

# Second-Party Opinion

## Banco Sabadell Sustainable Financing Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Banco Sabadell Sustainable Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds<sup>1</sup> are aligned with those recognized by the Green Bond Principles and Social Bond Principles. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 6, 7, 8, 9, 11 and 12.



**PROJECT EVALUATION AND SELECTION** Banco Sabadell's business units will identify eligible projects, which will then be reviewed by the Bank's risk management division. Banco Sabadell's Investments Management and Funding Division (IMFD) will propose eligible projects to the Sustainability Committee, which will have final responsibility for project evaluation and tracking. Banco Sabadell has in place processes to assess environmental and social risks pertaining to the projects. Sustainalytics considers this process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** Banco Sabadell's IMFD will be responsible for managing, monitoring and reporting on outstanding issuances. The net proceeds will be tracked using an internal register and will be allocated within 24 months of issuance. Pending full allocation, unallocated proceeds will be temporarily held in cash, cash equivalents or liquid marketable sustainable instruments from other European issuers that are in line with the Bank's investment guidelines and that follow the Framework's exclusionary criteria. Sustainalytics considers this process to be in line with market practice.



**REPORTING** Banco Sabadell commits to report on the allocation and impacts of proceeds on an annual basis until full allocation. These reports will be made publicly available on the Bank's website. Allocation reporting will include the following information: i) amount of net proceeds; ii) details of the proportion of allocated proceeds and the balance of unallocated proceeds, if any; and iii) a category-level breakdown of allocated proceeds and mapping of allocated proceeds to the UN SDGs. Sustainalytics views Banco Sabadell's allocation and impact reporting as aligned with market practice.

### Alignment with the EU Taxonomy

Sustainalytics has assessed the green activities in the Framework for alignment with the EU Taxonomy's criteria for Substantial Contribution (SC) to its environmental objectives and Minimum Safeguards. For more details, please see Section 1 and Appendix 1.

**Evaluation Date** October 01, 2024

**Issuer Location** Madrid, Spain

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<sup>1</sup> Renewable Energy; Green Buildings; Energy Efficiency and Storage; Clean Transportation; Pollution Prevention and Control; Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use; Access to Essential Services – Health; Access to Essential Services – Education; Affordable or Social Housing; Affordable Basic Infrastructure; and Employment Generation and Socio-economic Advancement and Empowerment

## Introduction

Banco de Sabadell, S.A. (“Banco Sabadell” or the “Bank”) is the parent company of the Banco Sabadell Group (the “Group”). The Group is a private banking group in Spain with more than 60 subsidiaries and 22 associate companies. The Bank operates in Spain, the United Kingdom and Mexico, with a geographical presence of 74%, 23% and 3%, respectively.<sup>2</sup> The Bank offers retail, business and corporate banking solutions. Founded in 1881, the Bank employed more than 19,000 employees and served approximately 12 million customers through a network of 1,420 branches as of December 2023.<sup>3</sup>

Banco Sabadell has developed the Banco Sabadell Sustainable Financing Framework dated October 2024 (the “Framework”), under which the Bank, its subsidiaries and its associate companies<sup>4</sup> intend to issue green, social and sustainability bonds, such as public or private placements,<sup>5</sup> senior preferred and non-preferred bonds, subordinated bonds (Tier 2 bonds and AT 1 bonds),<sup>6</sup> and unsecured and secured securities,<sup>7,8</sup> and use the proceeds to finance or refinance, in whole or in part, existing and future projects that advance a sustainable future by improving the natural and social environment.

The Framework defines eligibility criteria in eight green categories:

1. Renewable Energy
2. Green Buildings
3. Energy Efficiency and Storage
4. Clean Transportation
5. Pollution Prevention and Control
6. Circular Economy Adapted Products, Production Technologies and Processes
7. Sustainable Water and Wastewater Management
8. Environmentally Sustainable Management of Living Natural Resources and Land Use

The Framework defines eligibility criteria in five social categories:

1. Access to Essential Services – Health
2. Access to Essential Services – Education
3. Affordable or Social Housing
4. Affordable Basic Infrastructure
5. Employment Generation and Socio-economic Advancement and Empowerment

Banco Sabadell engaged Sustainalytics to review the Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP) and Social Bond Principles 2023 (SBP).<sup>9</sup> The Framework has been published in a separate document.<sup>10</sup>

<sup>2</sup> Banco Sabadell, “Annual Report”, (2023), at: <https://www.grupbancsabadell.com/memoria2023/en/>

<sup>3</sup> Ibid.

<sup>4</sup> Banco Sabadell has communicated to Sustainalytics that it will have operational control over the issuance process of its subsidiaries and associate companies as it pertains to any financing under the Framework. Banco Sabadell has further confirmed that it will be responsible for ensuring continual alignment of any issuances with the criteria defined in the Framework.

<sup>5</sup> Banco Sabadell has communicated to Sustainalytics that private placements will not include the sale of stock shares to investors.

<sup>6</sup> Banco Sabadell has communicated to Sustainalytics that Tier 2 and AT 1 issuances will be debt issuances and will exclude equity issuances. Sustainalytics has reviewed only those debt instruments that are specified under the Framework.

<sup>7</sup> Secured securities may include, without limitation, covered bonds, asset-backed securities (traditional and synthetic), residential mortgage-backed securities or credit-linked notes. Sustainalytics has reviewed only those financial instruments that are specified under the Framework.

<sup>8</sup> For securitizations, Banco Sabadell has communicated the following to Sustainalytics: i) the Bank is committed to distinguishing between a secured green or social standard instrument and a secured green or social collateral instrument in the respective offering documents, per the voluntary process guidelines published in the June 2022 Appendix 1 of the GBP 2021 and the SBP 2023, respectively; ii) in the case of a secured green collateral instrument, the Bank will additionally ensure that 100% of the underlying assets align with the eligibility criteria set forth in the Framework; iii) the Bank will ensure there is no double counting of eligible projects under the secured green or social standard instrument, secured green or social collateral instrument and any other outstanding labelled instruments. Furthermore, Banco Sabadell has communicated to Sustainalytics that to the extent that synthetic collateral is executed under the Framework, the Bank will ensure that: i) in the case of synthetic secured green and social collateral instruments, the reference portfolio will fully comprise green and social credible projects; ii) in the case of synthetic secured standard instruments, both the referenced portfolio and the amount of capital deployed to new projects (from the de-risking of the balance sheet with releasing loss reserves) will be allocated to projects that meet the eligibility criteria in the Framework; and iii) for both types of securitizations, there will be no double counting between the synthetic collateral and any other outstanding labelled instruments.

<sup>9</sup> The Sustainability Bond Guidelines, Green Bond Principles and Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

<sup>10</sup> The Banco Sabadell SDG Bond Framework is available on the Bank’s website at: [https://www.grupbancsabadell.com/corp/files/1454348943517/bs\\_sdg\\_bond\\_framework\\_en.pdf](https://www.grupbancsabadell.com/corp/files/1454348943517/bs_sdg_bond_framework_en.pdf)

### Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent<sup>11</sup> opinion on the alignment of the reviewed 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 Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2023, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds;
- Alignment of the use of proceeds criteria with the SC criteria and alignment with the Minimum Safeguards of the EU Taxonomy;
- 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 1.16, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Banco Sabadell's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Banco Sabadell representatives have confirmed that: (1) they understand it is the sole responsibility of Banco Sabadell to ensure that the information provided is complete, accurate and up to date; (2) they have provided Sustainalytics with all relevant information; and (3) 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 that Framework.

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

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is 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 expected to be financed with bond and loan proceeds 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 Framework owner. Upon twenty-four (24) months following the evaluation date set stated herein, Banco Sabadell is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds 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, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Banco Sabadell has made available to Sustainalytics for the purpose of this Second-Party Opinion.

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<sup>11</sup> 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 least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Banco Sabadell Sustainable Financing Framework

Sustainalytics is of the opinion that the Framework is credible, impactful and aligned with the four core components of the GBP and SBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
  - The eligible categories – Renewable Energy; Green Buildings; Energy Efficiency and Storage; Clean Transportation; Pollution Prevention and Control; Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use; Access to Essential Services – Health; Access to Essential Services – Education; Affordable or Social Housing; Affordable Basic Infrastructure; and Employment Generation and Socio-economic Advancement and Empowerment – are aligned with those recognized by the GBP and SBP.
  - Banco Sabadell has communicated to Sustainalytics that all the projects and activities financed under the green categories will comply with the applicable SC criteria of the EU Taxonomy.<sup>12,13</sup>
  - Sustainalytics notes that financing consists of loans<sup>14</sup> and investments (including equity participations or through funds) in eligible green or social assets, projects or companies.
    - As part of loan financing, the Bank intends to finance the following: i) loans; ii) credits; iii) rental and leasing costs; iv) operational leases; and iv) syndicate financing. Banco Sabadell has communicated to Sustainalytics that for operational leases, it will enter into medium- and long-term leasing contracts. Sustainalytics considers it good practice for long-term operational lease agreements to extend until bond maturity and encourages Banco Sabadell to establish a lease agreement length that is at least the same as the bond term and to report on the estimated and achieved environmental impacts.
    - The Bank has confirmed to Sustainalytics that equity investments exclude publicly traded equity purchases, and that investments via funds will be limited to dedicated green or pure play funds.<sup>15</sup> Sustainalytics is of the opinion that project- and activity-based investing generally result in more direct environmental benefits and enhance compliance with the criteria in the Framework. However, Sustainalytics acknowledges that using green, social and sustainability bond proceeds for making equity investments into pure play companies is a commonly accepted approach that is likely to generate positive impacts by supporting the end activities of the pure play companies.
  - Banco Sabadell has defined a 24-month look-back period for the refinancing of operating expenses, which Sustainalytics considers to be in line with market practice.
  - Under the Renewable Energy category, Banco Sabadell may finance or refinance the construction, operation and manufacturing of renewable electricity generation facilities and technologies, and heat and cool production facilities in accordance with the following criteria.
    - Manufacture of renewable energy technologies where renewable energy is defined as per Article 2 of Directive (EU) 2018/2001.<sup>16</sup> The Bank has confirmed that: i)

<sup>12</sup> Banco Sabadell has communicated to Sustainalytics that projects and activities under Renewable Energy; Green Buildings; Energy Efficiency and Storage; Clean Transportation; Pollution Prevention and Control; Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use will comply with the applicable SC criteria related to climate change mitigation of the EU Taxonomy. EU Commission, "Official Journal of the European Union - Commission Delegated Regulation (EU) 2021/2139", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R2139>

<sup>13</sup> Banco Sabadell has communicated to Sustainalytics that projects and activities under Circular Economy Adapted Products, Production Technologies and Processes will comply with the applicable SC criteria related to circular economy of the EU Taxonomy. EU Commission, "Commission Delegated Regulation (EU) 2023/2486 of 4 June 2021 supplementing Regulation (EU) 2020/852", (2021), at: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L\\_202302486](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302486)

<sup>14</sup> Sustainalytics' Second-Party Opinion is limited to the information mentioned in the Framework or communicated by the Bank.

<sup>15</sup> Banco Sabadell has defined pure plays as companies that derive at least 90% of their turnover from eligible project categories under the Framework. The Bank has also stated that the residual 10% revenue is not derived from controversial activities.

<sup>16</sup> EU Commission, "Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018", (2018), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02018L2001-20240716>

technologies to be financed are limited to the energy sources included under the Framework; and ii) in the case of financing the manufacture of components or the supply chain for renewable energy, the facilities will be wholly dedicated to components for renewables. This is in line with market practice.

- Electricity generation using solar photovoltaic (PV) technology and wind power. This is in line with market practice.
- Electricity generation using concentrated solar power (CSP) technology and production of heat and cool through solar thermal heating, where the facilities generate at least 85% of their power from renewable energy sources. This is in line with market practice.
- Electricity generation using ocean energy technologies. In the case of financing ocean or marine renewables projects for heating and cooling, Sustainalytics encourages the Bank to limit fossil fuel backup to power monitoring, operating and maintenance equipment, resilience and protection measures, and restart capabilities.
- Electricity generation using hydropower facilities that: i) became operational before 2020, where the power density is more than 5 W/m<sup>2</sup> or the life cycle carbon intensity is below 100 gCO<sub>2e</sub>/kWh; and ii) that commenced operations in 2020 or after where the power density is more than 10 W/m<sup>2</sup> or the life cycle carbon intensity is below 50 gCO<sub>2e</sub>/kWh.<sup>17</sup> The Bank has confirmed to Sustainalytics that all new hydropower projects financed under the Framework will be subject to an environmental and social risk assessment to ensure that the projects present no significant environmental and social risks or negative impacts. Moreover, the Bank will ensure that there is no significant controversy surrounding the projects. This is in line with market practice.
- Electricity generation and production of heat and cool using geothermal energy where the life cycle CO<sub>2e</sub> emissions intensity will be lower than 100 gCO<sub>2e</sub>/kWh. This is in line with market practice.
- Electricity generation and production of heat and cool using renewable non-fossil gaseous and liquid fuels by adhering to the EU taxonomy's SC criteria, which require the life cycle GHG emissions from the generated electricity using such fuels to be lower than 100 gCO<sub>2e</sub>/kWh. The Bank has communicated to Sustainalytics that non-fossil fuels will include biofuels, including biodiesel, bioethanol and biomethane produced from organic waste, such as used vegetable oils, biomass and waste from the agricultural sector, food industry or forestry.<sup>18</sup>
  - Sustainalytics notes that Banco Sabadell intends to adhere to the EU Taxonomy's applicable SC criteria for the following activities substantially contributing to climate change mitigation: i) 4.7. Electricity generation from renewable non-fossil gaseous and liquid fuels; and ii) 4.23. Production of heat/cool from renewable non-fossil gaseous and liquid fuels.<sup>19</sup>
  - Sustainalytics notes that the EU Taxonomy's SC criteria for climate change mitigation require adherence to the criteria specified in Article 29, paragraphs 2-7 of Directive (EU) 2018/2001.<sup>20</sup> These criteria apply to agricultural and forest biomass used to produce biogas or bioliquids. Compliance with these criteria confirms that the production of biofuel feedstock has not occurred on land with high biodiversity in the last 10-15 years and that land with a high amount of carbon has not been converted for biofuel feedstock production.
  - Sustainalytics also notes that Article 29, paragraph 5 of the above-mentioned directive excludes biofuels, bioliquids and biomass fuels produced from agricultural biomass made from raw material obtained from land that was peatland in January 2008.<sup>21</sup>

<sup>17</sup> Banco Sabadell uses the thresholds from Climate Bond Initiative's Hydropower Criteria.

Climate Bonds Initiative, "Hydropower Criteria", (2021), at: <https://www.climatebonds.net/files/files/Hydropower-Criteria-doc-March-2021-release3.pdf>

<sup>18</sup> EU Commission, "Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018", (2018), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02018L2001-20240716>

<sup>19</sup> EU Commission, "Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021", (2021), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02021R2139-20240101>

<sup>20</sup> EU Commission, "Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018", (2018), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02018L2001-20240716>

<sup>21</sup> Ibid.

- Banco Sabadell has communicated the following with Sustainalytics: i) used vegetable oils will exclude waste from non-RSPO-certified palm oil operations, palm oil farms in swamps and peat-rich areas and ii) animal fats, oil and other animal processing by-products will be excluded from financing under the Framework. The Bank has communicated to Sustainalytics that it may consider using animal manure for electricity generation as long as it does not lead to increase in the existing capacities or extend their lifetime. Sustainalytics notes that livestock farming has a significant carbon and water footprint that is not addressed using livestock by-products in energy generation. Furthermore, such livestock farming activities may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers that the use of residues from day-to-day operations of existing facilities for energy generation provides positive impacts in the short term.
- Sustainalytics notes Banco Sabadell's intent to pursue third-party certifications to validate sustainability credentials of the feedstock on a best effort basis and in cases where such certifications are unavailable, the Bank intends to ensure that there is a responsible statement for the project and a technical report with details related to the sustainability credentials of the feedstock. Sustainalytics considers it good practice to pursue third-party certifications for demonstrating the sustainability credentials of the feedstock and to report on the sources of feedstock used in electricity generation facilities.
  - Electricity generation and production of heat and cool using bioenergy from biomass, biogas and biofuels. The Framework notes that blending of renewable fuels with biogas or bioliquids will be excluded during electricity generation and that the CO<sub>2</sub>e emissions reduction will be at least 65% compared with the fossil fuel alternative. Banco Sabadell has confirmed with Sustainalytics that biogas and biofuels will be produced using residue waste feedstock from agricultural or forestry operations.<sup>22</sup>
  - Manufacture of biogas and biofuels for use in the transport and manufacture of bioliquids where the CO<sub>2</sub>e emissions reduction is at least 65% compared with the fossil fuel alternative. Banco Sabadell has confirmed with Sustainalytics that biogas and biofuels will be produced using waste feedstock from agricultural or forestry operations.<sup>23</sup>
  - Production of heat and cool from waste heat, where the CO<sub>2</sub>e emissions reduction is at least 65% compared with the fossil fuel alternative. Banco Sabadell has confirmed with Sustainalytics that such facilities exclude the use of waste heat derived from fossil fuel-based activities. This is in line with market practice.
- Under the Green Buildings category, Banco Sabadell may finance or refinance the construction, renovation and acquisition of green buildings and associated professional services related to energy performance improvements in buildings, such as the installation of renewable energy technologies. The Bank has confirmed to Sustainalytics that it will exclude financing for: i) the development of industrial facilities designed or intended for controversial activities; and ii) buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels.
  - Construction of new buildings in the EU where the primary energy demand (PED) is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB)

<sup>22</sup> The Bank has communicated to Sustainalytics that waste feedstock from agricultural activities may also include animal manure (not from industrial-scale livestock farming). Sustainalytics notes that livestock farming has a significant carbon and water footprint that is not addressed using livestock by-products in energy generation. Furthermore, such livestock farming activities may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers that the use of residues from day-to-day operations of existing facilities for energy generation provides positive impacts in the short term.

