

BBVA

Asset Management

ANNUAL REPORT

Engagement and voting fiscal year 2025

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



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Introduction

This report has been prepared following the structure of the "Principles" defined in the Code of Good Practices for Institutional Investors, Asset Managers, and Proxy Advisors regarding their duties with respect to the entrusted assets or services provided (the "Investor Good Practice Code" or the "Code"), published by the National Securities Market Commission on February 22, 2023. It was considered that using this structure would facilitate a better presentation of the information.

BBVA Asset Management, S.A., S.G.I.I.C. (hereinafter the Management company), **joined the Code of Good Practices for Investors on December 20, 2024**, availing itself of the three-year transitional period starting from the date of its publication (i.e., until February 2026) in full compliance of its principles. At the time of publication of this report, the Management Company was already fully compliant with these Principles.

Principle 1.

Long-term Strategy

Sustainability at BBVA Asset Management & Global Wealth

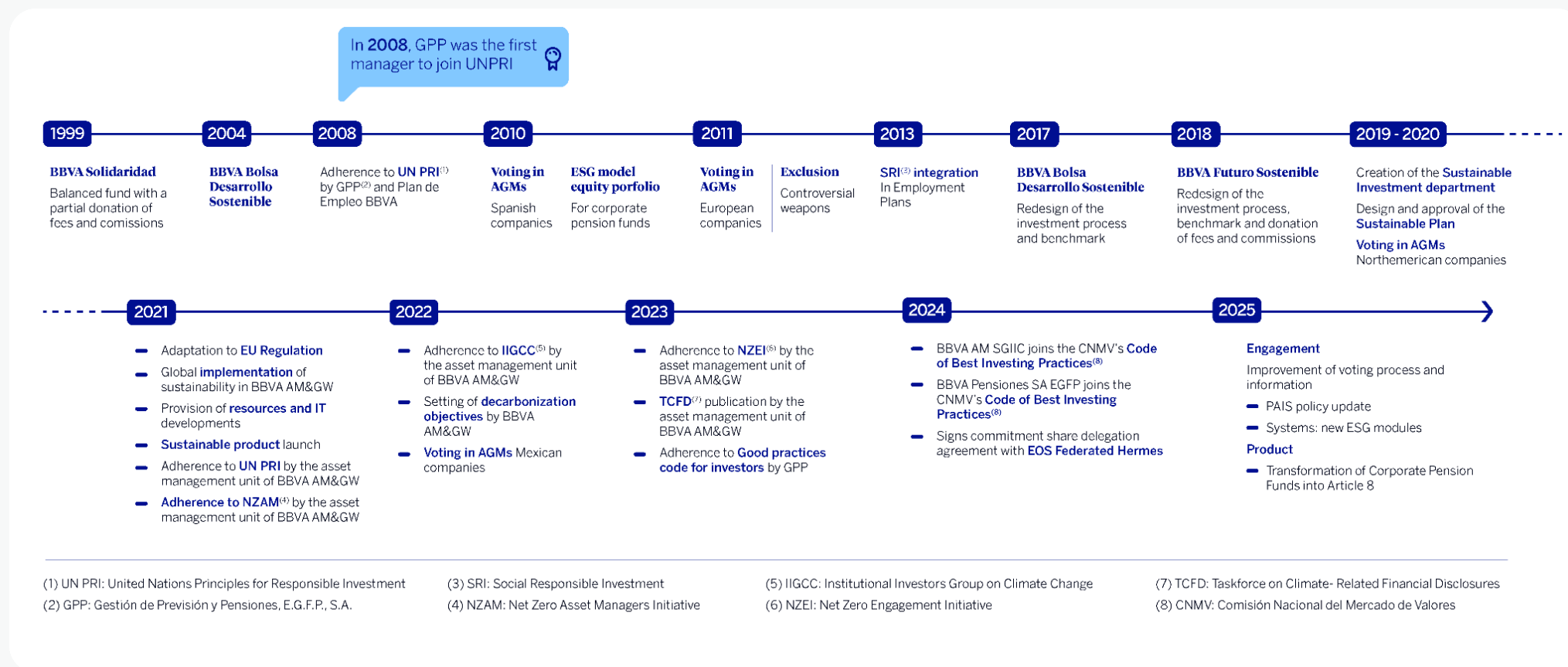
BBVA Asset Management & Global Wealth (hereinafter referred to as BBVA AM&GW) is the BBVA Group's division that encompasses its investment fund and pension fund managers as well as its global portfolio management services.

At present, investment management within the unit of BBVA Asset Management Europe (which comprises the entities BBVA Asset Management, S.A., S.G.I.I.C., BBVA Pensiones, S.A., E.G.F.P., and Gestión de Previsión y Pensiones, E.G.F.P., S.A.) is conducted by BBVA Asset Management, S.A., S.G.I.I.C. The Management Company is responsible for handling the investments of collective investment institutions located in different European countries (Spain, Luxembourg, Portugal, etc.), of venture capital entities and other instruments and portfolios through its discretionary management service (pension funds, voluntary social welfare entities, insurance portfolios, etc.).

BBVA's 2025–2029 strategic plan identifies sustainability as one of Banco Bilbao Vizcaya Argentaria, S.A.'s (hereinafter, the BBVA Group) strategic priorities and as a driver of growth. This sustainability strategy is built around three pillars: climate action, inclusive growth, and the preservation of natural capital. Along the same lines, BBVA AM&GW also regards sustainability as a business priority.

BBVA AM&GW's commitment to sustainability and responsible investment has a long-standing history, demonstrated by the launch of its first solidarity-based investment fund – BBVA Solidaridad Investment Fund – in 1999, and its first sustainable investment fund – BBVA Desarrollo Sostenible Investment Fund – in 2004. Additionally, Gestión de Previsión y Pensiones, E.G.F.P., S.A. (hereinafter referred to as GPP), a member of the BBVA Group that primarily manages occupational pension funds, was the first Spanish management company to join the United Nations Principles for Responsible Investment (hereinafter referred to as UN PRI) in 2008.

Sustainability track record of the BBVA AM&GW unit



(1) UN PRI: United Nations Principles for Responsible Investment
(2) GPP: Gestión de Previsión y Pensiones, E.G.F.P., S.A.

