

Second-Party Opinion



Reviewed by:

MORNINGSTAR

SUSTAINALYTICS

Second-Party Opinion **ABANCA Sustainable Development Goals Framework**

Evaluation Summary

Sustainalytics is of the opinion that the ABANCA Sustainable Development Goals Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds - Renewable Energy and Green Buildings - are aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDGs 7 and 9.



PROJECT EVALUATION AND SELECTION ABANCA's business units are responsible for evaluating and selecting projects in line with the Framework's eligibility criteria and its Social Responsibility and Sustainability Committee is responsible for approving the eligible projects. ABANCA has internal processes to manage environmental and social risks associated with the eligible projects. Sustainalytics considers the project selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS ABANCA's Treasury team will be responsible for the allocation of proceeds to eligible assets using a portfolio approach and ABANCA's ESG teams will track their allocation to each individual asset through an internal system. Pending full allocation, ABANCA will temporarily invest unallocated proceeds in cash or cash equivalents, as per its treasury management policy. This is in line with market practice.



REPORTING ABANCA will report on allocation and the corresponding impact on its website on an annual basis until full allocation. Allocation reporting will include the total size of each issuance, details on the allocation of net proceeds per category, percentage of eligible categories aligned with the EU Taxonomy and balance of unallocated proceeds. In addition, ABANCA intends to report on relevant impact metrics. Sustainalytics views ABANCA's allocation and impact reporting commitments as aligned with market practice.

Evaluation Date	January 27, 2025 ¹
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Issuer Location	Betanzos, Spain
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¹ This document is an update of a Second-Party Opinion published in October 2022.

Introduction

ABANCA Corporación Bancaria, S.A. (“ABANCA” or the “Bank”) is a commercial bank headquartered in Betanzos, Spain. Established in 2011, the Bank operates through three main business lines: retail banking, wholesale banking and non-financial subsidiaries. ABANCA provides banking and financial services such as financing solutions, collection management services, business insurance and credit cards. As of December 2024, ABANCA had 8,227 employees.²

ABANCA has developed the ABANCA Sustainable Development Goals Framework dated January 2025 (the “Framework”) under which it intends to issue green bonds and use the proceeds to finance or refinance, in whole or in part, projects that are expected to contribute to the decarbonization of the Bank’s investment portfolio and deliver positive environmental impacts in Spain and Portugal. The Framework defines eligibility criteria in the following areas:

1. Renewable Energy
2. Green Buildings

ABANCA engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).³ Sustainalytics notes that the ABANCA Sustainable Development Goals Framework includes Green Bonds, Social Bonds and Sustainability Bonds. However, at the date of evaluation, the ABANCA Sustainable Development Goals Framework focuses exclusively on green use of proceeds categories. The Framework will be published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on alignment of the Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.18, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with representatives of ABANCA to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. ABANCA representatives have confirmed that: (1) they understand it is the sole responsibility of ABANCA to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with it.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and ABANCA.

Sustainalytics’ Second-Party Opinion assesses alignment of the Framework with market standards but provides no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the issuer.

² ABANCA, “About us”, at: <https://www.abancacorporacionbancaria.com/en/info/facts/>

³ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

⁴ The ABANCA Sustainable Development Goals Framework is available on ABANCA’s website at: <https://www.abancacorporacionbancaria.com>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee their realized allocation towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that ABANCA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the ABANCA Sustainable Development Goals Framework

Sustainalytics is of the opinion that the ABANCA Sustainable Development Goals Framework is credible and impactful and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible categories, Renewable Energy and Green Buildings, are aligned with those recognized by the GBP.
 - ABANCA has communicated to Sustainalytics that refinancing will be limited to capital expenditures.
 - Under the Renewable Energy category, the Bank may finance or refinance the acquisition, construction, operation, maintenance and retrofit of the following renewable energy generation facilities:
 - Solar photovoltaic and concentrated solar power facilities (CSP). ABANCA has confirmed to Sustainalytics that financing to CSP facilities will be limited to those generating at least 85% of electricity from solar energy.
 - Onshore and offshore wind facilities.⁶
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
 - Under the Green Buildings category, the Bank may finance or refinance new and existing residential or commercial buildings⁷ in accordance with the following criteria:
 - Acquisition of buildings built before 31 December 2020, that meet the following criteria:
 - For Spain, buildings that are among the top 15% of the national or regional building stock, expressed in terms of operational primary energy demand (PED), certified by an energy performance certificate (EPC) A, B, C, D, or E. Sustainalytics notes that while EPC A, B, C and D correspond to the top 15% of the building stock in Spain, the Bank may also finance buildings that have obtained or are expected to obtain EPC E in some regions, where EPC E would fall among the top 15% of the regional stock.⁸
 - For Portugal, buildings that are either i) among the top 15% of the national or regional building stock based on operational primary energy demand (PED), or ii) have achieved or are expected to achieve an EPC A or above.
 - Acquisition of buildings built after 31 December 2020 that have achieved or aim to achieve PED at least 10% lower than the threshold set for the applicable nearly zero-energy buildings (NZEB) requirements.
 - Construction of new buildings that meet the criteria related to acquisition of buildings after 31 December 2020, outlined above.
 - Sustainalytics considers expenditures under this category to be aligned with market practice.
 - The Framework prohibits financing to activities involving coal, fossil fuel extraction, tobacco or gambling. Sustainalytics considers this exclusion list to strengthen the Framework.

