

# DECLARATION REGARDING THE PRINCIPAL ADVERSE IMPACTS OF THE INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

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**PARTICIPANT IN THE FINANCIAL MARKETS: KUTXABANK GESTION S.G.I.I.C., S.A.U., with LEI 959800MLEM6FFF7V7L07**

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## SUMMARY

KUTXABANK GESTION S.G.I.I.C., S.A.U., with LEI 959800MLEM6FFF7V7L07, considers the main adverse impacts of its investment decisions on sustainability factors.

This declaration regarding the main adverse impacts on sustainability factors covers the reference period 1 January 2023 to 31 December 2023, and incorporates the effects of all the portfolios under management, that is, CIUs and, under the discretionary portfolio management service: voluntary social welfare entities (EPSV) and pension funds (PF).

During 2023, the management company has considered the adverse impacts in table 1 of Annex I of Delegated Regulation (EU) 2022/1288 (mandatory) and some of tables 2 and 3 (voluntary), in different ways in order to adopt investment decisions:

- Initial filter of the investment universe by means of exclusion lists, collecting the main international codes of responsible conduct.
- Integration of such indicators into the asset selection process (shares, debt), combining in the financial aspects into decision process as well as those related to sustainability.
- Portfolio construction process: final weight in portfolio allocation according to sustainability criteria (by internal limits, by comparison against other benchmark indices).
- Risk control: the indicators described form part of the risk control process assumed by the portfolios.
- Specific control on climate change risk: in recent years the PACTA tool has been used, within the entire management company, for analysing the degree of alignment with the goals set in the so-called Paris Agreement on climate change. Nonetheless, for the future, a tool with more sectoral coverage and greater depth of analysis has been procured in order to establish policies in this regard. The implementation of this tool will be conducted throughout 2024.

- The engagement policy has been actively used in the management company when incorporating the PAIs into the overall sustainability process. This engagement policy has been materialized from the Voting side (voting criteria include the due diligence philosophy as regards the PAIs) as well as from the Dialogue side sustained with the companies on sustainability aspects. The Engagement Policy implementation report, in its two facets, throughout 2023 is set out in the document “Report on the exercise to vote and dialogue 2023” accessible at [www.kutxabankgestion.es](http://www.kutxabankgestion.es).

Type	Field	Pillar	Subject	PAI	Indicator	Exclusion	Integration			
							Directly	Indirectly	Others	
Mandatory	Businesses	Environmental	Greenhouse gas emissions (GHG)	1	GHG Emissions			●	*/**	1) The variable chosen to integrate GHG is GHG intensity, that one way or another includes the 6 first PAIS. In addition, there are exclusions for companies with high thermal coal activity
				2	Carbon footprint			●	*/**	
				3	Carbon intensity	●		●	*/**	
				4	Exposure to fossil fuels	●		●	*/**	
				5	% of renewable energy consumed and produced			●	*/**	
				6	Intensity of energy consumption with climate impact			●	*/**	
		7	Biodiversity			●	*/**	2) There are exclusion on involvement in oil sand and shale. As well as in the indirect impact variable model (water, waste, carbon)		
		8	% with negative impact on biodiversity	●		●	*/**			
		9	Intensity of water emissions	●		●	*/**			
		10	Waste			●	*/**	3) Implicitly in compliance with PIA 10		
		11	Waste intensity			●	*/**			
		12	UN and OECD Principles			●	*/**	4) Indirectly due to access of women to management positions		
		13	% with breach of principles			●	*/**			
		14	Gender pay gap			●	*/**	5) It forms part of the country ESG		
15	% without compliance policies			●	*/**					
16	Gender diversity in the Board of Directors			●	*/**	6) Part of the country ESG rating and there are exclusions due to sanctions				
17	Controversial weapons			●	*/**					
18	% exposure to controversia weapons			●	*/**	7) Without real assets				
19	Carbon intensity			●	*/**					
20	Breach of international treaties, UN principles, etc.			●	*/**	8) Related to the conditions at work and talent retention, the employee turnover rate is taken into consideration				
21	Breach of international treaties, UN principles, etc.			●	*/**					
22	Exposure to fossil fuels			n/a						
23	Exposure to inefficient energies			n/a						
Voluntary	Emissions. Investments in companies without carbon emission reducing initiatives	Environmental	Occupational accidents	4	Percentage of investments in companies without carbon emission reducing initiatives aimed at aligning with the Paris Agreement			●	*/**	1) Related to the conditions at work and talent retention, the employee turnover rate is taken into consideration
				1	Occupational accident prevention policies			●	**	
				2	Ratio of accidents (weighted average)			●	**	
				3	Time lost due to accidents, etc.			●	**	
				22	Taxes			●	**	
22	Jurisdictions non-collaborative with EU (taxes)			●	**					

- The sustainability model includes the PIA totally with the same variable
- The sustainability model includes the PIA totally with a similar variable or that influences it
- El modelo de sostenibilidad recoge el PIA de manera parcial con la misma variable
- The sustainability model includes the PIA partially with a similar variable or that influences it
- \* In the environmental as well as the social part, additional integration through internal limits: green, social and sustainable bonds
- \*\* There is an engagement - dialogue with companies and voting policy - where these points are taken into consideration

The table includes how each PAI is taken into consideration. On occasions only part of the PAI is taken into account, which is indicated with a “●”.



- **Exclusion:** Issuers who cannot buy
- **Integration:** This is taken into account when managing the investments and risks, together with the rest of the financial variables. This can be done **directly**, by using the PAI variable, or **indirectly** through the variable or similar aspects, it is therefore to be expected that the good performance in the ESG policies means a good result in PAI. (For example, the carbon footprint is not directly in our model but carbon intensity is).
- **Others:** Additional integration by means of engagement policies, internal limits, green, social, sustainable bonds and/or linked to sustainability ...