(3) SRI: Social Responsible Investment
(4) NZAM: Net Zero Asset Managers Initiative

(5) IIGCC: Institutional Investors Group on Climate Change
(6) NZEI: Net Zero Engagement Initiative

(7) TCFD: Taskforce on Climate- Related Financial Disclosures
(8) CNMV: Comisión Nacional del Mercado de Valores

i) Development of policies, procedures, and strategies

1. Policies, standards, and procedures

The Management Company executes its responsible investment actions based on the parameters outlined in the **policies and standards** available for review on the [BBVA Asset Management Europe website](#).

Engagement activities are governed by the **Engagement Policy**. This Policy extends beyond the scope of Directive (EU) 2017/828 on the encouragement of long-term shareholder engagement, as it encompasses not only investments in companies listed on a regulated market within or operating in a Member State of the European Union but also the broader spectrum of investments managed across the vehicles and portfolios.

The following briefly describes the Management Company's principal sustainability policies and standards:

GENERAL SUSTAINABILITY POLICY

It transposes BBVA Group's overall policy concerning the principles, goals, and promotion of sustainability.

INTERNAL SUSTAINABILITY RISK INTEGRATION POLICY

It outlines the integration of sustainability risks into the investment decision-making process.

EXCLUSIONS POLICY

It defines the exclusions applicable to the investment universe.

ENGAGEMENT POLICY

It delineates the strategies for engagement and dialogue, and the voting procedures for invested companies.

POLICY FOR MANAGING AND MONITORING PRINCIPAL ADVERSE IMPACTS (PAI)

It describes the process, principles, and criteria for monitoring the PAI in investment decisions with respect to environmental, social, and corporate governance aspects, as specified by European legislation.

REMUNERATION POLICY

It elaborates on the Management Company's general remuneration policy in accordance with relevant regulations, and it transposes, in those sections that apply to it, the BBVA Group's general remuneration policy.

CONFLICTS OF INTEREST POLICY

It sets forth the criteria and guidelines defining the policy for preventing and managing conflicts of interest.

This report addresses the most significant actions undertaken in 2025 following the Engagement Policy.

2. Sustainability Strategy

The Management Company incorporates sustainability criteria with the aim of improving the long-term value of investments, mitigating risks, and identifying growth opportunities. To this end, it operates under a Sustainability Plan based on four pillars, one of which is engagement:

PILLAR 1. INTEGRATION

Environmental, social, and governance (ESG) risks and opportunities are integrated into the investment decision-making process. The Management Company has devised a proprietary ESG rating system that it applies to companies, governments, and investment funds.

PILLAR 3. ENGAGEMENT

Engagement and dialogue activities are conducted with the companies and governments in which investments are held, alongside the exercise of voting rights.

PILLAR 2. EXCLUSION

Investments are excluded in companies for non-compliance with key international standards, certain economic activities, and in issuers of specific government bonds.

PILLAR 4: IMPACT

Investments are made with specific environmental or social objectives that meet certain criteria.

3. Responsible Investment Strategy

UN PRI is an international network of institutional investors supported by the United Nations, which in 2006 developed the **Principles for Responsible Investment**, due to the growing relevance of environmental, social, and corporate governance issues in investment practices. By implementing these principles, the signers contribute to the development of a more sustainable global financial system.

GPP joined the UN PRI in 2008, and in 2021, this commitment was extended when **BBVA AM&GW's asset management** unit also adhered, broadening its application to the rest of the vehicles and portfolios managed by the unit.

BBVA AM&GW is committed to **adopting the principles and implementing them** insofar as they align with its fiduciary duties. It also has to assess their effectiveness and help improve the content of the principles over time. This approach leads to a better alignment of the managed investments with the wider interests of society.

- | | |
|--------------------|---|
| Principle 1 | Incorporate ESG (environmental, social and governance) criteria into investment analysis and decision-making processes. |
| Principle 2 | Be active owners and incorporate ESG issues into ownership policies and practices. |
| Principle 3 | Seek appropriate disclosure on ESG issues by the entities in which we invest. |
| Principle 4 | Promote acceptance and implementation of the principles within the investment industry. |
| Principle 5 | Work together to enhance our effectiveness in implementing the principles. |
| Principle 6 | Each signatory will report on its activities and progress towards implementing the principles. |

4. Climate strategy

In 2021, BBVA AM&GW's asset management unit joined the **Net Zero Asset Managers (NZAM)** initiative, a voluntary initiative of asset managers individually committed to 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. This suspension lasted until the end of February 2026, when NZAM announced its relaunch and a new operating framework.

This commitment involved developing a **decarbonization plan** for the investment vehicles managed by the unit, establishing interim milestones to reach net-zero emissions by 2050, and actively monitoring the achievement of these targets.

In 2022, the committed decarbonization targets were disclosed, initially applying to the **22% of assets under management in Europe and Mexico**. This figure comprises 12% of investments in companies (including both equity and fixed-income instruments) and 10% in Eurozone government bonds. This initial pledge is subject to upward revision as more comprehensive data and methodologies for the remaining assets in the portfolios become available. For **2030, three objectives** were set: to reduce emissions generated by investee companies, to improve the climate data rating for countries, and to ensure that 60% of the committed investments are aligned or on track to align with Net Zero.

In 2025, in line with the commitment to transparency, the second report was published following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and is available on the [BBVA Asset Management Europe website](#).

To broaden engagement with portfolio companies needing improvements on the path to decarbonization, the asset management division of BBVA Asset Management & Global Wealth (AM&GW) joined the Institutional Investors Group on Climate Change (IIGCC) in 2022. IIGCC is the benchmark European body for partnership between investors in the field of climate change. IIGCC's membership includes both asset owners and asset managers. Its mission is to support and encourage investments to make a real and meaningful contribution to achieving the Net Zero by 2050 targets of the signatories, as well as a resilient future, built upon proper capital allocation, solid governance, and strong commitments from companies, governments, and other investors.

IIGCC supports global climate initiatives. In 2023, IIGCC launched its own initiative, the Net Zero Engagement Initiative (NZEI), which focuses on companies essential for achieving Net Zero goals that are not covered by Climate Action 100+. BBVA AM&GW's asset management division became a founding member of NZEI in 2023. In 2024, it took a further step by participating as an associate member in dialogue actions with a European energy supply company.

In 2025, the U.S. government confirmed a 180-degree shift in its approach to sustainability-related matters. Regarding the environment, among other actions, it withdrew from international agreements such as the Paris Agreement, dismantled emissions regulations, and promoted the use of fossil fuels. This change also affected how investors exercised their voting rights, who placed less emphasis on climate-related issues to focus on financial returns and traditional governance.

