

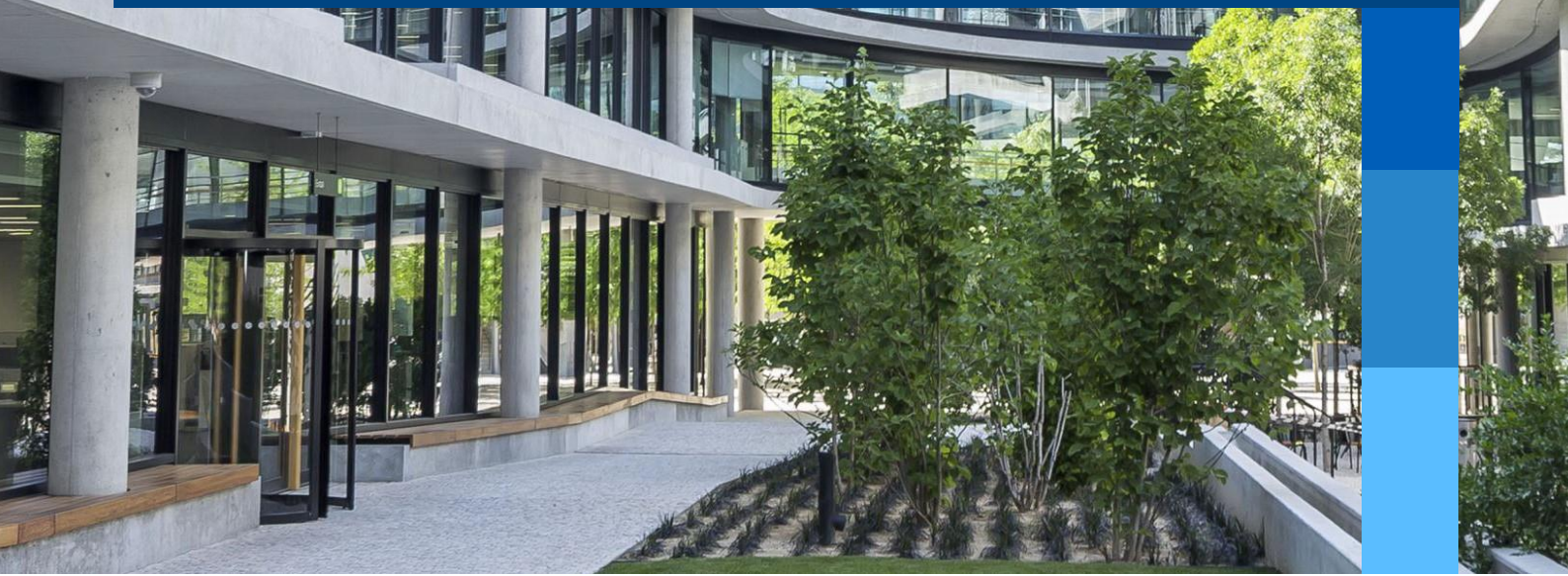


**BBVA** Creating  
Opportunities

# Sector Norms

For environmental and  
social due-diligence

March 2019



BBVA works with a diverse group of clients, some of which operate in sectors that have major social and environmental impacts. For them, we have developed a set of specific norms, in line with our commitment to sustainable development. At BBVA we believe that clients who manage their businesses responsibly are more successful in the long-term. Therefore, we have included several environmental and social considerations in the due-diligence (DD) process we carry out before making any decision.

## 1. Purpose

The purpose of sector norms is to address industry-specific sustainability issues and provide clear guidance on the procedures that must be followed during client management and transactions in these sectors.

This management framework is comprised of processes that allow us to better understand our activities, manage stakeholder expectations, mitigate risks and contribute to compliance with BBVA's responsible banking policy. This is all done in an effort to support the achievement of the Sustainable Development Goals, play an active role in the fight against climate change and deepen our commitment to Human Rights.

## 2. Scope

Sector norms apply to Corporate & Investment Banking activities carried out by all BBVA Group institutions, businesses lines, branches, subsidiaries and geographies.

The level of influence and the analysis capacity depend on the nature of the financial product we are providing.

