



Second-Party Opinion

ABANCA Sustainable Development Goals Framework

Evaluation Summary

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



USE OF PROCEEDS The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals (“SDGs”), specifically SDG 7.



PROJECT EVALUATION / SELECTION ABANCA Corporación Bancaria, S.A.’s Social Responsibility and Sustainability Committee, which consists of representatives from its Funding/Treasury team, and the Sustainability Department, along with its Sustainability Workgroup, will be responsible for the evaluation and selection of Eligible Assets. The Eligible Assets are pre-screened by its relevant business units, per the criteria defined in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS ABANCA Corporación Bancaria, S.A.’s Funding/Treasury team will be responsible for the allocation of proceeds. ABANCA Corporación Bancaria, S.A. intends to achieve full allocation of proceeds within 36 months from the date of issuance. The unallocated proceeds will be invested in cash or cash equivalent instruments, in accordance with ABANCA Corporación Bancaria’s treasury management policy. This is in line with market practice.



REPORTING ABANCA Corporación Bancaria, S.A. intends to report on the allocation and the impact of proceeds on its website, approximately one year after the inaugural issuance and annually thereafter until full allocation. The allocation reporting is expected to include the total size of each issuance, category-level details on the allocation of net proceeds, and the balance of unallocated proceeds. In addition, ABANCA Corporación Bancaria, S.A. intends to report on relevant quantitative impact where feasible and has provided indicative metrics in the Framework. Sustainalytics views ABANCA Corporación Bancaria, S.A.’s allocation and impact reporting as aligned with market practice.

| | |
|------------------------|-----------------|
| Evaluation Date | July 12, 2021 |
| Issuer Location | Betanzos, Spain |

Report Sections

| | |
|-------------------------------|---|
| Introduction..... | 2 |
| Sustainalytics’ Opinion | 3 |
| Appendices | 8 |

For inquiries, contact the Sustainable Finance Solutions project team:

Jhankrut Shah (Toronto)
Project Manager
jhankrut.shah@sustainalytics.com
(+1) 647 264 6641

Hrithik Sharma (Toronto)
Project Support

Darshna Jha (Mumbai)
Project Support

Enrico Tessadro (Amsterdam)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Introduction

ABANCA Corporación Bancaria, S.A. (“ABANCA”, or the “Bank”) is a commercial bank which has its registered office in Betanzos, Spain. The Bank owns diversified financial service businesses including insurance, credit cards, payment management, and real estate servicing, and majorly operates three business lines: (i) Retail Banking, (ii) Wholesale Banking, and (iii) Non-financial Subsidiaries. As on 31st March 2021, the Bank had over 6,000 employees, and reported around EUR 98,000 million in business volume.

ABANCA has developed the ABANCA Sustainable Development Goals (the “Framework”) under which it intends to issue Sustainability Financing Instruments, including securitized products and thematic issuances, such as Blue Bonds (collectively, the “Financing Instruments”) and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects (or “Eligible Assets”) that are expected to create positive environmental impact. The Framework defines eligibility criteria in one area:

1. Renewable Energy

ABANCA engaged Sustainalytics to review the ABANCA Sustainable Development Goals Framework, dated June 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP).¹ This Framework has been published in a separate document.²

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

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

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

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9, 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 ABANCA’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. ABANCA representatives have confirmed (1) they understand it is the sole responsibility of ABANCA to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

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

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

Sustainalytics’ Second-Party Opinion, 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 proceeds but does not measure the actual impact. The

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

² The ABANCA Sustainable Development Goals Framework is available on ABANCA Corporación Bancaria, S.A.’s website at: <https://www.abancacorporacionbancaria.com/es/inversores/general/#programas-de-emision>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond 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 ABANCA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

