

Engagement policy

December 17, 2025



 Best Asset Allocation and Multiassets Team in National Management Company 2025

 Best Sustainability Team in National Management Company 2025

 Best Fund Selector Patricia Gutiérrez

Signatory of:  Principles for Responsible Investment | Signatory of the UNPRI

 | The Net Signatory Zero Asset Managers

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1. Introduction and purpose

BBVA Asset Management & Global Wealth (hereinafter, 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.** (hereinafter, the "Management Company"). 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 AM&GW has established **sustainability as one of its business's strategic priorities**. Its **mission** is to incorporate sustainable features in all investment vehicles it manages. In accordance with this, the **Sustainability Plan** has been prepared¹, which sets out the overarching principles and the objectives to be pursued in the area of sustainability. This plan is based on four pillars: integration, exclusion, engagement and impact.

The Sustainability Plan applies to all the management entities that comprise the BBVA Asset Management Europe unit and is executed in practice mainly by the Management Company, as manager of the investments of all the portfolios and vehicles within this unit (either directly or by delegation).

The **purpose** of this **Engagement Policy** document (hereinafter, the Policy) is to describe the engagement pillar.

Both BBVA Pensiones, S.A., E.G.F.P., and Gestión de Previsión y Pensiones, E.G.F.P., S.A., have delegated the management of the financial assets of the pension funds they manage to the Management Company. This delegation includes the performance of involvement and commitment activities and the exercise of political rights inherent to the securities and assets comprising the pension fund portfolios, except in those cases in which the pension fund's Supervisory Committee has withheld them. Therefore, by virtue of this delegation, the Management Company also applies its Policy of involvement in the management, among other things, of the pension funds managed by BBVA Pensiones, S.A., E.G.F.P., and Gestión de Previsión y Pensiones, E.G.F.P., S.A.

¹ It can be viewed [here](#)...

2. Scope of application

The Management Company has prepared this Policy in its capacity as shareholder and shareholder manager. It applies, therefore, in the manner and with the exceptions or specialties described below, to its own portfolio and to all vehicles and portfolios entrusted to it for management.

This **Policy** governs the voting and engagement actions of the Management Company. 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.

For direct investment in listed companies², belonging to any sector and from any geography, whether through equity instruments or corporate bonds, the Policy applies to **the engagement activity** carried out by the Management Company. The engagement activity may also be carried out with other parties (governments, regulators, other management companies, etc.), as described in the Engagement section.

Similarly, when direct investment takes place in listed companies belonging to any sector and from certain geographical areas (North America and Europe), and it has political rights, the Policy is **applicable to voting** by the Management Company. This voting exercise is described in the Voting section.

With regard to **indirect investment** made through Collective Investment Institutions

(hereinafter, CII) and other vehicles managed by entities that do not belong to the BBVA Group, Quality Funds, BBVA's unit specializing in the selection of funds from international fund managers, monitors the activities of the vehicles selected by this unit in which the Management Company has invested (this includes both financial and non-financial management aspects). These activities include voting and engagement.

This Policy **does not currently apply** to:

- Investing in private markets.
- Investment in CII and other vehicles managed by entities that do not belong to the BBVA Group as a result of specific investment orders or instructions from the client and that do

² This Policy does not apply, in principle, to unlisted companies. Investment in these companies is usually indirect (through other investment vehicles), and if direct investments were made in this type of company, they would be residual or very specific.

not belong to the universe of vehicles selected by Quality Funds.

- Those vehicles or customers that have decided to carry out the engagement activities themselves and/or retain the exercise of voting rights³.
- Those local entities that, due to regulatory requirements, must have their own policy (in the latter case, this policy is provided to these local units as a reference document).

This Policy shall apply with certain limitations (to a greater or lesser degree, and may even not apply) to certain vehicles or clients, associated with the validity of their own investment policy on commitment and voting actions (this is the case of vehicles that replicate a particular index, those that have a specific profitability objective, etc.).

³ In cases where vehicles or clients have partially withheld voting or given specific instructions (for voting in certain companies, etc.), this Policy shall continue to apply to the portion that has not been withheld, or that is not covered by such instructions.

3. Definition

In every area of its activity, the BBVA Group is **committed to the sustainable future and development of society**. In this regard, BBVA AM&GW is firmly convinced that its investments can significantly impact people, society, and the environment and that the combination of investment and sustainability has the potential to create a better world.

