Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. This Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Product name: Future Generation Equity Portfolio (*Cartera Generación Futura Renta Variable*)

Legal entity identifier: *A08188534 / CNMV no.: 1*

Environmental or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective**: __%	☒ **It promoted environmental/social characteristics** and, while it did not have as its objective a sustainable investment, it had **a proportion of 38.18% of sustainable investments**
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted environmental/social characteristics, but **did not make any sustainable investments**

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The portfolio promotes a number of environmental and social characteristics in keeping with:

- The reduction of environmental risks through the establishment of policies and procedures governing matters such as climate change, waste management, energy efficiency, conservation and use of natural resources, among others;
- The establishment of social practices and policies relating to the observance of human rights, workers' rights, impact on local communities, data security, etc.; and
- The implementation of good practices on corporate governance, including measures on anti-corruption and bribery, tax evasion, transparency, etc.

In this regard, throughout the year, the portfolio promoted environmental and social characteristics via investments in Collective Investment Undertakings (CIUs) which, in turn, promoted the sustainable characteristics described above by investing in financial instruments aligned with best practices in the fight against climate change, respect for human rights, the promotion and guarantee of decent work, alignment with the main international sustainability initiatives, among others.

The exposure to companies whose business is incompatible with the characteristics being promoted has also been reduced through the application of exclusion policies by the underlying CIUs.

100% of the underlying CIUs of the portfolio were classified according to Article 8 of SFDR or EU Regulation 2019/88 as at year-end.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

For monitoring the sustainable characteristics promoted, the portfolio uses the indicators reported by the underlying CIUs themselves to measure their investments' alignment with the characteristics pursued. Indicators include: **ESG rating**, which provides an assessment of the environmental, social and governance profile of the assets; the **CO_2 emissions and intensity** as a benchmark for companies' climate management; alignment with the **Global Compact**; and **best** practices on **anti-corruption** in companies.

Specifically, during the reporting period, the underlying CIUs submitted the following indicators, among others:

- **<u>High ESG (environmental, social and governance) rating:</u>**
  - One of the underlying CIUs outlined that its portfolio's weighted average ESG (environmental, social and governance) rating is 'C', taking into account that the rating scale ranges from 'A' (best score) to 'G' (worst score).
  - Another of the underlying CIUs determined that its ESG rating was 65 compared to the 63 of the benchmark, with 0 being the worst rating and 100 the best.
  - A third CIU expressed that its ESG rating was 88.2 points, while the rating of the investment universe was 75.9, with 0 being the worst rating and 100 the best.
  - The fourth one indicated that the ESG risk rating of its portfolio was 20 points, compared to 20.3 of its benchmark, with 0 being the lowest ESG risk and 100 the highest.
- **<u>CO_2 emissions and intensity (tCO2e/€m) below market average:</u>**
  - One CIU reported that its portfolio had generated 91 tonnes of CO_2 emissions compared to the 246 tonnes of CO_2 of its benchmark.
  - Another CIU reported that its portfolio had a total CO_2 emission intensity of 540.99 tCO2e/€m compared to the benchmark's 637.12.

- **<u>Greater alignment with the (United Nations) Global Compact when compared to the market:</u>**
    - One CIU reported that 92% of its portfolio was aligned with the United Nations **Global Compact** compared to 64% of the investment universe or the benchmark.
- **<u>Rating of the Anti-Corruption Policy:</u>**
    - One of the underlying CIUs stated that the rating of its Anti-Corruption Policy was 82.1 points, while the rating of the investment universe was 73, with 0 being the worst rating and 100 the best.

... and compared to previous periods?

Insofar as the underlying CIUs that make up the portfolio as at 2023 year-end do not coincide in their entirety with those as at 2022 year-end, we conclude that:

- At the aggregate level, the portfolio improved the promotion of sustainable characteristics, insofar as an improvement has been observed by the underlying CIUs when monitoring the sustainability indicators.

- Furthermore, in relation to the funds held in the portfolio in both years, similar levels of promotion of sustainable characteristics were identified.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Although the portfolio did not have a sustainable investment as its objective, it had a proportion of sustainable investments through its underlying funds.

