BBVA

BBVA Sustainable and Transition Business Channeling Guide

Eligibility and Calculation Criteria

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1.Introduction

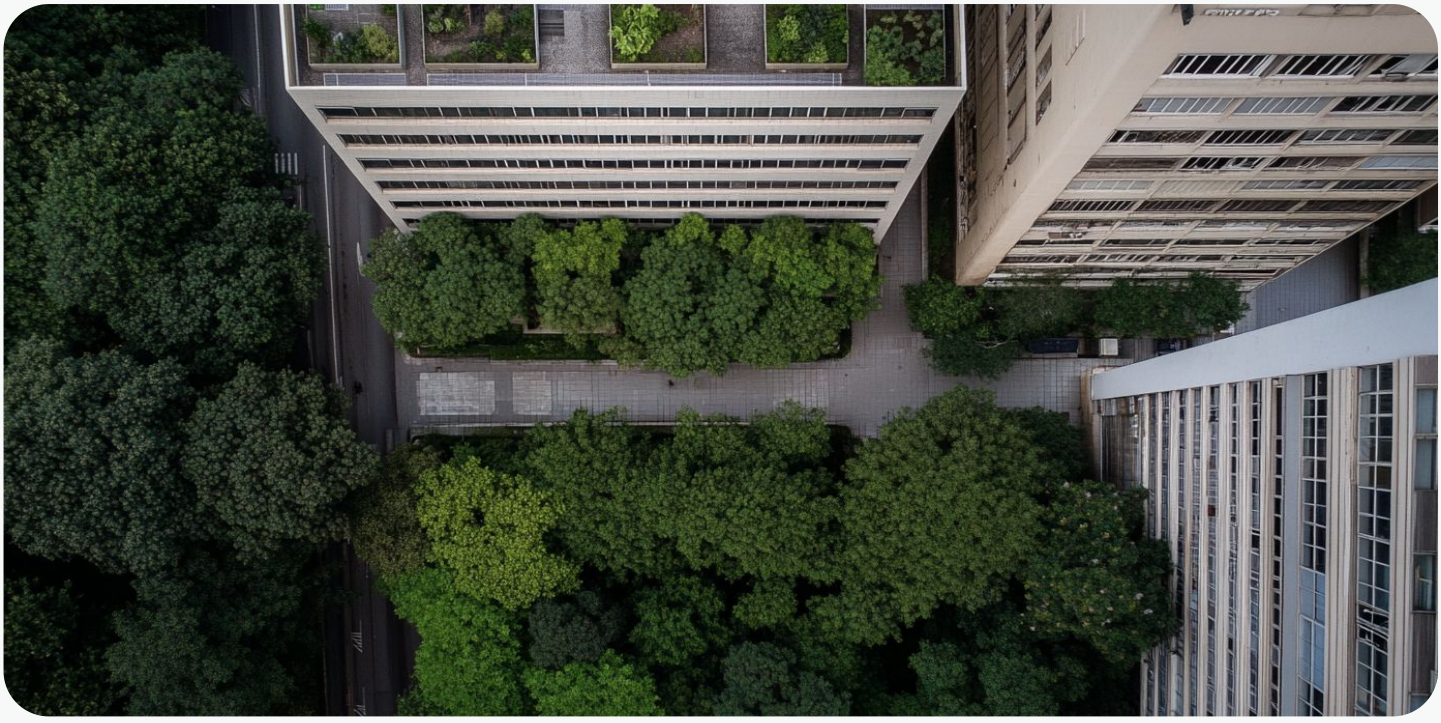
Sustainability as a strategic priority for BBVA

For BBVA, promoting sustainability as a driver of growth is a strategic priority, which translates into accompanying our customers towards a more sustainable future and the climate transformation of their business models, moving together towards an economy with lower emissions and greater social equity.

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

This channeling includes the financial flows linked to the activities, customers or products considered sustainable by BBVA. These are mainly linked to green or social initiatives. It also covers transition business aimed at supporting those sectors and activities that are difficult to decarbonize, which, although not yet "green", need significant investments to reduce their emissions and credibly advance their decarbonization plans. In addition, it is a cumulative concept since it reflects amounts originated from a certain date. Some of these flows are not included in the balance sheet, such as the placement of customer bonds.

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



The Sustainable Business Channeling Target 2025-2029

In 2025, BBVA set a new Sustainable Business Channeling Target (the "Channeling Target")[1]. The new target is 700 billion euros for the period 2025-2029, more than double the previous target. Starting January 1, 2026, this target will also encompass the transition business following the new criteria approved by BBVA under this category.

This Sustainable and Transition Business Channeling Guide (referred to as the Guide) is designed to outline the criteria BBVA uses to evaluate Sustainable and Transition Business for the entity's Channeling Target. In addition to the definition of these general eligibility criteria, the document includes the list of activities eligible for the classification of sustainable and transition dedicated purpose business, available in Annex 1.

BBVA developed this Guide, and it has been verified by DNV based on industry best practices.

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

New **Sustainable Business Channeling Target**

700
billion euros
for the period
2025- 2029

This target will encompass the transition business **starting**
January 1, 2026

This Guide is designed to outline the criteria BBVA uses to evaluate **Sustainable and Transition Business for the entity's Channeling Target.**

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

2. Sustainable and Transition Business eligibility criteria

2.1. Regulatory references and industry standards

The criteria for the inclusion of BBVA's Sustainable and Transition Business have been developed based on existing regulations and industry standards, according to the environmental, social, sustainable and transition categories.

Environmental	— Taxonomies in force — ICMA Green Bond Principles[2] — LMA/LSTA/APLMA Green Loan Principles[3] — Nationally Determined Contributions (NDCs)
Social	— ICMA Social Bond Principles — LMA/LSTA/APLMA Social Loan Principles — ICMA Sustainability-Linked Bond Principles — LMA/LSTA/APLMA Sustainability-Linked Loan Principles
Sustainable[4]	— ICMA Sustainability-Linked Bond Principles — LMA/LSTA/APLMA Sustainability-Linked Loan Principles — ICMA Sustainability Bond Guidelines — Market standards and industry best practices related to the sustainable customer: B Corp Standard and Benefit Corporations, or SBIC Corporations
Transition	— Taxonomies in force — ICMA Climate Transition Bond Guidelines — ICMA Climate Transition Finance Handbook — LMA/LSTA/APLMA Guide to Transition Loans — CBI White Paper on Financing Credible Transitions[5] — Nationally Determined Contributions (NDCs)[6]

(2) This refers to the acronym of the International Capital Market Association.
(3) This refers to the acronyms of the Loan Market Association, the Loan Syndications and Trading Association, and the Asia Pacific Loan Market Association, respectively.
(4) For BBVA, something is sustainable if it combines environmental and social elements.
(5) This refers to the acronym of the Climate Bonds Initiative.
(6) DNV notes that Principle 1 of "Climate Bonds White Paper, Financing Credible Transitions", by the Climate Bonds Initiative (CBI), implies the need to go beyond Nationally Determined Contributions (NDCs).

2.2. Eligibility Criteria

BBVA's Sustainable and Transition Business includes both financial products, and services provided to customers to give them access to the capital markets. In both cases, they are classified according to their purpose: dedicated or general.

Below is a non-exhaustive list of the products and services eligible for inclusion in BBVA's Sustainable and Transition Business. Further details can be found in Appendix II of this Guide:

A. Mortgage and non-mortgage loans
B. Consumer finance
C. Credit cards
D. Transactional Banking (finance leases, leasing plans, car renting, accounts payable financing, factoring, loans, credit facilities, advance/discount lines, documentary credits, sureties, guarantees, forfaiting, etc.)
E. Investment Banking & Finance (IB&F) structured finance (structured finance, leveraged finance, project finance, etc.)
F. Insurance linked to sustainable activities
G. Placement of third-party bonds
H. CO_2 emission allowances purchased at public auction in the EU

CHANNELING SUSTAINABLE AND TRANSITION BUSINESS OF FINANCING PRODUCTS AND CAPITAL MARKETS

A. Dedicated **Purpose**

A.1. **Use of Proceeds**

Sustainable

Environmental

Climate change
Activities with the potential to contribute to climate change mitigation and/or adaptation

Natural Capital
Environmental conservation activities and sustainable management of resources and ecosystems

Social

Activities aimed at reducing social vulnerabilities and promoting tangible improvements in the well-being of the general population. They generate positive social impact, promoting better living conditions and opportunities for beneficiaries

Transition

Activities or technologies that, while not considered green, contribute to a significant reduction in greenhouse gas emissions and are part of credible sectoral decarbonization pathways.

These are particularly applicable in sectors that are difficult to decarbonize or hard to abate, where there are no technically or economically viable low- or zero-emission alternatives

B. General **Purpose**

B.1. **KPI-linked**

Sustainability KPI-linked

Transactions evaluated based on sustainability KPIs that assess their environmental or social impact

Transition KPI-linked

Transactions assessed using KPIs that demonstrate measurable progress toward climate or decarbonization objectives, aligned with the customer's transition strategy

B.2. By **customer sustainability characteristics**

Alignment of their activity

"Pure player" customers are those with a 100% level of alignment.

Similarly, customers whose activities align 75 to 100%[7] with environmental and/or social activities are considered

Certification

Customers with B Corp certification or Benefit Corporations (SBIC)

Social Customer

Customers considered social by nature. This includes vulnerable low-income customers, entrepreneurs, micro-businesses, inclusive SMEs, social enterprises, and foundations, as defined by experts

By internal evaluation

Sustainable customers assessed using internal tools that measure their level of commitment to sustainability, based on best practices in their respective sectors

(7) In these cases, only the percentage of revenue corresponding to the alignment percentage shall be computed.

A. Dedicated purpose

A Sustainable and Transition Business with a dedicated purpose is one where the proceeds are used to fully or partly support the environmental, social, and/or transition activities detailed in Annex I of this document[8,9].

A.1. Use of proceeds

Products may be considered **sustainable based on the use of proceeds**, provided they are used wholly or partially for green and/or social activities in accordance with applicable regulations and BBVA's internal standards.

Products may be considered **transition based on the use of proceeds** as long as they are fully or partially allocated to transition activities[10].

EU Emission Allowances acquired by BBVA at auction under the Emissions Trading Scheme Directive are also considered, where the proceeds are allocated by the Member State to the sustainable purposes provided for in that Directive.

(8) DNV notes that these are activities that bring clear environmental and social benefits, in line with the ICMA and LMA Green and Social Bonds and Loans Principles.
(9) DNV notes that transition activities are those that contribute to avoided, reduced, or eliminated GHG emissions in high-emission sectors, in line with the ICMA and LMA Transition Bond and Loan Guidelines.
(10) Environmental, social, and/or transition activities may encompass assets, investments, and capital and/or operating expenditures—such as CapEx, OpEx, and R&D—financing both entire projects and specific components that are aligned with the criteria established for these activities.