The Management Company, as the investment manager, has **a fiduciary duty to act in the best interest of its investors**. To meet this objective, the Management Company considers it relevant to carry out engagement or dialogue activity with the companies in which it invests and with other parties, as well as exercise political voting rights.

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](#). The **Engagement Policy** is one of these policies. It is based on the **principles of "apply and explain"**, first describing the principles in relation to engagement and voting activities, then applying the criteria, and finally disclosing all engagement and voting-related information to investors regularly.

With respect to **engagement**, an Environmental, Social and Governance (hereinafter ESG) dialogue may be held with certain companies in which it invests or may invest, as well as with other parties, as described in the Engagement section. The exercise of **voting** rights is carried out as described in the section on Voting.

The Policy has been prepared considering various **European and Spanish regulations, such as** the Sustainability Disclosure Regulation and the Shareholders' Rights Directive (see **Annex I**).

The Policy is also based on the **standards and best practices** set forth in standards, protocols, codes of conduct and guidelines on environmental, social and governance aspects, as well as on the **principles and policies on social and environmental matters that govern BBVA's activity** (see **Annex II**).

4. Governance structure

4.1 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.

4.2 Working groups and committees

There are various teams, working groups, and committees within BBVA AM&GW or the Management Company, including 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.

Specifically, with regard to **engagement** actions, the Sustainable Investments team, together with the Investment teams, prioritizes and selects the companies with which to carry out dialogue actions and, on the other hand, implements these actions and monitors them. The Risk team monitors engagement activities that arise reactively. The Compliance team ensures that the engagement process is implemented in accordance with this policy and prevents and manages any potential conflicts of interest that may arise.

With respect to the **voting** process, the Sustainable Investments team is responsible for selecting companies, executing and monitoring the vote, as well as communicating the relevant information to the Investment, Risk and Compliance teams. The Investment, including Sustainable Investments, Risk and Compliance teams jointly ensure that voting rights are exercised in accordance with this policy and the prevention of any possible conflict of interest that may arise.

5. Commitment

5.1 Knowledge of companies

5.1.1 Analysis and monitoring of companies

The Management Company, fulfilling its fiduciary duty to investors, carries out its asset management activity with a long-term vision, which involves obtaining **in-depth knowledge of the companies** in which it invests.

The investment process for actively managed vehicles is based on a **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, both the development 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 factors:** Such as human rights, labor rights, human capital management, personal data protection, and social responsibility in the creation of products and provision of services, among others.
- **Governance factors:** Such as remuneration policy, division of duties on Boards, diversity on governing 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 the Management Company manages, with specific exceptions outlined in the internal Risk Control and Management Policy on ESG integration in the investment process. The ESG rating can be **A, B or C**, the latter being the lowest rating. Assets that obtain this rating are excluded from the investment universe and cannot be purchased. It may happen that an asset that is part of the portfolios

managed by the Management Company becomes a "C" rated asset, in which case, an analysis will be made as to whether it is appropriate to divest or to undertake an engagement action.

This model takes into account information from external providers of sustainability-related data (such as sustainability ratings, controversies that may affect companies, non-compliance with international standards, levels and progression of issuers' decarbonization plans, etc.), information from public sources, information from third-party fund managers, etc., as well as other internally calculated data.

5.1.2 Monitoring Processes

The need to use a vast amount of data to obtain financial and non-financial information requires that the Management Company rely on **specialized external data providers**.

The financial analysis is performed using information provided by external data providers and other specialized analysis sources outside the Management Company, as well as internally developed in-house analysis and models.

All sustainability-related information is analyzed internally and is available in an internal **tool** that collects data such as the internal ESG rating, controversies, parameters to control and monitor the decarbonization of the portfolio, etc. The tool, available to the teams involved in the investment process, can be consulted at any time, allowing the Investment team managers to complement the financial analysis with sustainable data obtained from the non-financial analysis of the various issuers.

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).

5.1.3 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 of 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 this Policy.

As described above, a company's **ESG internal rating** can be classified as **A, B or C**, the latter

being the worst rating. Those assets that obtain this rating are excluded from the investment universe for new acquisitions. A company in the portfolio with an initial A or B rating may become "C" rating due to worsening of ESG factors or because it incurs a very severe controversy directly attributable to the company. When these **events** are identified, each case is analyzed and an action plan is established to assess whether the position is sold or an action is initiated to engage in and dialogue with the company, with a defined time horizon, aimed at improving its sustainability actions.