Through these investments, it pursued investments in economic activities that contribute to one or more of the following objectives: fight against climate change, energy efficiency management solutions, affordable and clean energy solutions, circular economy and use of resources, decarbonisation, reduction of inequalities, improved access to education and health services, promotion of decent work and economic growth, etc.

Specifically, through investments in other CIUs, the portfolio pursued the following sustainable investment objectives:

- Investments whose revenues focus on a category with sustainable environmental or social impact.

- Investments that contribute to one or more of the United Nations Sustainable Development Goals.

- Investments that obtained the best-in-class company score in environmental or social issues as defined by an ESG data provider.

- Investments in best performers, which follow best environmental and social practices and do not manufacture products or provide services that harm the environment and society.

- Investments that contribute to sustainable objectives set by the underlying CIU, such as climate change mitigation, transition towards a circular economy or inclusive and sustainable communities.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

To ensure that the sustainable investments did no significant harm (DNSH) to any environmental or social investment objective, the underlying funds applied the following measures:

- Regular monitoring of the **main controversies** detected in order to avoid significant harm to environmental or social objectives.
- Establishment of **minimum ESG score thresholds** to verify that companies do not perform poorly from an environmental or social standpoint, compared to other companies in their sector.
- Development of a **Sector-Specific Exclusions Policy** (such as tabaco, controversial weapons or coal mining and extraction) **based on recognised standards**.
- Analysis of the **positive contribution** through the proportion of revenues generated through products or services that positively contribute to any of the **SDGs defined by the UN**.
- Monitoring of the **Principal Adverse Impacts** through a combination of indicators and thresholds or specific rules.

How were the indicators for adverse impacts on sustainability factors taken into account?

Principal Adverse Impacts (PAIs) were managed with the aim of mitigating potential negative impacts on the environment and society. Each of the underlying CIUs followed different strategies to manage these indicators. Some of them are described below:

- **PAIs were incorporated** in the measurement of environmental and social impacts via a pool of additional broader indicators developed through a proprietary methodology.
- **Analysis and regular monitoring of PAIs**, from both a quantitative and qualitative perspective, in order to identify possible deviations and thereby prioritise engagement or active dialogue activities.
- **Application of lower and upper thresholds for each PAI**, on a relative or absolute basis depending on the indicator, to ensure they remain within given ranges so that they do no significant harm.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Most of the sustainable investments were brought in line with the guidelines set out by the OECD and the UN guiding principles on human rights, by considering ESG factors and controversies. Specifically, the underlying CIUs used the following mechanisms:

- Development of proprietary ESG scoring tools through indicators provided by external ESG data providers, which identify companies or issuers that could potentially be in breach of the United Nations Global Compact, the OECD Guidelines and the UN Guiding Principles so that the indicated companies and/or issuers may be subsequently analysed in detail.
- Regular analysis of investments looking for violations of the principles, as well as monitoring of controversies and the application of the Sector-Specific Exclusions Policy (such as tabaco, controversial weapons, coal mining and extraction) based on recognised standards.
- Analysis of the positive contribution through the proportion of revenues generated through products or services that positively contribute to any of the SDGs defined by the UN.

As a result of the implementation of these tools, **no values were identified** over the reporting period **that were indicative of a breach of these principles**.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

The portfolio took into account the Principal Adverse Impacts (PAIs) by making sure that the underlying CIUs measured and assessed a series of metrics or KPIs that warn of the negative effects that the investment can have on environmental and social aspects.

Moreover, **100%** of the underlying CIUs of the portfolio **consider the Principal Adverse Impacts, according to their sustainable investment policy**. Specifically, the following mechanisms apply:

- Definition of exclusion rules based on standards and sectors.
- Integration of ESG factors through the adoption of minimum ESG risk rules, as well as the definition of mitigating actions.
- Tracking controversies through the information provided by external suppliers.
- Regular monitoring of the Principal Adverse Impacts to check the indicators' performance and set objectives and targets depending on the results obtained.

