zero Roadmap



Glossary

A

ALFI	Association of the Luxembourg Fund Industry
AM	Asset management

B

Bank	Banco Bilbao Vizcaya Argentaria, S.A.
BBVA AM	BBVA Asset Management
BBVA AM&GW	BBVA Asset Management & Global Wealth
BBVA	Banco Bilbao Vizcaya Argentaria, S.A.

C

CII	Collective Investment Institution
CCPI	Climate Change Performance Index
CNMV	Spanish National Securities Market Commission (CNMV)
CO_2	Carbon dioxide

E

EOS	EOS at Federated Hermes
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
EU	European Union

G

GHG	Greenhouse gases
GGS	Sustainability Governance Group
GSA	BBVA Group Global Sustainability Area

I

IIGCC	Institutional Investors Group on Climate Change
INVERCO	Spanish Association of Collective Investment Institutions and Pension Funds

Glossary

N

NZ	Net Zero
NZAM	Net Zero Asset Managers
NZEI	Net Zero Engagement Initiative

P

PAII	Paris Aligned Investment Initiative
PAI	Principal Adverse Impacts

S

SDG	United Nations Sustainable Development Goals
SFDR	Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector

T

TCFD	Task Force on Climate-Related Financial Disclosures

U

UN PRI	United Nations Principles for Responsible Investment

W

WACI	Weighted Average Carbon Intensity

BBVA

Asset Management