5.2 Objectives

Engagement actions in **sustainability**-related companies seek to create long-term value. They may have different **objectives**, which are reflected in the table below.

OBJECTIVES	CIRCUMSTANCES
ESG Rating	When data can be improved
New Culture	When there are serious or very severe disputes
Negative impacts	When there are PAI data ⁴ that can be improved
SDG ⁵	Where there is room for improvement in SDG data
Sector	When they are sectors with ESG metrics that can be improved
Thematic	Related to climate, social or governance strategies such as those described below.

Example of thematic objectives:

Environmental: BBVA AM&GW's asset management unit is involved in several initiatives committed to decarbonization and the fight against climate change. And it has set its own portfolio decarbonization target to 2050, with an intermediate target to 2030. Therefore, it will formulate action plans aimed at encouraging the companies in which it invests to have policies and objectives aligned with net zero greenhouse gas emissions, and to follow up on the alignment of company investments and expenses to comply with

⁴ PAI: Principle adverse impacts on sustainability factors. The Management Company takes into account the main adverse environmental, social and governance impact indicators defined in Table 1 of Annex I of Delegated Regulation (EU) 2022/1288, as well as at least one additional environmental indicator in Table 2 and one additional social and governance indicator in Table 3. The Engagement Policy is of potential application to all PAI. However, it is particularly relevant in certain PAI (e.g., the PAI "Investments in company with no carbon reduction initiatives" or "Absence of anti-corruption and anti-bribery policies" in Tables 2 and 3, respectively) or as a consequence of the Management Company's sustainability risk integration policies or monitoring strategies, in cases where it is agreed that it is appropriate to carry out an engagement action or voting exercise in order to drive an improvement in a given company's performance (as is the case, for example, in PAI 7 to 13 in Table 1).

⁵SDGs: United Nations Sustainable Development Goals

them. In addition, it may undertake engagement actions aimed at promoting the use of sustainable energies, protecting natural capital, efficient use of resources, proper waste management and promoting the circular economy.

- **Social factors:** the Management Company may establish action plans to promote respect for human and labor rights. These include those aimed at regulating the entire value chain, relations with local communities, the promotion of training and career development, occupational health and safety, gender and social diversity, and responsible management of products and services and customers, among others.
- **On governance:** the Management Company may undertake engagement actions aimed at ensuring a responsible corporate governance framework with a long-term vision of the companies in which it invests. It may seek, among other aspects, to promote the establishment of policies and mechanisms that enhance gender diversity and adequate training of board members, equal remuneration for both genders, the fight against corruption and bribery, or ensure compliance with tax laws and obligations.

5.3 Types

The Management Company considers that maintaining a relationship with the companies in which it invests is an essential part of its investment process. In doing so, it seeks to defend the interests of its clients and create long-term value in the vehicles under management. **Dialogue** with the companies is a relevant source of information for detecting risks and opportunities and taking them into account in the corresponding investment decisions.

Engagement activity can be carried out individually and/or jointly with other investors and/or may be delegated to a third party.

In terms of **government and quasi-government fixed income issuers** (municipalities, agencies, etc.), the Management Company may, if needed, take actions individually or through collaborative efforts with third parties. However, these actions will be specific and distinct from those outlined below.



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.
-

5.3.1 Individual engagement

This is where the Investment Sustainability team and/or other members of the Investment area of the Management Company contact the **companies** directly through various means such as email, telephone, meetings, etc.

The dialogue can take place with the Investor Relations, Sustainability, Strategy, Board, etc. departments.

The Management Company establishes a specific action plan with different objectives for each company, including a schedule of actions.

A company could ask to establish a dialogue with the Management Company, which will decide to carry out the dialogue, taking into account internal prioritization parameters, in the best interest of its clients.

With respect to investments in **vehicles and funds managed by entities that do not belong to the BBVA Group**, an ongoing dialogue is maintained with these management entities and their policies of involvement are monitored, either directly or through the Quality Funds unit, provided that this unit has previously selected the vehicles and funds in question.

