

Mr Johan Frijns
Director
BankTrack
By email to johan@banktrack.org

4 September 2019

Dear Mr Frijns,

Thank for your letter dated 29 July 2019 and your continued interest in the Principles for Responsible Banking.

As you are aware, the Principles are ambitious and aspirational, and they contain a strong underlying commitment to transparency, accountability and impact. Their purpose is to provide signatory banks with guidance and one comprehensive framework to support each bank's approach to addressing sustainable development across its entire business.

Banks that sign up to the Principles are taking a leading step forward towards aligning their operations with society's goals and supporting their customers, clients, employees and investors in adopting sustainable practices that create measurable, significant and positive impacts to realize the UN Sustainable Development Goals and the Paris Agreement on climate change. This includes strong underlying requirements and mechanisms around transparency and accountability which require banks to manage what matters most by setting targets and publicly reporting back to stakeholders on progress made.

Given the urgency of the recognized need to transform the business world, signatory banks are expected to start implementing the Principles immediately after signing up. However, given the diversity of the banks around the world that have and are expected to adopt the Principles, flexibility is needed to allow progress at the appropriate pace for the markets in which each bank operates and based on their respective prior experience in the area of sustainable development. This approach allows for future signatory banks to benefit from the practical experiences of the Founding Signatory banks as well as from other stakeholders such as research centers and experts, through the network community created through the UNEP Finance Initiative.

Development of the Principles included a six-month consultative process, in which more than 500 stakeholders provided valuable feedback, including BankTrack. As a result, more than 100 banks are now poised to become signatories at the formal launch of the Principles in September 2019. With this high number of initial banks committed to supporting the achievement of the Sustainable Development Goals and the Paris Agreement for climate change, through the Principles for Responsible Banking, significant impacts will be realized around the globe.

After the launch of the Principles in September 2019, we look forward to sharing with you and

our other stakeholders, in our public reporting as per the timeline and requirements of the Principles and their implementation Framework, the targets we will set and the subsequent progress we will achieve towards these. We encourage you and our other stakeholders to review this public reporting, so that you are aware of the impacts we will be working to realize.

BBVA has already taken relevant steps to implement the Principles and has committed to mobilize € 100 billion in sustainable financing between 2018 and 2025, as part of its climate change and sustainable development strategy. As for its carbon footprint, the Bank has set a reduction target of 68% of its scope 1 and 2 emissions by 2025, ensuring that 70% of the energy it uses is renewable by that year, and 100% by 2030. We have also updated our sector norms in the most sensitive sectors and our aim is to assess our loan portfolio in sectors with the highest impact and to progressively align them with the Paris Agreement under the Katowice Commitment.

Thank you again for your interest in this important initiative, the Principles for Responsible Banking, and your positive contribution to the public consultation process that contributed to its development.

Yours sincerely,



Antoni Ballabriga
Responsible Business
Global Head