Europe, for its part, remained committed to sustainability, recognizing the need to guide its future using the “Competitiveness Compass,” a strategic framework promoted by the European Commission to strengthen the Union’s economic growth and resilience. This

framework highlights three key points: stronger defense, energy independence, and industrial competitiveness.

The asset management unit of BBVA, AM&GW, as part of its ongoing review and enhancement of engagement activities, continues to evaluate possible adherence to global initiatives to boost collaborative engagement efforts—considered a key element to achieving the environmental and social goals it has committed to, with due diligence and close attention to any changes arising from the current geopolitical landscape.

ii) Corporate governance culture

1. Codes of conduct

The Management Company is guided by:

- **Code of Conduct of the BBVA Group.** This Code sets forth behavioral guidelines that all Group employees must follow to align their behavior with BBVA Group's values. The values of the BBVA Group define its identity and shape the attitudes that, when applied daily by everyone working for the Group, enable us to fulfill the BBVA Group's Purpose: to make the opportunities of this new era accessible to everyone. All BBVA Group employees are expected to act with integrity and responsibility, respecting applicable laws and regulations, with prudence and professionalism befitting the social impact of the financial activity and the trust our customers and shareholders place in the BBVA Group. The BBVA Group offers all employees specific training on this Code of Conduct.
- **CFA Institute's Investment Manager Code of Professional Conduct.** This Code encompasses customer loyalty, investment procedures, operations, risk management, investment returns, and customer information, among others.

- **The Code of Good Practices for Institutional Investors, Asset Managers, and Proxy Advisors** of the National Securities Market Commission.

2. Governance structure

Governance structures and committees



The asset management unit of BBVA AM&GW establishes the principal criteria and strategies related to sustainability, which are then communicated to each geographic region and each local management entity. These entities, in turn, tailor them to their specific regulatory and business characteristics, and so forth.

Within BBVA AM&GW, the following Committee has been established:

- **Global Management Committee of BBVA AM&GW.** It comprises the global departments of Investments, Risk, Control and Regulatory Compliance, Quality Funds, High Net Worth, Strategy and Business Development, as well as Country-specific Business units.

The Management Company tailors and applies these sustainability criteria and strategies to its specific circumstances (business, regulations, etc.) as defined by the BBVA AM&GW unit it belongs to. Within the Management Company, the primary governing body is the Board of Directors.

- **Board of Directors.** The Board is responsible for the administration, management, management and representation of the Management Company. It is composed of the Chairman and Chief Executive Officer, the Directors and the Non-Director Secretary.

The following committees/commissions are set up within the Board of Directors:

- **Remuneration Committee.** Its main mission is to assist the Board of Directors in matters relating to the preparation of the decisions about remuneration policy, including those that have repercussions for the Management Company's risk and risk management, whilst protecting the long-term interests of the investors and other stakeholders, as well as ensuring compliance with the remuneration policy established.
- **Audit Committee.** Its main mission is to assist the Board of Directors in the monitoring of both the financial information and the exercise of the function of the Company's internal control and risk management, to supervise and protect the independence of the internal audit and to monitor and assess the progress of the external audit, as well as to protect its independence as well.

Working groups and committees

Throughout 2025, various teams, working groups, and forums within BBVA AM&GW or the Management Company were maintained, most notably the following:

- **Sustainable Investments Team.** A team specialized in sustainability within the Investments area to integrate this matter into investment solutions and coordinate investment sustainability across various areas.
- **Sustainable Risks Team.** A team specialized in sustainability within the Risk division tasked with assessing sustainability risks associated with investments.
- **Sustainability Governance Group.** Composed of the global heads of their respective areas: Compliance, Risk, Investments, as well as the head of the Sustainable Investments division (within Investments).



- **Sustainability Forum.** Consisting of the Sustainability Governance Group, this forum is in charge of designing the sustainability strategy and the related execution plans. It presents these plans for approval to the global head of BBVA AM&GW and the Global Management Committee.
- **Sustainable Investment Forum.** Comprising the Sustainable Investments team to follow up on the integration of sustainability in the investment vehicles managed, as well as to comment on methodologies, investment ideas and different sustainability proposals for possible implementation. For example, this Forum reviews issuer disputes (companies, governments, or quasi-governments) and discusses the action plan to be followed, taking into account the relevance of the portfolio position, the interest of the Investment teams, and the likelihood that undertaking an engagement action will contribute to an improvement in the sustainability parameters of the issuer concerned, among other things. It also discusses new sustainability vehicles that may be of interest to teams making asset selection for investment solutions.
- **Sustainability Risk Forum.** Comprising members of the Sustainable Investments and Risks teams. It is responsible for overseeing the implementation of the sustainable strategy in general and the decarbonization plan in particular.

- **Engagement Forum.** Comprising members of different teams such as Sustainable Investments, Investments, Risk and Compliance. Its main functions are to detect situations that may give rise to reactive engagement actions and to follow up on open engagement actions, whether reactive—the result of a dispute with potential for improvement through engagement—or proactive—in line with the sustainable commitments made by the Management Company.

Additionally, starting in 2025, the Sustainability Europe Working Group meets monthly. This is a forum that gathers the heads of BBVA Asset Management Europe and Investments, as well as, among others, the areas of Product Europe, Risk, Sustainable Investments, Legal Services, Compliance, Business Development, and Quality Funds. Its objective is to coordinate and monitor the implementation of the sustainability strategy, review methodological and regulatory advances, monitor projects related to sustainability matters, and convey the most relevant topics regarding engagement and voting.

Principle 2.

Knowledge and Monitoring of Companies

1. Analysis and monitoring of companies

The Management Company carries out its management activity with a long-term vision, which necessitates a **thorough understanding of the companies** in which it invests.

The investment process for actively managed vehicles is based on **fundamental analysis**, which in our case, is divided into two areas: qualitative and quantitative analysis. The qualitative process focuses on analyzing the industry to which the companies belong. This includes both the evolution of the industry structure and prices. The quantitative analysis examines parameters which include: the company's liquidity and ability to meet its short-term obligations, its solvency—its long-term ability to pay, its activity, the profitability of its assets and equity, and, lastly, its growth.