B. General purpose

A general-purpose sustainable and transition business is one whose funds have no specific use but promote a positive impact in terms of sustainability. In this case, there are two modalities:

2.1. KPIs-linked solutions[11]

- **KPI-linked solutions,** inspired by the ICMA and LMA Principles for Sustainability-Linked Bonds and Loans and their application guidelines, which may be applied taking into account proportionality criteria according to the size of the company. Additionally, solutions are included based on the classification of our customers' value chains. These cover both upstream (Supply Chain Finance) and downstream (Sustainability-Linked Factoring) aspects. The inclusion depends on their sustainability performance according to various criteria.
- **Transition-linked KPI solutions,** inspired by the ICMA/LMA Transition Guidelines, which specifically must support the customer's transition strategy by identifying KPIs that support emission reduction and ambitious targets that exceed business-as-usual trajectories and regulatory requirements.

2.2. By the customer's sustainable characteristics

- "Pure player" customers, with 100% alignment of their activities with the environmental and/or social activities described in Annex I of this document[12], and customers with an alignment level between 75% and 100%, for whom only the revenue proportion corresponding to the alignment percentage will be counted.
- Customers with B Corp certification and Benefit Corporations (SBIC).
- Social customers by nature: financial inclusion customers; entrepreneurs, micro businesses and vulnerable SMEs; social entities and businesses, defined according to expert criteria.
- Customers whose sustainability practices are evaluated based on recognized standards in their sector.

The proceeds have no specific use but promote a positive impact in terms of sustainability.

(11) DNV notes that, in line with the ICMA and LMA Sustainability-Linked Bond and Loan Principles, sustainability indicators need to be ambitious at a level well above a business-as-usual trajectory, considering one's own performance, that of industry peers and the best available techniques and practices, based on science.
(12) DNV observes that the best market practices are in line with considering alignment as "pure player" companies with more than 90% of their business with eligible activities.

3. Financing Restrictions

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

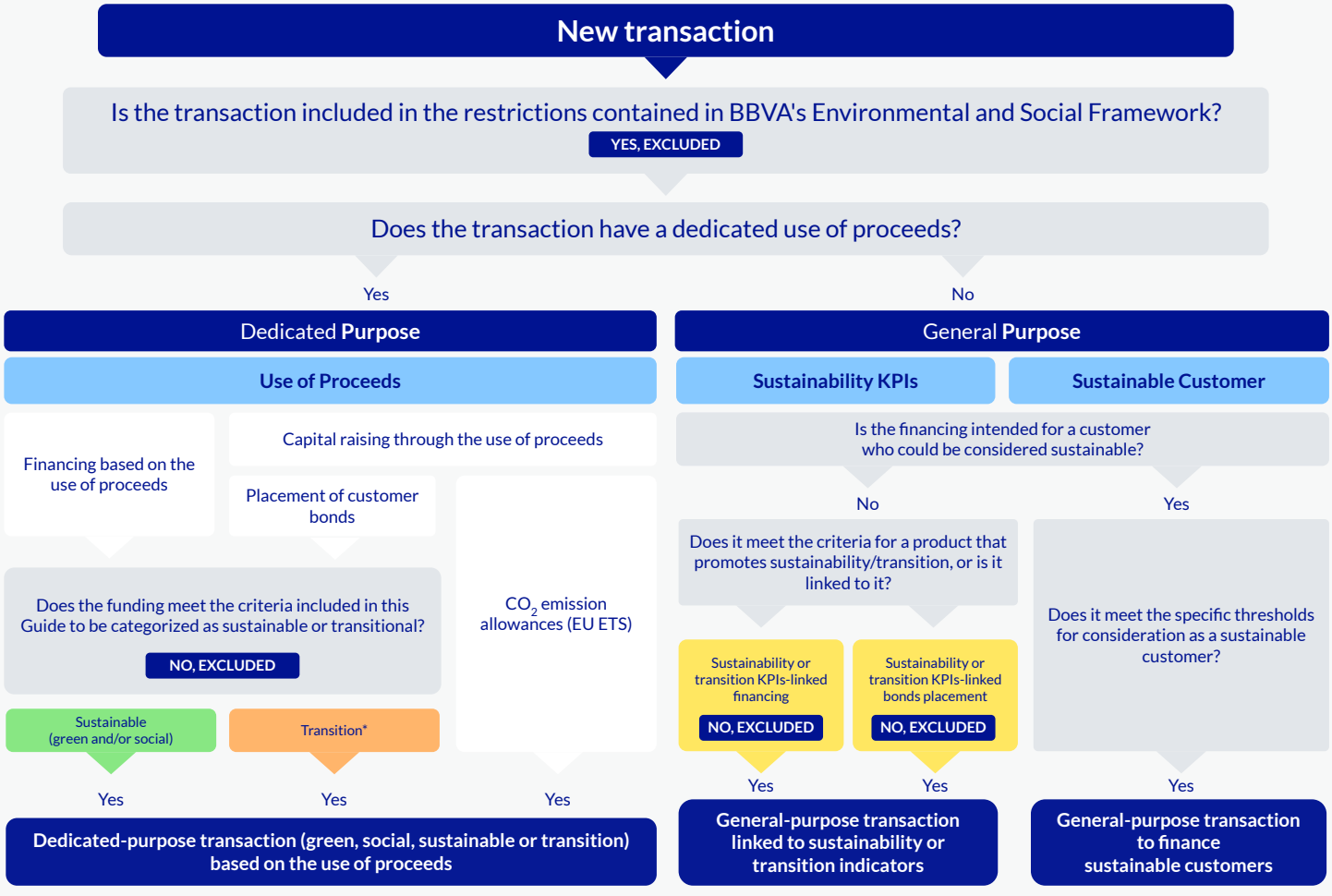
That is why BBVA has identified in its Environmental and Social Framework, available on the bank's corporate website, a series of activities and sectors that, although they contribute to economic growth, progress and people's well-being, can also have a high environmental and/or social impact.

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

4. Governance Model

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

In addition, each of the geographies has local specialists responsible for the validation and/or structuring of Sustainable and Transition Business, according to the aforementioned criteria. Once validated as sustainable or transition, these transactions are recorded as BBVA's Sustainable and Transition Business Channeling. The decision tree below summarizes the process used by the entity to identify sustainable and transition deals.



**For transition operations, the analysis process includes a customized review (ad hoc) to assess their alignment with the customer's transition strategy.*[13]

Additionally, the evaluation and selection of projects take the following factors into account:

- The alignment of the project with sectoral trajectories or taxonomies;
- The prioritization of technically and economically viable low-carbon solutions in the local context (Best Available Technology)
- Environmental and social risk analysis that avoids negative impacts (including Just Transition considerations)
- Avoid the risk of carbon lock-in.

(13) DNV notes that, in order to better ensure the credibility of a climate transition instrument, additional safeguards may be required when climate transition projects are related to activities or assets that use fossil fuels, as indicated in ICMA's Climate Transition Bonds Guideline (CTBG).

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Annex I

Eligible activities

Eligible activities

This section describes, in a summarized manner, the activities contained in BBVA's Internal Standard for Sustainable and Transition Activities . This Standard is used to analyze the assessment of sustainable and transition business based on the use of proceeds.

Categories of Environmental Activities

Climate Change

EU Taxonomy Objectives
- Climate Change Mitigation
- Adaptation to Climate Change

Renewable energies	Activities related to the production and transmission of electricity from renewable sources.
Low-emission energies	Activities related to the generation and storage of low-emission energy.
Energy efficiency	Activities related to the optimal use of energy in goods, products and services.
Clean transport	Activities related to vehicles, freight transport and low-carbon or low-emission urban transport.
Low-emission buildings	Construction and acquisition of energy-efficient buildings.
Adaptation	Projects that minimize the impact of climate change and increase resilience in society.

Natural Capital

EU Taxonomy Objectives
- Sustainable use of water resources
- Protecting biodiversity
- Pollution prevention and control
- Circular Economy

Sustainable water and wastewater management	Activities related to the various types of infrastructures for the correct sustainable management of water and wastewater.
Terrestrial and aquatic biodiversity	Projects to properly maintain ecosystems and achieve co-benefits from them.
Sustainable management of natural resources and land use	Activities for the proper management of forestry and the promotion of livestock, agriculture and sustainable fishing.
Pollution prevention and control	Activities to reduce pollution, GHG emissions and promote sustainability through clean manufacturing, carbon capture and waste management.
Circular Economy	Processes that are related to circular services or activities that include recyclable and reconditioned materials.

Social Activities Categories

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

Categories of Sustainable Activities

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

Categories of Transition Activities

Transition activities are those that, without being "green" solutions with zero or very low emissions, are relevant to the decarbonization of emission-intensive sectors. Transition activities or technologies are linked to specific sectors, so the listing follows a structure based on eligible sectors in transition.

Environmental activities

This section presents the list of environmental activities eligible for an operation to be considered sustainable due to its contribution to the environment. These activities have been organized according to the categories of green projects described in the Green Bond Principles by ICMA and the Green Loan Principles by LMA, respectively.

For BBVA, environmental activities are those initiatives, projects or lines of business that demonstrably contribute to the mitigation and adaptation to climate change, the sustainable use and protection of water and marine resources, the protection and restoration of biodiversity and ecosystems, the prevention and control of pollution and the transition to the circular economy.

BBVA organizes environmental activities into two strategic dimensions

Climate change

Natural capital

These activities are identified based on the European Union Taxonomy[14], with particular emphasis on its substantial contribution criterion. This approach also considers the best regulatory and market practices.

In order to facilitate their application and methodological coherence, BBVA organizes environmental activities into two strategic dimensions:

1. Climate change, which includes activities aimed at mitigating climate change, reducing GHG emissions, and adapting to its impacts. It also encourages the creation of infrastructure that can withstand climate-related challenges.
2. Natural capital, which integrates activities related to the sustainable use and protection of water and marine resources; the protection and restoration of biodiversity and ecosystems, the prevention and control of pollution, and the transition to the circular economy.

Likewise, the relevant Sustainable Development Goals (SDGs) in each subcategory are identified, highlighting the main contribution of each activity to the 2030 Agenda.

(14) DNV notes that alignment with EU taxonomic regulation to qualify as an environmentally sustainable activity includes the following Conditions:
1. Substantial contribution to at least one of the environmental objectives.
2. Not cause significant harm to any of the other five environmental objectives.
3. Compliance with minimum safeguards.
4. Complying with the technical screening criteria set out in the Taxonomy Delegated Acts.

Renewable energies

Climate change

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

Renewable electricity production 	– Production of electricity from renewable energy derived from any of the following technologies:
	  – Photovoltaic solar energy
	  – Concentrated Solar Power (CSP)
	  – Wind energy
	  – Ocean energy
	  – Geothermal energy when lifecycle GHG emissions are less than 100 g CO_2e/kWh
	  – Hydroelectric power when the electricity generation capacity is greater than 5 W/m^2 or the life cycle GHG emissions are less than 100 g CO_2e/kWh
	  – Bioenergy combustion (biomass, biogas and biofuels)[15]
	  – From gaseous and liquid fuels from non-fossil renewable sources

(15) Where the greenhouse gas emission saving associated with the use of biomass for electricity and heating/cooling is at least 80% based on the methodology of savings and the fossil fuel comparator set out in Annex VI of Directive (EU) 2018/2001 and 65% for biofuels for transport in relation to the GHG reduction methodology and the corresponding fossil fuel reference set out in Annex V of Directive (EU) 2018/2001, for which a life cycle analysis is needed. Compliance with ISO 13065 allows you to prove this.

