



Garanti BBVA Sustainable Business Channeling Guide

Eligibility and Calculation Criteria



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1 Introduction

Sustainability as a strategic priority for Garanti BBVA

For Garanti BBVA, promoting **sustainability as a driver of growth** is a **strategic priority**, which translates into accompanying our customers in their transition to a more sustainable future.

Many of our clients are undergoing profound transformations in their business models and productive activities, which require a large investment. Our role is to support them with advice and financing, which is reflected in the Sustainable Business Channeling indicator.

The Channeling includes the financial flows linked to the activities, customers or products considered sustainable by Garanti BBVA. In addition, it is a cumulative concept since it reflects amounts originated from a certain date. Part of these flows are not recorded on the balance sheet (such as the placement of customer bonds).

In 2018, BBVA set an initial target of channeling 100 billion euros of sustainable business by 2025, gradually increasing this target to 300 billion euros, which was achieved in December 2024, one year ahead of schedule.

Garanti BBVA achieved its target of channeling TRY 400 billion for the 2018 – 2025 period in March 2025.

The Sustainable Business Channeling Target 2025-2029

In 2025, BBVA has set a new **Sustainable Business Channeling Target** (the "Channeling Target")¹. The new target is 700 billion euros for the period 2025-2029, more than double the previous target.

Following the achievement of its previous target, Garanti BBVA now aims to channel TRY 3.1 trillion towards sustainable activities.

The purpose of this document is to outline the criteria Garanti BBVA applies to define **business as sustainable in relation to the bank's channeling target**; it has been **developed by BBVA** and **verified by DNV** against industry best practices.

This document will additionally be **periodically updated** to take into account regulatory developments, industry best practices, and updates to the entity's internal regulations.

(1) The Sustainable Business Channeling Target does not include the activity of BBVA Asset Management or the BBVA Microfinance Foundation. Nor does it cover BBVA's own debt issuance framework, as own debt issuance does not count towards the channeling target.

2 Sustainable Business Eligibility Criteria

The criteria for the inclusion of Sustainable Business have been developed with reference to **existing regulations and industry standards**, according to environmental, social and sustainable categories.



ENVIRONMENTAL

- Taxonomies in force (European Taxonomy and local taxonomies)
- ICMA Green Bond Principles²
- LMA/LSTA/APLMA Green Loan Principles³



SOCIAL

- ICMA Social Bond Principles
- LMA/LSTA/APLMA Social Loan Principles



SUSTAINABLE ⁴

- ICMA Sustainability Bond Guidelines
- ICMA Sustainability-linked Bond Principles
- LMA/LSTA/APLMA Sustainability-Linked Loan Principles
- Market standards and industry best practices related to the sustainable customer: B Corp Standard and Benefit Corporations, or SBIC Corporations

Garanti BBVA's sustainable business includes both **financial products**, and services provided to customers to give them access to the **capital markets**. In both cases, they are classified according to their purpose, **specific** or **general**.

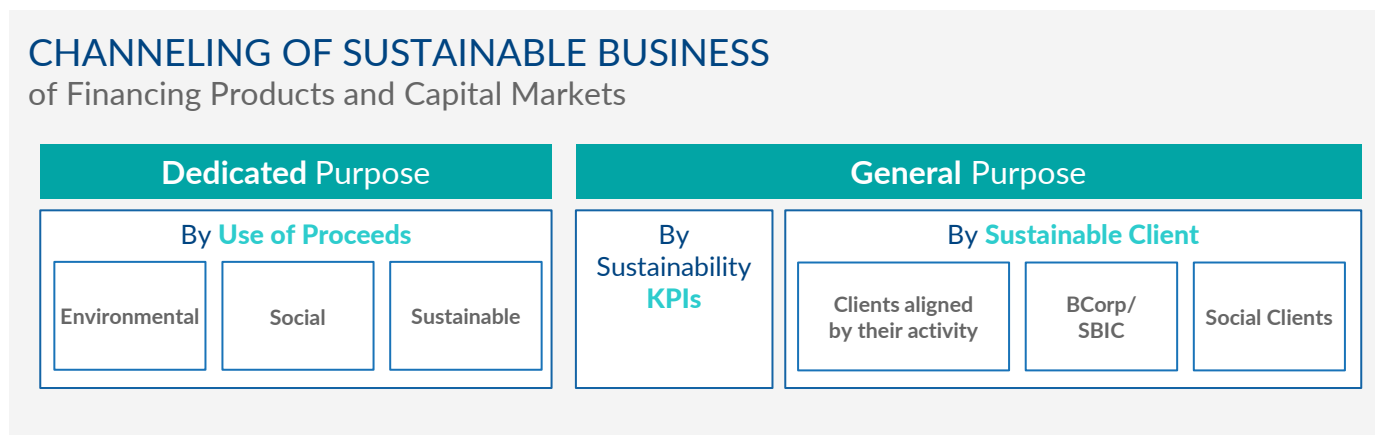
Financing products include loans, consumer finance, transaction banking, structured finance, etc., while capital markets activities include both the placement of clients bonds and the purchase of European Union CO₂ emission allowances at public auction.

(2) Reference to the acronym International Capital Market Association.

(3) Reference to the acronyms of Loan Market Association, Loan Syndications and Trading Association and Asia Pacific Loan Market Association, respectively.

(4) Garanti BBVA considers sustainable that which can have a combination of environmental and social components.

Below is the figure representing the Channeling of Sustainable Business:



- Dedicated purpose:** Dedicated-purpose Sustainable Business is where the **use of proceeds** is intended to finance, in whole or in part, **environmental and/or social activities** described in [Appendix I](#) of this document⁵.
- General purpose:** A general-purpose sustainable business is one whose funds **have no specific use** but promote a **positive impact** in terms of sustainability. In this case, there are two types:
 - Solutions linked** to sustainability indicators (KPI-linked)⁶.
 - Financing **for a client** when its nature or activity can be considered sustainable, under the following terms:
 - Clients** with a **level of alignment** of 75 to 100% of their activities with environmental and/or social activities described in Appendix I of this document⁷.
 - Clients with **BCorp certification** and **Benefit and Common Interest Corporations (SBIC)**.
 - Social clients** by nature: low-income vulnerable customers; entrepreneurs, micro-businesses and inclusive SMEs; and social enterprises and foundations, defined under expert criteria.

The details of the products and services considered in the channeling of sustainable business, as well as the calculation criteria established for each of them, are detailed in [Appendix II](#) of this document.

(5) DNV notes that these are activities that bring clear environmental and social benefits, in line with the ICMA and LMA Green and Social Bond and Loan Principles.

(6) DNV notes that, in line with ICMA's and LMA's sustainability-linked Bond and Loan Principles, sustainability indicators have to be ambitious at a level well above a "business as usual" trajectory, considering one's own performance, that of industry peers and the best available techniques and practices, based on science.