## 3. International standards

Our norms have been defined in accordance with national and international laws, regulations and oversight. BBVA will only provide financing to clients and projects featuring the best available technology while meeting applicable laws and international standards on good practices. Besides sectorial standards and recommendations mentioned in each norm, BBVA recognizes the following declarations and initiatives as its responsible banking framework:

- Universal Declaration of Human Rights
- The UN's Sustainable Development Goals (SDG) and 2030 Agenda
- Paris Agreement of the UN Framework Convention on Climate Change
- International Labor Organizations (ILO) conventions
- UN Manifesto for a Global Economic Ethic
- United Nations Global Compact
- UN Guiding Principles for Business and Human Rights
  
- OECD Guidelines for Multinational Enterprises

- Global Reporting Initiative
- CDP Climate Change and Water Programs
- UNEP FI Statement on Sustainable Development and Positive Impact Initiative
- IFC Performance Standards and Environmental, Health and Safety Guidelines
- Equator Principles
- UN Principles on Responsible Investment (UN PRI)
- Green and Social Bond Principles
- Recommendations of the Task Force on Climate-related Financial Disclosures
- UN Principles for Responsible Banking
- Science Based Targets
- 2 Degrees Investing Initiative

## 4. General Exclusions

BBVA will not provide financial services to projects or clients whose core business is linked to any of the following activities or environmental and social impacts:

- Companies that have shown credible and clear evidence (based on court rulings or relevant controversies), of material breaches regarding applicable laws and regulations, or taking part in human rights abuses regardless of the country.
- Activities that involve child or forced labor as defined in ILO conventions.
- Projects that entail the resettlement or violation of rights of indigenous peoples, without their free, prior and informed consent (FPIC)
- Projects located in or close to UNESCO World Heritage sites, List of Ramsar wetlands, Alliance for Zero Extinction sites and Category I-IV areas of the International Union for the Conservation of Nature.
- Businesses with headquarters based in countries subject to EU, US or UN sanctions

## 5. Implementation Process

The procedures and tools for identifying, assessing and tracking environmental and social risks linked to clients and transactions are applied and integrated into the standard risk, compliance and operations processes. Decisions are based on the information available to the Bank, sustainability ratings and feedback on the matter captured from stakeholders. At BBVA, every effort is taken to guarantee the quality and reliability of this information. The analysis of client performance in terms of human rights is based on the guidance provided at the UN Guiding Principles Reporting Database.

### 5.1 Due-diligence

#### a) Clients

New clients will only be accepted after an analysis during the on-boarding and know-your-client phase aimed at verifying that client practices are in line with the principles established by BBVA. The due-diligence (DD) process consists of an assessment of the commitment, management capabilities and environmental and social performance of the client, based on an analysis carried out by an external expert on sustainability and corporate governance and information shared with us by the client. DD processes to confirm that the client still meets BBVA's principles are performed periodically for the duration of the relationship with the client.

If, once the environmental and social DD is completed, in the course of the relationship with the client, an event that does not comply with our norms is detected; we shall activate the procedure established to organize dialogue with the client to jointly determine the measures required to resolve the situation in the shortest time possible.

#### b) Transactions

When the transaction is directly linked to a project<sup>1</sup>, that project will be assessed against the industry's best practices and to verify the non-concurrence of any of the exclusion criteria mentioned in these Norms. If an exclusion situation is identified or if the result of the assessment is negative, the Bank will not support the transaction.

When the transaction is of a corporate nature and is not related with a specific project, the Bank expects its clients to implement the industry's best practices. Compliance of these practices is validated in the DD processes mentioned in the previous point.

#### c) Product development

Before launching, new financial products and services are analyzed to assess their compatibility and consistency with BBVA's environmental and social commitments. For this purpose, the environmental & social specialists participate in New Product and New Business Committees or assist the decision-maker in this regard.

---

<sup>1</sup> Please refer to The Equator Principles (June 2013) for the definition of a Project"

## 5.2 Approval, escalation and exceptions

BBVA relationship managers are the main point of contact for our clients and are responsible for verifying if our clients comply with applicable norms. These managers are not experts in complex sustainability matters and will have the support of internal environmental & social specialists as well as independent experts, when appropriate, to confirm that clients comply with our norms.

