
BBVA
Sustainable Debt
Financing Framework
November 2022

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BBVA's Sustainability Strategy

BBVA is committed to the United Nations Global Compact Principles and in 2016 declared its endorsement of the targets set by the Paris COP21 (Conference of the Parties) and the United Nations Sustainable Development Goals (the "**SDGs**"). The SDGs is a set of 17 "Global Goals" with 169 targets covering a broad range of sustainable development issues; they call for action by all countries to promote prosperity while protecting the planet. The private sector has been called on to contribute to the realization of the new agenda.

BBVA has been among the first to take ownership of its responsibility. In 2019, the Bank carried out a strategic review process to continue going in depth into its transformation and adapting itself to the major trends that are reshaping the world and the financial services industry. Two of the main trends identified at that time are: the fight against climate change and the growing relevance of social inclusion.

As a consequence, the strategic plan approved by its Board of Directors in 2019 seeks to accelerate this transformation and achievement of its Purpose, "To bring the age of opportunity to everyone." This plan consists of six strategic priorities, one of which is "helping our clients transition toward a sustainable future."

The fight against climate change is one of the greatest disruptions in history, with extraordinary economic consequences to which all players in our environment (governments, regulators, businesses, consumers and the whole of society) have to adapt.

Climate change and the transition to a low-carbon economy have significant implications for the value chains of most productive sectors, and may require significant investment in many industries. However, technological advances around energy efficiency, renewable energy, efficient mobility and the circular economy are a source of new opportunities for all.

On the other hand, clients, markets and society as a whole not only expect large companies to create value, but also to contribute positively to society. In particular, they are expected to ensure that their operations' boost to economic development is inclusive.

BBVA is aware of the outstanding role of banking in this transition to a more sustainable world through its financial activity, has adhered to the Principles for Responsible Banking promoted by the United Nations, to the Katowice Commitment, to the Net-Zero Banking Alliance and to the Collective Commitment to Climate Action, and is willing to play a relevant role, as demanded by society, and assist its clients in their transition to that sustainable future.

A key way BBVA can contribute is by providing funds. It is clear that governments alone cannot finance the $2.5 trillion gap needed in areas such as climate change, innovation or sustainable consumption, among others; the private sector has a crucial role to play, and BBVA is committed to joining the effort.

Sustainable bonds and other financing debt instruments are effective instruments for channeling funds to finance BBVA's customers' projects in sectors such as renewable energies, energy efficiency, waste management, water treatment or access to essential necessities and services such as housing or inclusive finance.

BBVA has developed a Framework (the "Sustainable Debt Financing Framework" or the "Framework") under which BBVA, S.A. or any of its subsidiaries (under the terms provided for herein) can issue Green, Social or Sustainability Instruments (as defined below).



BBVA's Sustainable Debt Financing Framework

This Sustainable Debt Financing Framework includes the following types of sustainable financing debt instruments (the "Instruments"):

1. Bonds
2. Certificate of deposits
3. Commercial paper
4. Any other instrument with financing debt purposes which meets the criteria provided for in this Framework

The above Instruments may be issued by BBVA, S.A. or any of its subsidiaries (under the terms provided for herein).

This Framework will be applicable to those relevant Instruments which are issued as from the Framework's effective date, which is the date appearing on the cover page, provided that it is foreseen in the relevant documentation of the Instrument. Instruments that have been issued prior to such date will be governed, until their expiration, by the former BBVA SDG Bond Framework published in 2018 (the "2018 Framework"). For the purposes of any such prior issued instruments, this Framework does not amend, supplement, restate or otherwise update the 2018 Framework.

This Framework has been developed to reflect the best practices of the Green, Social and Sustainability Bond Markets. BBVA intends to update it periodically, including, if appropriate, to adapt it to the elements of the EU Green Bond Standard, once approved and applicable.

Any changes to this Framework will be published on BBVA's web page. Updated versions of the Framework will only apply to those Instruments issued after the update's respective publication, unless the update itself specifies otherwise.

