Information on Sustainability

The BBVA Multiestrategia Portfolio with sustainable characteristics ("**Portfolio**") consists of three investment funds ("**Portfolio Funds**") that combine financial and non-financial criteria in their management by selecting companies whose strategy seeks to minimize environmental, social and governance risks (ESG criteria). The Portfolio Funds promote environmental or social characteristics (Article 8 of Regulation (EU) 2019/2088).

More than 50% of the assets in each Portfolio Fund, directly and indirectly, promote environmental and social characteristics, as well as the fund's sustainability ideals. Each of them includes a minimum of 20% in sustainable investments as per Article 2.17 of Regulation (EU) 2019/2088 linked to the United Nations Sustainable Development Goals ("SDG"), while the remaining investments are intended not to interfere with the achievement of the environmental and social characteristics promoted by the Portfolio Funds.

The ESG characteristics of the Portfolio Funds will be promoted as follows:

- Direct investments. Both through the application of best-in-class strategies, which consist of selecting assets that, in accordance with the methodology of BBVA Asset Management, S.A., SGIIC as their management company ("**Manager**"), have the best ESG ratings within their reference universe (with regard to public fixed-income assets, a portfolio will be selected whose ESG rating is better than that of all issuers of its benchmark index), and through the use of exclusion strategies with more demanding criteria than those employed in the Manager's pillars (for example, eliminating from the universe of assets those belonging to a specific sector, or ruling out a certain percentage of assets with the worst ESG ratings).
- Indirect investments. By investing exclusively in financial CIIs classified as sustainable as per EU Regulation 2019/2088, either because they are CIIs that promote environmental or social characteristics (classified as Article 8 of this Regulation), or because the objective of the CII is to make sustainable investments (classified as Article 9 of this Regulation), provided they satisfy the ESG characteristics promoted by the Portfolio Funds.

The **sustainable investments** of the Portfolio Funds will be linked to the achievement of environmental and/or social objectives related to the United Nations SDG. These objectives seek to end poverty through improvements in health, education, economic growth and by reducing inequalities, and to address climate change by preserving the planet's oceans and forests, as detailed on the UN website: https://www.un.org/sustainabledevelopment/

The sustainable investments of the Portfolio Funds are described below, depending on the asset type:

Equities: an investment is deemed to be sustainable if it is made in companies whose contribution to at least some of the SDG is positive or very positive, with the contribution to the other SDG being very positive, positive or neutral. Negative or very negative contributions to any SDG are not allowed.

To measure the contribution to the United Nations SDG, the Manager will use its own methodology, which relies on data from external suppliers to analyze whether each company has a very positive, positive, neutral, negative or very negative contribution to each SDG. The contribution is evaluated from the point of view of the products and services offered by the company, as well as of its execution and operations, to determine the company's total contribution to each SDG. This classification is reviewed continuously and entails variations in the investment universe of the Portfolio's investment funds.

Public/private fixed-income: the sustainable investments will take the form of green, social, and sustainable bonds, and bonds linked to sustainability, in accordance with the standards of the International Capital Markets Association (ICMA) and/or the standards developed by the EU. These issues will have objectives identified in accordance with the SDG. They may also invest in issues from companies whose contribution to at least some of the SDG is positive or very positive, as long as their contribution to the other SDG is very positive, positive or neutral.

The green, social and sustainable bond issues are intended, respectively, to finance (or refinance) projects with environmental goals (such as renewable energies, energy efficiency, pollution prevention and control, clean transport or conversion to a circular economy), social goals (such as access to education, poverty alleviation or provide aid to the most vulnerable social groups) or a combination of both, and which were previously identified in their issue statement.

Investments in CIIs that have sustainable investments as their goals (classified as Article 9 of the aforementioned Regulation) will also be considered a sustainable investment.

The portfolio may invest in sustainable investments consistent with the SDG through financial derivative instruments traded on organized markets whose underlying asset consists of financial indexes that are compatible with the definition of sustainable investment given above, including EU climate transition benchmark indexes and EU benchmark indexes harmonized with the Paris Agreement, or green, social or sustainable bond indexes.

With regard to the **sustainability indicators**, the Manager uses different indicators to verify compliance with the environmental or social characteristics of the Portfolio Funds, such as: the percentage allocated to sustainable investments (taking into account that the sustainable investments of the Portfolio will constitute at least 20% of its total exposure). Their average ESG rating will also be monitored regularly, as per the Manager's analysis methodology

The principle of "cause no significant harm" applies only to the investments underlying the financial product that comply with EU criteria for environmentally sustainable economic activities. The investments underlying the remaining financial products do not take into account the EU criteria for environmentally sustainable economic activities.