If the commercial or control areas responsible for identifying and assessing environmental and social risks as part of the DD process determine the existence of potential material risks, they will refer the client or transaction to a special environmental and social risk unit for an in-depth review. To do this review an engagement process with the client will be carried out to get more information and assess possible mitigation plans. If the analysis concludes that it is a high-risk transaction or a client that does not comply with the norm, the decision will be escalated to CIB Leadership for a final decision.

Sector norms are global and exemptions will only take place exceptionally and shall only be approved by the CIB Leadership. Exemption requests must be clearly justified and supported by all decision-making tiers. The environmental and social team's opinion will be required. Said team will be entitled to request the legal, compliance or Responsible Business departments' opinion.

## 6. Norms

At BBVA we have developed environmental and social norms for the sectors we consider the most relevant in terms of impact on the environment and people, their exposure to the transition to a low-carbon economy and the volume of clients and activity that we have in these industries. BBVA's sectorial norms are:

Sector	Initial version	Latest version
Defense	Feb 2012	March 2019
Mining	Feb 2018	March 2019
Energy	Feb 2018	March 2019
Agriculture	Feb 2018	March 2019
Infrastructure	Feb 2018	March 2019

The norms clearly establish the Prohibited Activities we do not support and the Restricted Activities that we may support under conditions that guarantee that they are responsibly managed.

## **7. Governance, supervision and transparency**

Norms are developed in collaboration with sustainability experts and the main stakeholders, including the sectorial teams of our business divisions. Norms are issued by Responsible Business after being discussed at the Global Leadership.

Sector Norms are annually reviewed to reflect the changing sustainability landscape and to address new legal recommendations, emerging risks, and stakeholder concerns. They are updated to ensure their alignment with international regulations and best practices. Norms

In view of the global environmental and social challenges, the relevance of these issues for banks will increase significantly and exponentially. That is why these environmental and social risks will be progressively integrated within the Group's risk management framework.

All of BBVA's responsible banking initiatives are supervised by the Global Leadership Team in the context of the CSR or Responsible Banking Policy.

These Norms are public and we periodically report on their implementation. Regarding climate change, BBVA will follow the Recommendations of the Task Force on Climate-related Financial Disclosures based on the proposal of the Financial Stability Council. Our confidentiality obligations do not allow us to disclose any information concerning specific clients. Additional information is available within our annual sustainability report and website.

## Mining Sector Norm

This norm applies to BBVA's advisory, investment and financing services in connection with companies and projects related to the mining sector.

**Businesses:** Enterprises or groups that hold mining assets representing a sizeable portion of their total assets and that engage in the exploration, development or operation of said assets.

**Projects:** Development and/or expansion of existing projects, including planning and development of mines, operation, onsite processing of extracted minerals, closing and restoration of mines.

### Context

The mining industry is one of the most important areas of economic activity as it produces resources and raw materials that are vital for the development of world economies and populations, while accounting for large shares of several countries' income.

Economic and population growth is driving mining companies to expand prospection and exploration activities into new areas, thus increasing the probability of impacts on the environment and local communities. Yet mining is an essential sector for transitioning towards a low-carbon economy, as it supplies the minerals required to build batteries for electric vehicles and renewable energy storage systems.

While recycling and business models based on the Circular Economy are an increasingly relevant source of metals, it is still necessary to explore and develop primary sources of minerals.

### Standards and requirements

BBVA will assess clients' compliance with local regulations and will promote the endorsement of internationally renowned initiatives.

#### Standards of best mining practices

- Industry - specific IFC Environmental, Health and Safety guidelines
- International Council on Mining and Metals (ICMM) Principles
- Extractive Industries Transparency Initiative (EITI)
- Voluntary Principles on Security and Human Rights (Voluntary Principles)
- ILO in the C 176 Safety and Health in Mines Convention (1995)
- OECD Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High
- Risk Areas relative to tin, tantalum, tungsten, their ores and mineral derivatives and gold

- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposals
- Kimberley Process Certification Scheme
- World Nuclear Association Sustaining Global Best Practices in Uranium Mining and Processing
- Minamata Convention on Mercury
- International Cyanide Management Code
- International Seabed Authority Mining Code
- Bettercoal Code

This norm establishes prohibited and restricted activities. BBVA does not support clients and/or transactions involved in the following prohibited activities.