BBVA has developed this Framework based on international best practices. BBVA's Framework is aligned with the 2021 ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines[1], which provides guidelines in the following four core components:



BBVA has also taken into account the main sustainability objectives of the European Union's Taxonomy for Sustainable Finance in order to develop BBVA's internal taxonomy ("*Estándar Interno de Finanzas Sostenibles de BBVA*") with the aim to provide a harmonized approach to sustainable finance within the Group.

1 https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/

Under this Framework, BBVA, S.A. or any of its subsidiaries (under the terms provided for herein) can issue three types of sustainable Instruments:







1.



Use of Proceeds

BBVA will allocate an amount equal to the net proceeds of the Green, Social or Sustainability Instrument issued under this Framework, to finance or refinance, in part or in full, Eligible Projects. For the purpose of this Framework, Eligible Projects are loans, investments and projects falling within any of the Green and Social Eligible Categories described below.

In the case of BBVA, S.A.'s subsidiaries, they shall adapt the Green and Social Eligible Categories, as well as any applicable thresholds within such categories, to the relevant categories and thresholds identified for each such subsidiary pursuant to BBVA's internal taxonomy ("*Estándar Interno de Finanzas Sostenibles de BBVA*"), which have been set with the intention to provide clear environmental and/or social benefits while considering the current state of technology and science in each jurisdiction. In case of discrepancies between BBVA's internal taxonomy and the subsidiary's local applicable laws and regulations on the matter, the latter shall prevail and will be used by the subsidiary as the basis to select eligible projects and thresholds in such particular jurisdiction.

Both the eligible projects and relevant thresholds that shall apply for a particular subsidiary according to the above will be clearly identified in the independent verification assessment from an external verifier in respect of each Green, Social or Sustainability Instrument issued by BBVA S.A.'s subsidiary under this BBVA Sustainable Debt Financing Framework, which will be accessible on the BBVA website: shareholdersandinvestors.bbva.com.

1 Green Eligible Categories

CATEGORY	SDG	EU ENVIRONMENTAL OBJECTIVE
Renewable energies		Climate change mitigation

ELIGIBILITY CRITERIA

Funds intended to finance/refinance projects for the development of renewable energies. Includes:

- Manufacture of key products and components essential to renewable energy technologies.
- Manufacturing in other low-carbon technologies resulting in substantial GHG emission reductions in other sectors of the economy.
- Electricity production from solar photovoltaic/concentrated solar, wind, ocean, hydroelectric, geothermal, bioenergy combustion (biomass, biogas and biofuel).
- Hydrogen production from renewable sources, equipment manufacturing and storage.
- Electricity transmission, distribution and storage.

Production thresholds:

- Facilities operating with life cycle emissions below 100gCO2e / kWh.
- In hydropower, the power density of the electricity generation facility is greater than 5W/m^2.
- In bioenergy, the GHG emissions savings are at least 80% in relation to the GHG savings methodology and the relative fossil fuel comparator set out in Annex VI of Directive (EU) 2018/2001and 65% for biofuels for transport, in relation to the GHG reduction methodology and the corresponding fossil reference fuel set out in Annex V to Directive (EU) 2018/2001 for which a life cycle analysis is required. Compliance with ISO 13065 makes it possible to demonstrate this.
- Green hydrogen when production is through renewable energies.

Electricity transmission, distribution and storage thresholds:

Must meet one of the following two criteria:

- The electricity transmission and distribution infrastructure or equipment of the system is an interconnected European system and its subordinate systems.
- It is in a system that meets the following conditions:
  - More than 67% of generation capacity < than the threshold value of 100 gCO2e / kWh over a continuous 5-year period
  - The average emissions factor of the system network < than the same threshold and same observation period.

CATEGORY	SDG	EU ENVIRONMENTAL OBJECTIVE
Energy efficiency		Climate change mitigation Climate change adaptation

ELIGIBILITY CRITERIA

Funds intended to finance / refinance the acquisition and manufacture of energy efficient equipment. Includes:

- Acquisition, installation, maintenance or repair of equipment that will reduce energy consumption of buildings and other structures.
- Production of energy efficient equipment for buildings and other key components (e.g. thermal insulation related products, LED lighting systems, electric vehicle charging station installations, etc.).