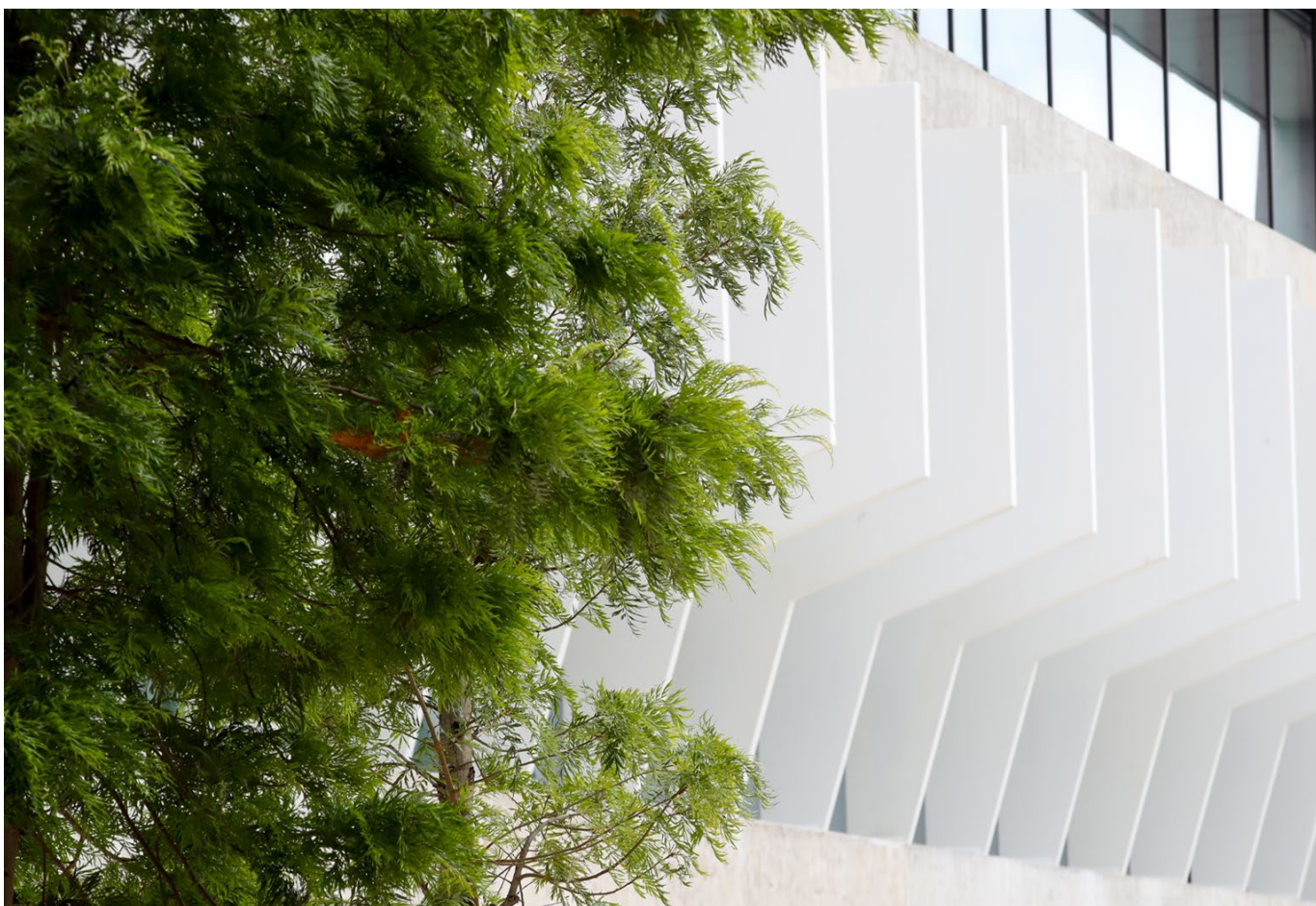
(7) DNV observes that the best market practices involve considering companies as "pure players" if more than 90% of their business involves eligible activities.

3 Financing Restrictions

Garanti BBVA seeks to contribute to sustainable development, both directly, through the responsible use of natural resources and relationships with its stakeholders, and indirectly, through its lending activity and the projects it finances.

That is why Garanti BBVA has identified in its Environmental and Social Credit Standard, available on the entity's corporate website, a series of activities and sectors that, while contributing to economic growth, progress and people's well-being, can also have a high environmental and/or social impact.

Specifically, the Environmental and Social Framework establishes restrictions for certain activities in the **mining, agribusiness, energy, infrastructure and defence sectors**.