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

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

- Use of Proceeds:
 - The eligible category, Renewable Energy, is aligned with those recognized by the GBP.
 - Under the Renewable Energy category, the Bank intends to finance renewable energy generation projects based on wind power and photovoltaic or concentrated solar power ("CSP"). Sustainalytics notes that the Framework limits financing to just those CSP projects that generate at least 85% electricity from solar energy resources and considers the criteria for renewable energy to be aligned with market practice.
- Project Evaluation and Selection:
 - ABANCA's Social Responsibility and Sustainability Committee, which consists of representatives from the Bank's Funding/Treasury team, and the Sustainability Department, along with the Bank's Sustainability Workgroup, will be responsible for the evaluation and selection of Eligible Assets that will be pre-screened by its relevant business units, per the criteria defined in the Framework.
 - The Bank's business unit-level risk committees have the mandate to assess the risks associated with Eligible Assets.
 - Based on the clear delineation of responsibility, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - ABANCA's Funding/Treasury team will be responsible for the allocation of proceeds to Eligible Assets. Eligible Assets will be labelled and tracked on an individual asset level through the Bank's "ESG qualifying system", with an aim to ensure that the total value of Eligible Assets consistently exceeds the value of net proceeds raised from each Financing Instrument.
 - The Bank intends to achieve full allocation of proceeds raised from Financing Instruments within 36 months of each issuance.
 - Pending the allocation of proceeds, ABANCA intends to temporarily invest the unallocated proceeds in cash or cash equivalent instruments, per its treasury management policy.
 - Based on the management of the proceeds and the disclosure on the temporary use of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - ABANCA will report on the allocation of proceeds and, where feasible, the impact of financed Eligible Assets on its website, approximately one year from the date of the inaugural issuance and annually thereafter until full allocation.
 - The allocation reporting is expected to include the total size of each issuance, category-level details on the allocation of net proceeds, and the balance of unallocated proceeds.
 - The impact reporting is expected to provide category-level impact of Eligible Assets against respective key performance indicators, including (i) capacity installed (megawatt ("MW")), and

- (ii) expected annual renewable energy generation (MWhe per year), and (iii) estimated annual greenhouse gas (“GHG”) emissions avoided (tons of CO₂e per year).
- Based on the Bank’s commitment to allocation reporting and, where feasible, impact reporting, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021

Sustainalytics has determined that the ABANCA Sustainable Development Goals Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of ABANCA

Contribution of framework to ABANCA’s sustainability strategy

Sustainalytics is of the opinion that ABANCA demonstrates a commitment to sustainability. This is evidenced by the following points of ABANCA’s strategy. These points are particularly aligned with the Framework:

- ABANCA deploys a digital asset-tagging platform which helps its respective departments identify and label Environmental, Social, and Governance (“ESG”)-aligned assets. The platform also captures other relevant attributes, such as the size and capacity of the projects (if applicable), the region of financing, and allocation and repayment details. The Bank intends to leverage this platform to identify Eligible Assets, per the criteria defined in the Framework.
- The Bank is a member of Net Zero Banking Alliance, a coalition of banks committed to aligning their loan and investment portfolios with the common goal of achieving zero emissions by 2050.⁴ During COP25 in 2019, ABANCA, along with other Spanish banks, presented a joint commitment to reduce the carbon footprint in its lending portfolios, in a way that can be measured with internationally approved criteria and in line with the objectives set in the Paris Agreement.⁵ As on 31st December 2020, the Bank’s total project financing with environmental interaction amounted to EUR 700 million, which includes EUR 288 million worth of investments in wind power plants and EUR 343 million in solar plants.⁶

In terms of the environmental targets for its internal operations, the Bank intends to achieve carbon neutrality in its operations by 2024.⁷ In 2020, the bank surpassed its interim target of achieving a 50% reduction in its Scope 2 emissions in the same year, and achieved up to 78% reduction (compared to 2019 levels).⁸ In the same year, the Bank’s electricity consumption was met by 100 % renewable energy sources, which helped it avoid around 3.6 thousand tons of GHG emissions.⁹ ABANCA has communicated that its headquarters in Madrid and Coruña have already achieved AENOR Zero-Waste certifications and its Abanca Seguros headquarters expects to obtain it by the end of 2021.¹⁰ In September 2020, the Bank launched “The Zero-Waste” at its corporate headquarters to drive waste-reduction efforts through inter-departmental collaboration.¹¹

Sustainalytics is of the opinion that the Framework is aligned with ABANCA’s overall sustainability strategy and initiatives and will further the Bank’s action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible

⁴ Abanca website, “Sustainability”, at: <https://www.abancacorporacionbancaria.com/en/rsc/responsible-banking/>

⁵ Ibid.

⁶ ABANCA report, “Corporate and Social Responsibility Report” (p72), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2020-en.pdf>

⁷ Ibid.