Thresholds for equipment acquisition and manufacturing

- Projects must comply with the minimum requirements established in the applicable national regulations as long as they involve energy efficiency equivalent to those resulting from the Energy Performance of Buildings Directive (EPBD).

CATEGORY	SDG	EU ENVIRONMENTAL OBJECTIVE
Green buildings		Climate change mitigation

ELIGIBILITY CRITERIA

Funds intended to finance or refinance low-carbon housing. Including:

- New construction, renovation and acquisition of residential and non-residential energy-efficient buildings.

Construction thresholds:

- Qualify as eligible if at least 10% lower than the threshold set for Nearly Zero Energy Building (NZEB) requirements and have an energy performance level equivalent to a B-rated EPC classification (or better).
- Third-party certification: EDGE (minimum level 1 for Latin America, which represents 20% energy savings), LEED (minimum silver), BREEAM (minimum "good"), HQE (minimum "good"), DGNB (minimum silver), GBC España-verde and Passivhaus.

Renovation thresholds

Projects must meet any of the following thresholds:

- Meet the applicable requirements for renovation amounts according to Directive 2010/31/EU.
- Generate a primary energy demand (PED) reduction of at least 30% compared to the building's energy performance before renovation.

Acquisition thresholds

Including mortgages and long-term leases. EU thresholds are taken as a benchmark, therefore acquisition and ownership must satisfy any of the following criteria:

- Buildings built before December 31, 2020: the building must have at least a class A EPC.
- Buildings built after December 31, 2020: the building must satisfy the criteria established in the construction thresholds.
- Buildings with an effective nominal power of more than 290 kW: efficiently operated according to the energy performance contract or a building control system in accordance with Articles 14(4) and 15(4) of Directive 2010/ 31 EU.

CATEGORY	SDG	EU ENVIRONMENTAL OBJECTIVE
Clean transport		Climate change mitigation Climate change adaptation

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance the manufacture or acquisition of low-carbon transport vehicles and their key components. Including:

- Passenger cars, light commercial vehicles, heavy vehicles, buses, railway fleets, boats and other personal mobility devices or data-driven solutions with specific thresholds.

Thresholds for manufacture and acquisition of sustainable vehicles:

Same thresholds for passenger cars, light commercial vehicles and L-category vehicles:

- Up to December 31, 2025: vehicles with an emission intensity of less than 50 g of CO_2 per km.
- As of January 1, 2026: only vehicles with an emission intensity of 0 g CO_2 per km.
- For zero-emission motorcycles.

Heavy vehicles and buses: vehicles classified as N2, N3, M2, M3 under Regulation (EU) 2018/858:

- Low-emission heavy-duty vehicles or zero-emission heavy-duty vehicles as defined in Regulation (EU) 2019/1242.
- Vehicles that use electric, hybrid, hydrogen, CNG and LNG fuels.

Purchase of boats, carriers, ships or vessels that do not transport fossil fuels:

- Vehicles with 0 emissions or the following technologies: electric motor, hydrogen, CNG or LNG-fueled vehicles
- Up to December 31, 2025: hybrid and dual fuel vessels that source at least 50% of their energy from fuels with zero direct CO2 emissions (exhaust gases) or from electricity.

CATEGORY	SDG	EU ENVIRONMENTAL OBJECTIVE
Sustainable water and wastewater management		Climate change mitigation Sustainable use and protection of water and marine resources

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance the production, acquisition and renovation of equipment used for water operations conducted with high energy efficiency. Including:

- Water supply, irrigation and water treatment equipment; and construction, expansion and operation of wastewater collection, treatment and renewal.

Eligibility is satisfied by meeting either of the following two thresholds:

- Average net energy consumption for extraction and treatment is equal to or less than 0.5 kWh/m3 of produced water supply.
- The level of leakage calculated using the Infrastructure Leakage Index (ILI) classification method is equal to or less than 1.5.