Climate change

Subcategory and SDGs	Eligible environmental activities

Power Transfer Systems 	– Manufacture, installation and maintenance of high, medium and low voltage electrical equipment for the transmission and distribution of electricity.
	– Construction and operation of electricity transmission systems for the transport or distribution of electricity. This may include one of the following facilities, among others:
	  – Construction and operation or expansion of the existing direct connection, with an average emissions factor of less than 100 g CO_2e/kWh measured on a life cycle basis to a substation or network[16].
	  – Construction and operation of electric vehicle (EV) charging stations and supporting electrical infrastructure for the electrification of transportation.
	  – Construction, installation, and operation of equipment and infrastructure where the primary objective is an increase in the generation or use of renewable electricity.
	  – Installation of equipment to increase the monitoring and control of the electricity system and to enable the development and integration of renewable energy sources.
	  – Installation of equipment to transfer information to users so that they can act remotely on consumption, including customer data centers.
	  – Interconnectors between transfer systems as long as one of the systems is eligible.

Low-emission energies[17]

Climate change

Subcategory and SDGs	Eligible environmental activities
Processes related to gaseous fossil fuels 	– Conversion, reconversion or renewal of natural gas networks to make them compatible with the transport of hydrogen and other low-carbon gases. – Construction and operation of networks for the transportation and distribution of hydrogen or other low-carbon gases. – Construction or operation of electricity generation facilities from gaseous fossil fuels, when life-cycle GHG emissions are less than 100 g CO_2e/kWh.

(16) Calculated as the total annual emissions from power generation divided by the total annual net electricity production in that system.
(17) DNV notes that in general, the construction or operation of facilities for the generation of electricity from gaseous fossil fuels or nuclear energy is not eligible under the ICMA and LMA Principles.

Climate change

Subcategory and SDGs	Eligible environmental activities
Processes related to nuclear energy 	– Research, development, testing and implementation of advanced technologies aimed at reducing waste from new nuclear power plants. – Safe construction and operation of new nuclear power plants for the generation of electricity or heat, including hydrogen production, using the best available technologies, when life-cycle GHG emissions are less than 100 g CO_2e/kWh. – Operation of existing nuclear power plants for the generation of electricity from nuclear energy and modification of existing nuclear power plants to extend their useful life.

Hydrogen-related technologies 	– Manufacture of equipment for the production and use of hydrogen, manufacture of hydrogen and synthetic fuels from hydrogen and operation of hydrogen storage facilities, provided that the hydrogen and synthetic fuels meet the following thresholds:
	  – The process of manufacturing or obtaining hydrogen must have emissions of less than 3 tCO_2e/tH2.
	  – In the manufacturing process of synthetic fuels derived from hydrogen, it is necessary to achieve a reduction in GHG emissions of at least 70% throughout their life cycle, compared to a standard fossil fuel, whose impact is estimated at 94 g CO_2e/MJ.
	– Development of new infrastructures to store hydrogen and adaptation of existing underground gas storage facilities so that they can store hydrogen.

Energy efficiency

Climate change

Subcategory and SDGs	Eligible environmental activities
Energy Storage 	– Construction and operation of electricity storage, including pumped storage ofhydroelectric energy, and of facilities that store thermal energy, including underground thermal energy storage (UTES) or thermal energy storage in aquifers (ATES). – Manufacture of cells, batteries and rechargeable accumulators for transport, stationary energy storage and industrial applications, including the production of components such as active materials, cells, housings and electronic components, as well as the recycling of these products at the end of their useful life.

Climate change

Subcategory and SDGs	Eligible environmental activities

Heating or cooling services 	– Installation and operation of electric heat pumps that meet the following two criteria:
	  – Refrigerant threshold: The global warming potential is not higher than 675.
	  – The energy efficiency requirements set out in the implementing regulations of Ecodesign Directive 2009/125/EC applicable to energy-related products are met.
	– Construction, renewal and operation of pipes and associated infrastructure for the distribution of heating and cooling.
	– Construction and operation of combined heat, cold and power cogeneration plants using various means:
	  – Solar Energy
	  – Geothermal energy when lifecycle GHG emissions are less than 100 g CO_2e/kWh
	  – Bioenergy, through the combustion of biomass, biogas or bioliquids, under certain criteria[18]
	  – From gaseous and liquid fuels from non-fossil renewable sources, under certain criteria[19]
	  – From gaseous fossil fuels[20]
	  – From residual heat[21]
	– Production of heat/cold from solar thermal heating, geothermal energy, gaseous and liquid fuels from non-fossil renewable sources, waste heat, bioenergy and/or gaseous fossil fuels, in efficient district heating and cooling systems.

(18) An urban system using at least 50% renewable energy, 50% waste heat, 75% cogenerated heat or 50% of a combination of energy and heat. The reduction in greenhouse gas emissions from the use of biomass in cogeneration facilities is at least 80% relative to the GHG reduction methodology and the reference fossil fuel.
(19) The lifecycle GHG emissions of combined heat/cold from geothermal energy are less than 100 g CO_2e/kWh. During the construction phase, a leak detection and repair program must be implemented or equipment is installed to monitor physical emissions, such as methane leaks. While, during the operation phase, physical methane emissions are monitored, the results obtained are reported, and measures are taken to eliminate identified leaks.
(20) Facilities for which a building permit is granted on December 31, 2030 must comply with requirements such as: demonstrate an improvement in energy efficiency achieving savings of at least 10 % in primary energy. The direct GHG emissions of the activity are less than 270 g CO_2e/kWh of output energy. The substitution results in a reduction of at least 55% in GHG emissions per kWh of output energy, among other requirements.
(21) The activity carries out the cogeneration of heat/cold and energy using waste heat.

Climate change

Subcategory and SDGs	Eligible environmental activities

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

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

Climate change

Subcategory and SDGs	Eligible environmental activities

Manufacture, repair and maintenance of means of mobility and transport and their components 	– Production of biogas or biofuels for transport and production of bioliquids, when the agricultural biomass used is of second or third generation or has certain certificates[22] and the reduction in GHG emissions is at least 65% in relation to the corresponding reference fossil fuel.
	– Manufacture, repair, maintenance, renovation, reconversion and modernization of mobility components for zero-emission personal mobility devices.
	– Manufacture, repair, maintenance, renovation, conversion and modernization of zero-emission vehicles, rolling stock and transport vessels.
	– Manufacture, installation, technical consultancy, renovation, modernization, repair, maintenance and conversion of products, equipment, systems and software related to the railroad components of zero-emission trains, passenger and freight cars.
	– Renovation and modernization of vessels for the transportation of goods or passengers by sea, coastal waters or inland waterways, and of vessels necessary for port operations and auxiliary activities, when these are not intended for the transportation of fossil fuels, and the renovation reduces fuel consumption by at least 10%[23].
	– Manufacture, repair, maintenance, reuse and energy efficiency measures applied to aviation activity when the manufacture of the aircraft meets one of the following criteria, and is not intended for the transport or storage of fossil fuels:
	  – Aircraft with zero direct CO_2 emissions.
	  – Aircraft that are certified to operate with a blend of 100% sustainable aviation fuels.
	  – The aircraft manufacturer provides a declaration certifying that the aircraft meets the requirements of ICAO requirements[24].

(22) Certifications: SURE, 2BSvs, ISCC EU, Better Biomass, KZR INiG, Bonsucro EU, RSB EU RED, REDcert, RTRS EU RED, Red Tractor, UFAS, SQC, SBP, TASCC.
(23) Vessels that use green ammonia as fuel, bio and synthetic LNG, synthetic methanol or bioethanol, hydrogen cells or electric batteries shall also be considered sustainable.
(24) International Civil Aviation Organization (ICAO).

Climate change

Subcategory and SDGs	Eligible environmental activities

Access to mobility and transportation products 	– Acquisition, financing, leasing, rental, operation and sale of low-emission road transport and passenger vehicles, including:
	  – Urban and suburban passenger transport and road passenger transport with zero direct CO_2 emissions[25].
	  – Transport of devices for personal mobility, such as the bicycle, where propulsion comes from the user's physical activity, from a zero-emission engine, or from a mixture of physical activity and a zero-emission motor.
	  – Transport of passenger cars and light commercial vehicles with zero emissions from 2026, and emissions of less than 50 g CO_2/km[26].
	  – Transport of zero-emission motorcycles[27].
	  – Road freight transport services[28].
	– Acquisition, financing, leasing, rental, operation and sale of low-carbon or low-emission transport of passengers and/or goods by rail, inland waterway and airways, including:
	  – Passenger transport by inland waterways .
	  – Transport of goods by inland waterways .
	  – Interurban transport of passengers and goods by rail.
	  – Maritime transport of passengers and goods.
	  – Transport of passengers and goods through aircraft.

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

(25) Vehicles classified in categories M2 or M3, such as buses, minibuses and coaches.
(26) Vehicles classified in categories M1 and N1, such as passenger cars and light vans.
(27) Vehicles classified in category L, which includes light two-, three- or four-wheeled motor vehicles, such as motorcycles.
(28) Vehicles classified in categories N2 and N3, including medium and heavy vehicles designed for the transport of goods.

Low-emission buildings

Climate change

Subcategory and SDGs	Eligible environmental activities
Energy efficient buildings	– Construction of energy-efficient buildings, residential and non-residential, in which the primary energy demand is at least 10% lower than the threshold set for the requirements of nearly zero-consumption buildings. They must be certified by a third party such as LEED[29] (+silver) or BREEAM[30] (+good), among others. – Acquisition and ownership of residential and non-residential energy-efficient buildings, with the corresponding energy efficiency certificate depending on the geography.

(29) LEED (Leadership in Energy and Environmental Design) certification is a sustainable building rating system that assesses aspects such as efficient energy use, water management, indoor environmental quality, use of sustainable materials and design innovation.
(30) The BREEAM (Building Research Establishment Environmental Assessment Method) certification is a sustainability assessment system for buildings based on their environmental performance in various categories, such as resource management, energy, water use, health and well-being, materials, pollution, transport, and ecology.

Adaptation

Climate change

Subcategory and SDGs	Eligible environmental activities
Infrastructure adaptable to climate change 	– Design, development, construction, maintenance and implementation or acquisition of infrastructure designed to increase resilience to climate risks in different areas, such as the following, and associated examples: – Resilient infrastructure: Elevated and permeable roads. – Resilient food systems: Drip irrigation systems. – Resilient cities: Urban flood parks. – Resilient health systems: Modular and self-sufficient hospitals. – Resilient natural systems: Restoration of mangroves and wetlands. – Resilient industry and commerce: Industrial zones with climate-resistant infrastructure.
Insurance and reinsurance 	– Coverage of climate-related risks, including medical insurance, income protection, workplace accident insurance, civil liability insurance, among others, as a consequence of climatic phenomena.
Research, training, consultancy and awareness-raising 	– Research, development and application of solutions, processes, technologies, business models and products focused on adaptation to climate change. – Consultancy services for the management of and adaptation to physical climate risks. – Training and awareness-raising tasks focused on implementing measures related to climate risks.
Data-driven solutions for climate risk and natural disaster management 	– Development and application of advanced software, technology and data analytics to monitor, anticipate, assess and respond to climate-related risks, such as: – Early warning systems for storms, hurricanes, and wildfires. – Climate observation networks that collect data on temperature, precipitation, and extreme events. – Smart sensors and satellites to analyze changes in sea level, air quality, and soil degradation.