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reporting period which is: **2023**

What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
ELEVA EUROPEAN SELECT	*Financial, Health Care, Industrial*	*14.52%*	*France, United Kingdom, Switzerland*
AMUNDI EUROLAND EQUITY	*Financial, Industrial, Consumer discretionary*	*15.21%*	*France, USA, Spain*
EXANE FUNDS 2 EQUITY SELECT EUROPE	*Consumer discretionary, Information Technology, Energy*	*15.42%*	*France, Netherlands, United Kingdom*
GS EUROZONE EQUITY INCOME	*Industrial, Financial, Telecommunications*	*14.95%*	*France, Netherlands, Germany*
MORGAN STANLEY US ADVANTAGE	*Information Technology, Industrial, Telecommunications*	*14.3%*	*USA, Canada*
AMUNDI ESG EEUU	*Information Technology, Consumer discretionary, Health Care*	*12.36%*	*United States*
JPM AMERICA EQUITY	*Information Technology, Consumer discretionary, Financial*	*13.24%*	*Cayman Islands, China*

What was the proportion of sustainability-related investments?

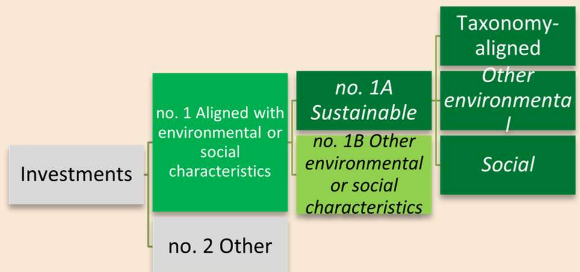
As at 31 December 2023, **93.96%** of the portfolio was invested in assets that promoted environmental or social characteristics. In addition, although the portfolio did not have a sustainable investment as its objective, **38.18% of its investments were sustainable**. These were investments aligned with the EU

Taxonomy (0.48%), investments with an environmental objective not aligned with the EU Taxonomy (26.96%), and investments with a social objective (10.75%).

The percentages of Taxonomy-aligned investments and investments with a non-EU Taxonomy-aligned environmental objective have been estimated based on the information available from the underlying funds.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



no. 1 Aligned with environmental or social characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

no. 2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor qualified as sustainable investments.

The category **no. 1 Aligned with environmental or social characteristics** includes:
- sub-category **no. 1A Sustainable**, which includes sustainable investments with environmental or social objectives or Taxonomy-aligned.
- sub-category **no. 1B Other environmental or social characteristics**, which covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

Sector	Weight
Financials	16.14%
Industrials	16.03%
Information Technology	14.74%
Consumer discretionary	12.52%
Health Care	10.63%
Telecommunications	7.85%
Materials	6.24%
Energy	5.05%
Consumer staples	4.34%
Utilities	2.66%
Other	2.55%
Real Estate	1.25%

Weights estimated according to the available information about the underlying funds.

Taxonomy-aligned activities are expressed as a share of:
- **Turnover**, which reflects the share of revenue from green activities of investee companies;
- **Capital expenditure** (CapEx), which shows the green investments made by investee companies, e.g. for a transition to a green economy;
- **Operational expenditure** (OpEx), which reflects the green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

Although the portfolio did not undertake to make a minimum sustainable investment with an environmental objective aligned with the EU Taxonomy, 0.48% of its investments were sustainable according to the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy[1]?