<sup>23</sup> The Bank has communicated to Sustainalytics that waste feedstock from agricultural activities may also include animal manure (not from industrial-scale livestock farming). Sustainalytics notes that livestock farming has a significant carbon and water footprint that is not addressed using livestock by-products in energy generation. Furthermore, such livestock farming activities may contribute to land degradation, biodiversity loss and deforestation. Nevertheless, Sustainalytics considers that the use of residues from day-to-day operations of existing facilities for energy generation provides positive impacts in the short term.

requirements in national measures. Sustainalytics views this to be in line with market practice.

- Renovation of existing buildings resulting in a reduction of PED by at least 30% and complying with the applicable requirements for major renovations. The Bank has confirmed to Sustainalytics that expenditures under this activity will be limited to the renovation costs. This is in line with market practice.
  - Installation, maintenance and repair of renewable energy technologies and ancillary technical equipment, including solar PV systems; solar hot water panels; heat pumps; wind turbines; solar transpired collectors; thermal or electric energy storage units; high efficiency micro combined heat and power (CHP) plants; and heat exchanger and recovery systems. Banco Sabadell has confirmed with Sustainalytics that financing excludes heat exchanger and recovery systems powered by fossil fuels or intended for use in fossil fuel systems.
    - Banco Sabadell has confirmed with Sustainalytics that it adheres to the EU Taxonomy's SC criteria for climate change mitigation related to the installation and operation of electric heat pumps, as per which the refrigerants' global warming potential will not exceed 675.<sup>24</sup> Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics encourages the Bank to finance heat pumps that promote robust refrigerant leak control, detection and monitoring, while ensuring the recovery, reclamation, recycling or destruction of refrigerants at the end of life.
    - Thermal or electric energy storage units. Banco Sabadell has confirmed that such storage is limited to battery storage systems connected to renewable energy sources. Sustainalytics considers such expenditures to be in line with market practice.
    - CHP plants powered by renewable energy sources, including: i) CSP; ii) solar thermal; iii) biomass waste; or iv) geothermal or sustainably sourced or certified bioenergy with life cycle emissions below 100 gCO<sub>2e</sub>/kWh. Sustainalytics notes that CHP units powered by geothermal energy or bioenergy have the potential to generate significant GHG emissions savings compared with similar units that use coal or oil as a fuel and recommends the Bank to report, where feasible, on carbon intensity to avoid proceeds from being directed to CHP projects with potentially significant negative environmental impacts.
  - Acquisition and ownership of buildings built:
    - Before 31 December 2020, where the building belongs to the top 15% of the most energy-efficient buildings of the national or regional building stock based on operational PED.
    - After 31 December 2020, in line with the EU Taxonomy SC criteria related to the construction of new buildings.<sup>25</sup>
    - This is in line with market practice.
  - Technical consultation of a building's energy performance improvement, as well as accredited energy audits, energy management services and energy performance contracts and services provided by energy services companies (ESCOs). The Bank has confirmed with Sustainalytics that such expenditures are financed exclusively to support the assets financed under this category. This is in line with market practice.
- Under the Energy Efficiency and Storage category, Banco Sabadell may finance or refinance the following projects that comply with the EU Taxonomy's applicable SC criteria and the following criteria:
- Manufacture, installation, repair, maintenance, retrofitting, repurposing and upgrade of:
    - i) energy efficiency equipment for buildings and other individual renovations that increase energy efficiency by at least 30%; ii) charging stations for electric vehicles in buildings and parking spaces attached to buildings; and iii) instruments and devices to

<sup>24</sup> EU Commission, "Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021", (2021), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02021R2139-20240101>

<sup>25</sup> Ibid.

measure, regulate and control buildings' energy performance. Sustainalytics views expenditures related to this activity to be aligned with market practice and notes the following:

- The Bank has confirmed with Sustainalytics the exclusion of energy-efficient technologies designed or intended for processes that are inherently carbon-intensive; primarily driven or powered by fossil fuels, such as oil or gas-fired boilers, cogeneration and CHP units; and production processes in heavy industries, such as steel, cement and aluminium.
  - Regarding the expenditure related to electric charging facilities, the Bank excludes the financing of standalone parking stations or facilities.
  - Regarding construction and operation of transmission and distribution (T&D) systems that transport electricity on high-voltage and extra-high-voltage interconnected systems, the Bank has communicated to Sustainalytics its intent to adhere to the EU Taxonomy's applicable SC criteria of climate change mitigation related to the T&D of electricity grids,<sup>26</sup> where the grid must either: i) have an emissions intensity of more than 67% of newly enabled generation capacity not exceeding 100 gCO<sub>2</sub>e/kWh; ii) have an average system grid emissions factor that does not exceed 100 gCO<sub>2</sub>e/kWh; or iii) be part of the interconnected European system. Additionally, the Bank has communicated that: i) measures will be taken to verify that such expenditures will be dedicated to renewable energy T&D through an environmental or construction licence; and ii) the carbon footprint will be measured in accordance with ISO 14067<sup>27</sup> or with the GHG Protocol on the Product Life Cycle<sup>28</sup> for installations outside the EU. Banco Sabadell has confirmed that it will exclude the financing of new T&D infrastructure dedicated to connecting new fossil fuel power plants.
- Construction and operation of electricity storage facilities, including: i) pumped hydropower storage; ii) thermal energy storage systems, including underground thermal energy storage or aquifer thermal energy storage; and iii) hydrogen.
    - Banco Sabadell has confirmed with Sustainalytics that financing related to hydrogen storage facilities will adhere to the EU Taxonomy's SC criteria for climate change mitigation related to the manufacture of hydrogen<sup>29</sup> and that the Bank may consider financing facilities that produce hydrogen according to the following criteria: i) using an electrolysis process powered by renewables or with low-carbon energy sources, with the average carbon intensity at or below 100 gCO<sub>2</sub>e/kwh; or ii) using 100% sustainably sourced biomass, biogas or renewable natural gas (or landfill gas).<sup>30</sup> Sustainalytics considers this expenditure to be in line with market practice.
    - The Bank has confirmed the following with Sustainalytics: i) all new pumped hydropower storage projects will be subject to an environmental and social impact assessment by a credible body to ensure that the projects present no significant environmental and social risks or negative impacts; ii) projects involved in significant controversies related to environmental and social risks or impact, such as loss of habitat and biodiversity, and the displacement of people, will be excluded under the Framework; iii) the facilities will be able to demonstrate that the pumped storage will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged; and iv) the facility should either be contributing to a grid that already has a share of intermittent renewables deployment of at

<sup>26</sup> Ibid.

<sup>27</sup> ISO, "ISO 14067:2018 Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification", at: <https://www.iso.org/standard/71206.html>

<sup>28</sup> GHG Protocol, "Product Life Cycle Accounting and Reporting Standard", (2011), at: [https://ghgprotocol.org/sites/default/files/standards/Product-Life-Cycle-Accounting-Reporting-Standard\\_041613.pdf](https://ghgprotocol.org/sites/default/files/standards/Product-Life-Cycle-Accounting-Reporting-Standard_041613.pdf)

<sup>29</sup> EU Commission, "Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021", (2021), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02021R2139-20240101>

<sup>30</sup> Banco Sabadell has confirmed to Sustainalytics that financing will exclude: i) power-to-gas projects where CO<sub>2</sub> is sourced from fossil fuel operations; ii) the production of hydrogen through steam reforming process using natural gas; and iii) the production of hydrogen using oil or coal.

- least 20% or should provide evidence that it can increase the share of intermittent renewables to this level.
- Sustainalytics recognizes the critical need to expand utility-scale storage systems to enable the expansion of renewable energy while noting that the environmental benefit of storage systems depends on the carbon intensity of the grid to which they are connected and that deploying such assets to carbon-intensive grids or associated systems may result in increased emissions. Sustainalytics encourages the Bank to prioritize instalments of storage systems on grids that follow a credible decarbonization pathway<sup>31</sup> and to report on the positive impacts of such instalments, where feasible.
  - Expenditures related to T&D networks for renewable and low-carbon gases, including: i) construction or operation of new networks dedicated to hydrogen or other low-carbon gases; and ii) conversion or repurposing of existing natural gas networks to 100% hydrogen.<sup>32</sup> Banco Sabadell has confirmed that T&D networks will be dedicated to low-carbon gases which refer to low-carbon fuel, such as green hydrogen, biofuels, bioliquids and biomass fuels. Banco Sabadell has further confirmed with Sustainalytics that it will adhere to the definitions of biomethane and biofuel of EU Directive 2018/2001.<sup>33</sup> This is in line with market practice.
  - Expenditures related to district heating and cooling distribution, including the construction, refurbishment and operation of pipelines and associated infrastructure for the distribution of heating and cooling, ending at the substation or heat exchanger. The Bank has confirmed with Sustainalytics that: i) for such projects, the distribution network is primarily (more than 50%) powered by renewables and/or waste heat; and ii) it will exclude projects with waste heat from fossil fuel production and operations. This is in line with market practice.
  - Installation and operation of electric heat pumps considering the following: i) the refrigerant will have a GWP below 675; and ii) the pumps will comply with energy efficiency requirements in the implementing regulations under Directive 2009/125/EC.<sup>34</sup> Sustainalytics notes that heat pumps offer an energy-efficient heat transfer alternative to conventional systems. Nevertheless, Sustainalytics encourages Banco Sabadell to promote robust refrigerant leak control, detection and monitoring, while ensuring the recovery, reclamation, recycling or destruction of refrigerants at end of life.
  - Construction and operation of facilities co-generating electricity and heat or cool from solar energy. This is in line with market practice.
  - Under the Clean Transportation category, Banco Sabadell may finance or refinance projects in accordance with the following criteria:
    - Manufacture, maintenance, purchase, rental, leasing and operation of passenger and freight rail transport, urban and suburban passenger transport, and transport by motorbikes, passenger cars and light commercial vehicles. Eligible projects include:
      - Passenger rail using railway rolling stock and freight rail on mainline rail networks and short-line railroads, including bi-mode trains with zero tailpipe emissions when operated on a track with necessary electric infrastructure and that use a conventional engine where such infrastructure is not available. Sustainalytics notes that bi-mode trains may still use fossil fuels until becoming fully electric in the future and considers trains with a carbon intensity below 50 gCO<sub>2</sub>/pkm for passenger and 25 gCO<sub>2</sub>/tkm for freight rail to drive positive environmental outcomes. Thus, Sustainalytics encourages

<sup>31</sup> Sustainalytics considers a transmission and distribution grid to be aligned with a credible decarbonization pathway if it meets either of the following criteria: i) more than 67% of newly enabled generation installed capacity in the system is below the emissions threshold of 100 gCO<sub>2</sub>e/kWh, measured on a life cycle basis in accordance with electricity generation criteria, over a rolling five-year period; or ii) the average system grid emissions factor is below the threshold of 100 gCO<sub>2</sub>e/kWh, over a rolling five-year period.

<sup>32</sup> Banco Sabadell has confirmed to Sustainalytics that hydrogen to be transmitted and distributed will adhere to the criteria mentioned under construction and operation of electricity storage facilities expenditure above.

<sup>33</sup> EU Commission, "Directive 2018/2001 of the European Parliament and of the Council of 11 December 2018", (2018), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:02018L2001-20240716>

<sup>34</sup> EU Commission, "Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009", (2012), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009L0125-20121204>

- the Bank to report on the emissions intensity of bi-mode trains financed under the Framework. Furthermore, the Bank has confirmed that freight rail will exclude trains or wagons dedicated to the transportation of fossil fuels.
- Urban and suburban transport vehicles with zero tailpipe emissions, such as electric buses and electric light rail. The Bank has confirmed that it will exclude vehicles used to transport fossil fuels or fossil fuels blended with alternative fuels. This is in line with market practice.
  - Motorbikes, passenger cars and light commercial vehicles with zero tailpipe emissions. This is in line with market practice.
- Construction, modernization, operation and maintenance of electric rails, electric vehicle charging points and infrastructure dedicated for promoting active mobility, including walking paths, cycling lanes, e-bikes and e-scooters. This is in line with market practice.
  - Purchase, financing, chartering (with or without crew) and operations of inland, sea or coastal passenger and freight transport vessels that: i) operate on fuels that withdraw at least 25% of the energy from zero direct CO<sub>2</sub> emissions fuels or plug-in power for the normal operation at sea and in ports (until 31 December 2025); and ii) have attained an Energy Efficiency Design Index (EEDI) value 10% below the EEDI requirements applicable on 1 April 2022 if operating on zero direct emissions fuels or on fuels from renewable sources. Regarding freight transport vessels, Banco Sabadell confirmed that: i) the primary purpose of these vessels will not be to transport fossil fuel freight, and ii) not more than 50% share of fossil fuel freight in mass will be transported. Sustainalytics considers this expenditure to be credible given its potential to support the transition towards the shipping sector's decarbonization and deliver positive environmental impacts.
  - Retrofit and upgrade of inland, sea and coastal freight and passenger vessels resulting in a reduction of fuel consumption by at least 15%. The Bank has confirmed that this activity will exclude vessels that are intended for fossil fuel transportation. Sustainalytics recognizes that such financing may reduce the fuel consumption of conventional sea vessels that run exclusively on conventional fossil-based fuels. While noting that the eligibility criteria is in line with the EU Taxonomy Climate Delegated Act, Sustainalytics considers it to be an interim solution until 31 December 2025 and favours the use of low-carbon vessels in the long term. Therefore, Sustainalytics encourages Banco Sabadell to prioritize vessels that have the potential to run on low-carbon fuels in the long term.
- Under the Pollution Prevention and Control category, Banco Sabadell may finance or refinance projects in accordance with the following criteria:
- Waste management projects for the collection and transportation of non-hazardous waste, with source segregation of the waste for the purpose of reuse and recycling. The Bank has confirmed that this activity will include waste collection vehicles with zero emissions.
  - Construction and operation of waste treatment facilities for the: i) production and utilization of biogas or digestate through the anaerobic digestion of sewage sludge or separately collected biowaste; or ii) production and utilization of compost through the composting of separately collected biowaste. The Bank has confirmed that sewage sludge from fossil fuel operations will be excluded from financing under the Framework.
  - Construction and operation of facilities for material recovery through the sorting and processing of at least 50% of separately collected non-hazardous waste to produce secondary raw materials that are suitable for the substitution of virgin materials in production processes.
  - Installation and operation of infrastructure for landfill gas capture that: i) became operational before July 2020; ii) has a newly installed or extended gas capture system; iii) has a permanently closed landfill not taking in further biodegradable waste; and iv) is using the gas for electricity or heat generation as biogas. The Bank has confirmed to Sustainalytics that the landfill will have a high gas capture efficiency of 75% or more.