5.3.2 Collaborative engagement

This is where the Investment Sustainability team and/or other members of the Investment area of the Management Company contact the companies through various means such as email, telephone, meetings, etc., as part of a collaborative initiative to which other management entities

and other investors are committed. These initiatives combine efforts to achieve specific environmental, social, or governance objectives.

The dialogue is established with the Investor Relations, Sustainability, Strategy, Board, etc. departments of the companies. The issues addressed are those that align with the initiative and are in the terms agreed upon by the investors who are part of the group performing the engagement action.

BBVA AM&GW's asset management unit follows those collaborative initiatives that have defined objectives aligned with its own sustainability commitments, always respecting and complying with the rules that regulate competition law. Currently, the asset management unit of **BBVA AM&GW endorses the initiatives** that appear on the [BBVA Asset Management Europe](#) website:

- **United Nations Principles for Responsible Investment (UNPRI)**. Its aim is to implement six principles of responsible investment. The pension fund management company Gestión de Previsión y Pensiones, E.G.F.P., S.A. (hereinafter, GPP) was, in 2008, the first fund manager to sign this commitment in Spain. BBVA AM&GW's asset management unit joined in 2021.
- **Net Zero Asset Managers (NZAM)**. Its goal is to drive the decarbonization of the planet and achieve net zero emissions by 2050. In line with the BBVA Group's climate commitment strategy, BBVA AM&GW's asset management unit joined this initiative in 2021.
- **Institutional Investor Group on Climate Change (IIGCC)**. Its focus is climate change. In 2022, BBVA AM&GW's asset management unit joined this collaborative body of investors to develop climate measurement and alignment methodologies and share knowledge and expertise.
- **Net Zero Engagement Initiative (NZEI)**. It aims to help investors align the bulk of their portfolios with the Paris Agreement, as they have set out in their own commitments to achieve net zero emissions. BBVA AM&GW's asset management unit joined this initiative in 2023.

The Management Company may also interact with other parties such as **regulatory bodies**, through public consultations, working groups and other means, to incorporate the vision of the industry, promote transparency and improve ESG performance; and with **other managers**, to learn about their sustainability practices and share knowledge and experiences.

In addition, in defense of the interests of the vehicles and portfolios managed, the Management Company may also **interact with other stakeholders** related to the companies in which it invests, such as other shareholders, employees and workers' representatives, associations of the sector to which the company belongs, suppliers, clients and other investors.

In addition, as part of the process of reviewing and improving our engagement activities, we continuously assess adherence to other global initiatives to promote collaborative engagement initiatives, as one of the necessary elements to achieve the environmental and social objectives to which we are committed.

5.3.3 Delegation to third parties

The Management Company may delegate the dialogue on its behalf with the companies in which it invests to entities engaged in the professional provision of services related to engagement activities.

In selecting the supplier/suppliers, several suppliers are analyzed and compared, as are the criteria, objectives, and processes for selecting companies and the sustainable themes and objectives established in the engagement plans of the suppliers subject to the analysis. All of this is done to ensure that the actions of the service provider are aligned with this engagement policy.

The Management Company will monitor all the actions of the suppliers it has contracted.

5.4 Identification of actions to be undertaken

As part of the aim of creating long-term value for the vehicles and portfolios it manages, the Management Company can act individually with the companies, jointly with other investors or through a service provider.

5.4.1 Proactivity

On the one hand, the Management Company **prioritizes and identifies the engagement actions that it will proactively pursue** each year.

The engagement channel to be used is determined **by applying prioritization based on efficiency** in resource use and **effectiveness** in achieving objectives.

Companies are selected based on the following **criteria**:

- **Materiality**: by the impact of sustainability objectives on the company's valuation or by the company's impact on the environment or society.
- **Relevance**: Based on the commitments acquired by BBVA AM&GW, such as the portfolio decarbonization.

- **Volume:** Greater investment volume or significant percentage in the company.
- **Interest of the Managers:** great interest by managers in investing and holding companies.
- **Viability:** with the possibility of improvement after an analysis of the case potentially subject to engagement action, provided that the Management Company has the capacity to carry it out.