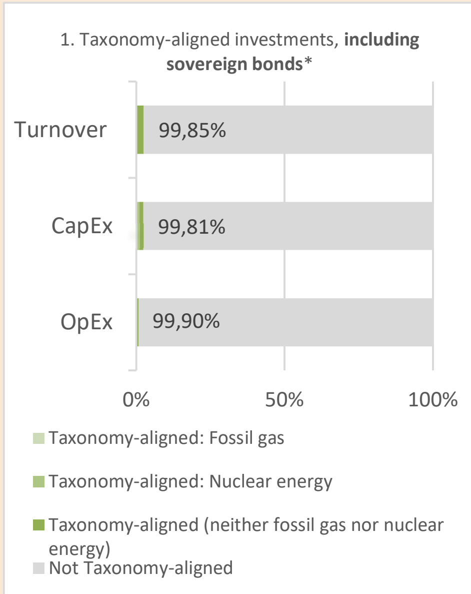
☐ Yes

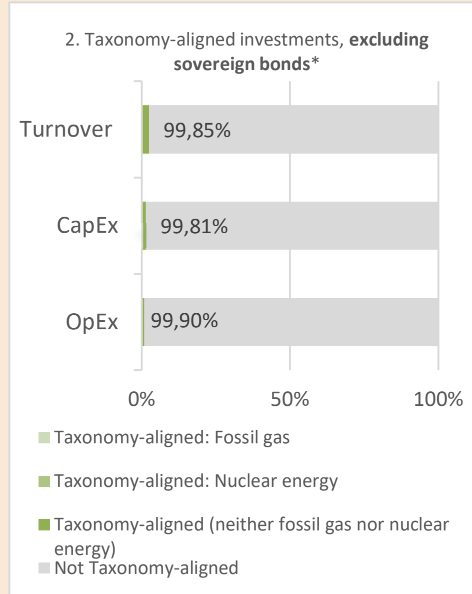
☐ In fossil gas ☐ In nuclear energy

X No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents x% of the total investments.

This graph represents x% of the total investments.

For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

1. Ajuste a la taxonomía de las inversiones, incluidos los bonos soberanos*

	OpEX	CapEX	Volumen de negocios
Ajustadas a la taxonomía: Gas fósil	0,000%	0,000%	0,000%
Ajustadas a la taxonomía: Energía nuclear	0,000%	0,000%	0,000%
Ajustadas a la taxonomía (ni gas fósil ni energía nuclear)	0,102%	0,190%	0,151%
No ajustadas a Taxonomía	99,898%	99,810%	99,849%

2. Ajuste a la taxonomía de las inversiones, excluidos los bonos soberanos*

	OpEX	CapEX	Volumen de negocios
Ajustadas a la taxonomía: Gas fósil	0,000%	0,000%	0,000%
Ajustadas a la taxonomía: Energía nuclear	0,000%	0,000%	0,000%
Ajustadas a la taxonomía (ni gas fósil ni energía nuclear)	0,100%	0,189%	0,148%
No ajustadas a Taxonomía	99,900%	99,811%	99,852%

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

What was the share of investments made in transitional and enabling activities?

- Transitional activities: 0%
- Enabling activities: 0.5786%

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reporting periods?

No references of previous periods available.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Although the portfolio did not have a sustainable investment as its objective, **26.96%** of its investments were sustainable with an environmental objective not aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

Although the portfolio did not have sustainable investments as its objective, **10.75%** of its investments were socially sustainable.

What investments were included under "other" and what was their purpose? Were there any minimum environmental or social safeguards?

The investments included under "Other" consisted mainly of cash and other instruments whose objective was to manage liquidity and portfolio risk. It also includes securities without ESG information, for which the data necessary to measure compliance with the environmental and social characteristics being pursued is not available.

What actions have been taken to meet the environmental or social characteristics during the reporting period?

The underlying CIUs have been managed and monitored to ensure their alignment with the promoted characteristics. At the same time, measures taken by the various underlying CIUs themselves have been used to ensure the promotion of the desired sustainable characteristics.

Specifically, the various underlying CIUs have put the following processes into practice:

- Engagement with the various companies through active dialogue with a view to ensuring that not only are the promoted characteristics attained but the ESG risks and opportunities are being managed effectively.
- Application of frameworks for classifying the activities of the companies in which the underlying funds invest, enabling an understanding of whether investee companies are creating financial value and positive externalities that can benefit sustainability.
- Application of systematic exclusions (both regulatory and sector-specific) policies to ensure there is no exposure to controversial activities, breaches of the main international initiatives or activities that negatively affect sustainability. Among other things, the following have been excluded from the investment universe: controversial weapons, production of tobacco, gambling, pornography and companies that fail to fulfil the Global Compact Principles and the OECD Guidelines for Multinational Enterprises. Maximum percentage thresholds for revenue, manufacture or distribution have also been set in sectors such as thermal coal.
- Integration of proprietary ESG indicators into the control framework, allowing for assessment of the impact of investment decisions through checks carried out by the investment team and the environmental and social risk management team.

How did this financial product perform compared to the reference benchmark?

No specific reference benchmark has been designated to attain the sustainable characteristics pursued.

- ***How does the reference benchmark differ from a broad market index?***

  Not applicable.

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***
  Not applicable.

- ***How did this financial product perform compared with the reference benchmark?***
  Not applicable.

- ***How did this financial product perform compared with the broad market index?***
  Not applicable.