- Installation and operation of underground CO<sub>2</sub> geological storage facilities with the area assessed according to EU Directive 2009/31/EC. The Bank has confirmed that these facilities will exclude the storage of CO<sub>2</sub> from fossil fuel extraction, production and refining activities and hard-to-abate activities. The Bank has confirmed with Sustainalytics that the storage of CO<sub>2</sub> will be carried out in areas that are suitable in terms of the land's geological formation and that these facilities will have a leakage detection system and appropriate monitoring plans in place to prevent and minimize CO<sub>2</sub> leakage.
- Facilities for the manufacturing of plastic in primary form: i) through mechanical recycling of plastic waste; ii) through chemical recycling of plastic waste with lower life cycle GHG emissions compared with plastic manufactured using fossil fuel; and iii) derived from feedstock with lower life cycle GHG emissions compared with plastic manufactured using fossil fuel. Banco Sabadell has confirmed that the projects will not be intended for single-use consumer products, will not be intended for plastic-to-fuel conversion and will include production with at least 90% recycled input.
- Sustainalytics views expenditures under this category to be in line with market practice.
- Under Circular Economy Adapted Products, Production Technologies and Processes, Banco Sabadell may finance or refinance projects that comply with the applicable EU Taxonomy SC criteria and the following eligibility criteria:
  - Extend the lifetime of products that customers have used for intended purposes by either repairing, refurbishing or remanufacturing the products. Banco Sabadell is committed to ensuring the following: i) the products are covered by a sales contract and aligned with provisions related to product conformity and seller liability; and ii) have a waste management plan to ensure that the product's materials and components that have not been reused in the same product are reused elsewhere. Banco Sabadell has confirmed with Sustainalytics that the refurbishment, reconditioning and repair of products specifically for use in the extraction of fossil fuels or those that inherently rely on fossil fuels will be excluded from financing under the Framework. Sustainalytics notes that Banco Sabadell's eligibility criteria for this expenditure are in line with the EU Taxonomy's relevant technical screening criteria for substantial contribution to the transition to a circular economy.
  - Preparation for the reuse of products and components where: i) the products have become waste and can be reused without any other pre-processing; ii) the financed activity's waste feedstock has originated from separately collected and transported waste in source-segregated or commingled fractions; and iii) the activity has implemented acceptance, safety and inspection procedures with proper training and has established a publicly available waste management plan. Banco Sabadell has communicated to Sustainalytics that where a recycling activity includes e-waste or waste from electrical and electronic equipment, it will be accompanied by robust waste management processes to mitigate associated risks. Sustainalytics views this to be aligned with market practice.
- Under Sustainable Water and Wastewater Management, Banco Sabadell may finance or refinance the construction, extension, operation and renewal of water and wastewater systems that comply the following criteria:
  - Water collection, treatment and supply systems with average energy consumption less than 0.5 KWh per m<sup>3</sup> of produced water supply.
  - Renewal of water collection, treatment and supply systems that reduce average energy consumption by at least 20% compared with the three-year average and close the leakage gap by 20%.
  - Centralized wastewater systems wherein the renewal of such systems reduces energy consumption by 20% compared with the three-year average. Banco Sabadell has communicated to Sustainalytics that financing of wastewater treatment systems will exclude the treatment of wastewater from fossil fuel operations. Banco Sabadell has also communicated to Sustainalytics that wastewater treatment facilities and systems will not be dedicated to controversial activities with negative environmental or social impacts.

- Sustainalytics views expenditures under this category to be aligned with market practice.
- Under Environmentally Sustainable Management of Living Natural Resources and Land Use, Banco Sabadell may finance or refinance forest management projects that are in line with the definition of national laws and the EU Taxonomy's SC criteria for forest management substantially contributing to climate change adaptation.
  - Banco Sabadell has communicated to Sustainalytics that the forest management programmes will use tree species that are well adapted to the site conditions, which will be ensured through the implementation of forest management plans. Sustainalytics views this to be aligned with market practice.
- Under Access to Essential Services – Health, Banco Sabadell may finance or refinance the construction, refurbishment, equipment, acquisition, operation and maintenance of free or subsidized health infrastructure or services, including:
  - Financing public and private<sup>35</sup> hospitals, clinics and primary care centres; infrastructure and equipment that provide emergency medical care and disease control services; socio-medical centres for elderly care; nursing homes; and daycare centres. The Bank has further communicated to Sustainalytics that the services provided by the private facilities will be available to all regardless of their ability to pay.
  - Banco Sabadell has confirmed with Sustainalytics that Spain has a universal healthcare system in place, ensuring that all health structures and services are accessible to all, regardless of the ability to pay.<sup>36</sup> The Bank has also confirmed that for projects outside of Spain, it conducts a detailed case-by-case analysis of each financed project to ensure that such infrastructure and services are made universally accessible to all, regardless of the ability to pay.
  - Noting that investments are aimed at improving access to quality medical care, Sustainalytics considers financing in this category to be socially impactful.
- Under Access to Essential Services – Education, Banco Sabadell may finance or refinance the construction, refurbishment, acquisition, operation and maintenance of free or subsidized educational infrastructures or services, including:
  - Primary, secondary and post-compulsory schools and vocational training centres
    - Banco Sabadell has communicated to Sustainalytics that the education infrastructure or facilities in Spain will include: i) public facilities; or ii) privately owned facilities that offer subsidized services to ensure universal accessibility, regardless of the ability to pay.<sup>37</sup> The Bank has further communicated that for projects outside of Spain, it conducts a case-by-case assessment to ensure that educational services are universally available to all, regardless of the ability to pay. The Bank will ensure that private educational services are: i) either free or subsidized and ii) universally available to all regardless of their ability to pay.
  - Student housing facilities
    - Banco Sabadell has communicated to Sustainalytics that these will be loans for student housing facility development in Spain. Moreover, the student housing facilities will be provided by educational organizations.
    - Banco Sabadell has communicated to Sustainalytics that the student housing facilities will be made available at below market price to students who belong to families with income 80% or less than the national average income.
  - Student loans
    - Banco Sabadell has communicated to Sustainalytics that it intends to provide loans in Spain to students who belong to families with income 80% or less of the country's median income.<sup>38</sup> The Bank has confirmed that it intends to

<sup>35</sup> Banco Sabadell has communicated to Sustainalytics that privately owned facilities receive state subsidies, provided that they comply with established conditions, including the obligation to offer services to individuals who lack sufficient purchasing power, among other requirements.

<sup>36</sup> Government of Spain, "Ley 14/1986, de 25 de abril, General de Sanidad", at: [https://noticias.juridicas.com/base\\_datos/Admin/l14-1986.t3.html](https://noticias.juridicas.com/base_datos/Admin/l14-1986.t3.html)

<sup>37</sup> Banco Sabadell has communicated to Sustainalytics that privately owned facilities receive state subsidies, provided that they comply with established conditions, including the obligation to offer services to individuals who lack sufficient purchasing power, among other requirements.

<sup>38</sup> Banco Sabadell has communicated to Sustainalytics that it will use wage data from the Instituto Nacional de Estadística as a proxy to calculate income threshold of 80% or the median income.

offer an interest rate discount on the student loans, which require students to get a personal guarantee and do not need collateral. Banco Sabadell has communicated to Sustainalytics that it offers a grace period, as well as a moratorium period of 12 months, which can be extended depending on the product and the student's situation.

- The Bank has confirmed that it has internal processes to enforce responsible lending practices to assess a potential borrower's financial situation, such as the borrower's total income, usual expenses, indebtedness ratio and net worth, to help them understand the loan terms and avoid predatory lending.

Sustainalytics considers the expenditures under this category to be contributing to improving access to education and to be socially impactful.

- Under the Affordable or Social Housing category, Banco Sabadell may finance or refinance the construction, development, maintenance and acquisition of affordable housing or social housing in line with the socio-economic requirements set by the regional government or the Bank.<sup>39</sup> The Bank has confirmed with Sustainalytics that it intends to offer an interest rate discount for loans under this category to ensure there is reasonable assurance of affordability.

The Framework defines the target population as follows:

- Individuals and families lacking adequate housing such as homeless or people living in informal structures.
- Victims of gender violence.
- Outside of Spain and the UK, the Bank intends to extend loans to individuals with family income below the national median or 80% of the average income for the area, region or country.
- For Affordable or Social housing projects in Spain, the Bank intends to offer loans to individuals and families meeting the subsidized housing requirements for "Viviendas de Protección Oficial" (VPO).<sup>40</sup> As per the requirements for VPO, the annual family income of the beneficiary should not exceed 2.5 times the annual minimum wage.<sup>41</sup> Sustainalytics notes that the regional housing regulations within Spain differ among the 17 autonomous communities of Spain and as such the income thresholds for the targeted population under VPO also differ. Sustainalytics considers it good practice for issuers to define a target population with an upper threshold at or below the AMI for a municipality or a regional level (with rare exceptions in high-cost markets) and encourages the Bank to report on the positive social impacts of its financing allocated to below-median income populations, to the extent possible.
- For affordable housing projects located in the UK, the Bank intends to offer loans to registered social landlords<sup>42</sup> or individuals and families meeting the requirements of the Shared Ownership<sup>43</sup> and Right to Buy schemes in the UK.<sup>44</sup>
  - In the case of loans provided to social landlords in the UK, Sustainalytics notes that the role of the Bank is limited to providing financing to Housing Associations and local Councils for the construction, development, maintenance and acquisition of Council Housing units and does not have control over the detailed criteria for determining the low-income groups deemed eligible for Council Housing and the corresponding affordability mechanisms.
  - In the case of Shared Ownership scheme, purchasers buy a share of the property and pay rent on the remaining value. Eligibility for the scheme is

<sup>39</sup> Banco Sabadell has communicated to Sustainalytics that the projects will exclude rental houses and housing refurbishment.

<sup>40</sup> Conceptos Juridicos, "Vivienda de Protección Oficial", at: <https://www.conceptosjuridicos.com/vivienda-proteccion-oficial/>

<sup>41</sup> Sustainalytics notes that the requirements of the VPO are in line with the Royal Decree-Law 31/1978 on Housing Policy and income level is a core criterion among these requirements such as number of family members or ownership of real estate assets. Agencia Estatal Boletín Oficial del Estado, "Royal Decree 3148/1978, of 10 November, implementing Royal Decree-Law 31/1978, of 31 October, on Housing Policy.", at: <https://www.boe.es/buscar/doc.php?id=BOE-A-1979-1217>

<sup>42</sup> Sustainalytics notes that the Bank intends to finance registered social landlords in the UK that provide affordable housing to people who cannot afford to rent or buy on the open market. Social landlords are not-for-profit Housing Associations or local councils that provide and manage Council Housing. Shelter, "What is social housing?", at: [https://england.shelter.org.uk/support\\_us/campaigns/what\\_is\\_social\\_housing](https://england.shelter.org.uk/support_us/campaigns/what_is_social_housing)

<sup>43</sup> Sustainalytics also notes that the Right to Buy Scheme allows eligible council tenants to purchase their homes at a discount.

UK Government, "Right to Buy: buying your council home", at: <https://www.gov.uk/right-to-buy-buying-your-council-home>

<sup>44</sup> Sustainalytics notes that the UK Government's Shared Ownership scheme sells homes to people for whom open market purchases would otherwise be unattainable. UK Government, "Shared Ownership", at: <https://www.ownyourhome.gov.uk/scheme/shared-ownership/>

determined by government criteria which limits households to those with annual income of up to GBP 80,000 (EUR 93,200) or GBP 90,000 (EUR 104,850) in London.<sup>45</sup> Sustainalytics acknowledges that the scheme follows the practice for affordable housing as determined by the local regulator and recognizes the expected benefits for many first-time home buyers. In Sustainalytics' opinion, in order to ensure a contribution to increasing access to affordable housing, it is best practice to define a target population with an upper threshold at or below the annual median income at the municipal or regional level. Although the Framework follows the government's income cap, this is still well above the median household income in the UK, which was GBP 35,000 (EUR 40,775) in FY 2022.<sup>46</sup> Given the relatively high thresholds used by the UK government's Shared Ownership scheme, Sustainalytics encourages the Bank to report on the positive social impacts of its financing allocated to below-median income populations, to the extent possible.

- Under the Affordable Basic Infrastructure category, Banco Sabadell may finance or refinance projects related to energy, water and sanitation, and digital inclusion in areas that lack such provisions, as per the following criteria:
  - Energy: development or expansion of electricity grids in areas where there is no access or where access is substantially inadequate. The Bank has communicated to Sustainalytics that areas with substantially inadequate access will be determined based on either the voltage or frequency deviations, total harmonic distortion, power factor or number of supply outages higher than the national reference average. The Bank has confirmed that projects financed will exclude transmission grids connected to dedicated fossil fuel power plants.
  - Water and sanitation: development of infrastructure and services aimed at improving access to: i) potable water in residential or public-access facilities; and ii) sewage treatment and sanitation facilities. The Bank has confirmed with Sustainalytics that projects financed will exclude integrated water and power plants with fossil fuel power and desalination plants with dedicated on-site fossil fuel power.
  - Digital inclusion: provision of internet connection for underserved communities that have: i) no connectivity; ii) substantially inadequate connectivity with no mobile broadband (3G or above); or iii) broadband subscription with a speed of less than 10 Mbit/second.
  - Banco Sabadell has confirmed with Sustainalytics that projects financed under this category will be directed towards public facilities that will be universally accessible and affordable. The Bank has communicated to Sustainalytics that the projects' affordability measures will adhere to the International Telecommunication Union's definition of affordability.<sup>47</sup>
  - Sustainalytics views these expenditures to be socially impactful.
- Under Employment Generation and Socio-economic Advancement and Empowerment, Banco Sabadell may finance or refinance loans to: i) micro, small and medium-size enterprises (MSMEs);<sup>48</sup> ii) self-employed individuals;<sup>49</sup> iii) third-sector organizations, such as NGOs and

<sup>45</sup> Ibid.

<sup>46</sup> Office for National Statistics, "Effects of taxes and benefits on UK household income: financial year ending 2022", at: <https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/incomeandwealth/bulletins/theeffectsoftaxesandbenefitsonhouseholdincome/financialyearending2022>

<sup>47</sup> The International Telecommunication Union defines affordability as the availability of broadband access at a price that is less than 2% of the monthly gross national income per capita.

International Telecommunication Union, "Internet more affordable and widespread, but world's poorest still shut off from online opportunities", (2022), at: <https://www.itu.int/en/mediacentre/Pages/PR-2022-11-30-Facts-Figures-2022.aspx>

<sup>48</sup> Banco Sabadell uses the EU Commission's definition of MSMEs.

European Commission, "SME definition", at: [https://single-market-economy.ec.europa.eu/smes/sme-definition\\_en](https://single-market-economy.ec.europa.eu/smes/sme-definition_en)

<sup>49</sup> Banco Sabadell uses the EU Commission's definition of a self-employed person.

European Commission, "Self-employed person", at: [https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/self-employed-person\\_en](https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/self-employed-person_en)

community organizations; and iv) women-led MSMEs<sup>50</sup> and self-employed women.<sup>51</sup> Sustainalytics notes the following:

- Banco Sabadell excludes the financing of MSMEs involved in renting and operating of own or leased real estate and general public administration.
- Banco Sabadell has confirmed with Sustainalytics that the business loans offered to self-employed individuals and the loans provided to third-sector organizations will have preferential terms, such as loans without collateral and guarantee, and that the Bank adheres to responsible lending practices recommended by the European Banking Authority<sup>52</sup> regarding the analysis of stipulated financial ratios.
- Loans to third-sector organizations may also include religious institutions with the specific purpose of supporting programmes that aim to benefit vulnerable target populations or to advance areas that clearly serve the public interest in areas such as human rights or the environment.<sup>53</sup> Banco Sabadell has confirmed with Sustainalytics that the loans will not be offered for activities that are specifically dedicated to the promotion of religious or political activities.
- Banco Sabadell has further communicated to Sustainalytics that the loans offered to MSMEs and self-employed individuals will be limited to either of the following: i) provinces in Spain with a GDP per capita in the bottom 50% of the national average; or ii) provinces in Spain with an unemployment rate that is higher than the national average. Considering the regional context,<sup>54, 55</sup> Sustainalytics views this to be credible targeting and views the expenditure to be socially impactful.
- Banco Sabadell has confirmed with Sustainalytics that it intends to offer an interest rate discount for all social loans.
- Sustainalytics notes that Banco Sabadell will exclude financing projects related to nuclear energy, fossil fuels, mining, defence and arms, gambling and betting, tobacco, alcohol, animal maltreatment and intensive animal farming, inorganic or synthetic fertilizers, pesticides and herbicides, palm and soy oil, and agricultural operations located on land designated as primary forest, high conservation value areas or legally preserved areas.
- Project Evaluation and Selection:
  - Banco Sabadell's business units will identify projects that may be eligible and the Bank's risk management division will check whether the identified projects meet the eligibility criteria defined in the Framework. Banco Sabadell's Investments Management and Funding Division (IMFD) will be responsible for proposing the eligible projects to the Bank's Sustainability Committee,<sup>56</sup> which will have the final responsibility of project evaluation and tracking.
  - Banco Sabadell will ensure adherence to its environmental and social risk framework during the project evaluation and selection stage. Sustainalytics considers these environmental and social risk management systems to be adequate and aligned with the requirements of GBP and SBP. For detailed information related to processes that the Bank follows to assess and mitigate environmental and social risks related to the projects, please refer to Section 2.
  - Based on the above, Sustainalytics views the project evaluation and selection process to be in line with market practice.

<sup>50</sup> Banco Sabadell uses the IFC's definition of MSMEs.