Sustainable water and wastewater management

Natural Capital

Subcategory and SDGs	Eligible environmental activities
Sustainable water management 	– Construction, expansion, operation and renovation of water collection, treatment and supply systems for the supply of water for human consumption. – Construction, expansion, operation and renovation of facilities for the production of reclaimed water[31], rainwater and stormwater collection facilities, and greywater collection and treatment facilities[32]. – Manufacture, commercialization and acquisition of technologies related to the efficient use of water resources in households. – Manufacture, development, installation, maintenance and/or repair of leak control technologies in water supply systems, such as control valves, pressure control transmitters and flow meters, including technical consultancy for their design and monitoring. – Nature-based solutions for the prevention of floods or periods of drought, including protection against these risks.

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

(31) Reclaimed water is urban wastewater that has undergone further treatment in a reclamation facility in accordance with the requirements established in Directive 91/2717/EEC.
(32) Greywater is untreated wastewater that has not been contaminated by any toilet discharge. Greywater includes wastewater from bathtubs, showers, bathroom sinks, clothes washing and laundry sinks.

Terrestrial and aquatic biodiversity

Natural Capital

Subcategory and SDGs	Eligible environmental activities
Maintaining ecosystems 	– Conservation activities, such as recovery projects aimed at maintaining or improving the conditions and trends of terrestrial, freshwater and marine habitats, ecosystems and populations of related species of fauna and flora. – Decontamination, remediation of soil and groundwater in contaminated areas, including surface water and its shores, clean-up of catastrophes associated with natural or industrial hazards, such as clean-up of oil spills.
Forestry and forest restoration 	– Planting of forests and establishment of forest management plans, using species and methods that avoid inadequate reforestation of sensitive areas. – Forest rehabilitation and restoration, including reforestation and natural forest regeneration following an extreme event.
Sustainable tourism 	– Hotels, holiday resorts, campsites and similar accommodation that contribute to the maintenance of the natural environment through measures for the conservation or recovery of habitats, ecosystems and species.

Sustainable management of natural resources and land use

Natural Capital

Subcategory and SDGs	Eligible environmental activities

Sustainable livestock, agriculture and fisheries 	– Sustainable agricultural, livestock and poultry practices with prestigious organic production seals, including the production and marketing of organic products.
	– Financing of sustainable agricultural projects such as, among others:
	  – Energy efficiency technologies in farms or agricultural companies or those linked to the food industry.
	  – Replacement of surface irrigation systems with drip irrigation.
	  – No-till technologies, such as machinery necessary for the establishment of islands of biodiversity in pastures or cropland.
	  – Machinery linked to precision agriculture.
	  – Solar and/or sustainable greenhouses .
	  – Controlled and sustainable use of pesticides and fertilizers.
	– Installation of solar panels on agricultural land, known as agrivoltaics.
	– Sustainable practices in the fishing industry and aquaculture, such as small-scale fishing close to the coast and fishing/aquaculture with the following seals[33], among others:
	  – MSC (Marine Stewardship Council)/ASC (Aquaculture Stewardship Council), or alignment projects with these seals
	  – Friends of the Sea for fisheries and aquaculture
	  – Naturland Aquaculture

Pollution prevention and control

Natural Capital

Subcategory and SDGs	Eligible environmental activities
Manufacture of goods and low-pollution chemical compounds 	– Manufacture of medicines, active substances or active pharmaceutical ingredients, following best practices regarding the emission of pollutants. – Manufacture of inorganic or organic chemical compounds, with specific limits on GHG emissions and net energy consumption, including, among others, chlorine, disodium carbonate or ammonia. – Manufacture of plastics in primary forms from mechanical or chemical recycling or from renewable raw materials. – Manufacture of metals, such as iron, steel and aluminum, respecting specific thresholds of GHG emissions per ton of product. – Manufacture of electrical and electronic equipment designed following circular practices.

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

Natural Capital

Subcategory and SDGs	Eligible environmental activities

Carbon Capture and use storage (CCUS) 	– Transport, construction and operation of captured CO_2 gas pipelines, provided that thresholds are met such as:
	  – Adequate leak detection systems are applied, and a monitoring plan is in place.
	  – The management of an existing network is improved.
	– CO_2 storage provided that:
	  – The complex is evaluated to determine whether the geological formation is suitable for a storage site in accordance with Directive 2009/31/EC, on the geological storage of CO_2[34].
	  – A monitoring plan for the injection facilities, the storage complex and, where appropriate, the surrounding environment is in place, with regular reports monitored by the national competent authority.
	– Development or use of ICT (Information and Communication Technologies) solutions for the collection, transmission and storage of data, as well as for its modeling and use, when these activities are primarily intended to provide data and analysis to reduce GHG emissions.
	– Research and development of solutions, processes or technologies aimed at reducing, avoiding or eliminating GHG emissions, or the direct capture of CO_2 from the atmosphere.

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

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

Circular Economy

Natural Capital

Subcategory and SDGs	Eligible environmental activities
Eco-design and other circular consumption models 	– Manufacture and marketing of textile products in accordance with circular design certificates, such as Ecolabel, Cradle to Cradle, and others, and financing of the sustainable production of materials and products following best practices such as the use of low-polluting materials or waste reduction techniques, among others. – Manufacturing, developing, installing, maintaining, and supplying data-driven IT/OT solutions for process optimization. – Funding aimed at making it easier for customers to access products through usage-oriented service models: – The customer is allowed to access and use the products, while ensuring that ownership remains with the company providing this service.
Repair, reuse and recycling of materials/products 	– **Repair, renewal, remanufacturing and marketing of goods that have been used** before, with the aim of converting them into second-hand goods and extending their useful life, including the sale of spare parts. – Preparation of products or their components that have become waste so that they can be reused. – Development and operation of platforms that connect buyers and sellers for trade, including both the sale and exchange of second-hand products, materials or components for reuse.

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

Social activities

This section establishes the list of eligible activities to be identified and classified as social activities for their contribution to social development. These activities have been grouped taking as a reference the categories of social projects provided for in the Social Bond Principles and in the Social Loan Principles of ICMA and LMA, respectively.

For social activities, it is important not only to ensure that the use of proceeds is eligible but also to consider the target population. The financing should positively impact this group by improving their living conditions.

The target populations linked to the eligible social activities considered by BBVA are the following:

1. General population, provided that the service or activity is accessible and affordable.
2. Population without access to essential services.
3. Cross-cutting vulnerable populations, including the following groups:
   - Population with lower-middle income
   - Low-income population/below the poverty line
   - Micro and small enterprises
   - Groups at risk of social exclusion (for ethnic, religious reasons, etc.)
   - People with dependency and/or disability
   - Migrants, refugees and/or displaced persons
   - People with a low level of education
   - Unemployed people
   - Informal workers
   - Female
   - Sexual minorities
   - Youth
   - Older adults
   - Rural economies and small producers (agro)
   - People and their families affected by serious health problems
   - Children at risk
   - People affected by natural disasters or social crises
   - Other vulnerable groups

The definition of the above groups is adapted to the local context of each of the geographies in which the Group is present.

Basic infrastructure

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Basic infrastructure 	– Activities to promote social mobility, communication and digitalization in geographically underprivileged areas, especially telecommunications infrastructure or infrastructure related to public or private road or collective transportation. – Construction of bridges, roads, tunnels, footbridges or highways intended to facilitate accessibility for underprivileged groups, as long as they do not have an impact on protected territory or violate the rights of indigenous peoples. – Development of minimum facilities for energy supply, lighting, water, sewage and sanitation infrastructures, reservoirs and dams, to favor access to basic services for the underprivileged.	– Population without access to essential services[35]
Other basic infrastructure 	– Promotion of cultural spaces[36], related to disciplines such as cinema, theatre, music, literature and painting, among others, in disadvantaged areas. – Development of community sports facilities, in schools, universities or public spaces, or funding for sports equipment to support such spaces. – Construction of infrastructure related to food supply, including central markets and commodity distribution centers.	– General population[37] – Population without access to essential services

(35) A population without access to essential services is defined as populations residing in low-, lower-middle-, and upper-middle-income countries, as classified by the World Bank, as well as populations in high-income countries that are officially designated as disadvantaged areas or are located in obsolete, underserved, or critical sectors.
(36) Arts and cultural activities are not considered eligible for collateral for bonds and other debt instruments that may be issued under the Sustainable Debt Financing Framework.
(37) The general public is defined as the population of countries with low, lower-middle, upper-middle, or high income, as classified by the World Bank.

Access to essential services

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Health services and their infrastructures 	– Research on medicines, technologies, equipment and treatments aimed at health. – Construction and/or renovation of facilities such as hospitals, laboratories, health centers, and non-clinical support services – Activities related to the production, distribution, and marketing of medical equipment used in the treatment of diseases recognized by the WHO. – Production, distribution, and marketing of medicines, technologies, and treatments for diseases recognized by the WHO, as well as generic and biosimilar medicines. – Acquisition of health products or medical treatments such as medical and diagnostic equipment, treatments aimed at rehabilitation among other things.	– General population
Education services and their infrastructures 	– Construction and/or refurbishment of educational facilities and their equipment, such as nurseries, schools, institutes and universities. – Manufacture and sale of furniture, equipment, and specialized materials to equip educational centers for their operation. – Funding to promote access to education for individuals and to purchase school supplies.	– General population

Access to essential services

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Transportation products and services 	– Services that promote mobility for individuals through the purchase of general vehicles or payment of travel passes.	– Cross-cutting vulnerable populations
Disaster Support 	– Financing for asset-based products to any legal person or public administration affected by a situation of natural disaster, crisis or emergency.	– General population
Services with a social purpose and their infrastructures 	– **Refurbishment or construction of facilities** intended to support vulnerable groups such as migrants, the homeless, soup kitchens, nursing homes, reception centers, food banks, nurseries, etc. – Purchase of necessary equipment in public or private facilities for the care of vulnerable groups.	– Cross-cutting vulnerable populations

Access to financial services and financial inclusion

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Financial inclusion 	– Advances to encourage the resolution of everyday economic and financial problems related to food, payment of essential services (water, electricity, gas) or any other type of service or product related to the inclusive development of society: – Advance remittances and transfers for food, rent and services. – Payroll advances to pay for essential services. – Advance on third-party grants. – Products or services that allow access to the financial system for the collection of subsidies. – Insurance aimed at individuals with low incomes or other vulnerabilities related to health and employment, such as insurance for medical expenses, work accidents, illness, housing, income protection, etc. – Financing intermediary companies or microfinance institutions that in turn provide financial support to vulnerable groups	– Cross-cutting vulnerable populations – General population

Affordable Housing

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Affordable Housing 	– Financing intended for the purchase or construction of a first home, renovation of the primary residence or payment of rent, for those who meet the required vulnerability or geographical thresholds.	– Cross-cutting vulnerable populations
Accessible housing 	– Purchase, rental, adaptation or construction of buildings accessible to people with functional diversity. Residents' associations, property owners or property administrations may be recipients of the operation.	– Cross-cutting vulnerable populations