⁸ ABANCA has communicated the 50% interim Scope 2 reduction target to Sustainalytics. Furthermore, Sustainalytics notes that a proportion of the emission reduction may be attributed to the regional restrictions imposed in 2020, due to the COVID-19 pandemic. More information at: ABANCA report, “Corporate and Social Responsibility Report” (p12), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2020-en.pdf>

⁹ Ibid.

¹⁰ ABANCA report, “Corporate and Social Responsibility Report” (p220), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2020-en.pdf>

¹¹ ABANCA report, “Corporate and Social Responsibility Report” (p222), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2020-en.pdf>

projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the Eligible Assets could include biodiversity concerns related to the construction of infrastructure projects, occupational health and safety risks, and community-related issues.

Sustainalytics is of the opinion that ABANCA is able to manage and/or mitigate potential risks through implementation of the following policies, processes, and regulations:

- ABANCA has established the Environmental and Climate Risk Management Policy as part of the credit risk policies manual. This policy has the goal of limiting and mitigating the impact of climate change and the potential negative impacts on the environment deriving from the Bank's lending activities. In this regard, the Bank's General Management of Corporate Control and Risk department has worked to identify those sectors or activities that produce significant CO₂ emissions into the atmosphere. The potential borrowers belonging to these sectors are required to carry out a climate risk assessment to ensure proper management of the risks associated with the financed projects.^{12,13}
- Sustainability is one of the key goals outlined within the Bank's Code of Ethics and Conduct (the "Code") that ensures that its compliance with all relevant laws and regulations.¹⁴ Under the Spanish Environmental Law, all projects must comply with the Spanish environmental regulations that require public and private projects to undergo environmental impact assessments and seek environmental permits.¹⁵ In regard to habitat and biodiversity, Law 42/2007 (Natural Heritage and Biodiversity) in Spain sets out a regulatory regime for the conservation, sustainable use, improvement, and restoration of natural heritage and biodiversity.¹⁶
- Regarding worker health and safety, the EU Directive on Worker Health and Safety ensures minimum safety and health requirements throughout Europe and requires the employers to "ensure the safety and health of workers in every aspect related to the work".¹⁷ Occupational risk prevention in Spain is based on the Prevention of Workplace Risks Law (Law 31/95). This law requires all companies to have a risk prevention plan, a risk evaluation plan, and an emergency plan. In Spain, all employers are obliged to provide employees with information and training on health and safety issues.^{18,19}
- ABANCA is a signatory to the UN Principles for Responsible Investment²⁰ as well as the UNEP Finance Initiative's Principles for Responsible Banking with an aim to mitigate environmental and social risks from its products and services.²¹ Through Responsible Investment and Integration of Sustainability Risk Policy, the Bank addresses sustainability and ESG-related risks associated with its investments.²²
- ABANCA's Responsible Investment and Integration of Sustainability Risk Policy has a company-wide exclusion list which prohibits it from investing in certain organizations, including those that: (i) do not comply with sectoral or regional regulations, (ii) are involved in the production arms of any type, such as nuclear, anti-personnel mines, cluster bombs or chemical and biological weapons, etc., (iii) have association with alcohol, tobacco, or gambling products, and/or (iii) violate the 10 Principles of the UN Global Compact ("UNGC").²²
- The Bank is also a signatory to the UNGC, committing to operate in a manner that protects human rights, eliminating unfair labor practices, and promoting environmental sustainability. In addition, the

¹² ABANCA, "Sustainability Policy", at: <https://www.abancacorporacionbancaria.com/files/documents/politica-sostenibilidad-en.pdf>

¹³ ABANCA, "Corporate and Social Responsibility Report 2020" (p166), at: <https://www.abancacorporacionbancaria.com/files/documents/memoria-corporativa-rs-2020-en.pdf>

¹⁴ ABANCA, "Code of Ethics and Conduct", at: <https://www.abancacorporacionbancaria.com/files/documents/codigo-etico-conducta-2021-en.pdf>

¹⁵ Thomson Reuters, "Environmental law and practice in Spain: overview", (2020), at: [https://uk.practicallaw.thomsonreuters.com/0-521-6274?transitionType=Default&contextData=\(sc.Default\)&firstPage=true&comp=pluk&bhcp=1](https://uk.practicallaw.thomsonreuters.com/0-521-6274?transitionType=Default&contextData=(sc.Default)&firstPage=true&comp=pluk&bhcp=1)

¹⁶ European Environment Agency, "Nature protection and biodiversity - National Responses (Spain)", (2010), at: <https://www.eea.europa.eu/soer/2010/countries/es/nature-protection-and-biodiversity-national>