Renovation of the water supply system is demonstrated in one of the following ways:

- A decrease in average energy consumption of the system by at least 20% compared to the 3-year averaged performance, including extraction, treatment and distribution, measured in kWh per cubic meter of billed/unbilled authorized water supply.
- Closing the gap by at least 20% between the current leakage level, calculated using the ILI classification method, and an ILI of 1.5.

Construction, extension and operation of wastewater collection and treatment thresholds

The net energy consumption of the water treatment plant must be equal to or less than:

- 35 kWh per population equivalent (PE) per year for treatment plant capacity below 10,000 PE.
- 25 kWh per PE per year for treatment plant capacity between 10,000 PE to 100,000 PE.
- 20 kWh per PE per year for treatment plant capacity greater than 100,000 PE.

Renovation of wastewater collection and treatment thresholds

- Improved energy efficiency by reducing average energy consumption by at least 20% compared to baseline performance over 3 years.

CATEGORY	SDG	EU ENVIRONMENTAL OBJECTIVE
Pollution prevention and control		Transition to a circular economy Pollution prevention and control

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance products adapted to the circular economy and/or eco-efficient products, production technologies and processes, such as the development and introduction of more environmentally friendly products, with eco-label or environmental certification, resource-efficient packaging and distribution. Including:

- Manufacture of plastics in primary form, collection / transport / recovery of non-hazardous waste, anaerobic digestion of sewage sludge for the production and use of biogas or chemicals, biowaste and composting of biowaste.

Specific thresholds for manufacture of plastics in their primary form:

- Must be manufactured by chemical recycling of plastic waste or derived wholly or partially from renewable raw materials (biomass, industrial or municipal bio-waste) that meet at least 27% lower emissions than the life-cycle emission of equivalent plastics in primary from manufactured from fossil fuels raw materials.

Specific thresholds for recovery from non-hazardous waste:

- At least 50% by weight of processed non-hazardous waste collected separately in secondary raw materials suitable for replacing virgin materials in production processes.

- **Capture and use of landfill gas**[1]. The landfill or landfill cell where the gas capture system was installed, expanded or modernised is permanently closed. The landfill produced is used directly for the generation of electricity or heat as biogas, or is improved to biomethane for injection into the natural gas grid, or used as fuel for vehicles or as a feedstock in the chemical industry.

- **CO2 transport**[1]. Transport, construction and operation of CO2 gas pipelines and modernisation of gas grids where the main objective is the integration of the captured CO2. Eligible provided that:
  - Adequate leak detection systems are applied and a monitoring plan is in place, with a report verified by an independent third party.
  - The CO2 transported from the facility where it is captured to the injection point does not result in leaks greater than 0.5% of the mass of CO2 transported.
  - CO2 is delivered in permanent storage that meets the criteria for underground geological storage set out in the storage section; or other modes of transport, which lead directly to a permanent CO2 storage site that meets those criteria.

- **Underground permanent geological storage of CO2** or the operation of underground geological CO2 storage sites, the following must be met[1]:
  - An assessment of the complex is carried out to determine whether the geological formation is suitable for a storage site in accordance with Article 3(8) of Directive 2009/31/EC.
  - A monitoring plan is available for the injection plants, the storage complex and, where appropriate, the surrounding environment, with regular reports checked by the competent national authority.
  - Within the EU, the activity complies with Directive 2009/31/EC of the European Parliament and of the Council.
  - For the exploration and operation of storage sites in third countries, the activity complies with ISO 27914:2017 for geological storage of CO2.

CATEGORY	SDG	EU ENVIRONMENTAL OBJECTIVE
Environmentally sustainable management of living natural resources and land use		Climate change adaptation Climate change mitigation Protection and restoration of biodiversity and ecosystems

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance agricultural forestry and livestock activities and projects whose implementation gives sufficient guarantees of a positive impact on the reduction of emissions without harming other environmental objectives. Including:

- Certified organic agricultural production and investment in irrigation technologies, such as replacement of the surface irrigation system with drip, underground or sprinkler irrigation, equipment for fertigation and measures that aid automated / digital measurement and management of water consumption.