Job creation and unemployment prevention

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Strengthening quality employment 	– Financing that facilitates access to products or services that promote quality employment and inclusive and dignified workplaces : – Purchase of ergonomic products that improve the quality of work in offices or administrative environments. – Purchase of equipment that increases the safety of workers in physical environments, such as helmets, reflective vests, harnesses, etc. – Training programs or equipment for professional development, including continuing education, courses, and certifications. – Projects and programs aimed at developing and promoting female talent and diversity in the workplace. – Services and equipment that facilitate work-life balance, such as tools for flexible working, teleworking, leave and co-responsibility measures. – Initiatives that guarantee occupational health and safety, including risk prevention, physical and mental well-being programs, and psychological assistance. – Purchase of products or implementation of policies that ensure fair compensation and additional benefits, such as insurance or transportation for employees.	– General population

Food security and sustainable food systems

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Improving the productivity of small producers 	– Improvement of the productivity of small producers through the financing of agricultural projects channeled through intermediaries or business programs. These projects seek to strengthen cultivation techniques, improve access to inputs and technologies, promote the sustainability of agricultural activities and improve the quality of life of small producers.	– Small-scale agro-social producer

Activities channeled through development banks and multilateral institutions

Social activities

Subcategory and SDGs	Eligible Social Activities	Target population
Development banks and multilateral institutions 	– Financial and technical support from development banks and multilateral organizations to promote sustainable and inclusive development. This support makes it possible to carry out projects that enhance essential infrastructure. It also promotes innovation and climate resilience while fostering greater equity. – Resource mobilization and institutional strengthening through the role of these entities as reliable intermediaries that provide knowledge, technical assistance and financing in sectors such as education, health and clean energy. Its intervention seeks to reduce inequalities and improve local capacities with lasting impacts.	– Cross-cutting vulnerable populations

Transition activities

This section outlines the activities recognized as transition[38, 39] efforts at BBVA.

These activities are determined through an internally developed methodology that enables the assessment of which activities and technologies make a material contribution to the decarbonisation of carbon-intensive sectors. This methodology is grounded in leading, widely recognised industry standards, including:

- Science-based sectoral decarbonisation frameworks (including sector-specific pathways, technology roadmaps and scenarios aligned with a 1.5°C temperature outcome), such as those developed by the Climate Bonds Initiative (CBI), the International Energy Agency (IEA), the World Economic Forum (WEF), the Mission Possible Partnership (MPP), the Science Based Targets initiative (SBTi), as well as relevant McKinsey sectoral analyses.
- Transition activities and technologies as defined under prevailing sustainability taxonomies, in particular the European Union Taxonomy.

The methodology for the identification of transition activities through the use of proceeds is structured in three phases:

1. Identification of carbon-intensive sectors[40]

The sectors with the highest emissions associated with their production processes, known as high-emitting or hard-to-abate, are selected. This identification is based on international guides and references and includes activities such as heavy industry, energy, transport, agriculture or mining.

Cement	Cars	Aluminum
Oil	Maritime	Steel
Natural Gas	Real Estate	Aviation
Electricity	Mining	Nuclear
Agriculture	Chemicals	Pulp & Paper
Thermal Coal	Road transport	TICs

(38) DNV notes that a core component of frameworks for climate transition activities is alignment with an entity-level transition strategy, as set out in the LMA Guide to Transition Loans, the ICMA Climate Transition Bonds Handbook (CTBG), and the ICMA Climate Transition Finance Handbook.
(39) DNV notes that the ICMA Climate Transition Bonds Guidelines (CTBG) recommend that each issuer of financial instruments documents a Framework justifying how it determines, evaluates, and selects activities considered eligible, aligned with its corporate climate transition strategy.
(40) DNV notes that carbon-intensive sectors have been selected based on a proprietary methodology that includes the systematic analysis of international guides and references, including among others the World Economic Forum (WEF), Mission Possible Partnership (MPP), Climate Bonds Initiative (CBI), International Energy Agency (IEA), and the Science Based Targets initiative (SBTi).

2. Analysis of emissions in the value chain[41]

For each sector, its value chain is analyzed to identify in which processes and subprocesses emissions occur and what their main sources are.

3. Identification of transition activities and technologies[42]

In this phase, both green and transitional technologies that can contribute to reducing emissions from each of the above processes are identified.

In this regard, two categories of transition technologies or activities are distinguished:

- Cross-sector technologies, which are applicable across multiple sectors (for example, CCUS, alternative fuels or the electrification of machinery); and
- Sector-specific technologies, which apply exclusively to a particular sector (for example, clinker factor reduction in cement production or the use of sustainable aviation fuels (SAF) in aviation).

(41) DNV notes that the methodology employed by BBVA for value chain emission analysis includes the systematic identification of sub-processes and their respective emission levels across all stages (upstream, midstream, and downstream) of each sector.
(42) DNV notes that the methodology employed by BBVA to identify transition technologies and activities is based on a systematic analysis of science-based sectoral decarbonization frameworks, as well as a systematic review of international guidelines and benchmarks, including among others the World Economic Forum (WEF), Mission Possible Partnership (MPP), Climate Bonds Initiative (CBI), International Energy Agency (IEA), and the Science Based Targets initiative (SBTi).

Manufacturing

Transition activities

Sector	Eligible Transition Activities
Cement	**Cross-sector technologies** – Electrification of industrial machinery and processes (including mining equipment such as loaders, excavators and haul trucks; crushing and grinding equipment; bagging plants; logistics fleets; and clinker kilns). – Progressive substitution of coal with natural gas (for example, in clinker kilns). – Replacement of fossil fuels with sustainable biofuels in thermal processes and heavy machinery. – Upgrading of thermal processes through the integration of biomass and waste valorisation, designed to enable the progressive deployment of carbon capture systems (BECCS[43]). – Carbon capture, utilisation and storage (CCUS[44]), primarily applied to calcination and combustion processes in kilns. – Use of low-carbon hydrogen (pink, blue or turquoise hydrogen) as an alternative fuel to replace fossil fuels. – Deployment of energy efficiency measures and process optimisation (for example, recovery and utilisation of waste heat from kilns for steam or electricity generation, and improvements in thermal efficiency). – Investments in advanced technologies to enhance operational and energy efficiency (including high-efficiency vertical mills, intelligent process control systems and energy-optimised production). – Recovery, valorisation and recycling of secondary materials to substitute virgin raw materials (including the reuse of construction and demolition waste as inputs). – Incineration or gasification of segregated non-recyclable waste for use as alternative fuel (primarily in cement kilns) **Sector-specific technologies** – Incorporation of supplementary cementitious materials[45](such as ground limestone, calcined clay, slag, fly ash and other SCMs) to lower the clinker intensity of cement production.

(43) Bioenergy with Carbon Capture and Storage (BECCS).
(44) CCUS, including transportation, storage, R&D and demonstration. For underground geological CO_2 storage sites, it is essential to implement suitable leak detection systems to prevent emissions during operation. Additionally, a monitoring plan should be in place for the injection facilities, the storage complex, and, when relevant, the surrounding environment.
(45) Supplemental Cementitious Materials (SCMs) include fly ash, limestone, natural pozzolans, granulated ground blast furnace slag (GGBS), calcined clay, recycled concrete fines from construction and demolition waste, biomass ash, and silica fume.

Manufacturing

Transition activities

Sector	Eligible Transition Activities
Chemicals 	**Cross-sector technologies** – Electrification of machinery (including electric steam crackers and furnaces). – Deployment of energy efficiency measures in production processes (including catalytic technologies). – Operational optimisation measures and thermal energy recovery (including the recovery of waste heat from thermal furnaces to generate steam or electricity). – Monitoring, control and sealing of fugitive emissions and uncontrolled gases (including methane leak detection and repair (LDAR) systems, thermal oxidation technologies and vapour recovery units (VRUs)). – Carbon capture, utilisation and storage (CCUS) (including its application to exhaust gases from pyrolysis furnaces). – Incineration or gasification of segregated non-recyclable waste for use as an alternative fuel. **Sector-specific technologies** – Production of synthetic fuels and derived energy carriers (including e-methanol, e-kerosene, e-diesel, or ammonia as a fuel) from hydrogen[46] and carbon sources that are captured, biogenic, or recycled (including CO_2, CO, biomass, or waste), explicitly excluding hydrogen produced from coal. – Production of low-impact basic chemicals and industrial feedstocks (including ammonia, methanol, or other base chemicals) from hydrogen and/or captured, biogenic, or recycled carbon sources, intended for material use in industrial processes. – Methane pyrolysis for the production of turquoise hydrogen and solid carbon[47]. – Partial substitution of conventional chemicals with bio-based raw materials. – Mechanical recycling of PET and HDPE plastics to produce reusable plastic pellets. – Chemical recycling via pyrolysis or depolymerisation to obtain recycled oils or monomers for the production of new plastics. – Deployment of advanced formulations in coatings and solvents to minimise the release of volatile organic compounds (VOCs).

(46) Use of pink, blue and turquoise hydrogen to produce derivatives and synthetic fuels (i.e. ammonia, liquid organic hydrogen carriers [LOHC]).
(47) Solid carbon such as black carbon or graphite.

Manufacturing

Transition activities

Sector	Eligible Transition Activities

Steel

Cross-sector technologies

- Electrification of industrial machinery and equipment (including auxiliary equipment, transition to electric arc furnaces (EAF), and iron ore extraction equipment).
- Deployment of energy efficiency measures (including iron ore electrolysis, stamped charge technologies, coke dry quenching (CDQ) for thermal recovery in BF–BOF, and the use of hot-briquetted iron (HBI) in DRI–EAF).
- Replacement of fossil fuels with sustainable biofuels in thermal processes and heavy machinery.
- Operational optimisation and thermal energy recovery measures (including waste heat recovery from thermal furnaces for steam or electricity generation, and automated gas injection to improve bath stirring and efficiency).
- Upgrading of thermal processes through the integration of biomass and waste valorisation, designed to enable the progressive deployment of BECCS systems.
- Carbon capture, utilisation and storage (CCUS) (including natural gas-based DRI and blast furnace–basic oxygen furnace (BF–BOF) processes).
- Progressive substitution of coal with natural gas in reduction stages and thermal processes.
- Deployment of low-emission hydrogen (pink, blue, and turquoise) across the value chain (including direct reduced iron (DRI), ore sintering, and partial injection in blast furnaces).
- Deployment of advanced control systems for the reduction of atmospheric emissions (focused on particle and volatile compound capture).

Sector-specific technologies

- Innovation in metallurgical reduction technologies and the modernisation of foundries to enable flexibility and the transition to alternative energy vectors.
- Innovative modernisation of blast furnaces (including coke dry quenching, reuse of process gases for energy generation, and pulverised coal injection (PCI)).
- Valorisation of carbonaceous by-products generated during coal coking in BF–BOF as energy inputs or chemical feedstocks.
- Replacement of BF–BOF blast furnaces with DRI–EAF electric furnaces.
- Recycling of steel scrap and slag in steel production (including use in electric arc furnaces (EAF)).