Moreover, the **non-financial information** of the companies is considered. The inclusion of these non-financial factors allows for more informed investment decisions through more comprehensive risk control. **The ESG sustainability factors** we consider include:

- **Environmental:** Such as climate change mitigation and adaptation, sustainable use and protection of water and marine resources, and the transition to a circular economy.

This also includes pollution prevention and control, and the protection and restoration of biodiversity and ecosystems, among others.

- **Social:** Such as human rights, labor rights, human capital management, personal data protection, and social responsibility in product development, among others.
- **Governance:** Such as remuneration policy, division of duties on the Boards, and efforts to combat corruption and bribery, among others.

The Management Company has developed a proprietary internal ESG rating model for companies, countries, and funds. It applies to all actively managed vehicles and portfolios managed by the Management Company, with specific exceptions outlined in the internal Risk Control and Management Policy on ESG integration in the investment process. Therefore, the ESG rating can be categorized as A, B, or C, with C being the lowest rating. Assets that obtain this rating are excluded from the investment universe.

This model takes into account information from public sources, fund managers, and others, and internally calculated data, as well as information from external sustainability data providers, such as ratings, controversies, breaches of international standards,

decarbonization data from issuers, and so on. No conflicts of interest have arisen with these data providers.

2. Monitoring Processes

The need to use a vast amount of data to obtain both financial and non-financial information requires the Management Company to rely on **specialized external data providers**, beyond the internal analyses and models it develops.

All sustainability-related information is internally analyzed and is accessible through an internal tool that compiles data on internal ESG ratings, controversies, decarbonization, and more. This tool is available at any time to the teams engaged in the investment process. This information on non-financial factors complements the managers' understanding of the companies.

The monitoring of financial factors and sustainable characteristics in investments in vehicles managed by third-party managers, as well as the approach to sustainability employed by such managers, is performed by the Quality Funds team (in the event that such funds have been selected by this unit).

Data processing is digital, automated, and undergoes continuous **quality monitoring and analysis**. The control layers are as follows:

- **Layer 1. Data Provider Control:** responsible for reporting any detected issues and variations in data. It also communicates improvements and modifications to the methodologies used for data calculation.
- **Layer 2. BBVA AM&GW Control:** tasked with verifying that the data supplied by the provider has been correctly uploaded to the internal databases and ensuring the data's coherence. This layer also monitors aspects such as coverage, frequency of revisions, and proactivity in implementing improvements.

Sustainability data is generally calculated once a month to maintain up-to-date information, although some data may be gathered more frequently.

Lastly, in terms of **oversight by the Management Company's personnel**, they possess the requisite training to integrate sustainability into investment strategies. **Training** on this topic is provided by the BBVA Group for all employees. Furthermore, the Management Company advocates for all staff involved in sustainability to pursue specialized training in sustainable investment through external certifications, such as the Certificate in ESG Investing from the CFA Institute, the EFFAS Certified ESG Analyst, the EFPA ESG Advisor Certification, and similar programs.

3. Identification of Events

The Management Company **routinely ensures** that portfolio positions comply with the criteria set forth in the internal procedure for integrating sustainability risks. It also has an alert system due to worsening disputes or the ESG rating of the data provider.

These dynamics allow us to detect positions that either fail to comply with the management company's sustainability policy and should therefore be excluded from the investment universe, or deserve to be the subject of an **action plan** in accordance with the policy of engagement.

Principle 3.

Development and Dissemination of the Engagement Policy

The Management Company has established an Engagement Policy aimed at creating long-term value in the issuers it invests in. It may also actively engage with bodies, regulators, and other stakeholders.

The Policy is accessible on the [BBVA Asset Management Europe website](#), alongside the annual report detailing its application in the prior year.

- A.** Regarding **engagement**, it refers to the dialogue actions carried out with the issuers in which the Management Company invests, aimed at creating long-term value. These engagements can be initiated proactively, in line with the sustainability objectives adopted, or reactively, when a company with a position receives a “C” rating—the lowest—and improvement through engagement is feasible. In any case, the selection of companies for engagement is based on a prioritization guided by criteria such as materiality, position size and weight, the interest of the management teams, the relevance to the Management Company, and the feasibility of the action plan.

The issues addressed aim to achieve specific goals.

OBJECTIVES	CIRCUMSTANCES
ESG RATING	When data can be improved
New Culture	When there are serious or very severe disputes
Negative impacts	When there is room for improvement in PAI data
SDG	Where there is room for improvement in SDG data
Sector	When they are sectors with ESG metrics that can be improved
Topics	When they are related to climate strategies, etc
Voting	When it is necessary to gather additional information or to anticipate voting intentions ahead of shareholders' meetings

These interactions can be carried out in various ways:


Individual

- Direct, individual dialogue.
- Dialogues and working groups with companies.
- Action plans defined by the investor group.
- Proactive.


Collaborative

- Action plans defined by the Management Company.
- Reactive and/or proactive.
- Indirect dialogue, through service providers.
- Dialogues and working groups with companies.


Delegation

- Direct dialogue, through initiatives with other investors.
- Dialogues and working groups with companies.
- Action plans defined by service providers.
- Reactive and/or proactive.

The Management Company evaluates each instance individually to determine the appropriate course of action and sets escalation protocols if the intended objectives are not met.

- B.** In terms of **voting**, the Engagement Policy stipulates when the Management Company will exercise political rights associated with the securities in its managed vehicles and portfolios and details the criteria for making voting decisions. For this purpose, it relies on information provided by an external specialist voting service provider. Further information on the exercise of voting rights can be found in section 4.

As for the **material and human resources** needed to implement the Engagement Policy effectively, there are databases and tools for handling provided data, including both financial and non-financial information such as ESG ratings, controversies, Sustainable Development Goals of the United Nations, principal adverse impacts (PAI), carbon footprint, and other decarbonization metrics. The involved teams are seasoned in sustainability and possess specialized training in sustainable investment.

Principle 4.

Exercising the Right to Vote

The Management Company exercises voting and attendance rights on behalf of the vehicles and portfolios it manages, provided that these rights have been delegated to it, in the **cases** described in its Engagement Policy:

- When required by the applicable regulations.
- When the company is based in Spain and the payment of an attendance premium is expected.
- When, for all the vehicles and portfolios represented by the Management Company, a 1% stake in the company's share capital is exceeded.
- For companies that are part of the Ibex 35.
- In addition, the Management Company estimated in 2024 that the exercise of these rights was also relevant in the following cases:
 - The main European and North American companies for which it has more than 0.07% of voting rights for all delegated vehicles.
 - Other companies in which a total investment of more than 12 million euros was held in all delegated vehicles, and which

were not in the cases described in the Engagement Policy or in the above case.