Specific thresholds for certified organic agricultural production and investment in irrigation:

- For organic agricultural production, certification of approved national or international organic production seals is required: AB (France), Bio Suisse (Switzerland), Bio-Siegel (Germany), Japanese Agricultural Standard (Japan), etc.
- The farm is not located on high carbon land (wetlands, continuous forest areas, permanent peatlands and grasslands and permanent grasslands):
  - Environmentally sustainable forestry including afforestation or reforestation: forest management activities that mitigate the impact of forestry. Sustainable forestry projects have received Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) to promote sustainable forestry and responsible sourcing.

- Environmentally sustainable fishery and aquaculture where Certification under the Marine Stewardship Council (MSC) for fisheries or the Aquaculture Stewardship Council (ASC) for aquaculture is required.
- Organic livestock production certified with EU organic seal: approved national or international organic production sales.

Note: Green Eligible Categories may include other projects in accordance with any update of the ICMA Green Bond Principles at any time. All categories include R&D related to experimental development of solutions, processes, technologies, business models and other products aimed at reducing, avoiding or eliminating GHG emissions.
1 Capture and use of landfill gas, CO2 transport and underground permanent geological storage of CO are also attributable to the renewable energy category.

2 Social Eligible Categories

CATEGORY
/ Access to essential services

SUB CATEGORY

Health

SDG



ELIGIBILITY CRITERIA

Funds allocated to finance/refinance projects involving construction or restoration of health care structures, manufacture or acquisition of health care goods and services, and related operating expenses. The following activities are included:

- Construction and/or reform of hospital facilities, health centers and laboratories and non-clinical services relating to operation.
- Medical and diagnostic equipment.
- Health safety equipment and medical hygiene supplies.
- Epidemics, e.g. COVID -19 Screening tests, vaccines or other drugs intended to alleviate or prevent, research and pandemic-related services.
- Insurers in their health-related activities.

SUB CATEGORY

Education

SDG



ELIGIBILITY CRITERIA

Funds allocated to finance/refinance projects involving construction of education infrastructure and related equipment, and operating expenses and related equipment. The following activities are included:

- Construction and/or reforms of facilities related to education, and services relating to operation (e.g. schools and universities that award official degrees and qualifications).
- Construction and/or reform of non-regulated occupational training facilities, and services related to their operation (e.g. training at chambers of commerce, training for the unemployed, etc.)
- Funding for education equipment e.g. seats, lockers etc., and support for research, e.g. microscopes, safety equipment, etc.

CATEGORY

/ Affordable core infrastructure

SUB CATEGORY

Telecommunications and mass transit

SDG



ELIGIBILITY CRITERIA

Funds allocated to finance/refinance services to promote social mobility, communication and digitalization, with an expansive effect on social development. The following activities are included:

- Infrastructure required for extension of telecommunications networks (e.g. fiber optic installations, telephone lines, antennas, etc.).
- Infrastructure for mass transit and public or private means of transport in disadvantaged geographical areas or where a positive impact is generated, while complying with minimum safeguards or thresholds of the climate action standard, e.g. transport is not fueled by coal, diesel or other fossil fuel.

SUB CATEGORY

Housing

SDG



ELIGIBILITY CRITERIA

Funds allocated to finance or refinance inclusive housing (for low income people). The following activities are included:

- Inclusive homes, housing developments, common areas and recreation areas. Installations and/or reforms for inclusive housing (e.g. Infrastructure adaptation for people with reduced mobility).
- Adaptation or construction of accessible buildings.

SUB CATEGORY	SDG
Public works infrastructure	

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance infrastructure for disadvantaged population groups that lack the minimum facilities to maintain suitable functionalities for decent living conditions. Including:

- Construction, reform and/or operation of infrastructure, such as:
- Electricity connections (for power not sourced from fossil fuels such as coal, diesel or other bitumens), water, sanitation facilities, reservoirs, dams, bridges, roads (under criteria established in DNSH -"Do no significant harm"- climate action) where the project complies with the Equator Principles, e.g. that roads or highways do not have an impact on protected territory or clash with the rights of indigenous peoples.

SUB CATEGORY	SDG
Arts infrastructure	

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance projects involving construction, operation and dissemination of arts infrastructure. Including:

- Construction, reform and/or operation of infrastructure to promote the arts, such as: cinema, theater, music, literature, audiovisuals.