Manufacturing

Transition activities

Sector	Eligible Transition Activities
Aluminum	**Cross-sector technologies** – Electrification of industrial machinery and equipment (including auxiliary equipment, bauxite extraction machinery, and extrusion systems for shaping and heat treatment). – Deployment of energy efficiency and process waste management (including innovative anode technologies, Bayer process optimization, and improved red mud management). – Operational optimisation and thermal energy recovery measures (including waste heat recovery in refining and thermal furnaces for steam or electricity generation, mechanical vapor recompression (MVR), and thermal oxidation for gas treatment). – Monitoring of carbon and biodiversity in extraction areas (including quantification of biomass removed and ecosystem rehabilitation programs during mining recovery). – Deployment of advanced atmospheric emissions control technologies (focused on thermal oxidation of gases and dust/particle capture via mechanical filters). – Replacement of fossil fuels with sustainable biofuels in thermal processes and heavy machinery. – Upgrading of thermal processes through the integration of biomass and waste valorisation, designed to enable the progressive deployment of BECCS systems. – Carbon capture, utilisation and storage (CCUS) (including in electrolysis plants and smelting processes). – Progressive substitution of coal with natural gas in production stages and thermal processes. – Deployment of low-emission hydrogen (pink, blue, and turquoise) across the value chain (including alumina calcination processes and boilers). **Sector-specific technologies** – Recycling of aluminum scrap for secondary production, reducing reliance on primary aluminum. – Replacement of carbon anodes with inert anodes to eliminate direct CO_2 emissions in primary aluminum production.

Manufacturing

Transition activities

Sector	Eligible Transition Activities
Mining 	**Cross-sector technologies** – Electrification of machinery and mining operations (including auxiliary fleets, drilling, transport, and electric equipment in mineral production). – Operational optimisation measures (including waste heat recovery from thermal furnaces for steam or electricity generation, and digital technologies to reduce earthmoving). – Deployment of advanced atmospheric emissions control technologies in processing plants. – Replacement of fossil fuels with biofuels in heavy machinery. – Heat generation in furnaces using biomass and waste, with the progressive integration of CO_2 capture systems (BECCS). – Deployment of carbon capture, utilisation and storage (CCUS) technologies (including capture systems in processing plants and mineral smelting stages). – Substitution of coal with gas in mineral production (including its use as a transitional fuel in reduction processes and boilers). – Deployment of pink, blue, and turquoise hydrogen in production processes. – Efficient water use technologies (including dry processing, tailings filtration, pipeline loss monitoring, and treatment of contaminated water and acid drainage). **Sector-specific technologies** – Recycling of critical minerals and mineral-based materials (including the recovery of lithium, nickel, and cobalt from batteries, solar panels, and wind turbines for reprocessing). – Advanced mineral sorting and processing technologies (including early-stage separation, leaching of sulfide minerals, and processing of ion-adsorption clays). – Re-mining of tailings and mining residues (including retreatment of waste to recover valuable materials). – Direct lithium extraction (DLE) and lithium iron phosphate (LFP) production (including the use of ion exchange, membranes, and adsorbents from brines without the need for evaporation). – Innovative synthetic graphite production (including its core applications in the automotive industry). – Extraction and processing technologies for rare earth elements (REEs) (including solvent extraction, ion exchange, and advanced separation techniques).

Manufacturing

Transition activities

Sector	Eligible Transition Activities
Maritime 	**Cross-sector technologies** – Electrification of machinery and auxiliary equipment (including both operational transport equipment and component manufacturing). – Deployment of energy efficiency measures in maritime transport (including wind-assist technologies, hull and propeller improvements, and vessel optimisation to enable slow steaming). – Deployment of carbon capture, utilisation, and storage (CCUS/CCU) technologies (including onboard capture systems for vessels operating with methanol or conventional fuels). – Replacement of fossil fuels (excluding heavy fuel oil (HFO), marine diesel oil (MDO), marine gas oil (MGO), and ultra-low sulfur diesel (ULSD)). – Use of biofuels (including bioethanol, biomethanol, and biodiesel in internal combustion engines). – Deployment of pink, blue, and turquoise hydrogen and derivatives (including ammonia and hydrogen-based fuels in propulsion systems and fuel cells). – Dual-fuel propulsion using transitional fuels (LNG/LPG) (including the deployment of supply chains for lower-emission fossil fuels and the use of low-sulfur pilot fuels). – Operational optimisation measures (including digital navigation technologies and hull length optimisation to improve hydrodynamics). **Sector-specific technologies** – Upgrading of existing maritime transport assets (including adaptation of existing engines for the use of ammonia, hydrogen, methanol, and other e-fuels). – Upgrading of existing port infrastructure[48] (including adaptations to enable fuel switching: hydrogen, ammonia, e-fuels, methanol, and charging stations). – Sustainable shipbuilding and technical recycling of materials.

(48) Port infrastructure may include: electrolyzers, cryogenic tanks and specialized tankers, battery charging stations.

Transportation

Transition activities

Sector	Eligible Transition Activities
Aviation 	**Cross-sector technologies** – Electrification of machinery and aircraft (including auxiliary equipment). – Deployment of energy efficiency measures in aviation (including improvements in engine size and weight, tire design, and wing design, e.g., blended wing body (BWB)). – Operational optimisation measures (including optimised flight routes and unmanned traffic management (UTM)). – Use of pink, blue, and turquoise hydrogen and hydrogen-based fuels (including ammonia). – Use of low-carbon and recycled materials (including bio-based resins and carbon fiber). **Sector-specific technologies** – Replacement of fossil fuels with sustainable aviation fuels (SAF) in aircraft (including hydroprocessed esters and fatty acids (HEFA), Power-to-Liquids (PtL)). – Upgrading of existing air transport assets (including adaptation to enable fuel switching: biofuels, carbon-neutral synthetic fuels, and low-carbon propulsion systems-hybrid, turbo-electric, battery-electric, or fuel cell). – Upgrading of existing airport infrastructure (including adaptations to enable fuel switching, e.g., biofuels, carbon-neutral synthetic fuels, and charging stations).

Transportation

Transition activities

Sector	Eligible Transition Activities
Automobiles[49]	**Cross-sector technologies** – Electrification of machinery and associated equipment in the automotive sector (including auxiliary and operational support equipment). – Deployment of energy efficiency measures in vehicles and processes (including tire design and improvements in battery energy density). – Application of operational optimisation measures (including optimised routes, coordinated vehicles (platooning), and operational efficiency during WLTP testing for light vehicles). – Replacement of conventional fossil fuels in automobiles (excluding conventional gasoline, conventional diesel, and fossil-based LNG). – Use of biofuels in automobiles (including partial or full replacement of conventional fossil fuels). – Use of pink, blue, and turquoise hydrogen in fuel cell vehicles (including light- and heavy-duty mobility applications). – Use of low-carbon and recycled materials in automobiles (including batteries and structural components). **Sector-specific technologies** – Upgrading of existing land transport assets in the automotive sector (including adaptations to enable fuel switching to biofuels, hydrogen fuel cells, and electric or plug-in hybrid systems). – Upgrading of existing land transport infrastructure (including adaptations to enable fuel switching to biofuels, hydrogen fuel cells, and electric charging stations). – R&D activities aimed at accelerating the deployment of ultra-fast charging infrastructure (including high-power charging technologies and smart management systems). – Promotion of circular business models and sustainable mobility solutions (including battery leasing, electric carsharing, and electric bicycles and scooters, among others).

(49) This sector aligns with the IEA's vision; the "Automobiles" Category includes vehicles such as passenger cars and light commercial vehicles (gross vehicle weight <3.5 tons).

Transportation

Transition activities

Sector	Eligible Transition Activities
Road transport[50]	**Cross-sector technologies** – Electrification of machinery and associated equipment in road freight transport (including auxiliary and operational support equipment). – Deployment of energy efficiency measures in road freight transport (including tire design, improvements in battery energy density, and optimisation of cooling systems). – Application of operational optimisation measures in road freight transport (including route optimisation, coordinated vehicles (platooning), and improved operational efficiency during WHDC – World Harmonized Heavy-Duty Certification testing). – Replacement of conventional fossil fuels in road freight transport (excluding conventional gasoline, conventional diesel, and fossil-based LNG). – Use of biofuels in road freight transport (including first-generation biofuels and bio-LNG). – Use of pink, blue, and turquoise hydrogen in fuel cell road vehicles (including long-haul heavy-duty applications). – Use of low-carbon and recycled materials in road freight transport (including batteries and structural components). **Sector-specific technologies** – Upgrading of existing land transport assets in road freight transport (including adaptations to enable fuel switching to biofuels, hydrogen fuel cells, and electric or plug-in hybrid systems). – Upgrading of existing land transport infrastructure for road freight (including adaptations to enable fuel switching to biofuels, hydrogen fuel cells, and electric charging stations). – R&D activities aimed at accelerating the deployment of ultra-fast charging infrastructure (including high-power charging technologies and intelligent energy management solutions). – Promotion of circular business models in road freight logistics and transport (including truck-as-a-service, battery-as-a-service, shared truck platforms, and second-life or battery refurbishment programs).

(50) This sector is in line with the IEA's vision. The "Truck Transport" category includes commercial vehicles: medium-duty trucks (gross vehicle weight between 3.5 and 15 tons); and heavy-duty trucks (>15 tons).

Other industries

Transition activities

Sector	Eligible Transition Activities
ICTs Information and communication technologies 	**Cross-sector technologies** – Deployment of energy efficiency measures in the ICT sector (including data centers, data processing and storage, hosting services, telecom towers, use of sandwich panels with PIR or PUR insulation, and Hot Aisle / Cold Aisle containment systems). – Application of operational measures aimed at computational and energy efficiency in ICT (including optimized software, microchips manufactured via extreme ultraviolet (EUV) lithography, and high-performance computing). – Use of recycled and low-carbon materials in the ICT sector (including batteries, organic semiconductors, advanced composite materials such as graphene, and biofabrication processes for electronic components). **Sector-specific technologies** – R&D activities aimed at optimizing thermal insulation and cooling systems in data centers (including advanced passive and active cooling solutions). – Upgrading of existing ICT infrastructure (including retrofits and adaptations to enable the use of alternative and low-carbon energy sources)[51]. – Managed decommissioning of legacy telecommunications networks (including replacement of traditional telephone lines such as xDSL, ADSL, or VDSL with fiber-optic networks like FTTH or FTTC). – Construction of data centers using low-carbon structural solutions (including integration of sustainably sourced timber, hybrid structural systems, and lifecycle-oriented design to reduce embodied emissions).

(51) Alternative sources: use of renewable energy (e.g. organic waste) and/or hydrogen (including pink, blue and turquoise), development of supply chains for nuclear energy supply.

Other industries

Transition activities

Sector	Eligible Transition Activities

Pulp & Paper

Cross-sector technologies

- Electrification of machinery and associated equipment (including tree harvesting and biomass extraction, kilns, and automated embossing and cutting machinery).
- Deployment of energy efficiency measures (including moisture reduction in the pressing section and heat recovery, such as Advanced Thermo-Mechanical Pulping (ATMP).
- Use of biofuels in pulp and paper production processes (including partial or full replacement of fossil fuels in thermal processes).
- Heat generation in boilers and thermal units in pulp and paper processes (including recovery boilers, lime kilns, and other biomass and waste boilers), with progressive integration of CO_2 capture and storage systems (BECCS).
- Deployment of carbon capture, utilization, and storage (CCUS) systems (applied to black liquor combustion and carbonate calcination processes).
- Advanced gasification of biomass residues (including generation of synthesis gas for energy use or as a chemical feedstock).
- Replacement of coal-fired boilers with natural gas boilers in paper manufacturing processes (as a transitional emission reduction measure).
- Pretreatment of biomass through advanced thermal processes (including steaming and roasting to improve process efficiency).
- Use of recycled materials and R&D in new materials[52] (including biodegradable packaging additives, water-based inks and natural pigments, and advanced applications such as carbon fiber derived from lignin).