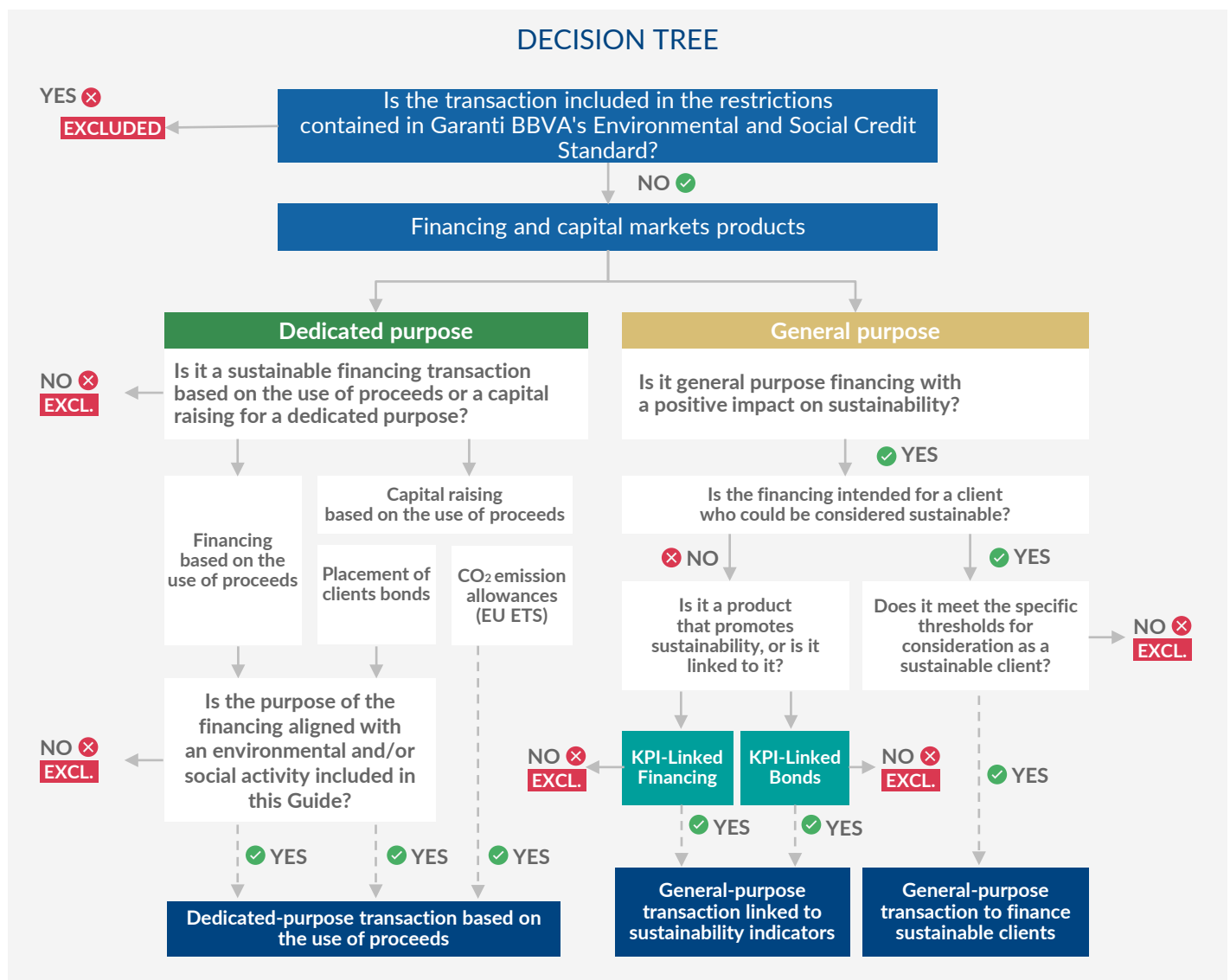
4 Governance model

BBVA's Global Sustainability Area is responsible for establishing the criteria for eligibility and calculation of Sustainable Business, through a specific committee made up of sustainability and control specialists, together with business representatives.

In addition, Garanti BBVA has local specialists responsible for validating and/or structuring sustainable business according to the above criteria.

Once validated as sustainable, these transactions are then counted as **Garanti BBVA Sustainable Business Channeling**.

The **decision tree** below summarizes the process used by the entity to **identify sustainable transactions**.



APPENDIX I

Eligible activities

APPENDIX I

Eligible activities

This section details the **eligible activities** for consideration as specific purpose Sustainable Business (by use of proceeds), based on the eligible categories of the ICMA and LMA Principles⁸.

The criteria applied in the categories of environmental activities are inspired by the **European Taxonomy**, considering substantial contribution criteria⁹.

CATEGORIES OF ENVIRONMENTAL ACTIVITIES		EU Taxonomy Objectives <ul style="list-style-type: none"> Sustainable use of water resources Biodiversity protection Pollution prevention and control Circular economy 	
Climate change <ul style="list-style-type: none"> Climate Change Mitigation Adaptation to Climate Change 		Natural Capital	
Renewable energies	Activities related to the production and transmission of electricity from renewable sources.	Sustainable water and wastewater management	Activities related to the various types of infrastructures for the correct sustainable management of water and wastewater.
Low-emission energies¹³	Activities related to the generation and storage of low-emission energy.	Terrestrial and aquatic biodiversity	Projects to properly maintain ecosystems and achieve co-benefits from them.
Energy efficiency	Activities related to the optimal use of energy in goods, products and services.	Sustainable management of natural resources and land use.	Activities for the proper management of forestry and the promotion of livestock, agriculture and sustainable fishing.
Clean transport	Activities related to vehicles, freight transport and low-carbon or low-emission urban transport.	Pollution prevention and control	Activities to reduce pollution, GHG emissions and promote sustainability through clean manufacturing, carbon capture and waste management.
Low-emission buildings	Construction and acquisition of energy-efficient buildings.	Circular Economy	Processes that are related to circular services or activities that include recyclable and reconditioned materials.
Adaptation	Projects that minimize the impact of climate change and increase resilience in society.		

CATEGORIES OF SOCIAL ACTIVITIES			
Affordable basic infrastructure	Activities in telecommunications, transport, basic public services and other basic infrastructure.	Job creation and unemployment prevention	Activities that promote the generation of employment, support for entrepreneurship and the strengthening of quality employment.
Access to essential services	Activities related to access to basic services such as health care and access to education.	Banking penetration and financial inclusion	Activities that promote banking penetration and financial inclusion, social inclusion and digital and socioeconomic advances.
Affordable housing	Activities that promote access to affordable and/or accessible housing.	Food security and sustainable food systems	Financing for smallholder farmers and business programs that drive social welfare, sustainability, and food security.

SUSTAINABLE

Sustainable activities are considered to be those that have environmental and social components and that, by their nature, **contribute positively** both to the **environment (environmental activities)** and to the **inclusive** development of society (social activities).

(8) DNV notes that alignment with the ICMA and LMA Principles entails that the projects to be financed must provide clear environmental and/or social benefits.

(9) The activities carried out in this section, although they are taxonomic activities, are not covered by the ICMA/LMA Principles, and therefore are not eligible activities as collateral for Garanti BBVA's own emissions as established in the [Sustainable Debt Financing Framework](#).



Environmental activities

This section shows the list of **eligible environmental activities** for an operation to be considered sustainable in terms of its **contribution to the environment**.

The criteria applied in these categories are inspired by the **European Taxonomy**, as it considers the criterion of substantial contribution¹⁰. The **relevant Sustainable Development Goals (SDGs)** in each subcategory are also listed, highlighting the main contribution of each activity to them.



Renewable energies

Renewable energy technologies



- Production of **equipment and systems** necessary to generate, **store and utilize clean and sustainable energy**, such as solar panels, wind turbines, hydro turbines or hydrogen systems.
- Installation, maintenance and repair of **technologies linked to the production of renewable energy**, such as auxiliary technical equipment for photovoltaic solar systems, solar hot water panels, wind turbines, heat pumps or charging stations for electric vehicles, among others.
- Manufacture or **production of biomass, biofuels and biogas as sources of renewable energy generation**, through a process of transformation of organic materials, such as agricultural waste, wood, urban waste or animal waste.