⁶ ABANCA has confirmed to Sustainalytics that fossil fuel backup for offshore wind facilities will be restricted to supporting power monitoring, operational and maintenance equipment, resilience and protection measures, as well as restart capabilities.

⁷ ABANCA has confirmed that the buildings financed under this category will not be used for the purpose of storage, transportation or manufacture of fossil fuels.

⁸ The Institute for the Diversification and Saving of Energy, "Status of Energy Certification for Buildings", (2022), at: [https://www.miteco.gob.es/content/dam/miteco/es/energia/files-](https://www.miteco.gob.es/content/dam/miteco/es/energia/files-1/Eficiencia/CertificacionEnergetica/documentosinformativos/2023_Informedeseguimiento_11_CERTIFICACION_ENERGETICA_V5.pdf)

[1/Eficiencia/CertificacionEnergetica/documentosinformativos/2023_Informedeseguimiento_11_CERTIFICACION_ENERGETICA_V5.pdf](https://www.miteco.gob.es/content/dam/miteco/es/energia/files-1/Eficiencia/CertificacionEnergetica/documentosinformativos/2023_Informedeseguimiento_11_CERTIFICACION_ENERGETICA_V5.pdf)

- Project Evaluation and Selection:
 - ABANCA's business units, which include members from its ESG Credit Risk team, will be responsible for identifying and selecting eligible projects in line with the Framework's eligibility criteria. ABANCA's Social Responsibility and Sustainability Committee will be responsible for giving final approval to eligible projects. The Social Responsibility and Sustainability Committee is chaired by the Bank's CEO and includes representatives from the Corporate Social Responsibility and Communication, Human Resources, Business Development and Customers departments.
 - ABANCA has an internal review process to identify and mitigate environmental and social risks associated with the eligible projects. The internal review applies to all allocations under the Framework and will be carried out during the project selection stage. Sustainalytics considers the Bank's environmental and social risk management systems to be adequate. For additional details, refer to Section 2.
 - Based on the established process for project evaluation and selection and the presence of a risk management system, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - The Bank has communicated to Sustainalytics that its Treasury team will be responsible for the management of proceeds using a portfolio approach and ABANCA's ESG teams will track allocation to each individual asset through an internal system.
 - The Bank has communicated to Sustainalytics that it will ensure continuous allocation until maturity of the bonds so that as the underlying eligible assets are amortized or removed the value of outstanding assets in the pool remains equal or greater than the net proceeds.
 - Pending full allocation, ABANCA may temporarily invest unallocated proceeds in cash or cash equivalent instruments as per the Bank's treasury management policy.
 - Based on the use of an internal tracking system and the disclosure of the temporary use of proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - ABANCA will report on the allocation of proceeds and corresponding impact in its allocation and impact report, which will be published on its website on an annual basis until full allocation.
 - The allocation reporting will include total size of each issuance, details on the allocation of net proceeds per category, percentage of eligible categories aligned with the EU Taxonomy and the balance of unallocated proceeds.
 - ABANCA will appoint an independent external auditor annually to review each allocation report until full allocation of proceeds.
 - Impact reporting may include performance metrics such as renewable energy capacity installed (measured in MW); annual renewable energy generation (measured in MWh/year); the number of individual efficient homes financed; energy performance level of housing units financed (kWh/m²/year) and estimated annual GHG emissions avoided (measured in tCO₂e/year).
 - The Bank will align its impact reporting with the ICMA Harmonised Framework for Impact Reporting.⁹
 - Based on the commitments to report on allocation and impact, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the ABANCA Sustainable Development Goals Framework aligns with the four core components of the GBP.

