

# Information on Sustainability

Private Banking discretionary management portfolios with sustainable characteristics ("**Portfolio**"), whose management is delegated to BBVA Asset Management, S.A., SGIC ("**Manager**") are configured through a series of model portfolios ("**Model Portfolios**") which will be replicated in the customers' final portfolios. Model Portfolios are configured using financial and non-financial criteria, selecting investment funds ("**Funds**") that invest in financial instruments whose strategy seeks to minimize environmental, social and good governance risks (ESG criteria).

Part of the Model Portfolios will be allocated to the promotion of environmental, social and governance characteristics (ESG), investing exclusively in financial CII's classified as sustainable according to EU Regulation 2019/2088, either because they are CII's that promote environmental or social characteristics (classified as article 8 of this Regulation), or because the objective of the CII is sustainable investments (classified as article 9 of the aforementioned Regulation).

Although a sustainable objective has not been established for the configuration of Model Portfolios, 20% of its assets are made up of sustainable investments in accordance with article 2.17 of the EU Regulation 2019/2088.

Investment in CII's whose objective is sustainable investments (classified as article 9 of this Regulation) as well as the % of sustainable investment indicated in legal or public documentation in CII's that promote environmental or social characteristics (classified as article 8 of the Regulation) shall be considered a sustainable investment.

With regard to **sustainability indicators**, the Manager uses different indicators to check compliance with the environmental or social characteristics of the Model Portfolios, such as, among others: the percentage invested in CII's whose objective is sustainable investments (taking into account that the sustainable investments of Model Portfolios will constitute at least 20% of its assets) and the average ESG rating will also be monitored regularly, according to the Manager's analysis methodology.

The sustainable investments of each of the Model Portfolios may contribute to one or more economic activities considered environmentally sustainable in accordance with the EU's environmental taxonomy set out in Regulation (EU) 2020/852 and other development provisions (the "EU Taxonomy"). In particular, these investments may aim to mitigate climate change or adapt to climate change. The minimum alignment percentage of the investments of Funds in which the Model Portfolios invest with the EU's Taxonomy will appear in the legal or public documentation of each of these underlying funds.

To select the Funds that make up the Model Portfolio, their classification will be used according to EU Regulation 2019/2088 (art. 8 and art. 9, exclusively). The Manager's **sustainable pillars** will be applied to this selection process (based on its own methodology), in accordance with the following:

- **Exclusion:** The exclusions of the underlying Funds are monitored in terms of economic activities, universally accepted principles (social and labor) and the UN guiding principles, among others.
- **Integration:** ESG factors are integrated into the investment process, i.e. **Environmental** factors (e.g. climate change, pollution, waste management and best practices for preservation of the ecosystem), **Social** (among others, human capital management and social responsibility in product creation) and **Good Governance** (good corporate governance practices),



so that the Manager, applying its own methodology and with the support of its external information providers, gives an ESG rating to each Fund (A, B or C, the latter being the worst) and does not invest in those with the lowest rating (C), with a low sustainable profile.

- **Voting/Engagement:** The voting and engagement policies of the underlying Funds and Managers are monitored.

The ESG strategy is implemented in the investment process on an ongoing basis. The Manager monitors the degree of achievement of the investment strategy and the ESG requirements of the Model Portfolios on a monthly basis.