Renewable electricity production



- **Electricity production** from renewable energy derived from any of the following technologies:
 - Photovoltaic solar energy
 - Concentrated Solar Power (CSP)
 - Wind energy
 - Ocean energy
 - Geothermal energy when lifecycle GHG emissions are less than 100 g CO₂e/kWh
 - Hydroelectric power when the electricity generation capacity is greater than 5 W/m² or the life cycle GHG emissions are less than 100 g CO₂e/kWh
 - Bioenergy combustion (biomass, biogas and biofuels)¹¹
 - From gaseous and liquid fuels from non-fossil renewable sources

(10) DNV notes that alignment with EU taxonomic regulation to qualify as an environmentally sustainable activity includes the following conditions:

1. Substantial contribution to at least one of the environmental objectives.
2. Doing no significant harm to any of the other five environmental objectives.
3. Complying with minimum safeguards.
4. Complying with the technical screening criteria set out in the Taxonomy delegated acts

(11) Where the GHG emission saving associated with the use of biomass for electricity and heating and cooling is at least 80% compared to the greenhouse gas emission saving methodology and the fossil fuel comparator in Annex VI of [Directive \(EU\) 2018/2001](#), and 65% for biofuels for transport compared to the GHG emission saving methodology and the corresponding fossil fuel comparator in Annex V of [Directive \(EU\) 2018/2001](#) for which a life cycle analysis is required. Compliance with ISO 13065 provides proof of this.



Power transfer systems



- Manufacture, installation and maintenance of **high, medium and low voltage** electrical equipment for the transfer and distribution of electricity.
- Construction and operation of electricity **transmission systems** for the **transport or distribution** of electricity. This may include one of the **following facilities**, among others:
 - Construction and operation or **expansion of the existing direct connection**, with an average emissions factor of less than 100 g CO₂e/kWh measured on a life cycle basis to a substation or network¹².
 - Construction and operation of **electric vehicle (EV) charging stations** and supporting electrical infrastructure for the electrification of transportation.
- Construction, installation and operation of equipment and infrastructure where the main objective is an **increase in the generation or use of renewable electricity**.
- Installation of equipment to increase the **monitoring and control of the electrical system** and to enable the development and integration of renewable energy sources.
- Installation of **equipment to transfer information to users** so that they can act remotely on consumption, including customer data centers.
- **Interconnectors** between transfer systems as long as one of the systems is eligible.

Low-emission energies ¹³

Processes related to gaseous fossil fuels



- **Conversion, reconversion or renewal of natural gas networks** to make them compatible with the transport of hydrogen and other low-carbon gases.
- Construction and operation of networks for the **transportation and distribution of hydrogen or other low-carbon gases**.
- Construction or operation of facilities for the **generation of electricity from gaseous fossil fuels**, when life-cycle GHG emissions are less than 100 g CO₂e/kWh.

(12) Calculated as the total annual emissions from power generation divided by the total annual net electricity production in that system.

(13) DNV notes that in general, the construction or operation of facilities for the generation of electricity from gaseous fossil fuels or nuclear energy is not eligible under the ICMA and LMA Principles.



Hydrogen-related technologies



- Manufacture of **equipment** for the **production and use of hydrogen**, manufacture of **hydrogen and synthetic fuels from hydrogen and operation of hydrogen storage facilities**, provided that **the hydrogen and synthetic fuels** meet the following thresholds:
 - The process of manufacturing or obtaining hydrogen must have **emissions of less than 3 tCO₂e/tH₂**.
 - In the manufacturing process of synthetic fuels derived from hydrogen, it is necessary to achieve **a reduction in GHG emissions of at least 70%** throughout their life cycle, compared to a standard fossil fuel, whose impact is estimated at 94 g CO₂e/MJ.
- Development of **new infrastructures to store hydrogen** and **adaptation of existing underground gas storage facilities** so that they can store hydrogen.



Energy efficiency

Energy storage



- **Construction and operation of electricity storage**, including **pumped hydroelectric energy**, and of facilities that store **thermal energy**, including underground thermal energy storage (UTES) or aquifer thermal energy storage (ATES).
- **Manufacture of cells, batteries and rechargeable accumulators** for transport, stationary energy storage and industrial applications, including the production of components such as active materials, cells, housings and electronic components, as well as the recycling of these products at the end of their useful life.



Heating or cooling services

- Installation and operation of **electric heat pumps** that meet the following two criteria:
 - Refrigerant threshold: the **global warming potential** is not higher than 675.
 - The **energy efficiency** requirements established in the implementing regulations of [Directive 2009/125/CE](#), on ecodesign applicable to energy-related products are met.
- Construction, renovation and operation of **pipes** and associated **infrastructure** for the distribution of heating and cooling.
- Construction and operation of **combined heat, cold and power cogeneration plants** using various means:
 - Solar energy
 - Geothermal energy when lifecycle GHG emissions are less than 100 g CO₂e/kWh
 - Bioenergy, through the combustion of biomass, biogas or bioliquids, under certain criteria¹⁴
 - From gaseous and liquid fuels from non-fossil renewable sources, under certain criteria¹⁵
 - From gaseous fossil fuels¹⁶
 - From residual heat¹⁷
- **Production of heat/cold** from solar thermal heating, geothermal energy, gaseous and liquid fuels from non-fossil renewable sources, waste heat, bioenergy and/or gaseous fossil fuels, in efficient district heating and cooling systems.

(14) An urban system that uses at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of energy and heat. The reduction in greenhouse gas emissions from the use of biomass in cogeneration facilities is at least 80% relative to the GHG reduction methodology and the reference fossil fuel.

(15) The lifecycle GHG emissions of combined heat/cold from geothermal energy are less than 100 g CO₂e/kWh. During the construction phase, a leak detection and repair program must be implemented or equipment is installed to monitor physical emissions, such as methane leaks. While, during the operation phase, physical methane emissions are monitored, the results obtained are reported, and measures are taken to eliminate identified leaks.

(16) Facilities that are granted a building permit by December 31, 2030 must comply with requirements such as demonstrating an improvement in energy efficiency by achieving at least 10% savings in primary energy. The direct GHG emissions of the activity are less than 270 g CO₂e/kWh of output energy. The substitution results in a reduction of at least 55% in GHG emissions per kWh of output energy, among other requirements.

(17) The activity carries out the cogeneration of heat/cold and energy using waste heat.



Systems for improving energy efficiency in buildings



- Renovation or **refurbishment of existing buildings**, provided that it involves a reduction of at least 30% of primary energy consumption.
- Activities that include the **manufacture, installation, maintenance, repair and acquisition of energy efficiency** equipment in buildings, or their key components, among others:
 - Replacing existing windows with new **energy-efficient windows**.
 - Installation and replacement of **energy-efficient** light sources.
 - Professional energy **management services**.
 - Installation, maintenance and repair of gas, heat, cold and electricity **smart meters**.
- Installation, maintenance and repair of instruments and devices to **measure, regulate and control the energy efficiency of buildings**, such as, but not limited to, smart thermostats, building automation and control systems, lighting control systems, smart meters and façade and roof elements with a solar shading or solar control function.
- **Professional services** linked to improving the **energy efficiency of buildings**, such as technical consultations and energy audits, building performance assessments, energy management services, and energy performance contracts.