⁹ ICMA, "Harmonised Framework for Impact Reporting", (2022), at: <https://www.icmagroup.org/sustainable-finance/impact-reporting/green-projects/>

Section 2: Sustainability Strategy of ABANCA

Contribution to ABANCA's sustainability strategy

ABANCA integrates ESG considerations into its operations and lending portfolio through a sustainability strategy focused on decarbonizing operations and expanding its sustainable product offerings. The strategy is based on the following three pillars: i) achieving net zero emissions in the Bank's loan and investment portfolio by 2050 in alignment with the targets of the Net Zero Banking Alliance; ii) integrating an ESG policy into its management, business and risk models; and iii) supporting customers in their sustainability transition.¹⁰

As a part of its commitment to mitigating the effects of climate change, the Bank achieved carbon neutrality in its operational activities in 2024. This was accomplished through measures such as the use of renewable energy in its buildings, the installation of smart technologies to monitor and reduce energy consumption, and the offsetting of 100% of its direct operational GHG emissions that cannot be mitigated through forest restoration projects.¹¹

As a signatory to the Net Zero Banking Alliance, ABANCA has set a target to achieve net zero emissions across its credit and investment portfolio by 2050.¹² To support this transition, the Bank has set sector-specific targets for reducing financed emissions by 2030 in nine carbon-intensive sectors: steel, aviation, cement, fossil fuels, automotive, aluminium, power generation and real estate (residential). Intermediate decarbonization targets for 2030 include: i) a 25% reduction in carbon emissions intensity in steel production; 37% in aviation; 20% in cement production from a 2021 baseline; ii) a 30% reduction for fossil fuels, 25% in automobile production, and 20% in aluminium production from a 2022 baseline; and iii) a 34% reduction for power generation and 17% for real estate (residential) from a 2023 baseline. Additionally, the Bank has developed an exit plan to cease financing coal projects by 2030.¹³

In 2022, ABANCA provided over EUR 1.38 billion in sustainable financing for renewable energy and green buildings projects, including energy-efficient mortgages, green loans, green bonds and green securitizations.¹⁴ In 2023, ABANCA's financing towards renewable energy projects exceeded EUR 1.078 billion, including EUR 795 million for wind power plants and EUR 248 million for solar plants.¹⁵ In addition, ABANCA supports the energy transition in the residential sector by financing the installation of renewable energy systems. Through a project aligned with Spain's Recovery, Transformation and Resilience Plan, the Bank enables individuals and homeowner associations to access subsidies for the installation of renewable heating systems, collaborating with Spain's Institute for Diversification and Energy Savings to facilitate implementation.¹⁶

Further, ABANCA participates in various international initiatives focused on environmental and social sustainability, including the UN Principles for Responsible Banking, Partnership for Carbon Accounting Financials, UN Principles for Responsible Investment, Net-Zero Banking Alliance, UNEP Finance Initiative and the UN Global Compact.¹⁷

Sustainalytics is of the opinion that the ABANCA Sustainable Development Goals Framework is aligned with ABANCA's overall sustainability strategy and initiatives and will further the Bank's actions on its key environmental priorities.

Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that proceeds from the bonds issued under the Framework will be directed towards eligible projects expected to have positive environmental impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Sustainalytics acknowledges that ABANCA plays a limited role in the development of the specific projects and assets that it finances, but by offering lending and financial services, it is exposed to environmental and social risks associated with the projects that it may finance or refinance. Some key environmental and social risks associated with the eligible projects may include: i) land use and biodiversity issues associated with large-scale infrastructure development, ii) emissions, effluents, and waste generated in construction, iii) occupational health and safety, and iv) business ethics.

¹⁰ ABANCA, "ABANCA Sustainability Plan", at: <https://www.abancacorporacionbancaria.com/files/documents/plan-sostenibilidad-abanca-en.pdf#>

¹¹ ABANCA, "Corporate Social Responsibility Report", (2023), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2023-en.pdf>

¹² ABANCA, "Pillar III Disclosures Disclosure of ESG Risks", (2024), at: <https://www.abancacorporacionbancaria.com/files/documents/abanca-pillar3-2024-06-en.pdf>

¹³ Ibid.