Exceptions may be made for new coal mines and coal mine expansions, Mountain Top Removal (MTR) extraction methods, major coal producers using MTR mining methods, and clients with a significant portion of their activity consisting in the extraction of coal, in countries with high energy dependency (more than 65% of imported energy) or without viable alternatives. BBVA will report on such projects/clients financed<sup>2</sup>

## Prohibited Activities

### Projects

- New coal mines and coal mine expansions.
- Mountaintop Removal (MTR) extraction methods
- Informal mining
- Asbestos extraction
- Mines lacking closure and site recovery plans
- Mines lacking health and occupational safety management plans
- Projects that eliminate tailings in coastal or shallow waters

### Clients

- Major coal producers using MTR mining in more than 10% of their activity
- Clients with a significant portion of their activity consisting of the extraction of coal (more than 40%) used to generate electricity that lack a diversification strategy

---

<sup>2</sup> Reporting will be aggregated (amount and country). Client and project names may not be disclosed due to confidentiality reasons as per the loan agreements  
[Sector norms for environmental and social due diligence](#)



- Clients that fail to furnish the health and safety records of their workers and/or areas of influence
- Clients that fail to disclose or provide information about their performance related to the use of water, waste and greenhouse gas emissions
- Informal or small-scale mining companies
- Clients that are significantly active in the production and trade of asbestos

### **Restricted Activities**

- Clients owning mines in armed conflict zones
- Clients lacking sufficient commitment to manage environmental and social aspects
- Mines in areas of high seismic activity lacking a contingency plan
- Mines in areas where there are credible reports of human rights violations

## Agricultural Sector Norm

This norm applies to BBVA's advisory, investment and financing services in connection with companies and projects related to the mining sector.

Businesses: Enterprises or groups whose main activity is growing and producing agricultural, forestry, livestock and fishery products, especially those that have a greater impact, such as palm oil, soy, cocoa, coffee, cotton, tobacco, intensive aquaculture and forestry products.

Projects: New developments and/or expansion of existing products that include production and/or processing stages of agricultural, forestry, farming and/or fishery products.

This norm includes the activities related to soil cultivation, forest management livestock and fishing production. Agricultural products can be related to food (cereal, fruits, fish...) or not (cotton, wool, lumber...).

Activities not covered by this norm:

- Manufacture or distribution of agricultural machinery, pesticides and fertilizers:
- Processed food and beverage manufacturing
- Food and beverage distribution

## Context

Agriculture, forestry, livestock and fishing cover the primary needs of human beings, are an important source of revenues and provide a livelihood for millions of people. Investing in agriculture is one of the most efficient strategies to improve food security and promote sustainability.

This industry is a vital source of food and fibers, and it is becoming increasingly important for other industries such as the manufacture of consumer goods (palm oil), the textile industry (cotton) and construction (lumber).

The growing demand for these kinds of products, intensified by population growth, is putting more and more pressure on the environment and local communities.

## Standards and requirements

BBVA will assess clients' compliance with local regulations and will promote the endorsement of internationally renowned initiatives.

## Standards of best agribusiness practices

- Industry-specific IFC Environmental, Health and Safety guidelines
- The FAO's Code of Conduct for Responsible Fisheries and Fisheries Management: The Ecosystem Approach to Fisheries, Technical Guidelines for Responsible Fisheries
- The Aquaculture Stewardship Council
- Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources (FAO, IFAD, UNCTAD and World Bank)
- Voluntary guidelines on responsible governance of tenure of land, fisheries and forests (FAO, 2012)
- Agreement to Promote Compliance with International Conservation and Management Measures by Fishing Vessels on the High Seas (FAO)
- The UN Resolutions pertaining to sustainable fisheries (including ban of driftnets)
- The WWF 2050 Key Performance Criteria
- Convention on Biological Diversity (1992) and the Nagoya protocol (2010)
- Cartagena Protocol on Biosafety
- Stockholm convention
- FAO - OECD Guidance for Responsible Agricultural Supply Chains
- The Global Roundtable for Sustainable Beef (GRSB) and Standards Cattle Production System (SCPS)
- Assured Food Standards (AFS)
- Global Good Agricultural Practice (GAP)
- Sustainable Agriculture Practice Standard and Sustainable Agriculture Initiative Platform

### Palm Oil

- Roundtable on Sustainable Palm Oil (RSPO)
- Principles and Criteria for Responsible Palm Oil Production