IFC, "IFC's Definitions of Targeted Sectors", at: <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

<sup>51</sup> European Commission, "Self-employed person", at: [https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/self-employed-person\\_en](https://home-affairs.ec.europa.eu/networks/european-migration-network-emn/emn-asylum-and-migration-glossary/glossary/self-employed-person_en)

<sup>52</sup> European Banking Authority, "Welcome to the EBA", at: <https://www.eba.europa.eu/homepage>

<sup>53</sup> Religious institutions will be those registered in the Registry of the Spanish Ministry of Justice. Ministerio De La Presidencia, Justicia Y Relaciones Con Las Cortes, "Religious Entity Search", at: <https://maper.mjusticia.gob.es/Maper/RER.action>

<sup>54</sup> At the end of May 2024, Spain's unemployment rate was 11.7%, which was the highest in the EU and almost double the average unemployment rate in the EU of 6.4%. Eurostat, "Euro area unemployment at 6.4%", at: <https://ec.europa.eu/eurostat/web/products-euro-indicators/w/3-02072024-ap>

<sup>55</sup> MSMEs in Spain face unique challenges, such as income instability, where MSMEs suffer a more severe percentage change in income and profit, limited social protection and a clear downward trend of MSMEs' perception of access to finance.

Banco de Espana, "Evolución económica reciente de las pymes españolas y de su acceso a la financiación externa de acuerdo con la encuesta semestral del BCE", (2023), at:

<https://www.bde.es/f/webbde/SES/Secciones/Publicaciones/InformesBoletinesRevistas/BoletinEconomico/23/T1/Fich/be2301-art06.pdf>

<sup>56</sup> Banco Sabadell's Sustainability Committee is chaired by the General Manager and the head of the Sustainability and Efficiency Division. It includes senior members from various departments including Sustainability, Risk Management, Finance, Business, Communication, Research Service and Regulations. The Bank's Sustainability Committee meets monthly and reports to the Management Committee on a regular basis apart from reporting to the Board Strategy and Sustainability Committee on an annual basis.

- Management of Proceeds:
  - The IMFD will be responsible for managing the proceeds by proposing allocation to eligible projects to the Sustainability Committee, as well as for monitoring and reporting on outstanding issuances. The net proceeds will be tracked using an internal register.
  - Banco Sabadell is committed to allocating proceeds within 24 months of issuance. Pending full allocation, unallocated proceeds will be temporarily held in cash, cash equivalents or liquid marketable sustainable instruments from other European issuers that are in line with the Bank's investment guidelines and that follow the Framework's exclusionary criteria.
  - Based on the presence 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:
  - Banco Sabadell commits to report on the allocation and impacts of proceeds on an annual basis until full allocation. The allocation and impact reports will be made publicly available on the Bank's website. The Bank will also obtain an independent third-party limited assurance or an external verification for the allocation and impact reporting.
  - Allocation reporting will include the following information: i) the amount of net proceeds; ii) details of the proportion of allocated proceeds and the balance of unallocated proceeds, if any; and iii) a category-level breakdown of allocated proceeds and mapping of allocated proceeds to the UN SDGs.
  - Impact reporting may include relevant impact indicators per category, such as the installed capacity (in MW), energy saved (in MWh/year), number of beneficiaries of affordable housing and basic infrastructure.
  - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

#### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the Framework aligns with the four core components of the GBP and SBP.

#### Alignment with the EU Taxonomy

Sustainalytics has assessed each of the Framework's eligible use of proceeds criteria against the relevant criteria in the EU Taxonomy. For SC, please see Table 1. For Minimum Safeguards, please see below.

Table 1 provides an overview of the alignment of the Banco Sabadell Sustainable Financing Framework with the applicable SC criteria of the EU Taxonomy.

**Table 1: Summary of Alignment of Framework Criteria with the EU Taxonomy**

EU Taxonomy Activities corresponding to Framework Criterion	Alignment with Technical Screening Criteria		Alignment per EU Environmental Objective					
	SC	DNSH	Mitigation	Adaptation	Water	Circular Economy	Pollution	Eco-systems
3.1. Manufacture of renewable energy technologies	■	*						
4.1 Electricity generation using solar photovoltaic technology	■	*						
4.2. Electricity generation using concentrated solar power technology	■	*						
4.3 Electricity generation from wind power	■	*						
4.4 Electricity generation from ocean energy technologies	■	*						

4.5 Electricity generation from hydropower	■	*						
4.6 Electricity generation from geothermal energy	■	*						
4.7 Electricity generation from renewable non-fossil gaseous and liquid fuels	■	*						
4.8 Electricity generation from bioenergy	■	*						
4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	■	*						
4.21 Production of heat/cool from solar thermal heating	■	*						
4.22 Production of heat/cool from geothermal energy	■	*						
4.23. Production of heat/cool from renewable non-fossil gaseous and liquid fuels	■	*						
4.24. Production of heat/cool from bioenergy	■	*						
4.25. Production of heat/cool using waste heat	■	*						
7.1 Construction of new buildings	■	*						
7.2 Renovation of existing buildings	■	*						
7.6. Installation, maintenance and repair of renewable energy technologies	■	*						
7.7 Acquisition and ownership of buildings	■	*						
9.3. Professional services related to energy performance of buildings	■	*						
3.5 Manufacture of energy efficiency equipment for buildings	■	*						
7.3 Installation, maintenance and repair of energy efficiency equipment	■	*						
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	■	*						
7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	■	*						
4.9. Transmission and distribution of electricity	■	*						
4.10. Storage of electricity	■	*						
4.11. Storage of thermal energy	■	*						
4.12. Storage of hydrogen	■	*						
4.14. Transmission and distribution networks for renewable and low-carbon gases	■	*						
4.15. District heating/cooling distribution	■	*						
4.16. Installation and operation of electric heat pumps	■	*						
4.17. Cogeneration of heat/cool and power from solar energy	■	*						
3.3. Manufacture of low carbon technologies for transport	■	*						
6.1. Passenger interurban rail transport	■	*						
6.2 Freight rail transport	■	*						
6.3. Urban and suburban transport, road passenger transport	■	*						
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	■	*						

6.6. Freight transport services by road	■	*						
6.4. Operation of personal mobility devices, cycle logistics	■	*						
6.13. Infrastructure for personal mobility, cycle logistics	■	*						
6.14 Infrastructure for rail transport	■	*						
6.15 Infrastructure enabling low-carbon road transport	■	*						
6.7. Inland passenger water transport	■	*						
6.8. Inland freight water transport	■	*						
6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities	■	*						
6.11. Sea and coastal passenger water transport	■	*						
6.9. Retrofitting of inland water passenger and freight transport	■	*						
6.12. Retrofitting of sea and coastal freight and passenger water transport	■	*						
5.5. Collection and transport of non-hazardous waste in source segregated fractions	■	*						
5.6. Anaerobic digestion of sewage sludge	■	*						
5.7. Anaerobic digestion of bio-waste	■	*						
5.8 Composting of bio-waste	■	*						
5.9. Material recovery from non-hazardous waste	■	*						
5.10. Landfill gas capture and utilisation	■	*						
5.12. Underground permanent geological storage of CO <sub>2</sub>	■	*						
3.17. Manufacture of plastics in primary form	■	*						
5.1. Repair, refurbishment and remanufacturing	■	*						
5.3. Preparation for re-use of end-of-life products and product components	■	*						
5.1. Construction, extension and operation of water collection, treatment and supply systems	■	*						
5.2. Renewal of water collection, treatment and supply systems	■	*						
5.3. Construction, extension and operation of waste water collection and treatment	■	*						
5.4. Renewal of waste water collection and treatment	■	*						
1.3 Forest Management	■	*						

Legend	
Aligned	■
Partially aligned	▣
Not aligned	☒
Not applicable	—
Not assessed	*
Grey shading indicates the primary EU Environmental Objective	

### Alignment with the EU Taxonomy's Minimum Safeguards

The EU Taxonomy recommends that companies have policies aligned with international and regional guidelines and regulations pertaining to human rights, labour rights, and combating bribery and corruption. Specifically, activities should be carried out in alignment with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Additionally, companies should be in compliance with the International Labour Organization's (ILO) declaration on Fundamental Rights and Principles at Work.

Based on a consideration of the policies and management systems applicable to Framework criteria, as well as the regulatory context in which financing will occur, Sustainalytics is of the opinion that the EU Taxonomy's Minimum Safeguards requirements will be met.

### Human and Labour Rights

Banco Sabadell has implemented the following policies and procedures regarding human and labour rights:

- Banco Sabadell has established a Human Rights Policy,<sup>57</sup> which outlines its commitment to internationally recognized guidelines and standards on human rights, such as the Universal Declaration of Human Rights; the United Nations Guiding Principles on Business and Human Rights; the United Nations International Bill of Human Rights; the United Nations Global Compact; the OECD Guidelines for Multinational Companies; the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking; and the fundamental conventions of the ILO.<sup>58</sup> The Bank also ensures adherence to other conventions on human rights, including the Convention for the Protection of Human Rights and Fundamental Freedoms; the International Convention on the Rights of the Child; the International Convention on the Elimination of All Forms of Racial Discrimination; the Convention on the Elimination of All Forms of Discrimination Against Women; the Convention on the Rights of Persons with Disabilities; the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; the European Social Charter; and the Charter of Fundamental Rights of the European Union.<sup>59</sup>
- Banco Sabadell addresses human and labour rights through its Human Rights Policy, which:
  - i) ensures equality in its employees' selection, and internal and external movement processes;
  - ii) commits to providing decent work conditions, including provisions of rest periods, leave, flexibility, work-life balance, remuneration and other social benefits and ensures compliance with the applicable labour regulations;
  - iii) commits to principles of dignity, diversity and inclusion; and
  - iv) implements applicable preventative measures regarding aspects related to occupational health and safety.<sup>60</sup>
- Additionally, Banco Sabadell has in place the Human Rights Due Diligence Procedure, which outlines stage-level processes for the identification and evaluation of potential impacts on human rights on all its key stakeholders, such as its employees, customers, suppliers, business partners and the society in which it operates.<sup>61</sup> The process involves the following stages:
  - i) identifying actual and potential human rights impacts of business activities on the stakeholders;
  - ii) designing the necessary mechanisms to prevent and mitigate potential adverse human rights impacts; and
  - iii) establishing channels for dialogue and mechanisms for the necessary redress for victims of any adverse impacts. The objective of the due diligence procedure is underpinned by the basic principles of human rights as established in the UN Guiding Principles on Business and Human Rights.<sup>62</sup>
- Banco Sabadell's Supplier Code of Conduct ensures that all its suppliers and sub-contractors comply with the principles of human rights as established in internationally recognized guidelines and standards, and ensures that the suppliers are not complicit in any form of human rights violations.<sup>63</sup>
- Banco Sabadell has a whistleblowing channel as a formal mechanism to report any irregularities and infringements, which is accessible to all its stakeholders, subsidiaries and third parties and

<sup>57</sup> Banco Sabadell, "Human Rights Policy", at: <https://www.grupbancsabadell.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>58</sup> Ibid.

<sup>59</sup> Ibid.

<sup>60</sup> Ibid.

<sup>61</sup> Banco Sabadell, "Human Rights Due Diligence Procedure", at: <https://www.grupbancsabadell.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>62</sup> Ibid.

<sup>63</sup> Banco Sabadell, "Code of Conduct for Suppliers", at: <https://www.grupbancsabadell.com/corp/en/sustainability/policies-codes-and-rules.html>

protects anonymity of the whistleblower.<sup>64,65</sup> Furthermore, a separate whistleblowing channel is made available to all its stakeholders in Mexico and the UK.<sup>66</sup>

Sustainalytics has not detected involvement in any relevant controversies that would suggest that the above policies are not being implemented effectively. Sustainalytics is of the opinion that these measures appropriately safeguard minimum standards on human and labour rights in relation to the activities of the Framework

#### Anti-bribery and anti-corruption

Banco Sabadell has implemented the following anti-bribery and anti-corruption policies and procedures:

- Banco Sabadell's Anti-Corruption Policy<sup>67</sup> commits to the 10 principles of the United Nations Global Compact.<sup>68</sup> The policy provides a Criminal and Anti-Corruption Risk Management and Organizational Model, which emphasizes establishing a prevention and control system to reduce the risk of corruption activities. Furthermore, the Anti-Corruption Policy outlines principles, including: i) compliance with anti-corruption regulations; ii) due diligence to identify activities with high risks of corruption and implement prevention measures; iii) promotion of a culture of zero tolerance towards any kind of corruption activities; and iv) implementation of anti-corruption programmes.<sup>69</sup>
- The Bank's Code of Conduct outlines guidelines to prohibit any acts of corruption, including offerings of any kind to public authorities or officials and, within the business operations by its key stakeholders, as well as to prevent money laundering and terrorism financing.<sup>70</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Banco Sabadell's policies, guidelines and commitments are sufficient to demonstrate that the activities and projects to be financed under the Framework will be carried out in alignment with the EU Taxonomy's Minimum Safeguards.

## Section 2: Sustainability Strategy of Banco Sabadell

### Contribution to Banco Sabadell's sustainability strategy

Sustainalytics is of the opinion that the Framework is aligned with Banco Sabadell's commitment to sustainability. The Bank's ESG roadmap involves the establishment of an ESG framework that outlines the Bank's sustainability strategy and goals across four pillars: i) progressing as a sustainable institution by incorporating ESG criteria into its business; ii) supporting its customers' transition to a sustainable economy; iii) offering investment opportunities that contribute to sustainability; and iv) working towards a sustainable and cohesive society by improving financial inclusion.<sup>71,72</sup> Furthermore, the Group has developed a Sustainable Finance Plan to address emerging developments and requirements arising from changes in the regulatory and supervisory environment.<sup>73</sup>

As a part of its commitment to mitigating the effects of climate change and as a signatory to the Net Zero Banking Alliance, Banco Sabadell has set a target to achieve net zero emissions in its operational activities by 2025 (in Spain) and in its credit and investment portfolio by 2050.<sup>74</sup> To achieve these targets, the Bank has prioritized establishing 2030 decarbonization targets for its lending portfolio, aligning with the International Energy Agency's Net Zero Emissions by 2050 Scenario.<sup>75</sup> The Bank has conducted an impact analysis on its financing activities to identify environmental and social impacts in line with the UNEP FI Principles for Responsible Banking in 2022,<sup>76</sup> as well as a carbon footprint assessment of scope 1 and 2 emissions for 96%

<sup>64</sup> Banco Sabadell, "Code of Conduct", at: <https://www.grupbancsabadel.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>65</sup> Banco Sabadell, "Code of Conduct for Suppliers", at: <https://www.grupbancsabadel.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>66</sup> Banco Sabadell, "Code of Conduct", at: <https://www.grupbancsabadel.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>67</sup> Banco Sabadell, "Anti-Corruption Policy", at: <https://www.grupbancsabadel.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>68</sup> United Nations Global Compact, "The Ten Principles of the UN Global Compact", at: <https://unglobalcompact.org/what-is-gc/mission/principles>

<sup>69</sup> Banco Sabadell, "Anti-Corruption Policy", at: <https://www.grupbancsabadel.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>70</sup> Banco Sabadell, "Code of Conduct", at: <https://www.grupbancsabadel.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>71</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 2022", (2022), at:

[https://www.grupbancsabadel.com/corp/files/6000102560838/einf\\_22\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxMDI1NjA4MzgtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000102560838/einf_22_eng.pdf?bsb=RmlsZV9DLTYwMDAxMDI1NjA4MzgtMTM3NDA5ODA3OTg5NQ)

<sup>72</sup> Ibid.

<sup>73</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 31 December 2023", (2023), at:

[https://www.grupbancsabadel.com/corp/files/6000175304091/einf\\_2023\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000175304091/einf_2023_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ)

<sup>74</sup> Ibid.

