

STATEMENT ABOUT THE PRINCIPAL ADVERSE IMPACTS OF THE INVESTMENT DECISIONS ON SUSTAINABILITY FACTORS

FINANCIAL MARKET PARTICIPANT: KUTXABANK GESTION S.G.I.I.C., S.A.U., with LEI 959800MLEM6FFF7V7L07

SUMMARY

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

This statement on the principal adverse impacts on sustainability factors covers the reference period from 1 January 2024 to 31 December 2024, and incorporates the effects of all portfolios under management, that is, CIUs and, under the discretionary portfolio management service: voluntary social welfare institutions (ESPV) and pension funds (PF).

During the 2024 financial year, the management company has taken into account the adverse impact indicators in table 1 of Annex I to Delegated Regulation (EU) 2022/1288 (mandatory) and some of tables 2 and 3 (voluntary), in different ways for making investment decisions:

- Initial filtering of the investment universe through the exclusion list, collecting the main international codes of responsible conduct.
- Integration of the aforementioned indicators in the asset selection process (shares, debt), combining both financial aspects and those linked to sustainability in the decision-making process.
- Portfolio building process: final allocation of weight within the portfolio based on sustainability criteria (either through internal limits or comparing with benchmark indices).
- Risk control: the indicators described are part of the control process of the risks assumed by the portfolios.
- Specific control over climate change risk: in the last year, the Low Carbon Transition tool of the supplier Sustainalytics has been used for analysis, at joint management level, of the degree of alignment with the objectives set out in the so-called Paris Agreement on climate change.
- The engagement policy has been used actively in the management company when incorporating PAIs into the overall sustainability process. This engagement policy has materialised both on the Voting side (the voting criteria reflect the due diligence philosophy as regards PAIs) and on the Dialogue

held with companies on sustainability aspects. The report on the implementation of the Engagement Policy, in its two aspects, throughout 2024 is contained in the document "Report on the exercise to vote and dialogue 2024" accessible at www.kutxabankgestion.es.

Type	Scope	Pillar	Subject	PAI	Indicator	Integration					
						Exclusion	Directly	Indirectly	Others		
Mandatory	Companies	Environmental	Greenhouse Gas Emissions (GHG)	1	GHG Emissions			●	*/**	1) The variable chosen to integrate GHG is GHG intensity, which in one way or another collects the first 6 PAIS. In addition, there are exclusions to companies with high thermal coal activity	
				2	Carbon footprint			●	*/**		
				3	Carbon intensity		●		*/**		
				4	Exposure to fossil fuels	◐		●	*/**		
				5	% of non-renewable energy consumed and produced			●	*/**		
				6	Energy consumption intensity with climate impact			●	*/**		
		7	% with a negative impact on biodiversity	◐		●	*/**	2) There are exclusions on involvement in oil sands and shale. Also in the model with indirect impact variables (water, waste, carbon)			
		8	Water emission intensity	◐	●		*/**				
		9	Waste intensity		●		*/**				
	Sovereign	Social	UN and OECD Principles	10	% with violation of principles		●		*/**	3) Implicitly in compliance with PAI 10 4) Indirectly due to women's access to management positions	
				11	% without compliance policies			●	*/**		
				12	Gender pay gap			●	*/**		
				13	% women board members		●		*/**		
				14	% exposure to controversial weapons		●		*/**		
	Real assets	Environmental	Controversial weapons	15	Carbon intensity			●	*/**	5) Forms part of the country's ESG rating 6) Part of the country's ESG rating and there are sanctions due to exclusions 7) Without real assets	
				16	Violation of international treaties, UN principles, etc			●	*/**		
	Voluntary	Companies	Environmental	Emissions. Investments in companies without carbon emission reduction initiatives	17	Exposure to fossil fuels				n/a	1) Related to working conditions and talent retention, employee turnover ratio is taken into account
					18	Exposure to non-efficient energy					
4					Percentage of investments in companies with carbon emission reduction initiatives aimed at adjusting to the Paris Agreement			●	*/**		
Sovereign		Social	Work accidents	1	Work accident prevention policies			●	**		
				2	Accident ratio (weighted average)			●	**		
				3	Time lost due to accidents, etc.		●		**		
Sovereign		Taxes	Taxes	22	Jurisdictions not collaborating with the EU (taxes)	◐			**		

- The sustainability model captures the PAI as a whole with the same variable
- ◐ The sustainability model partially captures PAI with the same variable
- The sustainability model captures the PAI as a whole with a similar v; that has influence
- ◐ The sustainability model partially captures PAI with a similar variable or that has influence
- * Both on the environmental and social side, additional integration through internal limits: green, social and sustainable bonds
- ** There is an engagement- dialogue policy with companies and voting- where these points are taken into account

The table shows how each PAI is taken into account. Sometimes only part of the PAI is taken into account, which is indicated with a "◐".

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