CRITERIA	 Individual	 Collaborative	 Delegation
Materiality	✓	✓	✓
Relevance	✓	✓	✓
Volume	✓	✓	✓
Interest of the Managers	✓	✓	✓
Viability	✓		

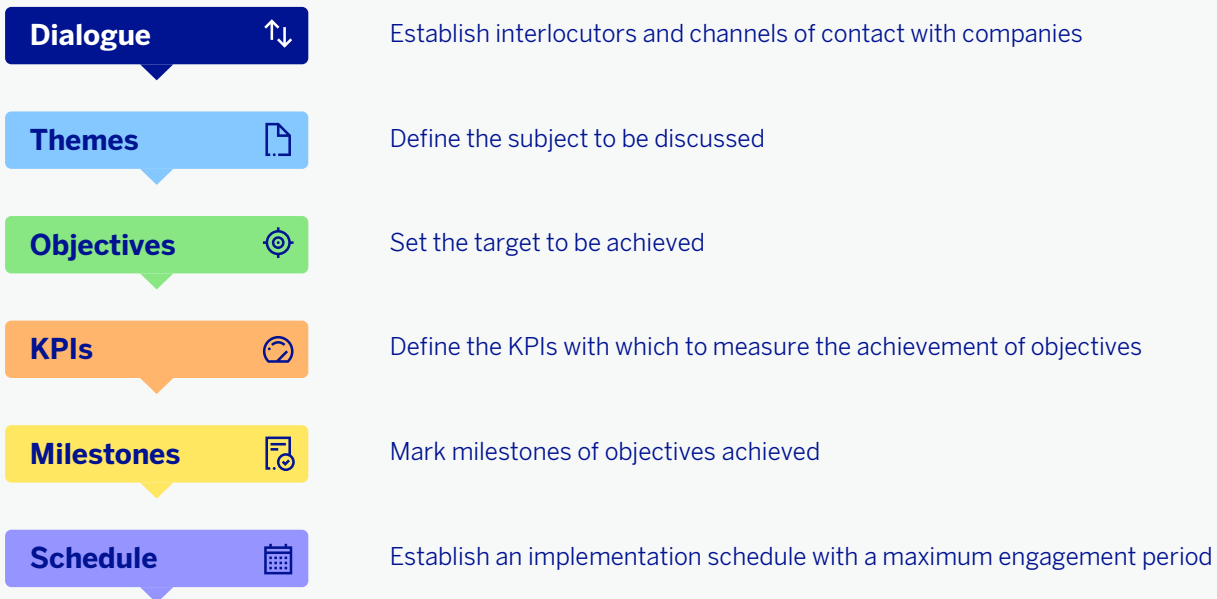
5.4.2 Reactively

On the other hand, the Management Company, **reactively**, may decide to carry out engagement activities in companies in which it is invested, when the internal ESG rating becomes "C", the lowest, and it considers it feasible to improve the company's performance by establishing a dialogue action with the company with specific objectives and schedule, as described in the section on Identification of events.

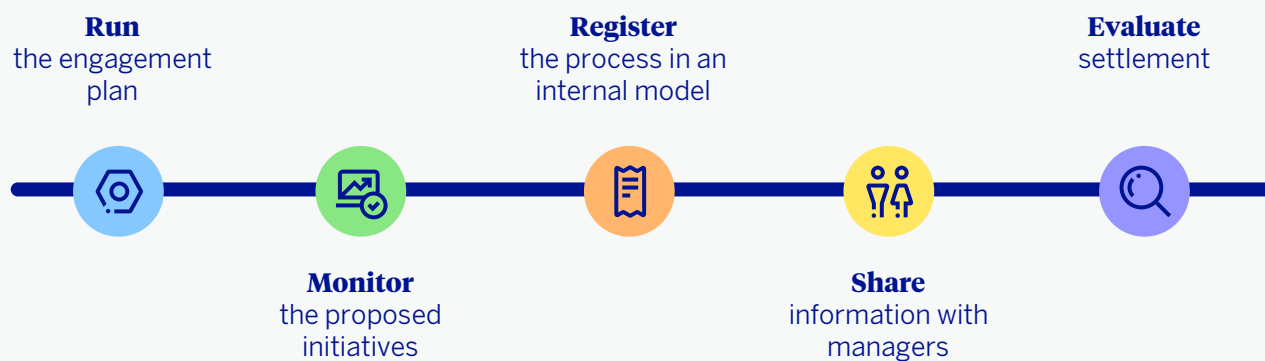
5.5 Process

In **individual engagement**, the process has the following phases:

Phase 1. Specify the action plan with companies



Phase 2. Execute engagements and follow up



Phase 3. Assess and carry out next steps

Once the engagement activity has started, the degree to which the objectives of the engagement activity have been achieved is **evaluated** periodically, both quarterly and annually, and the actions to be taken are defined.