SUB CATEGORY	SDG
Infrastructure with a social purpose	

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance projects involving construction and the proper functioning and hygiene of infrastructure to serve vulnerable groups such as: immigrants, homeless people or people undergoing economic hardship. Including:

- Facilities or centers for the sheltering and care of immigrants, victims of violence or social discrimination.
- Hostels and soup kitchens.
- Food banks.
- Public or private nursing homes.
- Support centers for people with disabilities, older adults and students.
- Shelters for unprotected animals.

SUB CATEGORY	SDG
Social enterprises and foundations	

ELIGIBILITY CRITERIA

Funds allocated to finance/refinance or channel government aid to companies and/or foundations whose core mission is to create jobs or offer goods and services to people included in the income threshold or affected by social vulnerability factors. Including:

- Infrastructure relating to construction of offices, warehouses and machinery and their operating expenses that form part of the activity of social enterprises or foundations.
  In the case of social enterprises, prove the social purpose in the company's organizational document or, where applicable, a minimum of 70% of employment for vulnerable[1] people or a minimum of 70% of sales to vulnerable[1] customers. In the case of foundations, check that their foundational goals are aligned with the social and/or climate action goals envisaged by BBVA and prioritize the criteria for allocating the funds.

CATEGORY

/ Socioeconomic advances and empowerment

SUB CATEGORY

Financing for individuals qualifying as vulnerable[1] or on low incomes

SDG



ELIGIBILITY CRITERIA

Funds allocated to individuals who satisfy the low-income or vulnerability threshold[1]. Including:

- Any assets and liabilities for individuals who satisfy the low-income thresholds.
- For individuals who satisfy the vulnerability thresholds, with "another income threshold" or a specific product.

- **Financing for health purposes** (access to diagnostic services and medical treatment, dental services, opticians, health insurance, etc.)

- **Financing for education** (compulsory public/private/subsidized education, special education, non-compulsory education such as secondary education and university studies, occupational training, scholarship support, etc.)

- **Financing for transport:** funding to promote mobility while respecting the minimum climate action safeguard, e.g. highly polluting second-hand cars.

- **Financing for housing:** funds for the purchase or restoration of main homes, including rent payments.

- **Advances for essential services and subsidies** to third parties to resolve day-to-day economic hardship related to food, essential utility bills, etc.

- **Activities in support of access to banking services:** people accessing the financial system for the first time who meet the low-income or social vulnerability thresholds.

SUB CATEGORY	SDG
Support for financial inclusion	

ELIGIBILITY CRITERIA

Includes the following initiatives

- **Digitalization** products and services that promote the digitalization of banking activities in an accessible and equitable way (payments, mobile transactions, cardless withdrawals, consultations, digital services for managing savings and personal finances, etc.)
- **Financial education programs**: educational programs on managing expenses, savings and debt, guided by principles of impartiality and transparency.
- **Intermediation of aid and subsidies from third parties:** financial services that provide access to the financial system for collection of grants, scholarships or aid to relatives.

SUB CATEGORY	SDG
Entrepreneurship and support for micro-businesses	

ELIGIBILITY CRITERIA

Funds allocated to:

- **Financing for entrepreneurs:** Financing for individuals and corporations that prove engagement in a productive activity within a period of up to 3.5 years, for the activity of the company and job creation or maintenance.
- **Inclusive entrepreneurship**: financing for entrepreneurs who meet income and vulnerability thresholds.
- **Financing to support micro-businesses** that meet the thresholds related to duration of incorporation, number of employees and/or revenue and that carry out a productive business for a period of more than 3.5 years.

Includes activities in support of access to banking services, digitalization and education programs for business development

Note: Social Eligible Categories may include other projects in accordance with any update of the ICMA Social Bond Principles at any time.
1. Vulnerable client will be understood as a client who, individually or collectively, due to their needs or economic, educational or social circumstances, is in a special situation of defenselessness or lack of protection that prevents them from exercising of their rights as a client under conditions of equality, even if it is regional, sectoral or temporary, and that, therefore, requires a higher level of protection in the framework of access and provision of financial services and products. By way of example, these characteristics may be related to income level, employment status, age, physical or mental conditions or without access to new technologies, etc.