- The 40 companies with the highest carbon intensity in the global portfolio with voting rights, excluding the Mexican ones.

For the exercise of political rights, the Management Company has relied on the opinion of an **independent voting advisor, Institutional Shareholder Services (ISS)**. This company specializes in providing responsible investment solutions and advice on Corporate Governance issues. The services contracted consist of issuing reports and advising on how to vote on the different items on the agenda at shareholder meetings.

The Management Company always votes in the exclusive interest of the owners and/or shareholders of the vehicles and portfolios represented. It considers that the votes taken in relation to the matters of special relevance described in its Engagement Policy are significant, for which the following criteria have been followed:

- The annual financial statements were approved when they were endorsed by an independent audit report without qualifications (or with qualifications, if an analysis determined that they were not significant).
- It voted in favor of appointing and renewing the company's auditors, unless special circumstances occurred that advised against it.
- It voted in the most favorable way for the vehicles and portfolios represented in the proposals that had an immediate impact on the value of the company's securities (such as mergers, acquisitions, capital increases, issue or exchange of convertible bonds, etc.).
- It voted in the most favorable way for the vehicles and portfolios represented in the event of modifications to the articles of association or to the regulations of the General Shareholders' Meeting.
- It voted in favor of renewing or modifying the structure of the board of directors provided there was separation between the CEO and the Chairman of the Board, or a minimum percentage of independent directors. Turnover and diversity on a Board were also seen as positives.
- It voted in favor of the remuneration policy for directors in those cases where it was transparent and the directors' objectives were determined by the company's performance and the shareholders' objectives.
- It voted in the most favorable way for the vehicles and portfolios represented in the proposals involving changes to the capital structure and financing of the company (issues of preferred shares, debt issues, treasury stock, capital increases without preferred subscription rights, etc.).
- It voted in favor of social and environmental proposals for which there was sufficient information and transparency, and that were in keeping with the relevant regulation in the company's region of operation.

The Management Company did not follow the recommendation of the external adviser on those agenda items that went against the CNMV's Code of Good Governance for listed companies in the case of Spanish companies. Specifically, it voted in favor of items involving capital increases without preferred subscription of shares up to 20% of the capital, which is the limit set by the aforementioned Code, while the external adviser had set a limit of 10%.

Principle 5.

Transparency of Engagement and Voting Activities and Their Outcomes in 2025

1. Implementation of the Engagement Policy in 2025

I. Engagement actions with companies

As referred to in Section 2, the knowledge and supervision of the companies in which investment is made sometimes require that the Management Company implement engagement actions.

The decision to initiate a dialogue may stem from either:

(i) a proactive action plan – whereby companies are selected based on criteria such as materiality, relevance, size, portfolio managers' interest, and feasibility, or issuers are identified whose metrics, information and/or actions are considered capable of improvement –; or

(ii) a reactive action plan, triggered by the deterioration of certain sustainability metrics (for example, when a portfolio company's rating falls to the lowest level – internal ESG rating “C” – and there is potential for improvement or a reversal of the situation).

Individual commitment:

Based on this distinction, during 2025:

- **Reactive:** no actions of this type were carried out, as the circumstances that could trigger them did not occur.
- **Proactive:** work was carried out to develop a specific plan to promote this type of dialogue, which will be implemented starting in the first quarter of 2026.

Collaborative commitment:

Through the Net Zero Engagement Initiative (NZEI) BBVA AM&GW's asset management division became a founding member of NZEI in 2023. The initiative focuses on dialogue with companies with high greenhouse gas emissions, outside the scope of Climate Action 100+. It seeks to determine whether these companies have decarbonization targets; if so, whether their investments and policies are adequate to meet those targets; and, if not, to understand why and whether

improvement plans exist.

In the second half of 2024, the Management Company took a further step and participated as a collaborating member in dialogue actions with a European energy supply company.

In the latter part of 2025, the position held by the Management Company in that European energy supply company was primarily in passive management vehicles, so the decision was made to exit the dialogue group. Instead, it joined the dialogue group with a European utilities company, involved in active management solutions, with a significant contribution to the portfolio's emissions intensity and not covered under the delegated engagement approach.

Delegation of engagement:

At the end of 2024, the Management Company, in order to expand and improve dialogue with portfolio companies, signed a delegated engagement contract with EOS Federated Hermes. 2025 was therefore the first period in which the service was used.

Throughout the year, the Management Company held several meetings with the provider: either to confirm that the delegated dialogue activities focused on matters with the greatest potential to create long-term value for investors (including positive impacts on society and the environment), or to gain first-hand insight into

developments both by sector and at the company level regarding the most financially and impact-material issues, as well as the companies' responses to annual sustainability regulatory divergence. The Management Company also participated in surveys and annual events organized by the provider for its clients, which allowed verification of whether the service provider was carrying out dialogue actions appropriately in form and substance, in line with the Management Company's various sustainability policies, particularly its Engagement Policy.

Both the service provider and the Management Company view dialogue with companies as a means of generating long-term value and helping achieve positive outcomes for both the environment and society. It can therefore contribute to achieving the SDGs. Aware that there are no global standards for reporting on the SDGs, the provider applies its own approach and highlights potential SDG contributions when it determines that the engagement action directly supports one of the SDG targets.

In 2025, the service provider worked on 12 key topics, based on four main pillars:

Environmental	Social	Governance	Strategy, risk and communication
Climate Change	Human Capital	Board Performance	Purpose, strategy and policies
Circular economy and zero pollution	Human and labor rights	Executive compensation	Corporate information
Management of natural resources	Other social impacts	Investor protection and rights	Risk management

ENVIRONMENTAL

The provider's environmental engagement actions focused on:

- **Climate change:** in particular, ensuring that companies have greenhouse gas emissions reduction targets and strategies aligned with the objectives 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 covered both the highest-emitting sectors and the technology sector, in order to help mitigate the emissions associated with the high energy demand of services

related to Artificial Intelligence (AI).

- **The protection of biodiversity and natural capital (water, forest resources, and similar),** both in companies' own operations and throughout the value chain.
- **Physical climate risks:** with the aim of strengthening resilience, while also encouraging affected companies to pursue a just transition for their employees and communities.