<sup>75</sup> Banco Sabadell, "Commitment to Sustainability", at:

[https://www.grupbancsabadel.com/corp/files/1454451498783/commitment\\_to\\_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/1454451498783/commitment_to_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ)

<sup>76</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 2022", (2022), at:

[https://www.grupbancsabadel.com/corp/files/6000102560838/einf\\_22\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxMDI1NjA4MzgtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000102560838/einf_22_eng.pdf?bsb=RmlsZV9DLTYwMDAxMDI1NjA4MzgtMTM3NDA5ODA3OTg5NQ)

of its financed portfolio.<sup>77</sup> At the end of 2023, the Group's financed portfolio emitted 14.96 million tCO<sub>2</sub>e scope 1 and 2 emissions, resulting in an emissions intensity of 82.63 tCO<sub>2</sub>e per EUR 1 million financed.<sup>78</sup> The Bank aims to achieve the following decarbonization targets by 2030: i) reduce scope 1 and 2 emissions to within a range of 45-85 kgCO<sub>2</sub>e/MWh for electricity generation sector borrowers from a 2020 baseline; ii) reduce scope 1, 2 and 3 emissions by 4851 KtCO<sub>2</sub>e for upstream and downstream oil and gas sector (including refining) borrowers from a 2020 baseline; iii) reduce scope 1 and 2 emissions by 510 kgCO<sub>2</sub>e/tonne of cement for cement production sector borrowers from a 2020 baseline; iv) phase out financing to businesses and activities related to coal mining by 2030; v) reduce scope 1 and 2 emissions by 1,171 KgCO<sub>2</sub>e/tonne of steel for iron and steel sector borrowers from a 2022 baseline; vi) reduce scope 3 emissions by 124 gCO<sub>2</sub>e/vehicle-km from its original equipment manufacturer from a 2022 baseline; vii) reduce scope 1 and 2 emissions by 65 gCO<sub>2</sub>e/revenue passenger-km for airline sector borrowers from a 2022 baseline; and viii) reduce scope 1 and 2 emissions by 11.75 KgCO<sub>2</sub>e/m<sup>2</sup> from its residential mortgages portfolio of its UK subsidiary, based on a 2022 baseline.<sup>79</sup> The Bank has also committed to reducing its scope 1 and 2 emissions by 14.2% and its scope 3 emissions (except category 15)<sup>80</sup> by 48.3% by 2025 compared with 2019.<sup>81</sup>

To demonstrate its commitment to providing sustainable finance investment opportunities to its customers, Banco Sabadell aims to invest 80% of its assets under management in sustainability funds by 2025 and commits to mobilizing EUR 65 billion by 2025.<sup>82</sup> Additionally, the Bank has linked the remuneration of all its employees with a variable remuneration to the key performing indicators of the Bank's ESG objectives.<sup>83</sup>

To enhance financial inclusion and promote employment, Banco Sabadell aims to expand its credit facilities to micro-enterprises, with a target of mobilizing more than EUR 15 billion in cumulative financing between 2021 to 2025.<sup>84</sup> In 2023, the Bank granted loans exceeding EUR 3 billion to support micro-enterprises.<sup>85</sup> The Bank has implemented a financial education programme to promote financial inclusion, targeting 10,000 individuals annually, especially focusing on the vulnerable population by 2025.<sup>86</sup> Through a wholly-owned subsidiary in Spain, the Bank introduced the JoBS and Social Contract programmes in 2016 and aims to achieve a 45% employability rate of people actively seeking employment and a 95% rental renewal rate for families with social support by 2025.<sup>87,88</sup> From 2015 until the end of 2023, the Bank had improved the social and economic situations of nearly 8,500 families through its job placement service programmes and managed more than 2,336 properties under social and affordable rental agreements.<sup>89</sup>

Sustainalytics is of the opinion that the Banco Sabadell Sustainable Financing Framework is aligned with the Bank's overall sustainability strategy and initiatives and will further the Bank's action on its key environmental and social priorities.

<sup>77</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 31 December 2023", (2023), at:

[https://www.grupbancsabadel.com/corp/files/6000175304091/einf\\_2023\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000175304091/einf_2023_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ)

<sup>78</sup> Ibid

<sup>79</sup> Banco Sabadell, "Decarbonisation targets 2023", at:

[https://www.grupbancsabadel.com/corp/files/6000080804607/2023\\_decarbonisation\\_targets.pdf?bsb=RmlsZV9DLTYwMDAwODA4MDQ2MDctMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000080804607/2023_decarbonisation_targets.pdf?bsb=RmlsZV9DLTYwMDAwODA4MDQ2MDctMTM3NDA5ODA3OTg5NQ)

<sup>80</sup> Scope 15 category includes scope 3 emissions associated with the reporting company's investments in the reporting.

GHG Protocol, "Category 15: Investments", at: <https://ghgprotocol.org/sites/default/files/2022-12/Chapter15.pdf>

<sup>81</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 31 December 2023", (2023), at:

[https://www.grupbancsabadel.com/corp/files/6000175304091/einf\\_2023\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000175304091/einf_2023_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ)

<sup>82</sup> Banco Sabadell, "Commitment to Sustainability", at:

[https://www.grupbancsabadel.com/corp/files/1454451498783/commitment\\_to\\_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/1454451498783/commitment_to_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ)

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

<sup>85</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 31 December 2023", (2023), at:

[https://www.grupbancsabadel.com/corp/files/6000175304091/einf\\_2023\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000175304091/einf_2023_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ)

<sup>86</sup> Banco Sabadell, "Commitment to Sustainability", at:

[https://www.grupbancsabadel.com/corp/files/1454451498783/commitment\\_to\\_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/1454451498783/commitment_to_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ)

<sup>87</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 31 December 2023", (2023), at:

[https://www.grupbancsabadel.com/corp/files/6000175304091/einf\\_2023\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000175304091/einf_2023_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ)

<sup>88</sup> Banco Sabadell, "Commitment to Sustainability", at:

[https://www.grupbancsabadel.com/corp/files/1454451498783/commitment\\_to\\_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/1454451498783/commitment_to_sustainability.pdf?bsb=RmlsZV9DLTE0NTQ0NTE0OTg3ODMtMTM3NDA5ODA3OTg5NQ)

<sup>89</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 31 December 2023", (2023), at:

[https://www.grupbancsabadel.com/corp/files/6000175304091/einf\\_2023\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadel.com/corp/files/6000175304091/einf_2023_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ)

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental and social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects include issues involving: i) emissions, effluents and waste; ii) land use and biodiversity loss associated with large-scale infrastructure projects; iii) occupational health and safety; iv) community relations; and v) business ethics and responsible lending. Sustainalytics notes that the Bank plays a limited role in the development of projects and the assets being financed, but it remains exposed to risks associated with projects it may finance by offering lending and financial services.

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

- The Bank has implemented a Sustainability Policy through which it commits to preventing and mitigating potential negative environmental and social impacts from its activities. The policy also states its commitment to strengthening management systems to improve overall environmental performance.<sup>90</sup> The Bank has also established an Environmental and Social Risk Framework, which lays out its course of action to preventing financing of any activities that may be environmentally or socially harmful. The framework has specific criteria for business decisions related to sectors with a high environmental and social impact, such as agriculture, energy and infrastructure, and takes into consideration the emissions generated by the financed projects.<sup>91</sup>
- Regarding land use and biodiversity risks, Banco Sabadell has implemented an environmental risk policy that defines key management parameters to integrate risks related to biodiversity, land pollution and deforestation into the Bank's risk management and business decisions.<sup>92</sup> Moreover, projects financed in the EU are expected to comply with the requirements of EU Directive 2014/52/EU on environmental impact assessments, which requires projects that are likely to have a significant impact on the environment to be adequately assessed before approval. The directive also requires adequate measures to be put in place to avoid, prevent, reduce and, if possible, offset significant adverse effects on the environment, and on species and habitats, in particular. For projects that require significant land use, the directive mandates an environmental impact assessment, and for large-scale projects, this also includes limiting impacts on land and soil, including organic matter, erosion, compaction and sealing.<sup>93</sup>
- Regarding occupational health and safety, Banco Sabadell has established a prevention plan that describes resources, roles, responsibilities and best practices to manage occupational health- and safety-related risks.<sup>94</sup> Additionally, EU Directive 89/391/EEC establishes minimum occupational safety and health requirements, obliging employers to implement necessary measures to prevent occupational risks, improve working conditions and provide adequate instructions and training, among other health and safety provisions at the workplace.<sup>95</sup>
- To mitigate risks pertaining to community relations, Banco Sabadell engages with various stakeholders, such as employees, suppliers, customers, investors, local community, regulators and local authorities.<sup>96</sup> The Bank has also established a whistleblowing channel through which its employees, shareholders, suppliers, business partners and other third parties can report an incident or action that goes against ethical business practices, the law or the Bank's internal regulations.<sup>97</sup>
- Banca Sabadell has established a Code of Conduct that is applicable to the Bank's management team, employees, suppliers and business partners and requires them to commit to professionalism, ethical conduct, transparency, sustainability and compliance with the law and regulations.<sup>98</sup>
- Sustainalytics notes the presence of a controversy involving 40 Spanish banks, including Banco Sabadell, wherein the Bank's business practices were allegedly found to be unfair, as floor clauses in mortgage contracts that included the Índice de Referencia de Préstamos Hipotecarios (IRPH) index were found to be lacking transparency. Sustainalytics recognizes that this may have had a significant impact on customers while noting that in November 2020, the Spanish Supreme Court

<sup>90</sup> Banco Sabadell, "Sustainability Policy", at: <https://www.grupbancsabadell.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>91</sup> Banco Sabadell, "Environmental and Social Risk Framework", at: <https://www.grupbancsabadell.com/corp/en/sustainability/policies-codes-and-rules.html>

<sup>92</sup> Banco Sabadell, "Annual Report 2023", at: <https://www.grupbancsabadell.com/memoria2023/en/>

<sup>93</sup> European Commission, "Directive 2014/52/EU of the European Parliament and of the Council of 16 April 2014", (2014), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0052>

<sup>94</sup> Banco Sabadell, "Workplace Health and Safety Report", (2023), at: <https://www.grupbancsabadell.com/corp/en/sustainability/reports.html>

<sup>95</sup> European Commission, "Council Directive 89/391/EEC of 12 June 1989", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:31989L0391>

<sup>96</sup> Banco Sabadell, "Annual Report 2023", at: <https://www.grupbancsabadell.com/memoria2023/en/>

<sup>97</sup> Banco Sabadell, "Canal de Denuncias Grupo Banco Sabadell", at: <https://canaldenunciasgrupobancosabadell.aranzadi.es/>

<sup>98</sup> Banco Sabadell, "Code of Conduct", at: <https://www.grupbancsabadell.com/corp/en/sustainability/policies-codes-and-rules.html>

declared that a lack of transparency does not imply abusive business practices and that the inclusion of the IRPH index in mortgages is valid.<sup>99</sup> The Bank has communicated to Sustainalytics that it considers that its floor clauses are transparent and understood by its customers. Additionally, the Bank has communicated to Sustainalytics that it currently maintains appropriate provisions related to this legal exposure. Sustainalytics further notes that in 2021, Banco Sabadell launched a mortgage lending campaign, which allows customers to seek advice from a specialized relationship manager regarding mortgage products and characteristics without any commitment. The Bank also organised focus group discussions with customers to determine their main concerns when choosing a mortgage. In 2023, the Bank further developed the mortgage campaign to add elements to make it more inclusive.<sup>100</sup>

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Banco Sabadell 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 and GLP. Sustainalytics has focused below on where the impact is specifically relevant in the local context.

#### Importance of renewable energy in Spain

Spain aims to reduce GHG emissions by 23% below 1990 levels by 2030.<sup>101</sup> To achieve this, Spain intends to completely phase out coal and nuclear power plants between 2027 and 2035, and also plans to source 74% of its electricity from renewable sources by 2030 and 100% by 2050; the share of renewables has grown in the national electricity mix from 24% in 2009 to 38% in 2019.<sup>102</sup> Moreover, Spain's topographical conditions, such as more hours of sunlight compared with the other EU member countries, large lithium deposits and conditions that are conducive to harness wind and water energy, have enabled the country to have the third highest renewable energy generation capacity in the EU.<sup>103</sup> Nevertheless, for Spain to meet its 2030 energy goals, the country will require an additional 59 GW of installed renewable energy capacity and EUR 241 billion worth of investments, 80% of which is expected to come from the private sector.<sup>104</sup>

In this context, Sustainalytics is of the opinion that Banco Sabadell's investments in renewable energy projects are expected to contribute to the decarbonization of the energy sector in Spain.

#### 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 instruments issued under the Framework are expected to help 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

<sup>99</sup> Banco Sabadell, "Perpetual Non-Cumulative Contingent Convertible Additional - Tier 1 Preferred Securities", at: <https://ise-prodnr-eu-west-1-data-integration.s3-eu-west-1.amazonaws.com/202301/8f98fa5f-1028-4180-b033-111d5f3b8a6e.pdf>

<sup>100</sup> Banco Sabadell, "Non-Financial Disclosures Report for the year ended 31 December 2023", at: [https://www.grupbancsabadell.com/corp/files/6000175304091/einf\\_2023\\_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ](https://www.grupbancsabadell.com/corp/files/6000175304091/einf_2023_eng.pdf?bsb=RmlsZV9DLTYwMDAxNzUzMDQwOTEtMTM3NDA5ODA3OTg5NQ)

<sup>101</sup> European Parliament, "Climate action in Spain", (2021), at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690579/EPRS\\_BRI\(2021\)690579\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/690579/EPRS_BRI(2021)690579_EN.pdf)

<sup>102</sup> International Energy Agency, "Spain 2021: Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/2f405ae0-4617-4e16-884c-7956d1945f64/Spain2021.pdf>

<sup>103</sup> Spanish Presidency of the Council of the European Union, "Spain, a benchmark in renewable energies, is in the throes of far-reaching reforms to lead the green transition in the EU", (2023), at: <https://spanish-presidency.consilium.europa.eu/en/news/spain-renewable-energies-green-transition-eu/>

<sup>104</sup> International Energy Agency, "Spain 2021: Energy Policy Review", at: <https://iea.blob.core.windows.net/assets/2f405ae0-4617-4e16-884c-7956d1945f64/Spain2021.pdf>

		countries taking action in accordance with their respective capabilities
Energy Efficiency and Storage	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Pollution Prevention and Control	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Circular Economy Adapted Products, Production, Technologies and Processes	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Sustainable Water and Wastewater Management	6. Clean Water and Sanitation	6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally
Environmentally Sustainable Management of Living Natural Resources and Land Use	15. Life on Land	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
Access to Essential Services – Health	3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all
Access to Essential Services – Education	4. Quality Education	4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
Affordable or Social Housing	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
Affordable Basic Infrastructure	6. Clean Water and Sanitation	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
	7. Affordable and Clean Energy	7.1 By 2030, ensure universal access to affordable, reliable and modern energy services
Employment Generation and Socio-economic Advancement and Empowerment	8. Decent Work and Economic Growth	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized

		enterprises, including through access to financial services
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## Conclusion

Banco Sabadell has developed the Banco Sabadell Sustainable Financing Framework, under which it may issue green, social and sustainability bonds, such as public or private placements, senior preferred and non-preferred bonds, subordinated bonds (Tier 2 and AT 1 bonds) and unsecured and secured securities, and use the proceeds to finance projects in the following categories: Renewable Energy; Green Buildings; Energy Efficiency and Storage; Clean Transportation; Pollution Prevention and Control; Circular Economy Adapted Products, Production Technologies and Processes; Sustainable Water and Wastewater Management; Environmentally Sustainable Management of Living Natural Resources and Land Use; Access to Essential Services – Health; Access to Essential Services – Education; Affordable or Social Housing; Affordable Basic Infrastructure; and Employment Generation and Socio-economic Advancement and Empowerment. Sustainalytics considers that the eligible projects are expected to provide positive environmental and social impacts and advance a sustainable future by improving the natural and social environment.

The Banco Sabadell Sustainable Financing Framework outlines a process for the tracking, allocation and management of proceeds and makes commitments for reporting on allocation and impact. Sustainalytics considers that the Framework is aligned with the overall sustainability strategy of Banco Sabadell and that the use of proceeds will contribute to advance UN Sustainable Development Goals 3, 4, 6, 7, 8, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Banco Sabadell has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects.

Sustainalytics has assessed the green expenditures in the Framework for alignment with the EU Taxonomy's criteria for Substantial Contribution to its environmental objectives and Minimum Safeguards. For more details, please see Section 1 and Appendix 1.

Based on the above, Sustainalytics is confident that Banco Sabadell is well positioned to issue sustainability bonds and that the Banco Sabadell Sustainable Financing Framework is robust, transparent and in alignment with the four core components of the Green Bond Principles 2021 and Social Bond Principles 2023.

# Appendices

## Appendix 1: Approach to Assessing Alignment with the EU Taxonomy

Sustainalytics has assessed each of the eligible green use of proceeds criteria in the Framework against the criteria for the relevant activity in the EU Taxonomy. This appendix describes Sustainalytics' process and presents the outcome of its assessment of alignment with the Taxonomy's applicable technical screening criteria for substantial contribution (SC) to an environmental objective of the EU Taxonomy. Sustainalytics' assessment involves two steps:

### 1. Mapping Framework Criteria to Activities in the EU Taxonomy

The initial step in Sustainalytics' assessment process involves mapping each criterion in the Framework to a relevant and applicable activity in the EU Taxonomy. Note that each Framework criterion may be relevant and applicable to more than one activity in the EU Taxonomy and vice versa. Sustainalytics recognizes that some Framework criteria relate to projects that do not map well to a specific activity in the EU Taxonomy. In such cases, Sustainalytics has mapped to the activity that is most relevant with respect to the primary environmental objective established in the EU Taxonomy.

In some cases, the Framework criteria cannot be mapped to an activity in the EU Taxonomy, as some activities are not yet covered by the EU Taxonomy. In other cases, some categories which are traditionally included in green bonds and loans may not be associated with a specific EU Taxonomy activity. While recognizing that financing projects in these areas may still have environmental benefits, Sustainalytics has not assessed these criteria for alignment.

Table 2 below displays the outcome of Sustainalytics' mapping process for this report.