### Soy

- Roundtable on Responsible Soy Association (RTRS)
- Basel Criteria for Responsible Soy Production
- CGF Responsible Soy Sourcing Guidelines

### Coffee, Tea, Cocoa, Sugar, Cotton

- Common Code for the Coffee Community (4C) Tropical Commodities Coalition for Sustainable Tea Coffee and Cocoa (TCC)
- Ethical Tea Partnership (ETP)
- World Cocoa Foundation (WCF)

- Rainforest Alliance Sustainable Agriculture Standard (SAN)
- UTZ Certified
- Bonsucro
- Better Cotton Initiative

## Lumber

- Forest Stewardship Council (FSC) Certification
- Programme for the Endorsement of Forest Certification (PEFC)
- FSC chain of custody certificate

This norm establishes prohibited and restricted activities. BBVA provides services to the productive and commercial agents that are part of the agricultural commodity value chain but does not offer trading or investment services in agricultural commodities and does not support clients and/or transactions involved in the following prohibited activities.

Exceptions may be made for production of first-generation biofuel, in countries with high energy dependency (more than 65% energy imported) or without viable alternatives. BBVA will report on such projects/clients financed<sup>3</sup>.

## Prohibited Activities

### Projects

- Illegal logging
- The burning of natural ecosystems to clear land for the development of agricultural projects
- Elimination of high conservation value and high carbon stock forests
- Production of first-generation biofuel
- Use of substances prohibited by the Stockholm Convention, included in Appendix III of the Rotterdam Convention, Class 1A or 1B of the WHO or included in the SIN list
- Non-certified Palm oil operations or not in the process of obtaining certification by the Roundtable on Sustainable Palm Oil (RSPO)
- Palm oil operations in swamps and peat-rich areas

### Clients

- Clients engaging in blast and cyanide fishing

---

<sup>3</sup> Reporting will be aggregated (amount and country). Client and project names may not be disclosed due to confidentiality reasons as per the loan agreements

- Clients using driftnets in excess of 2.5km or using driftnets intended for the capture of species listed in Annex VIII of EU Regulation 1239/98
- Production or trade of internationally banned substances
- Production, processing and trading of palm oil by companies that are not members or in the process of becoming members of the Roundtable on Sustainable Palm Oil
- Direct participation in illegal logging or purchase or use of illegally logged timber
- Trade and manufacture of angora wool
- Production, trade and distribution of tobacco products that breach the WHO Framework Convention on Tobacco Control
- Clients engaging in advertising, promotion or sponsorship of tobacco aimed at minors
- Clients who fail to publicly disclose the contents, emissions and ingredients of their tobacco products
- Clients who do not ensure that tobacco packaging include warnings about the addictive nature and risks posed by tobacco consumption
- Clients engaging in land hoarding practices
- Animal testing not related to health research
- Direct participation in the trade of shark fins, commercial whaler hunting, illegal, undeclared and unregulated fishing
- Production or trade of products regulated by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)

## Restricted Activities

- Activity with clients failing to meet their industries' recognized sustainability standards, that are not members of their industries' sustainability initiatives or carrying out activities not certified under the industry's sustainability standards, will be restricted. Support to these companies and projects will be subject to the commitment to adopt international standards and implement an action plan with a specific calendar.
- Deep Sea Bottom trawling (deeper than 600m below sea level).

## Energy Sector Norm

This norm applies to BBVA's advisory, investment and financing services in connection with companies and projects related to the power industry and covers the following sectors:

- Exploration, drilling, transport and refining of oil and gas
- Renewable energy projects: Wind, solar, hydropower, biomass and biofuel
- Thermal power stations (combined-cycle and coal power plants)
- Nuclear power plants
- Electric power transmission and distribution

**Businesses:** Enterprises or groups that hold energy assets representing a sizeable portion of their total assets and that engage in the exploration, development or operation of said assets.

**Projects:** New projects or expansion of electric power exploration, development generation or transmission projects.

### Context

The energy sector plays a key role in the welfare state and economic development. Reliable and affordable access to electric power is essential for the development of societies. However, some activities can potentially have a negative impact on the environment and local communities, and therefore require strict regulations, the application of best practices and the transition towards a low-emission energy model that BBVA strongly supports.