¹⁴ ABANCA, "Corporate Social Responsibility Report", (2023), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2023-en.pdf>

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ ABANCA, "Pillar III Disclosures Disclosure of ESG Risks", (2024), at: <https://www.abancacorporacionbancaria.com/files/documents/abanca-pillar3-2024-06-en.pdf>

Sustainalytics is of the opinion that ABANCA is able to manage or mitigate potential risks through implementation of the following:

- ABANCA's Climate Risk and Environmental Management Policy, and Responsible Investment and Integration of Sustainability Risk Policy outline measures to evaluate the environmental risks and impacts associated with its lending activities as a part of its credit evaluation and risk management process.^{18,19} ABANCA employs sector-specific tools and questionnaires to evaluate risks associated with climate change, biodiversity and emissions within its lending activities.²⁰ Additionally, the Bank restricts financing to carbon intensive sectors and projects to those that have adopted measures to reduce emissions and align with a clear decarbonization pathway.²¹ The Bank has also implemented monitoring and reporting mechanisms to track environmental risk exposures and impacts.²² Furthermore, ABANCA is a signatory to the UN Principles for Responsible Investment and the UNEP Finance Initiative's Principles for Responsible Banking with the commitment to mitigating environmental and social risks in its products and services.^{23,24}
- Regarding land use and biodiversity loss risks, ABANCA is required to comply with the requirements of EU Directive 2014/52/EU on environmental impact assessments (EIA), which mandates the evaluation of land-intensive projects and the implementation of mitigation measures to avoid, prevent, minimize and, where possible, offset substantial negative environmental impacts, particularly on soil, species and habitats.²⁵ The EIA Directive also requires projects to identify, outline and evaluate impacts related to land use.²⁶ Additionally, ABANCA must comply with Spanish law 42/2007, which establishes guidelines for the conservation, sustainable use, improvement and restoration of natural heritage and biodiversity.²⁷ In Portugal, ABANCA is subject to Decree-Law No. 140/99, which outlines measures to protect biodiversity by designating protected areas such as Special Protection Areas, prohibiting harmful activities, safeguarding endangered species, and mandates environmental impact assessments for large infrastructure projects.²⁸
- To mitigate risks associated with emissions, effluents and waste, ABANCA's Energy and Environmental Policy outlines measures to integrate energy management systems and waste prevention, promoting the reuse and recycling of materials in its operations and supporting the transition towards a circular economy.²⁹ Additionally, ABANCA integrates the Equator Principles and the IFC Performance Standards to assesses environmental and social risks associated in the Bank's financing activities.^{30,31}
- In relation to occupational health and safety risks, ABANCA's Occupational Risk Prevention Policy based on Spanish Law 31/1995 mandates compliance with safety standards and preventive measures. The policy outlines measures to identify, evaluate and control occupational risks, including training and emergency procedures.³² In addition, since 2015, ABANCA has been a signatory to the UN Global Compact, indicating its commitment to the core values of human rights, labour, environment and anti-corruption.³³ ABANCA also evaluates risks associated with health and safety, human rights, and labour rights in its financing and investment decisions as part of its ESG risk assessment framework.³⁴
- With regard to responsible business practices, ABANCA has a Code of Ethics and Conduct that sets guidelines for ethical behaviour and practices for both its employees and management.³⁵ The code also establishes measures to identify, disclose and mitigate conflict of interests, and

¹⁸ ABANCA shared its Climate Risk and Environmental Management Policy with Sustainalytics confidentially.

¹⁹ ABANCA, "Policy for Responsible Investment and Integration of Sustainable Risks", at: <https://www.abancacorporacionbancaria.com/files/documents/politica-inversion-responsable-en.pdf>

²⁰ Ibid

²¹ Ibid

²² Ibid

²³ UNPRI, "Signatory Directory- ABANCA Corporación Bancaria S.A.", at:

<https://www.unpri.org/signatory-directory/abanca-corporacion-bancaria-sa/5691.article>

²⁴ UNEP FI, "ABANCA- Founding Signatory to the Principles for Responsible Banking", at:

<https://www.unepfi.org/member/abanca-corporacion-bancaria-s-a/>

²⁵ European Parliament, "Directive 2014/52/EU", (2014), at: <https://eurlex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0052>.