Energy efficiency in industry



- Manufacture of **technologies aimed at substantially reducing GHG emissions** compared to the best performing alternative technology/product/solution available on the market, in **sectors not related to real estate**.
- Acquisition of **new energy-efficient process machinery**, with almost zero GHG emissions, or near-zero global warming potential.
- Renovation of **heating/cold** machinery, provided that the proven savings are greater than 30% of the energy consumed.
- Data storage, handling, management and processing activities through **data centers**, provided that the application of specific **energy efficiency measures** for data centers is demonstrated, and the **global warming potential** of the refrigerants used in the data center cooling system is **less than 675**.



Clean transport

Manufacture, repair and maintenance of means of mobility and transport and their components



- **Production of biogas or biofuels** for transport and production of bioliquids, when the agricultural biomass used is of second or third generation or has certain certificates¹⁸ and the **reduction in GHG emissions is at least 65%** in relation to the corresponding reference fossil fuel.
- Manufacture, repair, maintenance, renovation, reconversion and modernization of **mobility components** for **zero-emission personal mobility devices**.
- Manufacture, repair, maintenance, renovation, conversion and modernization of **zero-emission vehicles, rolling stock** and transport vessels.
- Manufacture, installation, technical consultancy, renovation, modernization, repair, maintenance and conversion of **products, equipment, systems and software related to the railway components of zero-emission trains**, passenger cars and carriages.
- Renovation and modernization of vessels for the **transportation of goods or passengers by sea, coastal waters or inland waterways**, and of vessels necessary for port operations and auxiliary activities, when these are not intended for the transportation of fossil fuels, and the renovation reduces fuel consumption by at least 10%¹⁹.
- **Manufacture, repair, maintenance, reuse and energy efficiency** measures applied to aviation activity when the manufacture of the aircraft meets one of the following criteria, and is not intended for the transport or storage of fossil fuels:
 - Aircraft with zero direct CO2 emissions.
 - Aircraft that are certified to operate with a blend of 100% sustainable aviation fuels.
 - The aircraft manufacturer provides a declaration certifying that the aircraft meets the requirements of ICAO requirements²⁰.

(18) Certifications: SURE, 2BSvs, ISCC EU, Better Biomass, KZR INiG, Bonsucro EU, RSB EU RED, REDcert, RTRS EU RED, Red Tractor, UFAS, SQC, SBP, TASCC.

(19) Vessels that use green ammonia as fuel, bio and synthetic LNG, synthetic methanol or bioethanol, hydrogen cells or electric batteries will also be considered sustainable.

(20) International Civil Aviation Organization (ICAO).



Access to mobility and transportation products



- Acquisition, financing, leasing, rental, operation and sale of **low-emission road transport and passenger vehicles**, including:
 - Urban and suburban passenger **transport and road passenger transport** with zero direct CO₂²¹ emissions.
 - Transport of **devices for personal mobility**, such as the **bicycle**, where propulsion comes from the user's physical activity, from a zero-emission engine, or from a mixture of physical activity and **zero-emission motor**.
 - Transport of **zero-emission passenger cars and light commercial vehicles from 2026, and vehicles with emissions of less than 50 g CO₂/km²²**.
 - Transport of **zero-emission motorcycles²³**.
 - **Road freight transport services²⁴**.
- Acquisition, financing, leasing, rental, operation and sale of **low-carbon or low-emission passenger and/or freight transport by rail, inland waterways and air**, including:
 - **Passenger transport by inland waterways**.
 - **Inland waterway freight transport**.
 - Interurban transport of **passengers and goods by rail**.
 - Transportation of **passengers and goods by sea**.
 - Transport of **passengers and goods by aircraft**.

Transport infrastructures



- Construction, modernization, maintenance and operation of **low-carbon or low-carbon emission infrastructure** for multiple forms of transport, **by road, rail, maritime/river and air**, where the infrastructure is not intended for the transport or storage of fossil fuels.
 - Construction, modernization, maintenance and operation of **infrastructure for personal mobility for pedestrians and bicycles**, including sidewalks, cycle lanes and pedestrian areas, electric charging and hydrogen refuelling facilities for personal mobility devices.
 - Installation, maintenance and repair of **charging stations for electric vehicles** in buildings and in the parking spaces attached to the buildings.

(21) Vehicles classified in categories M2 or M3, such as buses, minibuses and coaches.

(22) Vehicles classified in categories M1 and N1, such as passenger cars and light vans.

(23) Vehicles classified in category L, which includes two-, three- or four-wheeled light motor vehicles, such as motorcycles.

(24) Vehicles classified in categories N2 and N3, including medium and heavy vehicles designed for the transport of goods.

Low-emission buildings

Energy efficient buildings



- **Construction of energy-efficient** residential and non-residential buildings in which the primary energy demand is at least 10% lower than the threshold established for nearly zero-energy building requirements. They must be certified by a third party such as LEED²⁵ (+silver) or BREEAM²⁶ (+good), among others.
- **Acquisition of residential and non-residential energy-efficient buildings**, with the corresponding energy efficiency certificate depending on the geography.



(25) The LEED (Leadership in Energy and Environmental Design) certification is a sustainable building rating system that evaluates aspects such as the efficient use of energy, water management, the quality of the indoor environment, the use of sustainable materials and innovation in design.

(26) The BREEAM (Building Research Establishment Environmental Assessment Method) certification is a sustainability assessment system for buildings based on their environmental performance in various categories, such as resource management, energy, water use, health and well-being, materials, pollution, transportation, and ecology.

Adaptation

Infrastructure adaptable to climate change



- Design, development, construction, maintenance and implementation or acquisition of infrastructure designed to increase resilience to climate risks in different areas, such as the following, and associated examples:
 - **Resilient infrastructure:** Raised and permeable roads.
 - **Resilient food systems:** Drip irrigation systems.
 - **Resilient cities:** Urban flood parks.
 - **Resilient healthcare systems:** Modular and self-sufficient hospitals.
 - **Resilient natural systems:** Restoration of mangroves and wetlands.
 - **Resilient industry and commerce:** Industrial zones with climate-resistant infrastructure.

Insurance and reinsurance



- Coverage of **climate-related risks**, including medical insurance, income protection, workplace accident insurance, civil liability insurance, among others, as a consequence of climatic phenomena.

Research, training, consultancy and awareness-raising



- Research, development and application of solutions, processes, technologies, business models and products focused on **adaptation to climate change**.
- **Consultancy services** for the management of and adaptation to **physical climate risks**.
- **Training and awareness-raising tasks** related to the adoption of measures related to climate risks.

Data-driven solutions for climate risk and natural disaster management



- Development and application of advanced software, technology and data analysis to monitor, anticipate, assess and respond to **climate-related risks**, such as:
 - **Early warning systems** for storms, hurricanes, and wildfires.
 - **Climate observation networks** that collect data on temperature, precipitation, and extreme events.
 - **Smart sensors and satellites** to analyze changes in sea level, air quality, and soil degradation.