### 2. Determining Alignment with EU Taxonomy Criteria

The second step in Sustainalytics' process is to determine the alignment of each criterion with relevant criteria in the EU Taxonomy. Alignment with the SC criteria is usually based on the specific criteria contained in the issuer's Framework and may in many cases also be based on management systems and processes or regulatory compliance. To assess alignment with the EU Taxonomy's Minimum Safeguards Sustainalytics has conducted an assessment of policies, management systems and processes applicable to the use of proceeds criteria, including the regulatory context in the geographical location of activities and projects. (See Section 1, above.)

Sustainalytics' detailed assessment of alignment is provided in Appendix 2.

Table 2: Framework mapping table

Framework Category	Framework Criterion (Eligible Use of Proceeds)	EU Taxonomy Activity	Corresponding NACE Code	Environmental Objective	Refer to Table
Renewable Energy	Manufacture of renewable energy technologies	3.1 Manufacture of renewable energy technologies	C25, C27 and C28	Mitigation	Table 3
	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using: solar photovoltaic; concentrated solar power technologies; wind power; ocean energy; hydropower; geothermal energy; renewable non-fossil gaseous and liquid fuels; and biomass, biogas or bioliquids, excluding electricity generation from blending of renewable fuels with biogas or bioliquids	4.1 Electricity generation using solar photovoltaic technology	D35.11 and F42.22		Table 4
		4.2 Electricity generation using concentrated solar power technology			Table 5
		4.3 Electricity generation from wind power			Table 6
		4.4 Electricity generation from ocean energy technologies			Table 7
		4.5 Electricity generation from hydropower			Table 8
		4.6 Electricity generation from geothermal energy			Table 9
		4.7 Electricity generation from renewable non-fossil gaseous and liquid fuels			Table 10

		4.8 Electricity generation from bioenergy	D35.11		Table 11
	Manufacture of biogas and biofuels for use in transport and of bioliquids	4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	D35.21		Table 12
	Construction or operation of facilities that produce heat or cool from solar thermal heating technology; geothermal energy; gaseous and liquid fuels of renewable origin; biomass, biogas or bioliquids; and waste heat	4.21 Production of heat/cool from solar thermal heating	D35.30		Table 13
		4.22 Production of heat/cool from geothermal energy			Table 14
		4.23 Production of heat/cool from renewable non-fossil gaseous and liquid fuels			Table 15
		4.24 Production of heat/cool from bioenergy			Table 16
		4.25 Production of heat/cool using waste heat			Table 17
Green Buildings	Construction of new buildings	7.1 Construction of new buildings	F41.1 and F41.2	Mitigation	Table 18
	Renovation of existing buildings	7.2 Renovation of existing buildings	F41 and F43		Table 19
	Installation, maintenance and repair of renewable energy technologies, on-site and ancillary technical equipment	7.6 Installation, maintenance and repair of renewable energy technologies	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		Table 20
	Acquisition and ownership of buildings	7.7 Acquisition and ownership of buildings	L68		Table 21
	Technical consultation linked to the building's energy performance improvement, as well as accredited energy audit, energy management services, energy performance contracts and services provided by energy services companies	9.3 Professional services related to energy performance of buildings	M71		Table 22
Energy Efficiency and Storage	Manufacture, installation, repair, maintenance, retrofitting, repurposing and upgrade of energy efficiency equipment for buildings and other individual renovations	3.5 Manufacture of energy efficiency equipment for buildings	C16.23, C23.11, C23.20, C23.31, C23.32, C23.43, C.23.61, C25.11, C25.12, C25.21, C25.29, C25.93, C27.31, C27.32, C27.33, C27.40, C27.51, C28.11, C28.12, C28.13 and C28.14	Mitigation	Table 23
		7.3 Installation, maintenance and repair of energy efficiency equipment	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22 and C33.12		Table 24
	Manufacture, installation, repair, maintenance, retrofitting, repurposing and upgrade of charging stations for electric vehicles in buildings and parking spaces attached to buildings	7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		Table 25

	Manufacture, installation, repair, maintenance, retrofitting, repurposing and upgrade of instruments and devices for measuring, regulating and controlling buildings' energy performance	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	F42, F43, M71, and C16, C17, C22, C23, C25, C27 and C28		Table 26
	Construction and operation of transmission and distribution systems that transport the electricity on high-voltage and extra-high-voltage interconnected systems	4.9 Transmission and distribution of electricity	D35.12 and D35.13		Table 27
	Construction and operation of facilities that store electricity and return it later in the form of electricity; thermal energy (including UTES or ATES) and return it later in the form of thermal energy or other energy vectors; and hydrogen and return later	4.10 Storage of electricity	No dedicated NACE code		Table 28
		4.11 Storage of thermal energy			Table 29
		4.12 Storage of hydrogen			Table 30
	Construction or operation of new networks dedicated to hydrogen or other low-carbon gases, and conversion and repurposing of existing natural gas networks to 100% hydrogen	4.14 Transmission and distribution networks for renewable and low-carbon gases	D35.22, F42.21 and H49.50		Table 31
	Construction, refurbishment and operation of pipelines and associated infrastructure for the distribution of heating and cooling, ending at the sub-station or heat exchanger	4.15 District heating/cooling distribution	D35.30		Table 32
	Installation and operation of electric heat pumps	4.16 Installation and operation of electric heat pumps	D35.30 and F43.22		Table 33
	Construction and operation of facilities co-generating electricity and heat and cool from solar energy	4.17 Cogeneration of heat/cool and power from solar energy	D35.11 and D35.30		Table 34
Clean Transportation	Manufacture, purchase, financing, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe CO <sub>2</sub> emissions	3.3 Manufacture of low carbon technologies for transport	C29.1, C30.1, C30.2, C30.9, C33.15, C33.17	Mitigation	Table 35
		6.1 Passenger interurban rail transport	H49.10, and N77.39		Table 36
		6.2 Freight rail transport	H49.20 and N77.39		Table 37
		6.3 Urban and suburban transport, road passenger transport	H49.31, H49.3.9, N77.39 and N77.11		Table 38
		6.5 Transport by motorbikes, passenger cars and light commercial vehicles	H49.32, H49.39 and N77.11		Table 39
		6.6 Freight transport services by road	H49.4.1, H53.10, H53.20 and N77.12		Table 40
	Construction, modernization, operation and maintenance of infrastructure and equipment for	6.4 Operation of personal mobility devices, cycle logistics	N77.11 and N77.21		

	low-emission transport, such as electric rails, charging points for electric vehicles and active mobility (walking, cycling, e-bikes and e-scooters)	6.13 Infrastructure for personal mobility, cycle logistics	F42.11, F42.12, F43.21, F71.1 and F71.20	Mitigation	Table 42
		6.14 Infrastructure for rail transport	F42.12, F42.13, M71.12, M71.20, F43.21, and H52.21		Table 43
		6.15 Infrastructure enabling low-carbon road transport	F42.11, F42.13, F71.1 and F71.20		Table 44
	Purchase; financing; chartering, with or without crew; and operation of inland, sea or coastal water transportation	6.7 Inland passenger water transport	H50.30		Table 45
		6.8 Inland freight water transport	H50.4		Table 46
		6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	H50.2, H52.22 and N77.34		Table 47
		6.11 Sea and coastal passenger water transport	H50.10, N77.21 and N77.34		Table 48
	Retrofit and upgrade of inland, sea and coastal freight and passenger water vessels	6.9 Retrofitting of inland water passenger and freight transport	H50.4, H50.30 and C33.15		Table 49
		6.12 Retrofitting of sea and coastal freight and passenger water transport	H50.10, H50.2, H52.22, C33.15, N77.21 and N.77.34		Table 50
	Pollution and Prevention Control	Separate collection and transport of non-hazardous waste in single or commingled fractions to prepare for reuse or recycling	5.5 Collection and transport of non-hazardous waste in source segregated fractions		E38.11
Construction and operation of facilities for the treatment of sewage sludge through anaerobic digestion with the resulting production and utilization of biogas or chemicals		5.6 Anaerobic digestion of sewage sludge	E37.00 and F42.99	Table 52	
Construction and operation of facilities for the treatment of separately collected bio-waste through anaerobic digestion with the resulting production and utilization of biogas and digestate and/or chemicals		5.7 Anaerobic digestion of bio-waste	E38.21 and F42.99	Table 53	
Construction and operation of facilities for the treatment of separately collected bio-waste through composting (aerobic digestion) with the resulting production and utilization of compost		5.8 Composting of bio-waste	E38.21 and F42.99	Table 54	
Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams where at least 50% of the separately collected non-hazardous waste is processed into secondary raw materials that are suitable for the substitution of virgin materials in production processes		5.9 Material recovery from non-hazardous waste	E38.32 and F42.99	Table 55	

	Installation and operation of infrastructure for landfill gas capture	5.10 Landfill gas capture and utilisation	E38.21		Table 56
	Installation and operation of underground CO <sub>2</sub> geological storage	5.12 Underground permanent geological storage of CO <sub>2</sub>	E39.00		Table 57
	Manufacture of plastic in primary form	3.17 Manufacture of plastics in primary form	C20.16		Table 58
Circular Economy	Extending the lifetime of products by repairing, refurbishing or remanufacturing products that have already been used for their intended purpose by a customer	5.1 Repair, refurbishment and remanufacturing	No dedicated NACE codes	Transition to a circular economy	Table 59
	Preparation for reuse of products and components	5.3 Preparation for re-use of end-of-life products and product components	No dedicated NACE codes		Table 60
Sustainable Water and Wastewater Management	Construction, extension and operation of water collection, treatment and supply systems	5.1 Construction, extension and operation of water collection, treatment and supply systems	E36.00 and F42.99	Mitigation	Table 61
	Renewal of water collection, treatment and supply systems	5.2 Renewal of water collection, treatment and supply systems	E36.00 and F42.99		Table 62
	Construction, extension and operation of wastewater collection and treatment	5.3 Construction, extension and operation of wastewater collection and treatment	E37.00 and F42.99		Table 63
	Renewal of wastewater collection and treatment	5.4 Renewal of wastewater collection and treatment	E37.00		Table 64
Environmentally Sustainable Management of Living natural Resources and Land Use	Afforestation and reforestation programmes with recognized certifications (FSC or PEFC)	1.3 Forest management	A2	Mitigation	Table 65

## Appendix 2: Comprehensive EU Taxonomy Alignment Assessment

The tables below provide a detailed assessment of the alignment of the Framework criteria with the technical screening criteria for substantial contribution to an environmental objective for each relevant EU Taxonomy activity.

Table 3

<b>Framework Activity assessed</b>	Manufacture of renewable energy technologies	
<b>EU Taxonomy Activity</b>	3.1 Manufacture of renewable energy technologies	
<b>Corresponding NACE Code</b>	C25, C27 and C28	
<b><i>Applicable SC Criteria</i></b>	<b><i>Alignment Assessment</i></b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 4

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using solar PV	
<b>EU Taxonomy Activity</b>	4.1 Electricity generation using solar photovoltaic technology	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b><i>Applicable SC Criteria</i></b>	<b><i>Alignment Assessment</i></b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 5

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using CSP technologies	
<b>EU Taxonomy Activity</b>	4.2. Electricity generation using concentrated solar power technology	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b><i>Applicable SC Criteria</i></b>	<b><i>Alignment Assessment</i></b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 6

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities based on electricity generated using wind power	
<b>EU Taxonomy Activity</b>	4.3 Electricity generation from wind power	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 7

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using ocean energy	
<b>EU Taxonomy Activity</b>	4.4 Electricity generation from ocean energy technologies	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 8

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using hydropower	
<b>EU Taxonomy Activity</b>	4.5 Electricity generation from hydropower	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to comply with either of the following:</p> <ul style="list-style-type: none"> <li>a. The electricity generation facility is a run-of-river plant and does not have an artificial reservoir;</li> <li>b. The power density of the electricity generation facility is above 5 W/m<sup>2</sup>;</li> <li>c. The life cycle GHG emissions from the generation of electricity from hydropower are lower than 100 gCO<sub>2</sub>e/kWh. The life cycle GHG emissions are calculated using Recommendation 2013/179/EU<sup>105</sup> or, alternatively, ISO 14067, ISO 14064-1 or the G-res tool. Quantified life cycle GHG emissions are verified by an independent third party.</li> </ul>	Aligned

<sup>105</sup> European Commission, "Commission Recommendation on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H0179>

Table 9

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using geothermal energy	
<b>EU Taxonomy Activity</b>	4.6 Electricity generation from geothermal energy	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Life cycle GHG emissions from the generation of electricity from geothermal energy are lower than 100 gCO<sub>2</sub>e/kWh, noted from the Framework.</p> <p>Banco Sabadell has confirmed to Sustainalytics that life cycle GHG emissions are calculated using Commission Recommendation 2013/179/EU<sup>106</sup> or, alternatively, ISO 14067:2018 or ISO 14064-1:2018. Quantified life cycle GHG emissions are verified by an independent third party.</p>	Aligned

Table 10

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using renewable non-fossil gaseous and liquid fuels	
<b>EU Taxonomy Activity</b>	4.7 Electricity generation from renewable non-fossil gaseous and liquid fuels	
<b>Corresponding NACE Code</b>	D35.11 and F42.22	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>The Bank has communicated to Sustainalytics that projects related to this activity will be located in the EU and its team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

<sup>106</sup> European Commission, "Commission Recommendation on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H0179>

Table 11

<b>Framework Activity assessed</b>	Construction, refurbishment or operation of electricity generation facilities, based on electricity generated using biomass, biogas or bioliquids, excluding electricity generation from the blending of renewable fuels with biogas or bioliquids	
<b>EU Taxonomy Activity</b>	4.8 Electricity generation from bioenergy	
<b>Corresponding NACE Code</b>	D35.11	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>The Bank has communicated to Sustainalytics that projects related to this activity will be located in the EU and its team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 12

<b>Framework Activity assessed</b>	Manufacture of biogas and biofuels for use in transport and of bioliquids	
<b>EU Taxonomy Activity</b>	4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids	
<b>Corresponding NACE Code</b>	D35.21	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>The Bank has communicated to Sustainalytics that projects related to this activity will be located in the EU and its team of experts will be responsible for analysing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 13

<b>Framework Activity assessed</b>	Construction or operation of facilities that produce heat and cool from solar thermal heating technology	
<b>EU Taxonomy Activity</b>	4.21 Production of heat/cool from solar thermal heating	
<b>Corresponding NACE Code</b>	D35.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 14

<b>Framework Activity assessed</b>	Construction or operation of facilities that produce heat and cool from geothermal energy	
<b>EU Taxonomy Activity</b>	4.22 Production of heat/cool from geothermal energy	
<b>Corresponding NACE Code</b>	D35.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>The Framework stipulates that the life cycle GHG emissions from the generation of heat and cool from geothermal energy are lower than 100gCO<sub>2</sub>e/kWh.</p> <p>Banco Sabadell has confirmed to Sustainalytics that life cycle GHG emissions are calculated based on project-specific data, where available, using Recommendation 2013/179/EU<sup>107</sup> or, alternatively, ISO 14067:2018 or ISO 14064-1:2018. Quantified life cycle GHG emissions are verified by an independent third party.</p>	Aligned

Table 15

<b>Framework Activity assessed</b>	Construction or operation of facilities that produce heat and cool from gaseous and liquid fuels of renewable origin	
<b>EU Taxonomy Activity</b>	4.23 Production of heat/cool from renewable non-fossil gaseous and liquid fuels	
<b>Corresponding NACE Code</b>	D35.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>The Bank has communicated to Sustainalytics that projects related to this activity will be located in the EU. Considering the above, Sustainalytics assesses this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 16

<b>Framework Activity assessed</b>	Construction or operation of facilities that produce heat and cool from biomass, biogas or bioliquids	
<b>EU Taxonomy Activity</b>	4.24 Production of heat/cool from bioenergy	
<b>Corresponding NACE Code</b>	D35.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.	Aligned

<sup>107</sup> European Commission, "Commission Recommendation on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013H0179>

	<p>The Bank has communicated to Sustainalytics that the projects related to this activity will be located in the EU countries and its team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	
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Table 17

<b>Framework Activity assessed</b>	Construction or operation of facilities that produce heat and cool from waste heat	
<b>EU Taxonomy Activity</b>	4.25 Production of heat/cool using waste heat	
<b>Corresponding NACE Code</b>	D35.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 18

<b>Framework Activity assessed</b>	Construction of new buildings for which the PED is at least 10% lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures	
<b>EU Taxonomy Activity</b>	7.1 Construction of new buildings	
<b>Corresponding NACE Code</b>	F41.1 and F41.2	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that the projects related to this activity will be located only in the EU.</p> <p>The Bank confirmed to Sustainalytics that it will adhere to points (1), (2) and (3) of the SC criteria related to this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity to be aligned with the applicable EU Taxonomy's SC criteria.</p>	Aligned