Eligible assets may be projects or any type of lending aligned with the use of proceeds within BBVA's balance sheet, including proceeds coming from clients whose business activities are fully aligned with defined Green and Social eligible categories.

An amount equal to the net proceeds of the Green, Social or Sustainability Instruments issued under this Framework will be allocated only and exclusively for Green, Social or Sustainability Eligible Projects.

Finally, it is worth mentioning that the use of any proceeds from Green, Social or Sustainability Instruments issued under this Framework will be subject to the excluded and/or prohibited activities within the defense, mining, energy, infrastructure and agribusiness sectors in the terms reflected in BBVA's Environmental & Social Framework, which may be found at the following link:
https://shareholdersandinvestors.bbva.com/sustainability-and-responsible-banking/principles-and-policies/

2.



Process for Project Evaluation and Selection

Proceeds from sustainable Instruments will be managed on the basis of a portfolio approach.

BBVA evaluates those loans, investments and/or projects which could fall under the Green or Social Eligible Categories and selects those Green, Social or Sustainability Eligible Projects in accordance with the following procedure:

The Sustainable Funding Working Group (SFWG) is headed by the Treasury department and is composed of an internal team of qualified individuals made up by Business Units, Fixed Income Origination, Sustainable Finance, Sustainability, Responsible Business and Treasury Department.

This Sustainable Funding Working Group will review and approve[2] projects based on the defined Eligible categories listed in the section "Use of Proceeds". This procedure will be applied for new issuances and for assigning projects once reporting of environmental/social impacts is being prepared. On top of that, this SFWG will be charged with monitoring the Eligible Projects of the bank's portfolio on a monthly basis.

[2] The Business Units within the SFWG will not have a vote for the purposes of selecting the eligible projects in order to avoid a potential conflict of interest.

Final approval on the projects rests in the Standards Working Group that comprises senior representatives from areas related to sustainable finance and whose function is to guide the Group on standards that define and regulate sustainable financing. Final approvals are also applicable to those BBVA's subsidiaries willing to issue any Instrument under this Framework.

This approval will be documented in the relevant Standards Working Group minutes and be shared with the relevant sustainability external verifier for the issuance of each Instrument.

This Sustainable Funding Working Group will also elaborate the Sustainable Report which will be reviewed and approved by the Standards Working Group (see section "Reporting" below).

3. Management of Proceeds



BBVA will monitor and track the use of proceeds of the Green, Social or Sustainability Instruments issued under this Framework through its internal systems and processes.

BBVA will maintain an excess of Eligible Projects beyond the proceeds from the outstanding Green, Social and Sustainability Instruments in order to guarantee compliance with the requirements for the use of the proceeds.

The full amount of the proceeds from any Green, Social or Sustainability Instruments is expected to be allocated immediately after the relevant issuance. Nevertheless, if this is not possible, unallocated proceeds will be held by BBVA in its treasury liquidity portfolio.

BBVA has established a Sustainable Financial Instruments Register.

BBVA will make an effort to dedicate a percentage of the proceeds of each Green, Social or Sustainability Instrument to finance those Green and/or Social Projects (as appropriate) originated in the current year of the issue date of the relevant Instrument.

Any Eligible Project assigned to a Green, Social or Sustainability Instrument that ceases to comply with the qualification requirements within any of the Green or Social categories, will be substituted by another Eligible Project that meets these same requirements on a best effort basis and when reasonably practicable.

4.



Reporting

As long as any Green, Social or Sustainability Instrument under this Framework is outstanding, BBVA will publish an annual report (the "**Sustainable Report**") on its website (shareholdersandinvestors.bbva.com.) which will include at least the following information:

1. Allocation of proceeds in each Green or Social Eligible Category.
2. Share of proceeds used for financing or refinancing purposes.
3. The remaining balance of unallocated proceeds from the relevant Green, Social or Sustainability Instruments and/or cash equivalents.
4. Indicate which SDGs apply to each Green or Social Eligible Category included in the relevant Green, Social or Sustainability Instrument.
5. Relevant estimated environmental or social impacts per Green or Social Eligible Category and, if possible, actual impact metrics. Some case studies of specific Eligible Projects may be provided to illustrate the positive impact.
6. The calculation methodologies applied by BBVA for the calculation of environmental and social impacts.