Sector-specific technologies

- Deployment of operational measures for sustainable forest management (including advanced planning, management, and forest regeneration practices).
- Improvement of the Kraft process through advanced black liquor recovery (including its subsequent use as an energy source or chemical feedstock).
- Application of controlled vegetation burning as a forest management tool (including peat burning under fire prevention and emissions control criteria).
- Deployment of water extraction and removal systems without evaporation (including high-efficiency dehydration presses).
- Use of alternative fibers[53] in pulp and paper production (including the production of cellulose nanofibers (CNF) to replace synthetic fibers).
- Prevention of steam leaks in thermal systems (including measures to avoid uncontrolled ignition of black liquor in boilers and mechanical vapor recompression).
- Deployment of advanced vapor condensation systems integrated into wet paper processes (including technologies such as Steam Explosion Pulping).

(52) Substances applied to paper to improve its functional properties (water resistance, grease resistance, printability, gloss).
(53) Alternative fibers include: hemp, bagasse and agricultural residues.

Other industries

Transition activities

Sector	Eligible Transition Activities
Agriculture and livestock 	**Cross-sector technologies** – Electrification of machinery and associated equipment in the agricultural sector (including auxiliary equipment, electric tractors, and high-efficiency water pumps). – Deployment of energy efficiency measures in the agricultural sector (including improvements in food cold chain efficiency). – Application of operational measures in agri-food processes (including optimization of food packaging processes). – Use of biofuels in the agricultural sector (including partial or full replacement of fossil fuels in machinery and processes). – Deployment of carbon capture, utilization, and storage (CCUS) systems in the agricultural sector (including applications associated with biodigesters). – Substitution of fossil-based hydrogen with pink, blue, and turquoise hydrogen in nitrogen fertilizer production. – Use of sustainable packaging solutions for food products. **Sector-specific technologies** – Production of biofuels from agricultural biomass and organic waste (including first-generation biofuels such as ethanol or methanol, biogas production in digesters, and biomethane production via biogas purification). – Application of processes and technologies to reduce methane emissions in livestock and crop production (including dietary supplements, genetic selection, biogenic sequestration, rotational grazing, cover crops, nitrification inhibitors for croplands, silvopastoral systems, and manure-absorbing materials[54]). – Measures to control deforestation and forest burning associated with agricultural activities. – Transition to advanced short-rotation bioenergy crops on marginal lands and pastures (avoiding impacts on food production). – Deployment of high-efficiency drip irrigation systems (including the use of alternative and low-carbon energy sources). – Application of practices to improve soil health (including crop rotation and intercropping, conservation tillage, and use of organic amendments or biostimulants). – Substitution of conventional chemical fertilizers with biofertilizers. – Application of Integrated Pest Management (IPM) in food production (prioritizing biological control methods). – Reuse of food waste as organic fertilizer, soil amendments, or animal feed ingredients. – Use of biofilters in livestock facilities (including improved ventilation systems in farms). – R&D activities in sustainable agriculture and livestock (including development of alternative proteins to replace animal-based foods and biobased packaging).

(54) Absorbent materials in manure: sand, sawdust, chopped straw, rice husk.

Other industries

Transition activities

Sector	Eligible Transition Activities
Real Estate	**Cross-sector technologies** – Electrification of machinery and equipment used (including temporary electric boilers, construction machinery, cranes, and auxiliary equipment). – Deployment of energy efficiency measures (including efficiency improvements for construction equipment such as cranes and forklifts, high-performance windows, efficient lighting, and HVAC systems – heating, ventilation, and air conditioning). – Application of energy and operational optimization measures in buildings and facilities (including recovery of waste heat from thermal systems for steam or electricity generation and use of motion sensors). – Introduction of greywater recycling systems (including ultrafiltration technologies). – Generation of heat from biomass and waste for building energy supply, preferably through centralized systems or district heating networks, progressively integrating carbon capture and storage (BECCS). – Replacement of coal-based thermal systems with natural gas systems in buildings (including gas water heaters, as a transitional measure). – Use of renewable natural gas (RNG) and hydrogen blends in buildings (including applications for space heating and domestic hot water). – Deployment of hydrogen boilers and hydrogen-ready boilers in buildings. **Sector-specific technologies** – Integration of nature-based solutions in construction and infrastructure projects (including biophilic and bio-inspired design). – Upgrading of existing building infrastructure to enable the transition to alternative energy sources[55] (including energy storage systems, electric vehicle charging stations, and cogeneration solutions). – Adoption of selective demolition practices with advanced material recovery (focused on circular economy principles in construction). – Use of low-carbon and recycled materials in construction (including secondary aluminum, reduced-clinker cement, and recycled steel).

(55) Alternative energies: Use of renewable energy (e.g. biomass) and/or hydrogen (including pink, blue and turquoise).

Energy

Transition activities

Sector	Eligible Transition Activities
Nuclear	**Cross-sector technologies** – Electrification of machinery and equipment associated with the nuclear sector (including uranium mining and processing activities). – Deployment of energy efficiency measures in nuclear cycle facilities (including uranium enrichment processes and the use of plasma furnaces or other advanced technologies). – Application of energy and resource optimization measures in nuclear installations (including heat recovery from reactors for heat or electricity generation, water reuse, and natural convection ventilation systems in cooling pools). – Use of biofuels in auxiliary nuclear sector activities (including logistics, transportation, and non-nuclear equipment). – Replacement of coal-fired power plants with nuclear power plants (as a systemic measure to reduce emissions at the energy system scale). **Sector-specific technologies** – Upgrading of existing nuclear infrastructure[56] to enable the deployment of new generation technologies (including small modular reactors (SMRs) and large-scale nuclear reactors such as Generation III+ and IV). – R&D activities aimed at enhancing safety and environmental performance in the nuclear sector (including fuel cycle waste reduction, research on advanced nuclear processes, and reuse of uranium and plutonium from spent fuel for mixed oxide fuel (MOX) production). – Production of synthetic fuels and energy carriers derived from hydrogen generated using nuclear electricity. – Production of pink hydrogen via nuclear energy (including low-carbon footprint electrolysis and thermochemical processes). – Substitution of conventional uranium with uranium from alternative sources (including recovery from phosphates, wastewater, or other secondary streams). – Detailed planning for nuclear reactor decommissioning (including containment systems, auxiliary buildings, and end-of-life facility management). – Decommissioning, cleanup, and radiological decontamination of nuclear facilities (including long-term environmental monitoring and treatment of radioactive effluents and contaminated water).

(56) Generation of electricity from nuclear energy in existing facilities, including improvements and modifications aimed at extending their service life, in accordance with the EU taxonomy.

Energy

Transition activities

Sector	Eligible Transition Activities

Thermal coal

Cross-sector technologies

- Electrification of machinery and equipment associated with the thermal coal sector (including auxiliary equipment and coal[57] mining machinery).
- Deployment of energy efficiency measures in coal production and preparation (including crushing, washing, internal transport, and auxiliary processes).
- Application of energy and resource optimization measures in thermal coal facilities (including recovery of residual heat from thermal processes for heat or electricity generation, and water reuse in mining and industrial operations).
- Use of biofuels in auxiliary activities within the coal sector (including logistics, transport, and machinery not directly associated with combustion).
- Implementation of carbon capture, utilization, and storage (CCUS) systems in thermal coal facilities (including power generation plants and related industrial processes).
- Monitoring, detection, and sealing of fugitive methane emissions across the coal value chain (including Leak Detection and Repair (LDAR) programs, thermal oxidation technologies, and vapor recovery units – VRUs).
- Deployment of zero-flaring technologies or methane emission reduction systems (including elimination of venting and reduction of gas flaring in mining operations).
- Capture and valorization of recovered methane across the coal supply chain (for energy use or as a chemical feedstock).

Sector-specific technologies

- Deployment of advanced atmospheric emissions control technologies in coal-fired power plants (including desulfurization, denitrification, and particulate control systems).
- Co-firing of coal with biomass and waste in thermal power plants, progressively integrating carbon capture and storage systems (BECCS) (e.g., coal-biomass co-firing).
- Application of technologies for the control and reuse of alkaline by-products from coal combustion (including ashes and soda-rich streams for use as inputs in construction materials).
- Revegetation and environmental restoration of areas affected by coal mining and thermal activities (including soil recovery and biodiversity restoration).
- Strategies related to the phase-out of high-emission assets in the thermal coal sector (including conversion and/or decommissioning of infrastructure, and comprehensive planning for mine and plant closures under climate and social criteria).

(57) Current coal mining operations are set to continue until 2040. This timeline includes the gradual phase-out of all coal-fired power generation that lacks emissions mitigation and aligns with the IEA's vision, Coal IEA.

Energy

Transition activities

Sector	Eligible Transition Activities

Oil

Cross-sector technologies

- Electrification of machinery and equipment associated with oil production (including auxiliary equipment and drilling systems for exploration and extraction).
- Deployment of energy efficiency measures in oil production operations (including extraction, separation, compression, and treatment processes).
- Application of energy and operational optimization measures across the oil value chain (including recovery of waste heat from thermal processes for heat or electricity generation, digital monitoring of pressure and flow in pipelines, and pumping optimization).
- Monitoring, detection, and sealing of fugitive methane emissions (including leak detection and repair programs (LDAR), thermal oxidation technologies, vapor recovery units (VRU), and hermetically sealed pipelines).
- Deployment of carbon capture, utilization, and storage (CCUS) systems in oil refineries (including hydrogenation processes, steam methane reforming, and combustion units).
- Deployment of zero-routine flaring technologies in oil operations (including vent elimination and reduction of routine gas flaring).
- Hydrogen-based refineries using blue or turquoise hydrogen (including use in furnaces, boilers, and refining processes).
- Deployment of infrastructure supporting the production, use, and distribution of low-carbon fuels (to progressively blend or replace fossil fuels as an energy source).
- Improvements in well design and operation through green completions techniques (to reduce fugitive emissions and flaring).

Sector-specific technologies

- Co-firing of petroleum-derived liquid fuels with hydrogen in power generation plants (as a measure for partial emissions reduction).
- Co-firing of petroleum-derived liquid fuels with biomass and waste, progressively integrating carbon capture and storage systems (BECCS) (applicable in power generation facilities).
- Decarbonization of liquefied petroleum gas (LPG) through the use of biologically sourced butane and propane (bio-LPG).
- Production of alternative bio-based or hybrid products to replace petroleum-derived materials[58] (including substitution of plastics and chemicals with bioplastics and bio-chemicals).
- Strategies related to the phase-out of high-emission petroleum sector assets (including conversion and/or decommissioning of fossil infrastructure and comprehensive closure planning under climate and social criteria).