EXAMPLES

European utilities company (I)

Given that the company belongs to a high-emission sector, climate-related dialogue has always been particularly relevant. In the first phase, it focused on the importance of setting short- and medium-term greenhouse gas reduction targets, specifically for 2025. Subsequently, attention shifted to establishing a plan for 2026–2035 covering at least 95% of Scope 1 and 2 emissions and the most relevant Scope 3 emissions.

A notable point is that in January 2025, the company received validation from the Science Based Targets Initiative (SBTi)¹ for its emissions reduction targets, which are in line with a 1.5°C trajectory.

¹ Science Based Targets Initiative (SBTi): is an international alliance that guides companies and financial institutions in setting greenhouse gas reduction targets aligned with climate science.

In other words, it has science-based target validation.



European utilities company (II)

Dialogue actions with this company on climate matters have focused, on the one hand, on the climate targets themselves, and on the other hand, on the clarity of information in this area.

a) Regarding climate targets: while it has aligned its climate targets to well below 2 °C compared with pre-industrial levels, the company highlights significant challenges in progressing toward the 1.5 °C goal. Market solutions are deemed to exist that would allow it to decarbonize in line with sector guidance, so conversations are ongoing.

b) Regarding information disclosure: the company is considered not to provide sufficient clarity in its public reports on its expectations for the transition of its gas distribution business. Despite having set solid biomethane targets, it is not clear how these align with its long-term net-zero goals.



European energy company

Given the sector in which the company operates, climate-related discussions emphasized the importance of considering the impact that policies and regulations promoting reduced plastic use (such as the UN Plastics Pact) and a transition to a circular economy could have on its business model.

The company confirmed that it has reviewed this impact and implemented programs to align with new plastics and circular economy policies (including increased mechanical and chemical recycling and the use of sustainably sourced bio-based raw materials). Nonetheless, there is still room for improvement.



European steel company

Operating in a high-emission sector, environmental dialogue focused on investments in new technologies needed to reduce carbon emissions, as well as the need for mechanisms such as the Carbon Border Adjustment Mechanism (CBAM) or the adoption of regulatory frameworks for hydrogen and carbon capture and storage (CCS).

The company remains a strong advocate for CBAM and other trade measures to enhance the competitiveness of the European steel industry. It is investing in electric arc furnace (EAF) technology and has requested improvements to policy frameworks for hydrogen and CCS to accelerate decarbonization.



SOCIAL

Social engagement actions focused on three main areas:

a) Human Capital: specifically, plans and measures aimed at improving skills and supporting worker retraining to ensure a just transition. Also in those specific to health and safety in the workplace.

b) Human and Labor Rights: respect for these rights, both within the company itself and throughout the value chain. Focused on two main topics:

1. Protection of the rights of indigenous peoples, local communities, and human rights in conflict-affected areas where operations take place.
2. Protection of digital rights and mitigation of negative social impacts (particularly regarding the health and safety of children and young people).

c) Other social impacts: it is necessary to have plans that ensure the safety of products and services, as well as anti-corruption and anti-bribery policies, among others.

EXAMPLES

North American technology company

Given the sector in which the company operates, part of the dialogue focused on the need to implement measures that protect users' digital rights. In particular, measures aimed at strengthening controls to prevent the livestreaming of inappropriate content, improving prevention of its upload and viewing, and enhancing detection mechanisms, allowing for quick and effective removal to prevent sharing.

It has also been considered particularly important to understand the

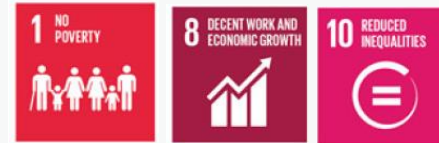
steps the company is taking to protect minors in light of the rise of AI. In this regard, the company is progressing in the broad implementation of mandatory permissions (parental controls) instead of simple warnings, improving monitoring of AI use by minors, and exploring the possibility of setting up accounts specifically for teenagers, among other initiatives.



North American logistics and technology company

In discussions with the company, its efforts in financial investment, personnel hired, and training hours on labor rights have been acknowledged. However, precise data reflecting employee sentiment over time is lacking. The company has therefore been advised to implement mechanisms to carry out these measurements.

Improvement has also been recognized in the rate of workplace accidents resulting in lost time and in the total recordable incident rate; however, these metrics are not thought to reflect employees' perceptions regarding health and safety. Once again, the company has been informed that data from feedback channels are essential for an accurate assessment.



European mining company

Among the issues discussed with the company, questions were raised about progress in gender diversity within senior management. The company stated that female representation on the Board and in executive roles remains a priority, although it acknowledged that the sector, due to its specific characteristics, faces certain challenges in attracting female talent. In order to establish improvement plans, it collects data on the ratio of women hired depending on the markets and the raw materials extracted, which it compares with the sector average. In addition, it has verified that sector data suggest that greater workforce diversity correlates positively with safer mining operations and better health and safety metrics. The company will continue working to improve the gender diversity ratio, combined with a corporate culture based on meritocracy.



GOVERNANCE

Engagement actions on good governance are divided into three main areas:

a) **Board performance:** the Board must have the necessary knowledge and experience in technical matters related to cybersecurity, artificial intelligence, regulatory issues, and other relevant areas required to address future challenges.

b) **Executive remuneration:** this must be consistent with the company's long-term value creation and with the need to retain qualified personnel with sufficient skills to ensure the business's sustainability.

c) **Investor rights and protection:** respect for the rights of investors and debt holders and protection of minority interests.

EXAMPLE:

European infrastructure company

Executive remuneration has been a recurring topic of dialogue; specifically, the need for minimum shareholding requirements for executives to be more stringent. Greater emphasis has been placed on this issue at times when the succession of the CEO (Chief Executive Officer) has been under consideration.

Finally, in 2024–2025, as part of the CEO succession plan, the company updated its remuneration policy. This policy remained in force until December 2025.

Engagement actions will continue in this regard until the new policy is published.

Two U.S. companies in the technology and logistics sector

Given the size of these companies, discussions on corporate governance emphasized that it would be advisable to improve the disclosure of information regarding the processes and results of Board evaluations, as well as to engage an external entity to conduct an independent assessment. Both companies have increased transparency regarding the process and results of internal Board evaluations and are considering hiring a third party to carry out an independent evaluation.

In total, as of the end of 2025, under delegated engagement, dialogues were conducted with 435 companies on 2,323 issues relating to environmental, social, governance, strategy, risk, and communication objectives. It should be noted that a single company may be associated with several engagement topics within these areas.