¹⁷ EU, "Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

¹⁸ European Agency for Safety and Health at Work, "National Focal Points-Spain", at: <https://osha.europa.eu/en/about-eu-osha/national-focal-points/spain>

¹⁹ Corner-I, "Spain: In-depth", (2020), at: <https://osha.europa.eu/en/about-eu-osha/national-focal-points/spain>

²⁰ UNPRI, "Signatory Directory- ABANCA Corporación Bancaria S.A.", at: <https://www.unpri.org/signatory-directory/abanca-corporacion-bancaria-sa/5691.article>

²¹ UNEP FI, "ABANCA- Founding Signatory to the Principles for Responsible Banking", at: <https://www.unepfi.org/member/abanca-corporacion-bancaria-sa/>

²² ABANCA, "Policy for Responsible Investment and Integration of Sustainability Risk", at: <https://www.abancacorporacionbancaria.com/files/documents/politica-inversion-responsable-en.pdf>

Code requires it to adopt internal measures aimed at eliminating discrimination and upholding human rights.^{14,23}

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

Section 3: Impact of Use of Proceeds

The use of proceeds category is aligned with those recognized by the GBP 2021. Sustainalytics has provided some local context on projects planned under this Framework.

Importance of Renewable Energy in achieving Spain and Portugal's Climate Goals

The energy sector accounted for more than 75% of the EU's GHG emissions in 2018.²⁴ According to the International Renewable Energy Agency (IRENA), the use of renewable energy sources²⁵ can deliver at least 60% of energy-related CO₂ emission reductions.²⁶ Accordingly, increasing the share of renewable energy is expected to play a fundamental role in achieving the EU's energy and climate objectives. Moreover, the European Green Deal sets out the EU's path to climate neutrality by 2050. As part of this, in 2020, the European Commission proposed to target at least a 55% reduction in GHG emissions by 2030, compared to 1990 levels.²⁷ In order to achieve this target, the EU will need to fulfil at least 32% of its gross final energy consumption through renewable energy sources by 2030.²⁷ In 2019, renewable energy accounted for 19.7% of the EU's gross final energy consumption.²⁸ Hence, the uptake of renewable energy sources across the EU will require significant investments to support and finance new renewable power projects.

In line with the EU's 2030 energy and climate targets, Spain established the Integrated National Energy and Climate Plans (the "Plan"), aiming for 23% reduction in GHG emissions from 1990 levels, 42% energy end-use from renewables, and 74% electricity from renewables by 2030.²⁹ To achieve the Plan's objectives, Spain requires an additional installed renewable energy capacity of 59 GWs, by the end of 2030.²⁹ In 2020, the Spanish Government announced EUR 80 million of state funds for electricity production from renewable sources.³⁰ At the same time, Portugal has also established interim climate goals outlined in its Integrated National Energy and Climate Plan, aiming for increasing the renewable energy share to 47% in the gross final energy consumption by 2030.³¹ In 2020, renewable energy accounted for around 31% of Portugal's gross final energy consumption.²⁸ In this context, Sustainalytics is of the opinion that ABANCA's financing of renewable energy projects is expected to support both Portugal and Spain's climate ambitions while contributing to the transition towards a low-carbon economy.

²³ ABANCA, "Commitment to Human Rights", at: <https://www.abancacorporacionbancaria.com/files/documents/210304-compromiso-derechos-humanos-abanca-en.pdf>

²⁴ European Commission, "A Clean Planet for all", (2018), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018DC0773&from=EN>

²⁵ IRENA, "Global energy transformation: A roadmap to 2050 (2019 edition)", at: <https://www.irena.org/publications/2019/Apr/Global-energy-transformation-A-roadmap-to-2050-2019Edition>

²⁶ IRENA, "How to transform energy system and reduce carbon emissions", (2019), at: <https://www.irena.org/DigitalArticles/2019/Apr/How-To-Transform-Energy-System-And-Reduce-Carbon-Emissions>

²⁷ European Commission, "2030 climate & energy framework", at: https://ec.europa.eu/clima/policies/strategies/2030_en

²⁸ Eurostat, "Data Browser - Share of energy from renewable sources", at: https://ec.europa.eu/eurostat/databrowser/view/NRG_IND_REN_custom_938915/bookmark/table?lang=en.en&bookmarkId=b365f4d1-44b0-4d52-ae8-a78770914695