The Manager ensures that none of the sustainable investments in each of the Portfolio Funds cause significant damage to any sustainable investment objective. To do this, the Manager:

- Takes into account the main adverse impacts of these sustainable investments (defined as those impacts from investments that may have a negative impact on sustainability factors). The information regarding these impacts will be included in the periodic information of the Portfolio Funds. The Manager's due-diligence policy statement in relation to adverse impacts is available on its website https://bbvaassetmanagement.com/es/informacion-relacionada-con-sostenibilidad/

- The asset selection process applies the pillars of exclusion and integration, which prevent investing in certain controversial sectors, activities or countries. Similarly, the Manager monitors and tracks these adverse impacts throughout the life of the investments and, as part of the voting/commitment pillar, has a policy of engagement and dialogue with the companies and entities in which the Portfolio Funds invest.

- In the case of sustainable investments consisting of investing directly in equities and fixed-income securities other than green, social and sustainable bonds, or bonds linked to sustainability, the Manager also ensures that the issuers of the assets do not have a negative or very negative contribution to any SDG, as per the Manager's own methodology.

- Sustainable investments are consistent with the OECD Guidelines for Multinational Enterprises and with the United Nations Guiding Principles on Business and Human Rights.

The sustainable investments of each of Portfolio fund 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 implementing 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 the Portfolio Funds with the EU Taxonomy is 0%.

In addition, as part of the process of investing the Portfolio Funds, the Manager's **sustainable pillars** are applied (using its own methodology) (except for derivative financial instruments) to issuers of both equity and fixed-income (public and private) instruments and to CIIs (the exclusion pillar is not applicable to CII, nor the voting/commitment pillar to public issuers), in accordance with the following:

- **Exclusion:** no investments are made in controversial sectors or activities (controversial weapons, and tobacco). Investments are also not made in companies that do not comply with: (i) the United Nations Global Compact, which is an international initiative that upholds the implementation of ten universally accepted principles to promote sustainable development in the areas of human rights and business, labor standards, the environment and the fight against corruption in business activities and strategy; (ii) the OECD Guidelines for Multinational Enterprises, which are recommendations on responsible business conduct issued by the governing bodies of this organization to multinational companies that operate in OECD countries, and that aim to promote the positive contribution of these companies to economic, environmental and social progress worldwide; or (iii) the United Nations Guiding Principles on Business and Human Rights, which are a set of 31 principles aimed at States and companies that clarify the duties and responsibilities of both with regard to the protection and respect of human rights in the context of business activities, and access to an effective remedy for the people and groups affected by these activities.

  In the case of public fixed-income bonds, investments will not be made in countries where arms embargoes are imposed by the United Nations Security Council, the European Union and/or the United States.

- **Integration:** ESG factors are integrated into the investment process, i.e., **Environmental** (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 **Governance** (good corporate governance practices) factors, such that the Manager, applying its own methodology and with support from its external information providers, gives an ESG rating to each company (A, B or C, the latter being the worst) and does not invest in those with the lowest rating (C), those that have a low sustainability profile or that are involved in very severe controversies (serious cases of money laundering, sexual and/or racial discrimination involving employees, spills of pollutants that harm the environment, etc.).

  As an exception, green, social and sustainable bonds and bonds linked to sustainability that are issued by private entities will always have a high ESG rating (A), regardless of the specific characteristics of the issuer. However, if the issuer of these types of bonds is a public entity, the characteristics of the issuer will be taken into account -specific environmental (environmental health of the country and vitality of its ecosystems) and social (wealth inequality, gender inequality and Human Development Index) factors, as well as anti-corruption controls, regulatory quality or the absence of violence, among others - such that no investment will be made in those issues whose issuer has the lowest ESG rating (C).

- **Vote/Commitment:** voting rights will be exercised in most of the securities held, voting in favor of those ESG strategies and practices for which there is sufficient information and transparency. Similarly, active engagement strategies may be established with companies in which a significant sustainability shortfall is detected. The Manager may also interact with other stakeholders related to the companies in which it invests (such as important shareholders, employees and their representatives, industry associations to which the company belongs, regulatory bodies, vendors, customers and other investors) to achieve objectives that lead to an improvement in the environment and the quality of life of society.

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 Portfolio on a monthly basis. Similarly, any potential controversies identified in the portfolio's holdings are analyzed and an action plan is crafted, if applicable, along with the specific actions (engagement) to be carried out involving these companies. The Manager will supervise the implementation of the Portfolio Funds strategy, monitoring compliance with the criteria, as well as the degree of achievement of the ESG characteristics promoted by the Portfolio.

The Manager ensures that the issuers of sustainable investments comply with the **governance criteria** described in Regulation (EU) 2019/2088: that is, that their management structures, employee relations and remuneration of staff are sound and comply with tax obligations. Internally, metrics will be identified to monitor compliance with these criteria. These metrics may vary over time depending on the information available, and on the type of company and asset. Some examples of indicators are indicators of irregularities or misconduct by company managers, or indicators of disputes related to fraud, bribery or governance structures.