Sustainable water and wastewater management

Sustainable water management



- Construction, expansion, operation and renewal of water collection, treatment and supply systems for the **water supply for human consumption**.
- Construction, expansion, operation and renovation of facilities for the production of reclaimed water²⁷, rainwater and stormwater collection facilities, and greywater collection and treatment facilities²⁸.
- Manufacture, commercialization and acquisition of technologies related to the efficient use of water resources in households.
- Manufacture, development, installation, maintenance and/or repair of leak control technologies in water supply systems, such as control valves, pressure control transmitters and flow meters, including technical consultancy for their design and monitoring.
- Nature-based solutions for the prevention of floods or periods of drought, including protection against these risks.

Sustainable water management



- Construction, expansion and operation of systems for the collection and treatment of wastewater, where these urban drainage systems mitigate the risk of pollution and flooding and improve the quality and quantity of urban water, or the net energy consumption of the wastewater treatment plant is equal to or less than:
 - 35 kWh per population equivalent (p.e.) per year for treatment plant capacity below 10,000 p.e.
 - 25 kWh per population equivalent per year for treatment plant capacity between 10,000 and 100,000 p.e.
 - 20 kWh per population equivalent per year for treatment plant capacity greater than 100,000 p.e.
- Renewal of wastewater collection and treatment systems, including the sewer network, where an annual improvement in energy efficiency is demonstrated by reducing the system's average energy consumption by at least 20% compared to its own baseline performance averaged over three years.

(27) Reclaimed water is urban wastewater that has undergone further treatment in a reclamation facility in accordance with the requirements established in [Directive 91/2717/EEC](#).

(28) Greywater is untreated wastewater that has not been contaminated by any toilet discharge. Greywater includes wastewater from bathtubs, showers, bathroom drains, washing machines and laundry sinks.



Terrestrial and aquatic biodiversity

Maintenance of ecosystems



- **Conservation activities**, such as **recovery projects** aimed at maintaining or improving the conditions and trends of **terrestrial, freshwater and marine habitats, ecosystems and populations of related species of fauna and flora**.
- **Decontamination, remediation of soil and groundwater in contaminated areas**, including surface water and its shores, clean-up of catastrophes associated with natural or industrial hazards, such as clean-up of oil spills.

Forestry and forest restoration



- **Planting forests and establishing forest management plans**, using **species and methods that avoid the inappropriate reforestation** of sensitive areas.
- **Rehabilitation and restoration of forests**, including reforestation and natural regeneration of forests after an extreme event.

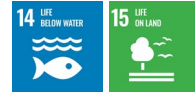
Sustainable tourism



- **Hotels, holiday resorts, campsites and similar accommodation** that contribute to the maintenance of the natural environment through measures for the **conservation or recovery of habitats, ecosystems and species**.

Sustainable management of natural resources and land use

Sustainable livestock, agriculture and fisheries



- **Sustainable agricultural, livestock and poultry practices** with prestigious **organic production seals**, including the production and marketing of organic products.
- **Financing of sustainable** agricultural projects such as, among others:
 - **Energy efficiency** technologies in farms or agricultural companies or those linked to the food industry.
 - Replacement of surface irrigation systems with **drip** irrigation.
 - **No-till farming** technologies, such as machinery needed to establish biodiversity islands in pastures or croplands.
 - Machinery linked to **precision agriculture**.
- **Greenhouses** that are solar and/or sustainable.
- Controlled and sustainable use of **pesticides and fertilizers**.
- Installation of **solar panels** on agricultural land, known as **agrivoltaics**.
- Sustainable practices in the **fishing industry and aquaculture**, such as **small-scale fishing** close to the coast and fishing/aquaculture with the following **seals**²⁹, among others:
 - MSC (Marine Stewardship Council)/ASC (Aquaculture Stewardship Council), or alignment projects with these seals
 - Friends of the Sea for fisheries and aquaculture
 - Naturland Aquaculture

Pollution prevention and control

Manufacturing of goods and low-pollution chemical compounds



- **Manufacture of medicines, active substances or active pharmaceutical ingredients**, following best practices regarding the emission of pollutants.
- **Manufacture of inorganic or organic chemical compounds**, with specific limits on GHG emissions and net energy consumption, including, but not limited to, chlorine, soda ash or ammonia.
- **Manufacture of plastics** in primary forms from mechanical or chemical recycling or from renewable commodities.
- **Manufacture of metals**, such as iron, steel and aluminium, respecting specific GHG emission thresholds per tonne of product.
- Manufacture of **electrical and electronic equipment designed following circular practices**.

(29) MSC (Marine Stewardship Council), Friends of the Sea and ASC (Aquaculture Stewardship Council) are organizations and certification programs that promote sustainability in fisheries and aquaculture. They try to ensure that seafood comes from responsible practices that protect marine ecosystems and aquatic species.



Carbon capture, utilization and storage (CCUS)



- **Transport, construction and operation of captured CO₂ gas pipelines**, provided that thresholds are met, such as:
 - Adequate leak detection systems are applied, and a monitoring plan is in place.
 - The management of an existing network is improved.
- **Storage of CO₂** provided that:
 - The complex is evaluated to determine if the geological formation is suitable for a storage site in accordance with [Directive 2009/31/EC](#), on the geological storage of CO₂³⁰.
 - A monitoring plan for the injection facilities, the storage complex and, where appropriate, the surrounding environment is in place, with regular reports monitored by the national competent authority.
- Development or use of **ICT** (Information and Communication Technologies) solutions for the **collection, transmission and storage of data**, as well as for its modeling and use, when these activities are primarily intended to provide **data and analysis to reduce GHG emissions**.
- **Research and development of solutions, processes or technologies aimed at reducing, avoiding or eliminating GHG emissions**, or the direct capture of CO₂ from the atmosphere.

Appropriate waste treatment



- **Collection and transport** separated at the source of **hazardous and non-hazardous** waste into simple or mixed categories intended for preparation for reuse or recycling, avoiding leaks and cross-contamination.
- **Recovery of material** from non-hazardous waste, **guaranteeing** that at least **50%** by weight is converted into secondary raw materials suitable for **replacing virgin materials**.
- **Construction, updating and operation** of facilities dedicated to the **treatment of hazardous waste** as a means for the recovery of materials to obtain secondary raw materials, which **replace commodities** production processes.
- **Digestion, composting or assessment of biowaste and sewage sludge**, obtaining **biogas, compost** or other chemical **products** from the process, which are used as raw materials in other processes.
- **Rehabilitation of illegal landfills or landfills that do not comply with current legislation**. This also includes the **capture and use of landfill methane gas**, provided that the facility has remained closed since 2020 and the **gas produced** is used to **generate electricity** or is **transformed into biomethane**.