The main indicators are broken down below:

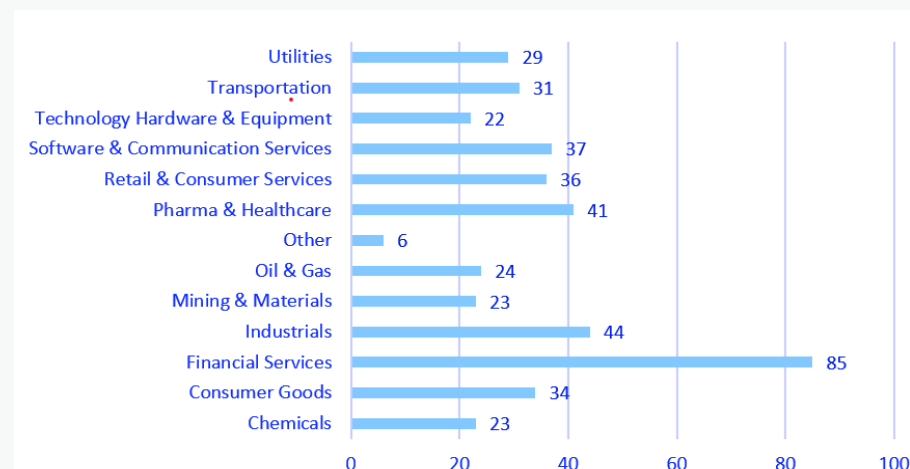
Breakdown of active issues by topics:

Themes	Number of topics
Environmental	885
Governance	589
Social	618
Strategy,Risk and Communication	231
Total	2.323

Geographical map of active dialogues in 2025:

Companies by region	Number of companies
Australia & New Zealand	8
Developed Asia	38
Emerging and developing markets	4
Continental Europe	148
North America	207
United Kingdom	30
Total	435

Breakdown of dialogues by sector²:



II.Engagement and dialogue with shareholders and stakeholders

The Management Company's intervention has focused primarily on regulatory aspects, the media and training activities.

In the regulatory arena, the Management Company usually takes a very active role within the financial industry, both during regulatory processes and through dialogue with supervisors, which sometimes

² Sector: The sector classification presented in the table corresponds to the sector categorization used by the external data service provider.

includes lobbying for 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.

Regarding regulatory developments, the European Commission’s launch of a process aimed at simplifying the sustainability regulatory framework stands out. The objective is to improve its practical applicability and reduce administrative burdens for companies and participants in financial markets. In this context, the so-called “omnibus” legislative package is particularly important. It is intended to introduce amendments to several key elements of the European regulatory framework – in particular, the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the Taxonomy Regulation – in order to streamline reporting obligations and facilitate implementation by companies.

However, this regulatory simplification process has sparked intense debate in the financial sector, as it entails a significant reduction in the number of companies required to disclose sustainability information. This may potentially result in reduced availability of ESG data in the market, with a corresponding impact on investors’ ability to properly integrate these factors into their analysis and investment processes.

At the same time, during the year the process of reviewing the Sustainable Finance Disclosure Regulation (SFDR) intensified, with the aim of addressing interpretative difficulties identified since its entry into force and improving its consistency with the rest of the European sustainable finance regulatory framework. In particular, the so-called “SFDR 2.0” project seeks, among other objectives, the possible introduction of a system for categorizing sustainability-related investment products that would provide greater clarity and comparability for investors. Against this backdrop, the Management Company has actively participated in the regulatory debate process, contributing to various public consultations and industry discussion forums at both national and international level, with the aim of conveying the sector’s practical experience and needs in the application of the current regulatory framework.

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, the Management Company's process of adapting to ESMA's guidelines on the use of ESG terminology in the naming of investment funds, published the previous year, which establish specific criteria to ensure that product names accurately reflect their sustainability strategy and characteristics.

On a related topic, ESMA has begun publishing a series of thematic notes aimed at identifying good and bad practices in sustainability-related claims made by participants in financial markets. These notes are primarily guidance in nature and aim to reinforce the application of the principle that all sustainability-related communications must be clear, fair, and not misleading, providing specific examples of practices that may mislead investors, such as overstating the significance of certain ESG credentials or failing to provide sufficient explanation of their scope and methodology. The Management Company monitors these criteria closely in order to incorporate them, where appropriate, into its internal control processes.

In addition to the aforementioned activities, concerning the communications, the Management Company participated in various industry forums and conferences in 2025:

- UBS Nature Finance Conference (June, London)
- Annual Conference of the Global Research Alliance for Sustainable Finance and Investment (August, Paris)

- Morningstar Sustainable Investing Summit (September, Amsterdam)
- Fide Oxford 2025 Congress: "Exploring opportunities and challenges in accelerating sustainable finance" (September 2025)
- EOS at Federated Hermes Annual Conference (October, London)
- SPAINSIF and the Federation of EPSV of Euskadi Roundtable on Narratives and Controversies in Sustainable Investment (December, Bilbao)
- SPAINSIF 2025 Survey

In all these forums, the need to continue promoting sustainable finance has been highlighted, as it helps identify and mitigate risks while fostering investment opportunities. It has also become clear that simplification and harmonization of the applicable regulations are needed to enhance legal certainty for investors, prevent "greenwashing" practices, and improve understanding and comparability of the various investment solutions. All this without losing sight of the fact that the focus of these investments is not only on the net-zero greenhouse gas emissions commitment but also on issues related to natural capital and social inclusion.

The [BBVA Asset Management Europe website](#) contains **sustainability-related information**. In 2025, an article was published

on the role of [Artificial Intelligence as a support tool in the process of selecting sustainable investment assets](#), along with two semiannual issues of “**Sustainability in Depth**,” which count as 3.5 hours of recertification for EFPA EIA, EIP, EFA, EFP, and ESG certifications upon passing a comprehension test.

Regarding individual **training activities**, four international ESG certifications were obtained in 2025 by employees of BBVA AM&GW, including one from the Management Company’s staff. As of December 31, the total number of employees with ESG certifications globally stands at 91. Within asset management companies in Spain, this figure is 48 people.

Application of the voting policy in 2025

In accordance with the criteria described in section 4 above (“Exercise of voting rights”), during the 2025 fiscal year the Management Company voted at a total of 318 shareholder meetings, representing a significant increase in voting coverage compared with recent years.