²⁶ Ibid

²⁷ Spanish State Agency Official Gazette, "Law 42/2007, on Natural Heritage and Biodiversity", (2007), at:

<https://www.boe.es/buscar/act.php?id=BOE-A-2007-21490>

²⁸ Portugal, "Ministry on Environment: Decree-Law No. 140/99", at: <https://files.diariodarepublica.pt/1s/1999/04/096a00/21832212.pdf?lang=EN>

²⁹ ABANCA, "Energy and Environmental Policy", at: <https://www.abancacorporacionbancaria.com/files/documents/politica-energetica-ambiental-en.pdf>

³⁰ ABANCA, "Sustainable Development Goals Framework" at: <https://www.abancacorporacionbancaria.com>

³¹ ABANCA has confirmed to Sustainalytics that the Bank will integrate IFC standards as part of its social and environmental risk mitigation measures.

³² ABANCA shared its Occupational Risk Prevention Policy with Sustainalytics confidentially.

³³ ABANCA, "Corporate Social Responsibility Report", (2023), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2023-en.pdf>

³⁴ ABANCA, "Sustainability Policy", at: <https://www.abancacorporacionbancaria.com/files/documents/politica-sostenibilidad-en.pdf>

³⁵ ABANCA, "Code of Ethics and Conduct", at: <https://www.abancacorporacionbancaria.com/files/documents/codigo-etico-conducta-2021-en.pdf>

provides a whistleblowing mechanism for employees to report unethical behaviour anonymously.³⁶ It also requires ABANCA to provide clear, transparent information about its products' and services' risks to clients. In addition, ABANCA's Anti-Corruption Policy mandates compliance with anti-corruption laws and outlines measures to address risks associated with bribery and extortion. These measures include procedures for identifying, reporting and managing potential corruption risks.³⁷ ABANCA's Anti-Money Laundering and Counter-Terrorist Financing (AML-CTF) statement prescribes due diligence and know-your-customer (KYC) processes for high-risk customers, sectors and regions to address risks associated with AML and CTF.^{38,39}

Based on these policies, standards and assessments, Sustainalytics is of the opinion that ABANCA has implemented adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

Importance of financing renewable energy in Spain and Portugal

In 2023, Spain developed the Integrated National Energy and Climate Plan, aiming to reduce GHG emissions by 32% by 2030 relative to 1990 levels.⁴⁰ Additionally, the country has set targets to derive 48% of its final energy use and 81% of the electricity generated from renewable sources by 2030.⁴¹ In 2023, renewable energy accounted for nearly 25% of Spain's total electricity generation,⁴² with wind and solar contributing 22% and 15%, respectively.⁴³ For Spain to meet its 2030 energy and climate goals, the country will require EUR 294 billion worth of investment, with 40% allocated to renewable energy generation, 29% to energy efficiency and 18% to energy network development.⁴⁴

In Portugal, renewable energy accounted for approximately 35% of gross final energy consumption,⁴⁵ while 74% of the country's electricity was generated from renewable sources in 2023.⁴⁶ Under the ambitious National Energy and Climate Plan for 2030 and 2050 Carbon Neutrality Roadmap, Portugal aims to generate 47% of its energy from renewable sources by 2030 and achieve carbon neutrality by 2050.⁴⁷ The plan sets a target to generate at least 80% of electricity from renewable sources and reduce GHG emissions by more than 85% from 2005 levels. These initiatives would require more than EUR 25 billion of investments in renewable energy, energy efficiency and innovation.^{48,49}

In this context, Sustainalytics is of the opinion that ABANCA's financing of renewable energy projects is expected to advance Spain's and Portugal's energy transition and contribute to the countries' climate goals.

³⁶ Ibid

³⁷ ABANCA, "Anticorruption Policy", at: <https://www.abancacorporacionbancaria.com/files/documents/politica-anticorruccion-en.pdf>

³⁸ ABANCA, "Anti-Money Laundering and Counter-Terrorist Financing Statement", at: <https://www.abancacorporacionbancaria.com/files/documents/2023-02-06-aml-statement-en.pdf>

³⁹ Ibid

⁴⁰ European Commission, "Draft Update of the Plan Integrated National Energy and Climate 2023-2030", (2023), at: https://commission.europa.eu/system/files/2023-07/EN_SPAIN%20DRAFT%20UPDATED%20NECP.pdf

⁴¹ European Commission, "Draft Update of the Plan Integrated National Energy and Climate 2023-2030", (2023), at: https://commission.europa.eu/system/files/2023-07/EN_SPAIN%20DRAFT%20UPDATED%20NECP.pdf

⁴² Eurostat, "Share of Energy from Renewable Sources" (2024), at: https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren/default/table?lang=en

⁴³ IEA, "Energy System of Spain", at: <https://www.iea.org/countries/spain>

⁴⁴ European Commission, "Draft Update of the Plan Integrated National Energy And Climate 2023-2030", (2023), at: https://commission.europa.eu/system/files/2023-07/EN_SPAIN_DRAFT_UPDATED_NECP.pdf