(30) In particular, Article 3(8) of [Directive 2009/31/CE](#) provides that underground penetration activities, such as drilling, must be carried out in order to obtain geological information on the strata and to characterize the storage site.



Circular Economy

Eco-design and other circular consumption models



- **Manufacture and marketing of textile products** in accordance with **circular design** certificates, such as Ecolabel, Cradle to Cradle, and others, and financing of the sustainable production of materials and products following best practices such as the use of low-polluting materials or waste reduction techniques, among others.
- Manufacture, development, installation, maintenance and **supply of IT/OT solutions** based on data aimed at **process optimization**.
- Financing aimed at facilitating customer access to products through usage-oriented service models:
 - The customer is allowed access to and use of the products, while ensuring that ownership remains with the company providing this service.

Repair, reuse and recycling of materials/products



- **Repair, refurbishment, remanufacturing and marketing of previously used goods**, with the aim of converting them into second-hand goods and **extending their useful life**, including the sale of spare parts.
- **Preparation of products** or their components that have become **waste** so that they can be **reused**.
- Developing and operating **platforms that connect buyers and sellers** for trade, including both the sale and exchange of second-hand products, materials or components for reuse.

Packaging



- **Manufacture of packaging**, under criteria relating to the usability of the packaging, the recyclability of the material used, the seals and certificates of circularity and/or compostability and emissions in the production process. The following types of packaging are included:
 - **Compostable packaging**
 - **Recycled packaging**
 - **Eco-design**
 - **Aluminum**
 - **Paper and cardboard**
 - **Plastic**, under certain thresholds, such as a usability of ten rotations, 95% recyclable weight, home compostability.
 - **Glass**
 - **Recycled packaging**



Social activities

This section establishes the **list of eligible activities** to be identified and classified as **social activities** for their contribution to the **development of society**.

Just as environmental activities aim to promote a **positive impact on the environment**, eligible social activities integrate the component of **target populations**, towards which they are directed and on which they aim to **have a positive impact**, improving their living conditions.

The **target populations** linked to the eligible social activities considered by Garanti BBVA have been classified as vulnerable groups.

Vulnerable group will be understood as a client who, individually or collectively, due to their needs or economic, educational or social circumstances, is in a special situation of defenselessness or lack of protection that prevents them from exercising of their rights as a group under conditions of equality, even if it is regional, sectoral or temporary, and that, therefore, requires a higher level of protection in the framework of access and provision of financial services and products. By way of example, these characteristics may be related to income level, employment status, age, physical or mental conditions or without access to new technologies, etc.

The **global** and **multicultural** scope of the BBVA Group requires a **periodic review** of these groups, as well as an **independent application** of its own thresholds and **vulnerable customer considerations** in each geography in which the Group is present.

Basic infrastructure

Telecommunication and transport



- Activities to promote social mobility, communication and digitalization in geographically underprivileged areas, especially **telecommunications infrastructure** or infrastructure related to **public or private collective transportation**.
- Construction of **bridges, roads, tunnels, footbridges or highways** intended to facilitate accessibility for **underprivileged** population groups, as long as they do not have an impact on protected territory or violate the rights of indigenous peoples.

Public/civil works or basic services



- Development of **minimum facilities**, such as electricity or public lighting, water, sewage and sanitation infrastructures, reservoirs and dams, to favor **access to basic services for the underprivileged**.

Academic facilities



- Construction and/or renovation of **educational facilities and their equipment**, such as schools, non-formal vocational training facilities, purchase of seats, lockers, etc.

Healthcare infrastructure



- Construction and/or renovation of **hospital facilities, health centers, and laboratories**, as well as clinical services not associated with their operation.

Other basic infrastructures



- **Promotion of cultural spaces³¹**, related to disciplines such as cinema, theater, music, literature and painting, among others, in underprivileged areas.
- Development of **community sports facilities**, in schools, universities or public spaces, or funding for sports equipment to support such spaces.
- **Refurbishment or construction of facilities** intended to **support vulnerable groups** such as migrants, the homeless, soup kitchens, nursing homes, reception centres, food banks, nurseries, etc.

(31) Arts and cultural activities are not considered eligible for collateral for bonds and other debt instruments that can be issued under the [Sustainable Debt Financing Framework](#)



Access to essential services

Access to healthcare



- Funding that facilitates access to products or services that promote physical and mental health.
- Acquisition of **health products or medical treatments** such as medical and diagnostic equipment, treatments aimed at rehabilitation among other things.
- **Tests to detect infectious/respiratory diseases**, such as drugs or vaccines with the aim of stopping the possible effects of these diseases.
- Services such as **psychological assistance** to health personnel and patients due to the situation generated by infectious-respiratory diseases.
- **Digitalization projects** dedicated to health issues with the aim of obtaining a social benefit.
- **R&D production of specific drugs or vaccines** and financing for physical and digital pharmacies.
- **Financing to facilitate access to services** related to physical and dental health, such as dental, optical, orthopedic, psychological, nutritional services, etc.

Access to quality education



- Funding to promote **access to education for individuals** who meet the threshold of vulnerability or geographical area, regardless of their income.
- Activities aimed at individual financing for **education products**, such as basic education enrolment, special education schools, specialized professional or technical refresher courses, etc.

Access to transportation services



- **Services** that promote **mobility for individuals** through the purchase of general **vehicles** or payment of **travel passes**.

Support in emergency, crisis or natural disaster situations



- Financing for **asset-based products** to any legal person or public administration affected by a **situation of natural disaster, crisis or emergency**.

Affordable Housing

Affordable Housing



- Financing aimed at the **purchase or construction of a first home or the renovation of a habitual residence** or the **payment of rent**, for those who meet the required vulnerability or geographical thresholds.

Accessible housing



- Adaptation or construction of **buildings accessible to people with functional diversity**. Residents' associations, property owners or property administrations may be recipients of the operation.

Job Creation and Unemployment Prevention

Job Creation and Inclusive Entrepreneurship



- Financing for individuals who can prove that **they have started a productive activity or business** and are considered to be in a situation of economic vulnerability.

Strengthening quality employment



- Financing linked to **generating, promoting and strengthening quality employment**, especially in sectors undergoing transformation due to the impact of climate change, the emergence of new technologies or the risk of human rights violations.

Digitalization and job creation



- Services or products that encourage the **digitization of customers and non-customers with an entrepreneurial profile of non-digital microbusinesses or inclusive SMEs**, for payments, withdrawals and digital transactions, online consultation, communication and notification services and digital services for managing savings and personal finances from a mobile phone.

Business Training Programs



- Programs for **training, mentoring, access to new markets and technical support** aimed at improving the business development of micro-businesses and SMEs and strengthening entrepreneurial initiatives.