²⁹ European Commission, "Integrated National Energy and Climate Plan 2021-2030- Spain", (2020), at: https://ec.europa.eu/energy/sites/ener/files/documents/es_final_necp_main_en.pdf

³⁰ International Institute for Sustainable Development, "Clean Recovery: Spain Offers Eur 181 Million For Renewable Energy Projects", (2020), at: <https://www.iisd.org/sustainable-recovery/news/clean-recovery-spain-offers-eur-181-million-for-renewable-energy-projects/>

³¹ European Commission, "Integrated National Energy and Climate Plan 2021-2030- Portugal", (2018) at: https://ec.europa.eu/energy/sites/default/files/documents/ec_courtesy_translation_pt_necp.pdf

Alignment with/contribution to SDGs

The SDGs were set in September 2015 by the UN General Assembly and form an agenda for achieving sustainable development by the year 2030. The bonds issued under the ABANCA Sustainable Development Goals Framework advances 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. |

Conclusion

ABANCA has developed the ABANCA Sustainable Development Goals Framework under which it may issue Financing Instruments and use the proceeds to finance and/or refinance renewable energy projects. Sustainalytics considers that the projects funded by the proceeds raised from the Financing Instruments are expected to provide positive environmental impact.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds category will contribute to the advancement of the UN SDG 7. Additionally, Sustainalytics is of the opinion that ABANCA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that ABANCA is well-positioned to issue Financing Instruments and that the Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

| | | | | |
|--|-----------------------------------|-------------|-------------|-------|
| Issuer name: | ABANCA Corporación Bancaria, S.A. | | | |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: | ABANCA Framework | Sustainable | Development | Goals |
| Review provider's name: | Sustainalytics | | | |
| Completion date of this form: | July 12, 2021 | | | |
| Publication date of review publication: | | | | |

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds, Renewable Energy, is aligned with those recognized by the Green Bond Principles. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN SDGs, specifically SDG 7.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

ABANCA Corporación Bancaria, S.A.'s Social Responsibility and Sustainability Committee, which consists of representatives from its Funding/Treasury team, and the Sustainability Department, along with its Sustainability Workgroup, will be responsible for the evaluation and selection of Eligible Assets. The Eligible Assets are pre-screened by its relevant business units, per the criteria defined in the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information on Responsibilities and Accountability

- ☒ Evaluation / Selection criteria subject to external advice or verification
 ☐ In-house assessment
- ☐ Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

ABANCA Corporación Bancaria, S.A.'s Funding/Treasury team will be responsible for the allocation of proceeds. ABANCA Corporación Bancaria, S.A. intends to achieve full allocation of proceeds within 36 months from the date of issuance. The unallocated proceeds will be invested in cash or cash equivalent instruments, in accordance with ABANCA Corporación Bancaria's treasury management policy. This is in line with market practice.

Tracking of proceeds:

- ☒ Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- ☒ Disclosure of intended types of temporary investment instruments for unallocated proceeds
- ☐ Other *(please specify)*:

Additional disclosure:

- ☐ Allocations to future investments only
 ☒ Allocations to both existing and future investments
- ☐ Allocation to individual disbursements
 ☒ Allocation to a portfolio of disbursements
- ☒ Disclosure of portfolio balance of unallocated proceeds
 ☐ Other *(please specify)*:

4. REPORTING

Overall comment on section *(if applicable)*:

ABANCA Corporación Bancaria, S.A. intends to report on the allocation and the impact of proceeds on its website, approximately one year after the inaugural issuance and annually thereafter until full allocation. The allocation reporting is expected to include the total size of each issuance, category-level details on the allocation of net proceeds, and the balance of unallocated proceeds. In addition, ABANCA Corporación Bancaria, S.A. intends to report on relevant quantitative impact where feasible and has provided indicative metrics in the Framework. Sustainalytics views ABANCA Corporación Bancaria, S.A.'s allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Frequency:

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (<i>please specify</i>): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): Installed capacity (MW); Expected annual renewable energy generation (MWhe/year) |

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Bank's website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

| |
|--|
| |
|--|

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Disclaimer

Copyright ©2021 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit www.sustainalytics.com.



Named

2015: Best SRI or Green Bond Research or Rating Firm
 2017, 2018, 2019: Most Impressive Second Opinion Provider