⁴⁵ Eurostat, "Share of energy from renewable sources" (2024), at: https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren/default/table?lang=en

⁴⁶ Ember, "European Union" (2024), at: <https://ember-energy.org/countries-and-regions/european-union/>

⁴⁷ NECP, "Portugal's NECP 2021-2030" (2020), at: https://energy.ec.europa.eu/system/files/2020-06/pt_final_necp_main_en_0.pdf

⁴⁸ ITA, "Portugal – Country Commercial Guide" (2024), at: <https://www.trade.gov/country-commercial-guides/portugal-energy>

⁴⁹ Government of Portugal, "Energy Policy - Program of the XXIII Constitutional Government", (2023), at: <https://www.dgeg.gov.pt/en/transversal-areas/international-affairs/energy-policy/#:~:text=By%202030%2C%20Portugal%20should%20achieve,20%25%20renewable%20energy%20in%20transport>

Importance of financing energy-efficient buildings in Spain and Portugal

In 2023, Spain’s buildings sector accounted for 33% of the country’s final energy consumption,⁵⁰ with 84.5% of buildings at the lowest energy efficiency categories (E, F or G).⁵¹ Spain’s Long-term Strategy for Energy Retrofitting in the Building Sector (ERESEE 2020) outlines a roadmap to decarbonize the housing stock by 2050, aiming to renovate the envelope of 1.2 million dwellings and replace more than 3.5 million heating and water systems by 2030,⁵² which is expected to reduce building energy consumption by 36.6%.⁵³ The Spanish government’s Plan for the Restoration of Dwellings and Urban Regeneration forecasts the need for EUR 15.4 billion for housing projects by 2050.⁵⁴ Under Spain’s National Recovery and Resilience Plan, EUR 6.8 billion was allocated in 2021 for renovation and urban regeneration, primarily towards residential and public buildings, as outlined in Spain’s Long-Term Renovation Strategy (LTRS) for 2020-2030.⁵⁵ This investment is expected to increase to EUR 110 billion by 2050.⁵⁶

In Portugal, buildings are responsible for more than 30% of final energy consumed.⁵⁷ Portugal’s 2021 Long-Term Strategy for Building Renovation aims to achieve primary energy savings of 11% by 2030, 27% by 2040, and 34% by 2050 compared to 2018 levels. The strategy focuses on improving building energy performance, increasing electrification and expanding the use of renewable energy requiring an estimated total investment of EUR 143.5 billion by 2050, with EUR 110 billion allocated for renovating residential buildings.^{58,59} In 2021, Portugal launched the Recovery and Resilience Plan in line with the REPowerEU plan, allocating EUR 420 million to improve the energy efficiency of residential buildings and advance the green transition.⁶⁰ Additionally, Portugal requires all residential and commercial buildings to undergo audits under its National Buildings Energy Performance Certification System, ensuring they receive an energy certificate when constructed or during major renovation. Since January 2021, all newly built or majorly renovated private buildings with an area larger than 1,000 m² must meet nearly zero-energy building requirements.⁶¹

In view of the above, Sustainalytics is of the opinion that ABANCA’s financing to green buildings projects will contribute in reducing GHG emissions and energy consumption from buildings in Spain and Portugal.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The green bonds issued under the ABANCA Sustainable Development Goals Framework are expected to advance the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Green Buildings	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

⁵⁰ 1PointFive, “Buildings Renovation”, at: <https://1point5.caneurope.org/eu-recovery-fund-support-for-building-renovation-in-spain/>

⁵¹ Ibid.

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Conclusion

ABANCA has developed the ABANCA Sustainable Development Goals Framework under which it may issue green bonds and use the proceeds to finance renewable energy and green buildings projects in Spain and Portugal. Sustainalytics considers that the eligible projects are expected to provide positive environmental impacts.

The Framework outlines processes for tracking, allocation and management of proceeds, and makes commitments for reporting on allocation and impact. Sustainalytics considers that the ABANCA Sustainable Development Goals Framework is aligned with ABANCA's sustainability strategy and that the use of proceeds will contribute to the advancement of UN Sustainable Development Goals 7 and 9. Additionally, Sustainalytics considers that ABANCA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Based on the above, Sustainalytics is confident that ABANCA is well positioned to issue green bonds and that the ABANCA Sustainable Development Goals Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021.

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