- If the **objectives are met**, the plan is closed with a positive result.
- If the **objectives are not met**, an **escalation** plan is initiated to reconsider the strategy, including changing the interlocutor, engaging in collaborative engagements, voting against at the Shareholders' Meeting or reducing exposure:
 - With this new strategy, the plan's objectives could be met and it is closed with a positive result.
 - If they are not ultimately fulfilled, the plan is closed with a negative result and the company is **divested**.



In **collaborative engagement**, the investor groups define the phases in a manner similar to that described above.

When delegating engagement to a **service provider**, the provider must regularly supply engagement activity tracking information.

6. Voting

6.1 Voting criteria

In the exercise of voting rights, the management company relies on an **independent proxy advisor's** opinion regarding the **direction of the vote** on the agenda items. The management company has the authority to **change the voting direction** and to depart from this guidance if it considers it necessary and justified. This can happen due to discrepancies with the CNMV's Code of Good Governance for listed companies (in the case of Spanish companies) or incompatibility with the criteria outlined in this policy.

6.2 Exercise assumptions

The Management Company **exercises the attendance and voting rights of European and North American companies** on behalf of the vehicles and portfolios it manages, provided they have been delegated to it, in the following **cases**:

1. When required by the applicable regulations.
2. When, for all the vehicles and portfolios represented by the Management Company, a 1% stake in the company's share capital is exceeded.
3. When the company is based in Spain and the payment of an attendance premium is expected.
4. For companies that are part of the Ibex 35.
5. When the Management Company considers that the participation is significant (if a minimum percentage of voting rights is held, etc.) or when deemed appropriate in light of any other particular circumstance considered in this Policy.

6.3 Process

The right to attend and vote may be exercised **directly or by proxy**, and in person or remotely (by being physically present or by electronic voting).

The Management Company receives information on the company's meetings from its depository and/or custodian, both the date of the meeting and the matters to be discussed, and from its independent advisor, the direction of the vote. The Sustainable Investments team analyzes this information to see if it votes in line with the independent advisor's recommendation or makes any

modifications as stated in this Policy. Subsequently, it records the information in the tool and checks to ensure that the vote has been executed correctly.

6.4 Relevant issues

The Management Company will always vote in the exclusive interest of the owners and/or shareholders of the vehicles and portfolios represented. In this regard, the Management Company regards the following **matters** as being **particularly relevant** in the exercise of voting rights:

1. The approval of the **annual financial statements** and the proposed appropriation of earnings by the company's governing bodies is of paramount importance. As a general rule, the items on the agenda shall be approved provided that the annual financial statements are supported by an unqualified independent auditors' report (or with qualifications, if after analysis it is determined that they are not significant).
2. The company's **auditors** will be appointed and renewed unless it is deemed inappropriate to do so in light of special circumstances.
3. For proposals that would **immediately impact the valuation of the company's securities** (such as mergers, acquisitions, capital increases, issuance or exchange of convertible debentures, etc.), the most favorable option for the vehicles and portfolios represented will be chosen in each case.
4. In the case of amendments to the **bylaws** or to the regulations of the General Shareholders' Meeting, the best interests of the vehicles and portfolios represented shall be analyzed on a case-by-case basis.
5. The **structure of the Board of Directors** is a key pillar in the corporate governance of companies. The separation of roles between the Chief Executive Officer and the Chairman of the Board of Directors, the establishment of a minimum percentage of independent directors, and the promotion of rotation and diversity within the Board of Directors are all positively evaluated. Voting will be conducted in alignment with these criteria.
6. Regarding the **compensation policy** for directors and board members, transparency will be rewarded, and support will be given to those whose objectives align with the company's performance and with the objectives of the shareholders.
7. Further, a specific analysis will be carried out for proposals related to changes in the **capital structure and financing** of the company (issuance of preferred shares, debt issues, treasury stock, capital increases without preemptive subscription rights, etc.).
8. Votes will be cast in favor of proposals on **social and environmental issues** for which

there is sufficient information and transparency and which are in accordance with the relevant regulations in the company's geography. Proposals that violate the aforementioned regulations, could negatively impact society and the environment, or imply a potential sustainable risk that could harm the company's valuation will be voted against.