**Oil & Gas:** Although their relative weight in the global economy mix is dwindling, the industry continues to explore and develop new assets in a scenario of increasing complexity, as a result of the technology applied (fracking), or due to the location's remoteness and challenging nature (deep waters), institutional weakness or conflict.

**Thermal power generation:** Thermal power generation technologies based on fossil fuels contribute to the stability of the power grid during low production spans by renewable sources. However, they have a potential environmental and social downside, specifically due to their contribution to climate change. While coal power plants are the most emission intensive, natural gas power plants are conceived as a transition technology towards a low-carbon energy mix.

**Renewable Energy:** This is the cleanest form of power generation. However, renewable energies are not exempt from having an environmental and social impact, especially large-scale hydropower projects, which in spite of their significant contribution to the supply of renewable power, flood control and water supply can have negative impacts on their surroundings.

## Standards and requirements

BBVA will assess clients' compliance with local regulations and will promote the endorsement of internationally renowned initiatives.

### Standards of best energy practices

- Industry-specific IFC Environmental, Health and Safety guidelines
- Extractive Industries Transparency Initiative (EITI)
- International Petroleum Industry Environmental Conservation Association (IPIECA)
- Petroleum Governance Initiative
- Global Gas Flaring Reduction Initiative
- The International Convention for the Prevention of Pollution from Ships (MARPOL)
- Oil Spill Response Project
- World Commission on Dams (WCD) Framework
- International Hydropower Association Sustainability Assessment Protocol
- Energy and Biodiversity Initiative (EBI)
- Bettercoal Code
- The Roundtable on Sustainable Biomaterials (RSB) Principles and Criteria

BBVA is committed to supporting power utilities in their transition towards more sustainable energy sources and the reduction of greenhouse gas emissions. Clients must have set out an energy transition strategy defining Greenhouse Gas Emissions goals, renewable energy investment goals or goals for increasing low-carbon energy sources in their generation mix, and a commitment to refrain from increasing coal generating capacity.

Additionally, BBVA's commitment is to progressively align its loan portfolio with the Paris Agreement.

This norm establishes prohibited and restricted activities. BBVA does not support clients and/or transactions involved in the following prohibited activities.

Exceptions may be made for new nuclear power plants, construction of new and expansion of existing coal power plants, and coal-based power generating clients, in countries with high energy dependency (more than 65% energy imported) or without viable alternatives. BBVA will report on such projects/clients financed<sup>4</sup>.

## Prohibited Activities

### Projects

- New nuclear power plants
- Construction of new and expansion of existing coal power plants
- Exploration and production of oil and gas in the Arctic
- Tar sand exploration, production and transport
- Simple hull oil tankers

### Clients

- Clients that fail to furnish the health and safety records of their workers and/or areas of influence
- Clients lacking adequate norms and processes for cleaning spillage on offshore operations
- Significant coal-based power generation (more than 35%) without a diversification strategy
- Companies involved in the construction and operation of nuclear power plants or Uranium enrichment facilities in countries sanctioned by the United Nations, the European Union or the United States

## Restricted Activities

- Clients lacking sufficient commitment to manage environmental and social issues
- Companies operating coal power plants that fail to provide proof of GHG emissions monitoring or compliance with applicable GHG regulations
- Companies operating hydropower plants without adequate environmental and social risk management systems in connection with dam safety, environmental impact, labor regulations and population resettling
- Shale gas unless the client is an experienced operator that operates according to internationally recognized industry standards to minimize environmental impact and the country has enacted regulations that are consistent with the international best practice framework
- Oil and gas extraction operations in armed conflict zones, as defined by the Heidelberg Institute for International Conflict Research



## Infrastructure Sector Norm

This norm applies to BBVA's advisory, investment and financing services in connection with companies and projects related to the infrastructure industry and covers the following sectors

- Transport: Highways, ports, terminals, airports, subway, tramway and railway
- Environmental: Waste and water management (treatment, management and distribution)
- Social: Education and health related
- Telecommunications: Cables and communication networks

**Businesses:** Enterprises or groups that hold infrastructure assets representing a sizeable portion of their total assets and that engage in the construction, maintenance and operation of said assets.

**Projects:** Development and/or expansion of existing projects, including infrastructure planning, construction, acquisition, operation and maintenance phases.