(58) This involves integrating renewable raw materials (biomass, vegetable oils, or organic waste) instead of non-renewable resources such as oil to replace fossil fuels in processes, reducing dependence on fossil fuels and lowering CO_2 emissions. The ultimate goal is the manufacture of derivatives with a bio-fossil mix, which consists of the manufacture of chemical products, plastics or other derivatives that combine components of biological origin with fossil components.

Energy

Transition activities

Sector	Eligible Transition Activities

Natural Gas

Cross-sector technologies

- Electrification of machinery and equipment associated with the natural gas sector (including auxiliary equipment, drilling systems for exploration and production, furnaces, and boilers).
- Deployment of energy efficiency measures in natural gas production and processing (including liquefied natural gas (LNG) processes).
- Application of energy and operational optimization measures across the natural gas value chain (including recovery of waste heat from thermal processes for heat or electricity generation, digital monitoring of pipeline pressure and flow, and pumping optimization in gas pipelines).
- Use of biofuels in auxiliary activities (including logistics, transport, and machinery not directly involved in gas combustion).
- Monitoring, detection, and sealing of fugitive methane emissions (including leak detection and repair programs (LDAR), thermal oxidation technologies, vapor recovery units (VRU), and hermetically sealed pipelines).
- Deployment of carbon capture, utilization, and storage (CCUS) systems in power generation plants and other natural gas facilities.
- Deployment of zero routine flaring technologies and elimination of venting in natural gas operations.
- Improvements in well design and operation through green completions techniques (to reduce fugitive emissions and venting).

Sector-specific technologies

- Co-firing in combined cycle power plants with biomass and waste-derived fuels, progressively integrating carbon capture and storage systems (BECCS).
- Application of technologies for safe, controlled displacement and redirection of gas within pipelines.
- Adaptation of natural gas plant and facility infrastructure to enable co-firing and the use of low-carbon gases.
- Blending of fossil natural gas with renewable natural gas (RNG) in transmission and distribution networks.
- Production of blue and turquoise hydrogen from natural gas (via Steam Methane Reforming (SMR) and Autothermal Reforming (ATR) with CO_2 capture).
- Deployment of advanced natural gas logistics and distribution infrastructure (including FSRUs, portable CNG systems, bunkering, and small-scale liquefaction plants).
- Use of renewable gases as substitutes for fossil natural gas in CNG or LNG transport applications (including heavy-duty vehicles, fleets, and maritime transport).
- Production of alternative bio-based or hybrid products to replace natural gas-derived materials (including fertilizers and chemicals).
- Phase-out strategies for high-emission natural gas assets (including reconversion and/or decommissioning of fossil infrastructure and comprehensive plant closure planning under climate and social criteria).

Energy

Transition activities

Sector	Eligible Transition Activities
Electricity 	**Cross-sector technologies** – Electrification of industrial and auxiliary equipment related to power generation. – Application of energy optimization measures in power generation facilities (e.g., recovery of residual heat for steam or electricity generation). – Modernization of pyrolysis facilities for energy production or intermediate vectors (e.g., synthesis gas or oils). – Valorization of captured CO_2 from power generation for durable product manufacturing (e.g., construction materials with embedded carbon storage). – Application of CCUS to steam methane reforming (SMR) for blue hydrogen production, destined for derivatives and synthetic fuels (e.g., ammonia or liquid organic hydrogen carriers – LOHC). – Replacement of fossil natural gas in steam reforming processes with synthesis gas produced from biomass or organic waste. – Blending of hydrogen or ammonia in fossil fuel-based energy consumption and associated supply systems (e.g., co-firing or injection into gas networks). – Recycling, refurbishment, and second-life applications of critical materials used in the electricity system (e.g., batteries, solar panels, or wind turbines). – R&D activities in energy storage systems and advanced grid management (for surplus management and congestion reduction). – Construction and expansion of CO_2 transport and storage infrastructure to enable CCUS projects at power system scale. – Deployment of advanced atmospheric emissions control technologies and in situ methane capture in power generation facilities. – Use of low-emission backup energy systems to replace conventional fossil generators (e.g., hydrogen, biogas, or batteries for residential or commercial use). – Deployment of hybrid energy infrastructures and multi-fuel charging systems (electricity, transitional fuels, and renewable gases).

Energy

Transition activities

Sector	Eligible Transition Activities
Electricity 	**Sector-specific technologies** – Generation, transmission, and distribution of electricity using renewable technologies as a transition solution (e.g., selected hydropower, bioenergy, or geothermal projects). – Management of power system intermittency through hybrid generation and backup solutions. – Gradual replacement of coal in power generation with lower-carbon intensity fuels (e.g., renewable natural gas from organic waste). – Implementation of co-firing systems in existing thermal plants (using biomass, hydrogen, ammonia, or synthetic fuels). – Energy generation from biomass in co-firing processes, progressively integrating carbon capture and storage systems (BECCS). – Energy recovery from segregated waste via incineration, integrating carbon capture systems. – Implementation of carbon capture, utilization, and storage (CCUS) in existing coal- or gas-fired power generation assets. – Deployment of new nuclear reactors for electricity generation, cogeneration, or low-emission hydrogen production (including small modular reactors – SMRs). – Construction, modernization, and expansion of electricity transmission and distribution infrastructure to meet the increased demand associated with the energy transition. – Deployment of electrical interconnections between countries and regions, supported by storage systems for grid stabilization. – Integration of microgrids with distributed generation and modernization of substations. – Upgrading and stabilization of electrical grids through smart grid technologies (including digitalization and predictive maintenance). – Deployment of energy storage systems for power system flexibility, covering fast response and frequency regulation, medium-duration storage for daily load management, and long-duration seasonal backup storage. – Strategies related to the phase-out of high-emission power sector assets (including conversion, decommissioning, and comprehensive plant closure planning under climate and social criteria).

BBVA

ANNEX II

Criteria for Calculating BBVA Sustainable and Transition Business Channeling

Criteria for Calculating the Sustainable Business Channeling Target

Listed below are the criteria for calculating the products that are included in the channeling target, according to the eligibility criteria described above.

Category: **Financing**

Typology	Product/ Operation	Reference frameworks for the eligible activities	Calculation criteria
Dedicated	Mortgage loans (for properties with a high energy rating)	Taxonomies ICMA/LMA eligible activities	Formalized loan amount if bilateral or BBVA's share if syndicated
Dedicated	Non-Mortgage Loans (energy efficiency, electric vehicles, etc.)	Taxonomies ICMA/LMA eligible activities	Formalized loan amount if bilateral or BBVA's share if syndicated
Dedicated	Consumer Finance (individuals)	Taxonomies ICMA/LMA eligible activities	Formalized loan amount
Dedicated	Credit cards	Taxonomies ICMA/LMA eligible activities	Amount drawn from the card
Dedicated/General purpose (by KPIs)	Leasing	Taxonomies ICMA/LMA eligible activities	Formalized loan amount if bilateral or BBVA's share if syndicated
Dedicated/General purpose (by KPIs)	Leasing plans	Taxonomies ICMA/LMA eligible activities	Formalized loan amount if bilateral or BBVA's share if syndicated
Dedicated/General purpose (by KPIs)	Accounts payable financing	Taxonomies ICMA/LMA eligible activities Market practices for supply chain classification	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted
Dedicated/General purpose (by KPIs)	Factoring	Taxonomies ICMA/LMA eligible activities Market practices for supply chain classification	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted
Dedicated/General purpose (by KPIs)	Credit Facilities	Taxonomies ICMA/LMA eligible activities	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted
Dedicated/General purpose (by KPIs)	Discounts	Taxonomies ICMA/LMA eligible activities	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted

Category: **Financing**

Type	Product/ Operation	Reference frameworks for the eligible activities	Calculation criteria
Dedicated/ General purpose (by KPIs)	Documentary Credits	Taxonomies/BBVA Internal Standard for Sustainable Activities/ICMA/LMA eligible activities	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted
Dedicated/ General purpose (by KPIs)	Bank and other guarantees	Taxonomies ICMA/LMA eligible activities Market practices For supply chain classification	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted
Dedicated/ General purpose (by KPIs)	Forfaiting	Taxonomies ICMA/LMA eligible activities	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted
Dedicated	Policies covering the negotiation of commercial loans and/or documents and communications via electronic media or in magnetic format	Taxonomies ICMA/LMA eligible activities	Annual limit for committed lines and aggregate utilizations for uncommitted lines. If the transaction is syndicated, only BBVA's share will be counted
Dedicated/ General purpose (by KPIs)	Corporate Lending[59]	Taxonomies ICMA/LMA eligible activities	Formalized loan amount if bilateral or BBVA's share if syndicated
General purpose (by KPIs)	Structured Finance	Taxonomies ICMA/LMA eligible activities	Amount formalized if it is bilateral. BBVA's share if syndicated
Dedicated/ General purpose (by KPIs)	Leveraged Finance	Taxonomies ICMA/LMA eligible activities Market practices For supply chain classification	BBVA's share if syndicated
Dedicated	Project Finance	Taxonomies ICMA/LMA Principles	BBVA's share if syndicated
Dedicated/ General purpose (by KPIs)	Leveraged Finance	Taxonomies ICMA/LMA eligible activities Market practices For supply chain classification	BBVA's share if syndicated

(59) Working Capital uncommitted lines are excluded.

Category: **Financing**

Type	Product/ Operation	Reference frameworks for the eligible activities	Calculation criteria
Dedicated	Project Finance	Taxonomies ICMA/LMA eligible activities	BBVA's share if syndicated
Dedicated/General purpose (by KPIs)	Novations	Taxonomies ICMA/LMA eligible activities	Criteria according to the different scenarios: - Extensions of the term in existing transactions: not considered - Increase in the balance/limits of existing transactions: amount of the increase – Renewals/renegotiations: amount of the new transaction
Dedicated/General purpose (by KPIs)	Assignments	Taxonomies ICMA/LMA eligible activities	Formalized acquisition amount

Category: **Sustainable customer**

General purpose (sustainable customer)	General-purpose financing/transactional banking to sustainable customer	Taxonomies ICMA/LMA eligible activities	Customers aligned with Annex I activities: pro-rated amount of the alignment %, which must be between 75% and 100%
General purpose (sustainable customer)	General-purpose financing/transactional banking to sustainable customer	Taxonomies ICMA/LMA eligible activities	Customer committed to sustainability only for the geography of Spain: pro-rated amount of the % of alignment between 50-75%[60]
General purpose (sustainable customer)	General-purpose financing/transactional banking to sustainable customer	B CORP Certifications and SBIC	SBIC/BCORP customers: full amount
General purpose (sustainable customer)	General-purpose financing/transactional banking to sustainable customer	Customer characteristics	Customers in social programs: full amount
General purpose (sustainable customer)	General-purpose financing/transactional banking to sustainable customer	Market Standards	Client assessed against the most advanced standards in their industry: prorated amount of the resulting %

Category: **Capital Market**

Dedicated/General purpose (by KPIs)	Placement of third-party bonds	ICMA-eligible activities	Amount actually placed in accordance with the subscription contract
Dedicated	Emission allowances purchased at public auction in regulated markets	Purposes described in Article 10 of EU Directive 2023/959	Amount corresponding to the auction price, multiplied by the number of EUAs actually acquired by BBVA in the auction

(60) Criterion applicable in Spain.

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