Examples of relevant quantitative impact indicators that the Sustainable Report will include are:

1 Green Eligible Categories

CATEGORY	SDG	QUANTITATIVE IMPACT INDICATORS
Renewable energy		▪ Electrical energy generated (GWh/year) ▪ Estimated annual GHG emissions avoided (tCo2) ▪ Number of household/residents benefiting from affordable and clean energy ▪ Transmission line miles
Energy efficiency		▪ Estimated annual GHG emissions avoided (tCo2) ▪ Automated meters modules or number of smart meters provided ▪ Amount of energy saved (MW)
Green buildings		▪ Estimated annual GHG emissions avoided (tCo2) ▪ Environmental Certifications/ EPC labels obtained
Clean transportation		▪ Estimated annual GHG emissions avoided (tCo2) ▪ Number of Passengers ▪ Length of low carbon tracks built ▪ Number of electric/hybrid/ low-emission vehicles provided

Water management and water treatment		▪ Production capacity ▪ Volume of water collected or treated (m3) ▪ Health metrics (such as water quality) ▪ Number of households delivering to the facility ▪ Number of tones of clean water provided
Pollution prevention and control		▪ Estimated annual GHG emissions avoided (tCo2) ▪ Volume of waste collected or treated (Tm)
Environmentally sustainable management of living natural resources and land use		▪ Estimated annual GHG emissions avoided (tCo2) through planet forests ▪ Ecologically sustainable agricultural production ▪ Additional forestation areas converted ▪ Area of natural landscape preserved

BBVA
Creando Oportunidades

2 Social Eligible Categories

CATEGORY	SUBCATEGORY	SDG	QUANTITATIVE IMPACT INDICATORS
/ Access to Essential services	Education		- Number of hospital and other healthcare facilities built/upgraded - Number of beds - Number of residents benefitting from healthcare - Number of companies financed affected by natural/ health disasters
	Healthcare		- Number of educational institutions funded – location and type - Number of students supported - Number of years of education provided which is otherwise not accessible - Number of loan beneficiaries - Number of companies financed affected by natural/health disasters
/ Affordable basic infrastructure	Affordable Housing		- Number of Supported Affordable Housing Units financed - Number of companies financed affected by natural/health disasters
	Telecommunications network		- Number of people benefiting of new telecom networks expanded in specific regions
/ Socioeconomic advancement and empowerment	Financing for vulnerable[3] individuals or with low income		- Number of individuals or families benefiting of social minimum income - Number of individuals or families benefiting from social benefits

Each BBVA issuing entity will elaborate its Sustainable Report. This Report will be reviewed and approved by the Standards Working Group.

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

External Review



Framework Verification

BBVA has obtained an independent verification assessment from DNV which confirms the alignment of the BBVA Sustainable Debt Financing Framework to the Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainability Bond Guidelines and the relevant UN SDGs. This independent verification assessment is published on the BBVA website shareholdersandinvestors.bbva.com.

Instrument Verification

For each Green, Social or Sustainability Instrument under this BBVA Sustainable Debt Financing Framework, BBVA will obtain an independent verification assessment from an external verifier and will make such verification accessible on the BBVA website shareholders and investors.bbva.com.

Reporting Assurance

The Sustainable Report will be subject to limited verification conducted by an independent third party in order to guarantee that the issuance framework was adequately followed.

Each year from the year following the Green/Social/Sustainability Instruments' issuance and until maturity (or full redemption), BBVA will task a qualified entity with producing a limited assurance report on the allocation of proceeds (to recipient green/social or sustainable projects) originated from relevant green, social, or sustainability Instruments and on the verification that the published impact indicators are prepared in accordance with the calculation methodologies included in the Report.

Legal disclaimer



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