### Context

With the growth of the world's population and the increase of living standards, the world is facing a growing demand for the development and expansion of infrastructures. These infrastructures such as transport and telecommunications networks and waste management facilities are the underlying support and foundation of this growth. In urban areas, infrastructure investments are essential to progress towards a smart-city model.

For BBVA, the construction and operation of infrastructure is compatible with sustainable development. This norm is aligned with Objective 9 of the SDGs, Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. That is why we commit to fund the development of resilient, sustainable and quality infrastructures, to foster economic and human development, emphasizing affordable and fair access for all.

### Transport

This is an essential sector for commercial growth, economic development and the aperture of territories, allowing the efficient transfer of people and goods, including hazardous merchandise, such as oil or chemical products. At the same time, the development of new transport infrastructures and the modernization and upgrading of existing ones promote, in many cases, lower consumption of fossil fuels, with the resulting reduction in greenhouse gas emissions. Urban transport infra structures are especially relevant to achieve the objective of developing cities with better public transport and a healthier environment.

## **Environmental: Water and waste management infrastructures**

Fresh water is a finite and vulnerable resource, essential to support life, development and the environment. Demand is driven by demographic growth and urbanization as well as growing agricultural, industrial, power and household requirements. These water consuming industries sectors cause situations of water-stress and impacts such as desertification, depletion of aquifers and droughts. To avoid these situations, the SDG include the goal of ensuring universal access to drinking water and adequate sanitation and hygiene services by 2030.

Acknowledging the significance of the water scarcity challenge, besides the requirements we apply to the specific industry, we encourage our clients to implement technically and financially feasible measures to curb water consumption when operations or projects entail intensive use of water resources and prevent the effluent discharges, or, when unavoidable, minimize and manage their impact.

Waste management is a pivotal industry to reduce the consumption of raw materials, prevent pollution and progress towards a Circular Economy model. The SDGs have identified a great opportunity for Earth and Humanity by defining the goals for 2030 to encourage businesses to adopt sustainable practices, and to substantially reduce waste generation through prevention, reduction, recycling and reuse activities.

## **Social: Educational and health infrastructures**

Quality education is essential to improve people's lives and promote sustainable development. In line with the SDG of "ensuring inclusive and quality education for all and promote lifelong learning," BBVA is committed to fund projects that allow progress towards the achievement of the goal through the construction and upgrading of educational installations that take into account everyone's needs and offer safe, inclusive and efficient learning environments for all.

To achieve sustainable development it is essential to guarantee a healthy life and promote well-being for everyone regardless of age. BBVA endorses the SDG commitment to "Ensure healthy lives and promote well-being for all at all ages." supporting projects and businesses that contribute to universal access to basic health services and affordable and quality medication for all.

## **An opportunity for everyone**

We acknowledge that the infrastructure industry faces potential environmental and social challenges, specifically major transport infrastructures. Adequately managed, infrastructures are essential elements to economic development, environmental preservation and social well-being. BBVA's commitment is to identify and support commercial opportunities in the infrastructure industry, thus contributing to the compliance of SDG's health, education, water, infrastructure and city goals.

## Standards and requirements

BBVA will assess clients' compliance with local regulations and will promote the endorsement of internationally renowned initiatives

### Standards of best infrastructure practices

- Industry-specific IFC Environmental, Health and Safety guidelines
- OECD Framework for better governance of infrastructures World Commission on Dams (WCD) Framework
- United Nations Environment Programme (UNEP) Dams and Development Project
- Building Research Establishment Environmental Assessment Method (BREEAM)
- Leadership in Energy and Environmental Design (LEED)
- The United Nations Model Recommendations on the Transport of Dangerous Goods

This norm establishes prohibited and restricted activities. BBVA does not support clients and/or transactions involved in the following prohibited activities.

### Prohibited Activities

#### Projects

- Dams failing to comply with WCD Framework
- Facilities failing to comply with the Hong Kong Ship Recycling Convention

#### Clients

- Clients that cannot furnish the health and safety records of their workers and/or areas of influence
- Clients that cannot disclose or provide information about their performance in connection with the use of water, waste and greenhouse gas emissions

### Restricted Activities

- We shall only finance desalination plants that set out appropriate measures to mitigate the impact of the brine discharges and/or seawater extraction