Table 19

<b>Framework Activity assessed</b>	Renovation of existing buildings	
<b>EU Taxonomy Activity</b>	7.2 Renovation of existing buildings	
<b>Corresponding NACE Code</b>	F41 and F43	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Building renovation complies with the following: i) the applicable requirements for major renovations; or ii) leading to a reduction of primary energy demand of at least 30%.	Aligned

	Given the above, Sustainalytics views expenditure related to this activity to be aligned with the applicable EU Taxonomy SC criteria.	
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Table 20

<b>Framework Activity assessed</b>	Installation, maintenance and repair of renewable energy technologies, on-site and the ancillary technical equipment	
<b>EU Taxonomy Activity</b>	7.6 Installation, maintenance and repair of renewable energy technologies	
<b>Corresponding NACE Code</b>	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity. The Bank has communicated to Sustainalytics that projects related to this activity will be located in the EU and its team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>For expenditure related to activity (c) installation, maintenance, repair and upgrade of heat pumps contributing to the targets for renewable energy in heat and cool in accordance with Directive (EU) 2018/2001 and the ancillary technical equipment, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 21

<b>Framework Activity assessed</b>	Acquisition and ownership of buildings	
<b>EU Taxonomy Activity</b>	7.7 Acquisition and ownership of buildings	
<b>Corresponding NACE Code</b>	L68	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that the projects related to this activity will be located in the EU.</p> <ol style="list-style-type: none"> <li>1. For buildings built before 31 December 2020, the building is within the top 15% of the national or regional building stock based on PED.</li> <li>2. For buildings built after 31 December 2020, Banco Sabadell has confirmed adherence to the SC criteria related to this activity in 7.1 Construction of new buildings mentioned in Table 18.</li> </ol> <p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity to be aligned with the EU Taxonomy's applicable SC criteria.,</p>	Aligned

Table 22

<b>Framework Activity assessed</b>	Technical consultation linked to the building's energy performance improvement, as well as accredited energy audit, energy management services, energy performance contracts and services provided by ESCOs	
<b>EU Taxonomy Activity</b>	9.3. Professional services related to energy performance of buildings	
<b>Corresponding NACE Code</b>	M71	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that it will adhere to the applicable SC criteria and finance the following expenditures as part of this activity:</p> <ul style="list-style-type: none"> <li>a. technical consultations (energy consultations, energy simulations, project management, production of energy performance contracts, dedicated training) linked to the improvement of energy performance of buildings</li> <li>b. accredited energy audits and building performance assessments</li> <li>c. energy management services</li> <li>d. energy performance contracts</li> <li>e. energy services provided by ESCOs</li> </ul> <p>Given the above, Sustainalytics views this activity to be aligned with the EU Taxonomy SC criteria.</p>	Aligned

Table 23

<b>Framework Activity assessed</b>	Manufacture, installation, repair, maintenance, retrofitting, repurposing and upgrade of energy efficiency equipment for buildings and other individual renovations (increasing energy efficiency by at least 30% compared with the conventional alternative)	
<b>EU Taxonomy Activity</b>	3.5 Manufacture of energy efficiency equipment for buildings	
<b>Corresponding NACE Code</b>	C16.23, C23.11, C23.20, C23.31, C23.32, C23.43, C.23.61, C25.11, C25.12, C25.21, C25.29, C25.93, C27.31, C27.32, C27.33, C27.40, C27.51, C28.11, C28.12, C28.13 and C28.14	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>For points (f), (g), (h) and (i) under this activity, Sustainalytics notes that the SC criteria require adherence to Regulation (EU) 2017/1369.<sup>108</sup> Sustainalytics notes that a regulation is a binding legislative act and must be applied in its entirety across the EU. The Bank has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU countries and its team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

<sup>108</sup> European Commission, "Regulation (EU) 2017/1369 for setting a framework for energy labelling and repealing Directive 2010/30/EU", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02017R1369-20210501>

Table 24

<b>Framework Activity assessed</b>	Manufacture, installation, repair, maintenance, retrofitting, repurposing and upgrade of energy efficiency equipment for buildings and other individual renovations (increasing in energy efficiency by at least 30% compared with the conventional alternative)	
<b>EU Taxonomy Activity</b>	7.3 Installation, maintenance and repair of energy efficiency equipment	
<b>Corresponding NACE Code</b>	F42, F43, M71, C16, C17, C22, C23, C25, C27, C28, S95.21, S95.22 and C33.12	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>The Bank has communicated to Sustainalytics that the projects related to this activity will be located in the EU countries and its team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 25

<b>Framework Activity assessed</b>	Manufacture, installation, repair, maintenance, retrofitting, repurposing, and upgrade of charging stations for electric vehicles in buildings and parking spaces attached to buildings	
<b>EU Taxonomy Activity</b>	7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	
<b>Corresponding NACE Code</b>	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Aligned by default	Aligned

Table 26

<b>Framework Activity assessed</b>	Manufacture, installation, repair, maintenance, retrofitting, repurposing and upgrade of instruments and devices for measuring, regulation and controlling energy performance of buildings	
<b>EU Taxonomy Activity</b>	7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	
<b>Corresponding NACE Code</b>	F42, F43, M71, and C16, C17, C22, C23, C25, C27 and C28	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity. Hence, Sustainalytics views this to be aligned with the applicable EU Taxonomy SC criteria.	Aligned

Table 27

<b>Framework Activity assessed</b>	Construction and operation of transmission and distribution systems that transport the electricity on high-voltage and extra-high-voltage interconnected systems	
<b>EU Taxonomy Activity</b>	4.9 Transmission and distribution of electricity	
<b>Corresponding NACE Code</b>	D35.12 and D35.13	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>The Bank has confirmed to Sustainalytics that environmental or construction licence will verify that: i) such expenditures will be dedicated to renewable energy transmission and distribution; ii) the carbon footprint will be measured in accordance with ISO 14067<sup>109</sup> or with the GHG Protocol on the Product Life Cycle;<sup>110</sup> and iii) any update to the SC criteria will be analyzed by an expert team.</p>	Aligned

Table 28

<b>Framework Activity assessed</b>	Construction and operation of facilities that store electricity and return it later in the form of electricity (including pumped hydropower storage)	
<b>EU Taxonomy Activity</b>	4.10 Storage of electricity	
<b>Corresponding NACE Code</b>	No dedicated NACE code	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that the expenditure under this activity is limited to pumped hydropower storage and excludes chemical energy storage.</p> <p>Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.</p> <p>Given the above, Sustainalytics views this to be aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 29

<b>Framework Activity assessed</b>	Construction and operation of facilities that store thermal energy (including UTES or ATEs) and return later in the form of thermal energy or other energy vectors	
<b>EU Taxonomy Activity</b>	4.11 Storage of thermal energy	
<b>Corresponding NACE Code</b>	No dedicated NACE code	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	The activity stores thermal energy, including UTES or ATEs, noted in the Framework.	Aligned

<sup>109</sup> ISO, "ISO 14067:2018 Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification", at: <https://www.iso.org/standard/71206.html>

<sup>110</sup> GHG Protocol, "Product Life Cycle Accounting and Reporting Standard", at: [https://ghgprotocol.org/sites/default/files/standards/Product-Life-Cycle-Accounting-Reporting-Standard\\_041613.pdf](https://ghgprotocol.org/sites/default/files/standards/Product-Life-Cycle-Accounting-Reporting-Standard_041613.pdf)

Table 30

<b>Framework Activity assessed</b>	Construction and operation of facilities that store hydrogen and return it later	
<b>EU Taxonomy Activity</b>	4.12 Storage of hydrogen	
<b>Corresponding NACE Code</b>	No dedicated NACE code	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.	Aligned

Table 31

<b>Framework Activity assessed</b>	Construction or operation of new networks dedicated to hydrogen or other low-carbon gases, and conversion and repurposing of existing natural gas networks to 100% hydrogen	
<b>EU Taxonomy Activity</b>	4.14 Transmission and distribution networks for renewable and low-carbon gases	
<b>Corresponding NACE Code</b>	D35.22, F42.21 and H49.50	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.	Aligned

Table 32

<b>Framework Activity assessed</b>	Construction, refurbishment and operation of pipelines and associated infrastructure for the distribution of heating and cooling, ending at the sub-station or heat exchanger	
<b>EU Taxonomy Activity</b>	4.15 District heating/cooling distribution	
<b>Corresponding NACE Code</b>	D35.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Banco Sabadell has communicated to Sustainalytics that the projects related to this activity will be in the EU and the UK. Banco Sabadell has confirmed to Sustainalytics that it will adhere to the SC criteria related to this activity.	Aligned

	<p>Sustainalytics notes that the SC criteria require adherence to Directive 2012/27/EU,<sup>111</sup> for which the national transposition is available for the EU countries and the UK.<sup>112</sup></p> <p>Considering above, Sustainalytics has assessed this activity to be aligned with the SC criteria related to this activity.</p>	
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Table 33

<b>Framework Activity assessed</b>	Installation and operation of electric heat pumps	
<b>EU Taxonomy Activity</b>	4.16 Installation and operation of electric heat pumps	
<b>Corresponding NACE Code</b>	D35.30 and F43.22	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>The Bank has communicated to Sustainalytics that projects related to this activity may be in the EU and the UK.</p> <p>Under this activity, the Framework mentions the following: i) the refrigerant threshold in terms of global warming potential will not exceed 675; and ii) energy efficiency requirements in the implementing regulations under Directive 2009/125/EC will be met.<sup>113</sup> The Bank has communicated to Sustainalytics that it may use the following as supporting documents while financing this activity: i) EU taxonomy technical report, which may identify the sources of energy used in the heating and refrigeration system; and ii) environmental or construction licence for the project expected to be financed.</p> <p>Sustainalytics notes that national transposition for Directive 2009/125/EC is available for the UK.<sup>114</sup></p> <p>Considering above, Sustainalytics has assessed this activity to be aligned with the SC criteria related to this activity.</p>	Aligned

Table 34

<b>Framework Activity assessed</b>	Construction and operation of facilities co-generating electricity and heat and cool from solar energy	
<b>EU Taxonomy Activity</b>	4.17 Cogeneration of heat/cool and power from solar energy	
<b>Corresponding NACE Code</b>	D35.11 and D35.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	Aligned by default	Aligned

<sup>111</sup> European Commission, "Regulation (EU) 2017/1369 for setting a framework for energy labelling and repealing Directive 2010/30/EU", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02017R1369-20210251>

<sup>112</sup> European Commission, "National transposition measures communicated by the Member States concerning Directive 2012/27/EU", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=CELEX:32012L0027>

<sup>113</sup> European Commission, "Directive 2009/125/EC establishing a framework for the setting of ecodesign requirements for energy-related products", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009L0125-20121204>

<sup>114</sup> European Commission, "National transposition measures communicated by the Member States concerning Directive 2009/125/EC", at: <https://eur-lex.europa.eu/legal-content/EN/NIM/?uri=celex:32009L0125>

Table 35

<b>Framework Activity assessed</b>	Manufacture, purchase, financing, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	3.3 Manufacture of low carbon technologies for transport	
<b>Corresponding NACE Code</b>	C29.1, C30.1, C30.2, C30.9, C33.15, C33.17	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria under this activity.</p> <p>Financing under the Framework includes the manufacture, purchase, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe emissions. Thus, Sustainalytics notes that Banco Sabadell complies with points (b), (c), (d), (e), (f) and (g), adhering to the requirements in EU Regulation No 595/2009,<sup>115</sup> as stated under the applicable SC criteria for projects financed in the EU.</p> <p>The Bank's team of experts will be responsible for analysing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 36

<b>Framework Activity assessed</b>	Manufacture, purchase, financing, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.1 Passenger interurban rail transport	
<b>Corresponding NACE Code</b>	H49.10 and N77.39	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes manufacture, purchase, rental, leasing and operation of zero tailpipe CO<sub>2</sub> emissions passenger transport using railway rolling stock and a conventional engine where such infrastructure is not available (bi-mode).</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

<sup>115</sup> European Commission, "Regulation (EC) No 595/2009 of the European Parliament and of the Council on type-approval of motor vehicles and engines with respect to emissions from heavy duty vehicles (Euro VI) and on access to vehicle repair and maintenance information", at: <https://eur-lex.europa.eu/eli/reg/2009/595/oj>

Table 37

<b>Framework Activity assessed</b>	Manufacture, purchase, financing, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.2 Freight rail transport	
<b>Corresponding NACE Code</b>	H49.20 and N77.39	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes manufacture, purchase, rental, leasing and operation of zero tailpipe CO<sub>2</sub> emissions freight transport on mainline rail networks and short-line freight railroads and using a conventional engine where such infrastructure is not available (bi-mode). Furthermore, Banco Sabadell has confirmed to Sustainalytics that the trains and wagons will not be dedicated to the transport of fossil fuels.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 38

<b>Framework Activity assessed</b>	Manufacture, purchase, financing, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.3 Urban and suburban transport, road passenger transport	
<b>Corresponding NACE Code</b>	H49.31, H49.3.9, N77.39 and N77.11	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes manufacture, purchase, rental, leasing and operation of zero tailpipe CO<sub>2</sub> emissions urban and suburban passenger transport. Considering this, Banco Sabadell complies with criteria under point (a) of the SC criteria for the projects financed under this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with SC of EU Taxonomy.</p>	Aligned

Table 39

<b>Framework Activity assessed</b>	Manufacture, purchase, financing, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	
<b>Corresponding NACE Code</b>	H49.32, H49.39 and N77.11	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes manufacture, purchase, rental, leasing and operation of motorbikes, passenger cars and light commercial vehicles with zero tailpipe CO<sub>2</sub> emissions. Thus, Sustainalytics notes that Banco Sabadell</p>	Aligned

	<p>complies with the SC criteria in line with the requirements of EU Regulation 2019/631<sup>116</sup> and EU Regulation 168/2013,<sup>117</sup> for the projects financed in the EU.</p> <p>The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria. Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	
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Table 40

<b>Framework Activity assessed</b>	Manufacture, purchase, financing, rental, leasing and operation of passenger and freight rail transport, urban or suburban passenger transport, motorbikes, passenger cars and light commercial vehicles with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.6 Freight transport services by road	
<b>Corresponding NACE Code</b>	H49.4.1, H53.10, H53.20 and N77.12	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes manufacture, purchase, rental, leasing and operation of freight transport with zero tailpipe CO<sub>2</sub> emissions. Banco Sabadell has confirmed compliance with the SC criteria for the projects related to this activity.</p> <p>Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria under this activity. The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 41

<b>Framework Activity assessed</b>	Construction, modernization, operation and maintenance of infrastructure and equipment for low-emission transport, such as electric rails, charging points for electric vehicles and active mobility, including walking, cycling, e-bikes and e-scooters	
<b>EU Taxonomy Activity</b>	6.4 Operation of personal mobility devices, cycle logistics	
<b>Corresponding NACE Code</b>	N77.11 and N77.21	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction, modernization, operation and maintenance of infrastructure and equipment related to walking, cycling, e-bikes and e-scooters. Banco Sabadell has communicated to Sustainalytics that the personal mobility devices will be operated on the same public infrastructure as bikes or pedestrians, as per SC criteria point (b). Thus, Banco Sabadell complies with the SC criteria for the projects financed under this activity.</p>	Aligned

<sup>116</sup> European Commission, "Regulation (EU) 2019/631 of the European Parliament and of the Council of 17 April 2019 setting CO<sub>2</sub> emission performance standards for new passenger cars and for new light commercial vehicles", at: [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0631#~:text=Regulation%20\(EU\)%202019%2F631,\(Text%20with%20EEA%20relevance.\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32019R0631#~:text=Regulation%20(EU)%202019%2F631,(Text%20with%20EEA%20relevance.))