Financial services, banking penetration and financial inclusion

Promotion of banking penetration



- Support for **people accessing the financial system** for the first time who meet the low income or social vulnerability thresholds in opening checking accounts, savings accounts, or making deposits.

Digital activities Facilitators of the Financial inclusion



- Products or services that **promote digitalisation** for customers and non-customers of **banking activities** in an accessible and equitable manner, including consultation services, web or mobile communications and notifications, digital services, savings management and education programs and incentives for the use of accessible digital devices, among others.

Promoting financial literacy



- Educational programs that promote change in people's behavior to improve the management of spending, savings, debt, and finances, such as access to **financial counseling services**, both face-to-face and digital, and **educational programs**.

Promoting access to financial services and insurance



- **Advances** to encourage the **resolution of everyday economic and financial problems** related to food, payment of essential services (water, electricity, gas) or any other type of service or product related to the inclusive development of society:
 - **Advance of remittances and transfers** for food, rent payment, services.
 - **Payroll advance** to pay for essential services.
 - Advance on third-party grants.
- **Products or services** that **allow** access to the financial system for the collection of **subsidies**.
- **Insurance** aimed at **low-income individuals** or others with vulnerabilities related to **health** and **employment**, such as insurance for medical expenses, work-related accidents, illness, housing, income protection, etc.

Food security and sustainable food systems

Improving the productivity of smallholders



- Financing for **small agricultural production in vulnerable areas or farmer reserve areas** for people with specific thresholds established by the agricultural financing support programs of governments of the countries, second-tier banks or multilaterals such as IDB, IFC, CAF.

Physical, social, and economic access to healthy foods



- Financing that favors **business programs** that support **small producers** and guarantee and reinforce social aspects of their agricultural production (safety, employment, health, education) or have lines of business with **high standards** in favor of **food safety, health and nutrition**.

APPENDIX II

Criteria for calculating sustainable business channeling

APPENDIX II

Criteria for calculating the Sustainable Business Channeling Target

Listed below are the **criteria for calculating** the products that are included in Sustainable

Category: **Financing**

Type	Product/ Operation	Reference frameworks for the eligible activities	Accounting criteria
Specific	Mortgage Loans (properties with a high energy rating)	Taxonomies ICMA/LMA Principles	Formalized loan amount if bilateral or Garanti BBVA's share if syndicated
Specific	Non-Mortgage Loans (energy efficiency, electric vehicles, etc.)	Taxonomies ICMA/LMA Principles	Formalized loan amount if bilateral or Garanti BBVA's share if syndicated
Specific	Consumer Finance (individual customers)	Taxonomies ICMA/LMA Principles	Formalized loan amount
Specific	Cards to individuals in the financial inclusion segment	Taxonomies ICMA/LMA Principles	Amount drawn from the card
Specific/ General purpose (by KPIs)	Finance leases	Taxonomies ICMA/LMA Principles	Formalized amount of the transaction if it is bilateral or Garanti BBVA's share if it is syndicated
Specific/ General purpose (by KPIs)	Leasing	Taxonomies ICMA/LMA Principles	Formalized amount of the transaction if it is bilateral or Garanti BBVA's share if it is syndicated
Specialist/ General purpose	Accounts payable financing	Taxonomies ICMA/LMA Principles Market Practices for Supply Chain Classification	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted
Specific/ General purpose (by KPIs)	Factoring	Taxonomies ICMA/LMA Principles	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted

Category: **Financing** (Cont.)

Typology	Product/ Operation	Reference frameworks for the eligible activities	Accounting criteria
Specific/ General purpose (by KPIs)	Lines of Credit	Taxonomies ICMA/LMA Principles	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted
Specific/ General purpose (by KPIs)	Discounts	Taxonomies ICMA/LMA Principles	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted
Specific/ General purpose (by KPIs)	Documentary Credits	Taxonomies ICMA/LMA Principles	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted
Specific/ General purpose (by KPIs)	Bank and other guarantees	Taxonomies ICMA/LMA Principles	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted
Specific/ General purpose (by KPIs)	Forfaiting	Taxonomies ICMA/LMA Principles	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted
Specific/ General purpose (by KPIs)	Policies covering the negotiation of commercial loans and/or documents and communications via electronic media or in magnetic format	Taxonomies ICMA/LMA Principles	Annual limit for committed lines and total of dispositions for uncommitted lines. If the transaction is syndicated, only Garanti BBVA's share will be counted.
General purpose (by KPIs)	Corporate Lending ³²	Taxonomies ICMA/LMA Principles	Formalized loan amount if bilateral or Garanti BBVA's share if syndicated
Specific/ General purpose (by KPIs)	Structured Finance	Taxonomies ICMA/LMA Principles	Amount formalized if it is bilateral. Garanti BBVA's share if syndicated

(32) Uncommitted working capital lines are excluded.

Category: **Financing** (Cont.)

Type	Product/ Operation	Reference frameworks for the eligible activities	Accounting criteria
Specific/ General purpose (by KPIs)	Leveraged Finance	Taxonomies ICMA/LMA Principles	Garanti BBVA's share if syndicated
Specific	Project Finance	Taxonomies ICMA/LMA Principles	Garanti BBVA's share if syndicated
Specific/ General purpose (by KPIs)	Novation	Taxonomies ICMA/LMA Principles	Criteria based on the different scenarios: - Term extensions provided for in outstanding operations: not computed. - Increase in outstanding operations balance/limits: amount of increase - Renewals/renegotiations: amount of the new operation
Specific/ General purpose (by KPIs)	Assignments	Taxonomies ICMA/LMA Principles	Formalized amount of the acquisition
General purpose (sustainable client)	General-purpose financing/ transactional banking to sustainable client	Taxonomies ICMA/LMA principles/ B CORP and SBIC certifications/social client	Criteria based on the different scenarios: - Clients whose activity is aligned with the activities in Annex I: prorated amount of the % of alignment, which must be between 75 and 100% - Clients committed to sustainability (only in Spain): prorated amount of the % of alignment between 50-75% ³³ - SBIC/BCORP client: full amount - Social clients: full amount

Other Products

Specific	Leasing of electric cars	Taxonomies ICMA/LMA Principles	Leasing agreement amount
Specific	Insurance linked to sustainable activities	Taxonomies ICMA/LMA Principles	Net premiums

Category: **Capital Market**

Type	Product/ Operation	Reference frameworks for the eligible activities	Accounting criteria
Specific/General purpose (by KPIs)	Placement of third-party bonds	ICMA Principles	Amount actually placed in accordance with the subscription contract
Specific	Allowances acquired at public auction on regulated markets	Purposes described in Article 10 of EU Directive 2023/959	Amount corresponding to the auction price, multiplied by the number of European Union Allowances actually acquired by Garanti BBVA in the auction

(33) Criterion applicable in Spain

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