The Management Company exercised voting rights in 295 companies (50 Spanish, 138 European, and 107 North American).

Detailed information on voting practices is available at [the following link](#).

The main indicators are broken down below:

Breakdown of points voted in 2025:

Votes	In favor	Against	Abstentions	Total
Points	51.586	4.097	313	55.996
Percentage	92%	7%	1%	100%

Details of the aspects in which a no vote was cast:

Votes	Remuneration of Executives	Financial transactions	Selection of Directors	Account Approval	Other resolutions	Total
Points	1375	224	1.138	16	1.344	4.097
%	34%	5%	28%	0%	33%	100%

Breakdown by ESG factors:

Pillars	In favor	Against	Abstentions and blank votes	Totals by pillar
A	48	211	0	259
S	397	403	0	800
G	50.648	3.125	313	54.086
COMBINED	493	358	0	851
TOTALS	51.586	4.097	313	55.996

This report details the voting activities conducted by the Management Company for the investment vehicles under its primary management. It also covers voting actions based on portfolio management mandates received from other asset managers, including, among others, BBVA Pensiones, S.A., E.G.F.P. (hereafter referred to as BBVA Pensiones), and GPP. Both BBVA Pensiones and GPP have published their respective detailed engagement and voting reports for the 2025 fiscal year, accessible on the [BBVA Asset Management Europe website](#).

Besides direct investments in fixed-income and equity assets, the Management Company also invests in funds and investment vehicles managed by third-party asset managers for the vehicles and portfolios it oversees. The fund selection unit Quality Funds, a part of BBVA, is responsible for monitoring the engagement policies of these external managers. Information provided by Quality Funds indicates that, during the 2025 fiscal year, every equity collective investment scheme where the Management Company held a position³ maintained an active engagement policy and exercised voting rights in the invested companies.

³ This figure does not include cases in which the selection of the investment in these vehicles is not made by the Management Company, but is instead mandated by the client's specific instruction, where such vehicles fall outside the Quality Funds unit's analysis universe.

Principle 6.

Conflict of Interest Management Policy

Engagement actions and the exercise of voting rights can sometimes lead to conflicts of interest within the Management Company and/or among the unitholders or shareholders of the represented vehicles and portfolios. In these instances, the **Conflict of Interest Policy**, which is available on the [BBVA Asset Management Europe website](#) will be applicable.

The Management Company has implemented several measures to prevent and manage potential conflicts of interest in the execution of engagement actions and voting rights, including:

- Implementing an Engagement Policy guided by best practices and subject to regular review and updates.
- Maintaining an organizational structure that ensures independent and neutral action in the best interest of vehicle participants or shareholders.
- Establishing decision-making committees for addressing voting and engagement matters, as well as any associated potential conflicts of interest.
- Providing training for employees and board members on sustainability and conflict of interest issues.

Should the measures taken by the Management Company prove

insufficient to prevent the risks of harming the interests of the managed vehicles, their investors, or other clients, the responsible service or activity area will promptly report to the Management Company's senior management. This enables them to make the necessary decisions to act in the clients' best interests.

If the measures adopted to manage a particular conflict of interest are inadequate to prevent client harm with reasonable certainty, the Management Company will impartially, clearly, and non-misleadingly disclose the general nature or origin of the conflict of interest to the client before acting on their behalf. This allows the client to make an informed decision on the investment.

Regarding voting in BBVA Group companies, conflicts of interest could arise. The Management Company has a voting procedure that avoids such conflicts by preventing the involvement of decision-makers from outside the Management Company and by setting up internal mechanisms for segregating voting decisions and reporting conflicts. The Management Company will not request or accept, from BBVA or any other controlled companies, any direct or indirect instructions on voting.

No conflicts of interest were detected in 2025 that could not be prevented or managed in advance.

Principle 7.

Remuneration Policy

The General Remuneration Policy arises from compliance with the applicable regulations governing management companies in this field and the directives issued by regulatory authorities. It also involves adopting the relevant sections of the **BBVA Group's remuneration policy**. This policy is available on the [BBVA Asset Management Europe website](#).

The Policy governs both the fixed and variable components of remuneration:

- **Fixed remuneration:** Reflects each employee's level of responsibility, job functions, and professional background, along with the principles of internal fairness and market valuation for their role. The granting and amount of fixed remuneration are based on pre-established objective criteria that are not subject to discretion. Constitutes the predominant portion of the overall remuneration.
- **Variable remuneration:** Consists of monetary or non-monetary payments or benefits supplemental to fixed remuneration, dependent on variable factors. It includes annual variable remuneration as well as, where applicable, other variable incentive plans and any other variable components that the

Management Company may from time to time grant to its staff or specific employee groups.

The Policy **supports the Management Company's business strategy, thereby contributing to the BBVA Group's overall strategy**, and includes elements that ensure the prudent management of risk, the prevention and management of conflicts of interest, long-term sustainability, the robustness of the business model, and its sound growth and profitability. A range of indicators are utilized to determine the annual variable remuneration. These are aligned with the values and interests of the managed CIIs (Collective Investment Institutions) and portfolios, as well as with the Management Company's strategic priorities and those defined at the Group level that are consistent with them. Included are sustainability indicators linked to the BBVA Group's direct actions on climate change.

Remuneration takes into account suitable quantitative and qualitative criteria. The total sum of remuneration tied to performance relies on an assessment beginning with a target annual variable remuneration. Metrics or indicators from the BBVA Group, area-specific and individual, both financial and non-financial, are applied on an annual basis. These metrics take into account the

strategic priorities set by the BBVA Group and the Management Company, as well as present or potential future risks, which are weighted according to the fulfillment of specified objectives.

The Policy is founded on the following **principles**:

- Creating long-lasting value and sustainability.
- Achieving results through prudent and responsible risk management.
- Attracting and retaining top talent.
- Rewarding the level of responsibility and professional career.
- Upholding internal fairness, competitive parity in the market, and gender pay equality.
- Fostering responsible conduct, equitable client treatment, and the avoidance of conflicts of interest.
- Ensuring transparency in the remuneration model.

The Management Company's remuneration policy is in alignment with regulatory requirements and best market practices, which includes accounting for sustainability risks. **During 2025, it reviewed** its policy to align it, where applicable, with that of the BBVA Group. A particularly high threshold is established for determining remuneration for the purposes of deferring 60% of the variable compensation.