<sup>117</sup> European Commission, "Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles", at: <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32013R0168>

	Based on the above, Sustainalytics has assessed this activity as aligned with SC of EU Taxonomy.	
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Table 42

<b>Framework Activity assessed</b>	Construction, modernization, operation and maintenance of low-emission infrastructure and equipment for transport	
<b>EU Taxonomy Activity</b>	6.13 Infrastructure for personal mobility, cycle logistics	
<b>Corresponding NACE Code</b>	F42.11, F42.12, F43.21, F71.1 and F71.20	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction, modernization, operation and maintenance of infrastructure and equipment related to walking, cycling, e-bikes and e-scooters.</p> <p>Banco Sabadell has confirmed that the infrastructure financed under this activity will be dedicated to personal mobility or cycle logistics (pavements, bike lanes and pedestrian zones, electrical charging).</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 43

<b>Framework Activity assessed</b>	Construction, modernization, operation and maintenance of infrastructure and equipment for low-emission transport, such as electric rails, charging points for electric vehicles and active mobility, including walking, cycling, e-bikes and e-scooters	
<b>EU Taxonomy Activity</b>	6.14 Infrastructure for rail transport	
<b>Corresponding NACE Code</b>	F42.12, F42.13, M71.12, M71.20, F43.21 and H52.21	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction, modernization, operation and maintenance of infrastructure and equipment related to walking, cycling, e-bikes and e-scooters.</p> <p>Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria under this activity. The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Furthermore, Banco Sabadell has communicated to Sustainalytics that the infrastructure is not dedicated to the transport or storage of fossil fuels.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 44

<b>Framework Activity assessed</b>	Construction, modernization, operation and maintenance of infrastructure and equipment for low-emission transport, such as electric rails, charging points for electric vehicles and active mobility, including walking, cycling, e-bikes and e-scooters	
<b>EU Taxonomy Activity</b>	6.15 Infrastructure enabling low-carbon road transport	
<b>Corresponding NACE Code</b>	F42.11, F42.13, F71.1 and F71.20	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction, modernization, operation and maintenance of infrastructure and equipment related to walking, cycling, e-bikes and e-scooters. Banco Sabadell has communicated to Sustainalytics that the infrastructure is not dedicated to the transport or storage of fossil fuels.</p> <p>Thus, Banco Sabadell complies with the SC criteria for the projects financed under this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with SC of EU Taxonomy.</p>	Aligned

Table 45

<b>Framework Activity assessed</b>	Purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.7 Inland passenger water transport	
<b>Corresponding NACE Code</b>	H50.30	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO<sub>2</sub> emissions.</p> <p>Banco Sabadell has confirmed that it will finance passenger water transport where either: i) the vessels have zero direct tailpipe CO<sub>2</sub> emissions; or ii) up until 31 December 2025, hybrid and dual fuel vessels derive at least 50% of their energy from zero direct tailpipe CO<sub>2</sub> emissions fuels or plug-in power for their normal operations.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 46

<b>Framework Activity assessed</b>	Purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.8 Inland freight water transport	
<b>Corresponding NACE Code</b>	H50.4	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO<sub>2</sub> emissions.</p> <p>Banco Sabadell has confirmed that it will finance passenger water transport where either: i) the vessels have zero direct tailpipe CO<sub>2</sub> emissions; or ii) up until 31 December 2025, hybrid and dual fuel vessels derive at least 50% of their energy from zero direct tailpipe CO<sub>2</sub> emissions fuels or plug-in power for their normal operations.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 47

<b>Framework Activity assessed</b>	Purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.10 Sea and coastal freight water transport, vessels for port operations and auxiliary activities	
<b>Corresponding NACE Code</b>	H50.2, H52.22 and N77.34	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO<sub>2</sub> emissions that: i) operate on fuels that derive at least 25% of the energy from zero direct CO<sub>2</sub> emissions fuels or plug-in power for the normal operation at sea and in ports; or ii) have attained an Energy Efficiency Design Index (EEDI) value below the EEDI requirements if operating on zero direct emissions fuels or on fuels from renewable sources. Also, Banco Sabadell has confirmed that the vessels will not be dedicated to the transport of fossil fuels.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 48

<b>Framework Activity assessed</b>	Purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO <sub>2</sub> emissions	
<b>EU Taxonomy Activity</b>	6.11 Sea and coastal passenger water transport	
<b>Corresponding NACE Code</b>	H50.10, N77.21 and N77.34	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes purchase, financing, chartering (with or without crew) and operation of inland, sea or coastal transport vessels with zero direct tailpipe CO<sub>2</sub> emissions that: i) operate on fuels that derive at least 25% of the energy from zero direct CO<sub>2</sub> emissions fuels or plug-in power for the normal operation at sea and in ports; of ii) have attained an Energy Efficiency Design Index (EEDI) value below the EEDI requirements if operating on zero direct emissions fuels or on fuels from renewable sources. Thus, Banco Sabadell complies with point (b) under the SC criteria for the projects financed under this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 49

<b>Framework Activity assessed</b>	Retrofit and upgrade of inland, sea and coastal freight and passenger water vessels	
<b>EU Taxonomy Activity</b>	6.9 Retrofitting of inland water passenger and freight transport	
<b>Corresponding NACE Code</b>	H50.4, H50.30 and C33.15	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes retrofit and upgrade of inland, sea and coastal freight and passenger vessels resulting in a reduction of fuel consumption by at least 15% expressed either as: i) per unit of energy per complete journey (full passenger cruise); or ii) per unit of energy per tonne kilometre, as demonstrated by a comparative calculation for the representative navigation areas (including representative load profiles and docking) in which the vessel is to operate or by means of the results of model tests or simulations.</p> <p>Also, Banco Sabadell has confirmed that the vessels will not be dedicated to the transport of fossil fuels.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 50

<b>Framework Activity assessed</b>	Retrofit and upgrade of inland, sea and coastal freight and passenger water vessels	
<b>EU Taxonomy Activity</b>	6.12 Retrofitting of sea and coastal freight and passenger water transport	
<b>Corresponding NACE Code</b>	H50.10, H50.2, H52.22, C33.15, N77.21 and N.77.34	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes retrofit and upgrade of inland, sea and coastal freight and passenger vessels resulting in a reduction of fuel consumption by at least 15% expressed either as: i) grams of fuel per deadweight tons per nautical mile for freight vessels; or ii) per gross tonnage per nautical mile for passenger vessels, as demonstrated by computational fluid dynamics, tank tests or similar engineering calculations.</p> <p>Also, Banco Sabadell has confirmed that the vessels will not be dedicated to the transport of fossil fuels.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 51

<b>Framework Activity assessed</b>	Collection and transport of non-hazardous waste for reuse and recycling	
<b>EU Taxonomy Activity</b>	5.5 Collection and transport of non-hazardous waste in source segregated fractions	
<b>Corresponding NACE Code</b>	E38.11	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes collection and transport of non-hazardous waste in single or commingled fractions, with source segregation for reuse and recycling of waste. Thus, Banco Sabadell complies with the SC criteria for the projects financed under this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 52

<b>Framework Activity assessed</b>	Production and utilization of biogas or digestate through anaerobic digestion of sewage sludge	
<b>EU Taxonomy Activity</b>	5.6 Anaerobic digestion of sewage sludge	
<b>Corresponding NACE Code</b>	E37.00 and F42.99	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction and operation of waste treatment facilities for the production and utilization of biogas or digestate through anaerobic digestion of sewage sludge.</p>	Aligned

	<p>Banco Sabadell has confirmed compliance with the SC criteria under this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	
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Table 53

<b>Framework Activity assessed</b>	Production and utilization of biogas or digestate through anaerobic digestion of biowaste	
<b>EU Taxonomy Activity</b>	5.7 Anaerobic digestion of bio-waste	
<b>Corresponding NACE Code</b>	E38.21 and F42.99	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction and operation of waste treatment facilities for the production and utilization of biogas or digestate through anaerobic digestion of separately collected biowaste.</p> <p>Banco Sabadell has confirmed compliance with the SC criteria under this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 54

<b>Framework Activity assessed</b>	Production and utilization of compost through composting of separately collected biowaste	
<b>EU Taxonomy Activity</b>	5.8 Composting of bio-waste	
<b>Corresponding NACE Code</b>	E38.21 and F42.99	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction and operation of waste treatment facilities for the production and utilization of biogas or digestate through anaerobic digestion of separately collected biowaste. Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria under this activity. Banco Sabadell has confirmed compliance with the SC criteria, in line with the applicable requirements in the EU Regulation 2019/1009<sup>118</sup>.</p> <p>The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

<sup>118</sup> European Commission, "Regulation (EU) 2019/1009 of the European Parliament and of the Council of 5 June 2019 laying down rules on the making available on the market of EU fertilising products and amending Regulations (EC) No 1069/2009 and (EC) No 1107/2009 and repealing Regulation (EC) No 2003/2003", at: <https://eur-lex.europa.eu/eli/reg/2019/1009/oj>

Table 55

<b>Framework Activity assessed</b>	Material recovery through sorting and processing of non-hazardous waste to produce secondary raw materials	
<b>EU Taxonomy Activity</b>	5.9 Material recovery from non-hazardous waste	
<b>Corresponding NACE Code</b>	E38.32 and F42.99	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes construction and operation of facilities for material recovery through sorting and processing of at least 50% of separately collected non-hazardous waste to produce secondary raw materials that are suitable for the substitution of virgin materials in production processes. Thus, Banco Sabadell complies with the SC criteria for the projects financed under this activity.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with EU Taxonomy SC criteria.</p>	Aligned

Table 56

<b>Framework Activity assessed</b>	Installation and operation of infrastructure for landfill gas capture	
<b>EU Taxonomy Activity</b>	5.10 Landfill gas capture and utilisation	
<b>Corresponding NACE Code</b>	E38.21	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes installation and operation of infrastructure for landfill gas capture that: i) became operational before July 2020; ii) has a newly installed or extended gas capture system; iii) has a permanently closed landfill and is not taking in further biodegradable waste; and iv) is using the produced landfill gas for electricity or heat generation as biogas.</p> <p>Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria under this activity.</p> <p>The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 57

<b>Framework Activity assessed</b>	Installation and operation of underground CO <sub>2</sub> geological storage facilities	
<b>EU Taxonomy Activity</b>	5.12 Underground permanent geological storage of CO <sub>2</sub>	
<b>Corresponding NACE Code</b>	E39.00	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes installation and operation of underground CO<sub>2</sub> geological storage facilities with the area assessed according to EU Directive 2009/31/EC.<sup>119</sup> These facilities will have a leakage detection system and appropriate monitoring plans in place to prevent and minimize CO<sub>2</sub> leakage.</p> <p>Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria under this activity.</p> <p>The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

Table 58

<b>Framework Activity assessed</b>	Manufacturing of plastic in primary form	
<b>EU Taxonomy Activity</b>	3.17 Manufacture of plastics in primary form	
<b>Corresponding NACE Code</b>	C20.16	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Financing under the Framework includes manufacturing of plastic in primary form: i) by mechanical recycling of plastic waste; ii) by chemical recycling of plastic waste with lower life cycle GHG emissions compared with plastic manufactured using fossil fuel; and iii) derived from feedstock with lower life cycle GHG emissions compared with plastic manufactured using fossil fuel.</p> <p>Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria under this activity.</p> <p>Banco Sabadell has confirmed to Sustainalytics that the life cycle GHG emissions are calculated using Recommendation 2013/179/EU,<sup>120</sup> ISO 14067:2018<sup>121</sup> or ISO 14064-1:2018<sup>122</sup> and are verified by an independent third party. Furthermore, for</p>	Aligned

<sup>119</sup> European Commission, "Directive 2009/31/EC of the European Parliament and of the Council of 23 April 2009 on the geological storage of carbon dioxide and amending Council Directive 85/337/EEC, European Parliament and Council Directives 2000/60/EC, 2001/80/EC, 2004/35/EC, 2006/12/EC, 2008/1/EC and Regulation (EC) No 1013/2006", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32009L0031>

<sup>120</sup> European Commission, "2013/179/EU: Commission Recommendation of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations", at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013H0179>

<sup>121</sup> ISO, "ISO 14067:2018 Greenhouse gases - Carbon footprint of products - Requirements and guidelines for quantification", at: <https://www.iso.org/standard/71206.html>

<sup>122</sup> ISO, "ISO 14064-1:2018 Greenhouse gases Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals", at: <https://www.iso.org/standard/66453.html>

	<p>the agricultural and forest biomass used under this activity, Banco Sabadell complies with the criteria in Article 29, paragraphs 2-5 and paragraphs 6 and 7, respectively, of EU Directive 2018/2001<sup>123</sup> for projects financed in the EU. The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	
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Table 59

<b>Framework Activity assessed</b>	Extending the lifetime of products by repairing, refurbishing or remanufacturing products that have already been used for their intended purpose by a customer	
<b>EU Taxonomy Activity</b>	5.1 Repair, refurbishment and remanufacturing	
<b>Corresponding NACE Code</b>	No dedicated NACE codes	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Transition to a circular economy	Banco Sabadell has confirmed to Sustainalytics that it will adhere to the applicable SC criteria for projects related to repair, refurbishment and remanufacturing.	Aligned

Table 60

<b>Framework Activity assessed</b>	Preparation for reuse of products and components	
<b>EU Taxonomy Activity</b>	5.3 Preparation for re-use of end-of-life products and product components	
<b>Corresponding NACE Code</b>	No dedicated NACE codes	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Transition to a circular economy	Banco Sabadell has confirmed to Sustainalytics that it will adhere to the applicable SC criteria for projects related to preparation for reuse of products and components.	Aligned

<sup>123</sup> European Commission, "Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources", at: <https://eur-lex.europa.eu/eli/dir/2018/2001/oj>

Table 61

<b>Framework Activity assessed</b>	Construction, extension and operation of water collection, treatment and supply systems	
<b>EU Taxonomy Activity</b>	5.1 Construction, extension and operation of water collection, treatment and supply systems	
<b>Corresponding NACE Code</b>	E36.00 and F42.99	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>The Framework criteria for this activity include financing of water collection, treatment and supply systems with average energy consumption less than 0.5 KWh per m<sup>3</sup> produced water supply. Banco Sabadell has communicated to Sustainalytics that it is committed to adhering to SC criteria point (a), and the net energy consumption may take into account measures for decreasing energy consumption, such as source control (pollutant load inputs) and, as appropriate, energy generation (such as hydraulic, solar and wind energy).</p> <p>Banco Sabadell has further communicated to Sustainalytics that it will adhere to point (b) of the applicable SC criteria by ensuring that the leakage level is calculated using the Infrastructure Leakage Index rating method and the threshold value is equal to or lower than 1.5. Furthermore, calculation will be applied across the extent of the water supply (distribution) network, where the works will be carried out, including at water supply zone level, district metered areas or pressure managed areas.</p> <p>Based on the above, Sustainalytics has assessed this activity as aligned with the applicable EU Taxonomy SC criteria.</p>	Aligned

Table 62

<b>Framework Activity assessed</b>	Renewal of water collection, treatment and supply systems	
<b>EU Taxonomy Activity</b>	5.2 Renewal of water collection, treatment and supply systems	
<b>Corresponding NACE Code</b>	E36.00 and F42.99	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>The Framework criteria for this activity stipulates that renewal of water collection, treatment and supply systems leads to a reduction in the average energy consumption by at least 20% compared with the baseline performance averaged over three years. This is in line with point (a) of the applicable SC criteria.</p> <p>The Framework criteria also stipulate that the renewal of the water supply systems will close the leakage gap by 20%. Banco Sabadell has communicated to Sustainalytics that it intends to adhere to SC criteria point (b) and intends for the renewal projects to close the leakage gap by at least 20% between the current leakage level averaged over three years, calculated using the Infrastructure Leakage Index (ILI) rating method with an ILI of 1.5207. Moreover, the current leakage level averaged over three years will be calculated across the extent of water supply (distribution) network where the works are carried out, including the renewed water supply (distribution) network at district metered areas or pressure managed areas.</p> <p>Given the above, Sustainalytics has assessed this activity as aligned with the applicable EU Taxonomy SC criteria.</p>	Aligned

Table 63

<b>Framework Activity assessed</b>	Construction, extension and operation of centralized wastewater systems	
<b>EU Taxonomy Activity</b>	5.3 Construction, extension and operation of wastewater collection and treatment	
<b>Corresponding NACE Code</b>	E37.00 and F42.99	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that it is committed to adhering to SC criteria points (1) and (2) for all projects related to the construction, extension and operation of wastewater collection and treatment in and outside of Spain.</p> <p>Based on the above commitment, Sustainalytics views this activity to be aligned with the applicable EU Taxonomy SC criteria.</p>	Aligned

Table 64

<b>Framework Activity assessed</b>	Renewal of centralized wastewater systems	
<b>EU Taxonomy Activity</b>	5.4 Renewal of wastewater collection and treatment	
<b>Corresponding NACE Code</b>	E37.00	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that it is committed to adhering to SC criteria points (1), (2), (3) and (4) for all projects related to the renewal of wastewater collection and treatment in and outside of Spain.</p> <p>Based on the above commitment, Sustainalytics assesses this activity to be aligned with the applicable EU Taxonomy SC criteria.</p>	Aligned

Table 65

<b>Framework Activity assessed</b>	Afforestation and reforestation programmes with recognized certifications (FSC or PEFC)	
<b>EU Taxonomy Activity</b>	1.3 Forest Management	
<b>Corresponding NACE Code</b>	A2	
<b>Applicable SC Criteria</b>	<b>Alignment Assessment</b>	
Climate Change Mitigation	<p>Banco Sabadell has communicated to Sustainalytics that it intends to finance projects related to this activity in the EU and is committed to adhering to the applicable SC criteria for forest management. The Bank's team of experts will be responsible for analyzing projects to ensure that the projects adhere to the EU Taxonomy SC criteria.</p> <p>Considering the above, Sustainalytics has assessed this activity to be aligned with the applicable SC criteria.</p>	Aligned

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