In addition, the Management Company considers it a good practice and expects companies to consider, take appropriate action, and follow up on those proposals of the governing bodies that, when submitted to the shareholders' meeting, have been opposed by a significant percentage of shareholders.

7. Conflicts of interest

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:

- Having a 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.

As far as voting in **BBVA Group companies is concerned**, 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.

8. Transparency and updating

The Engagement Policy is published on the BBVA [website](#) of [Asset Management Europe](#), where you can also consult the rest of the Management Company's policies that affect sustainability.

The Management Company reserves the right to modify, review, and update this Policy to extend it and/or align it with reforms, regulatory developments, and the creation of new indicators and trends in social, environmental, and/or governmental matters within the framework of the global definition made by BBVA AM&GW.

The Policy will be reviewed annually, although it may be subject to early review if relevant issues arise that require it.

In addition, an **Annual Engagement and Voting Report** will be published on the website, which will include the commitment and voting actions carried out in each annual period.

Change control

V.	Modification	Approved by	Summary of changes
1	26/01/2021	Board of Directors of the Management Company	Creation of the Engagement Policy
2	29/09/2021	Board of Directors of the Management Company	Updating of voting criteria and other minor changes.
3	16/07/2024	Board of Directors of the Management Company	Update of the introduction Creation of the Governance Structure section Update of the Engagement and Voting section Creation of the Transparency section and updating Creation of regulatory framework and general principles annexes
4	12/17/2025	Board of Directors of the Management Company	Update organization Update composition of GGS Creation of the Sustainability Europe Working Group

Annex I: Regulatory framework

Different **European and Spanish regulations** have been taken into account in the preparation of this policy.

Directive (EU) 2017/828, of the European Parliament and of the Council of 17 May 2017 (known as **Shareholder Rights Directive II** or SRD II), which aims to **encourage long-term shareholder engagement** to ensure that decisions are taken with a view to the long-term stability of the company and take into account environmental and social factors. This Directive aims to help identify shareholders, enhance oversight of directors' pay, regulate related-party transactions, and increase transparency for institutional investors, asset managers, and proxy advisors. **Asset managers must publish an engagement policy** and have to disclose information annually on how they have applied this policy, in particular on how they voted in the most important votes.

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 **on sustainability disclosures** in the financial services sector (**SFDR**).

Law 5/2021 of April 12, which amends the Law on Collective Investment Institutions (LIIC) to incorporate SRD II into the Spanish legal system in the area of collective investment institution management companies. Management companies shall create and make publicly available an engagement policy describing how they integrate their involvement as shareholders or shareholder managers into their investment policy.

Royal Decree 1082/2012 of July 13, approving the Regulations implementing the LIIC. It establishes the obligation for management companies to have a policy in relation to the exercise of voting rights, as well as, in addition to SRD II, to post on their website a summary of their policy with regard to the exercise of voting rights inherent to other securities not included in the scope of application of said Directive (and, on an annual basis, of the application of the same).

Annex II: General principles

The sustainability policy is based on the following **standards and best practices** contained in standards, protocols, codes of conduct and guidelines on environmental, social and governance:

- United Nations Principles of Responsible Banking (UNPRI)
- United Nations Global Compact
- OECD Guidelines for Multinational Enterprises.
- United Nations Guiding Principles on Business and Human Rights.
- International Labour Organization Declaration on Fundamental Principles and Rights at Work.
- United Nations 2030 Agenda for Sustainable Development Goals (SDGs)
- CNMV's Code of Good Governance for Listed Companies
- Paris Climate Change Agreements 2015 (COP21)
- Recommendations of Task Force on Climate-Related Financial Disclosures (TCFD)
- Principles of the Institutional Investment Group on Climate Change (IIGCC)
- CFA Institute's Investment Manager Code of Professional Conduct
- CNMV Code of Best Practices for Institutional Investors, Asset Managers and Proxy Advisors in relation to their duties concerning the assets entrusted or services rendered.

It also takes into account the **social and environmental principles and policies that govern BBVA's activity**:

- General Sustainability Policy
- Environmental and Social Framework
- Code of conduct
- Securities Market Conduct Policy

- BBVA and Human Rights
- Group Supplier Code of Ethics
- Anti-corruption policy statement
- Prevention of money laundering and terrorist financing