

Sustainability General Policy of BBVA

September 2022

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1. Introduction

1.1. Sustainability as a strategic priority

In 2019, Banco Bilbao Vizcaya Argentaria S.A. ("**BBVA**" or the "**Bank**") performed a process of strategic reflection to continue making progress with its transformation and adapt to the major trends that are changing the world and the finance industry. Two of the main trends identified were the fight against climate change and the growing importance of social inclusion.

In this context, **the strategic plan approved by the Bank's Board of Directors in 2019** seeks to accelerate this transformation and the achievement of its Purpose, "To bring the age of opportunity to everyone". This plan consists of **six strategic priorities, which include "helping our clients transition towards a sustainable future" and "improving our client's financial health"**.

The fight against climate change is one of the biggest disruptions in history, with extraordinary economic consequences, and all stakeholders in our environment (governments, regulators, companies, consumers and society in general) must adapt to it.

Climate change, the transition to a low-carbon economy and the protection and regeneration of biodiversity have significant implications for the value chains of most productive sectors, and will require significant investments in multiple industries. Likewise, technological advances in relation to energy efficiency, renewable energies, efficient mobility or the circular economy are a source of new opportunities for everyone.

Furthermore, customers, markets and society as a whole, not only expect large companies to create value, but also expect them to contribute positively to society. In particular, the economic development to which they contribute through their activity must be inclusive.

BBVA is aware of the important role that banking plays in this transition towards a more sustainable world through its financing activity and has the desire to play a relevant role, as demanded by society as well as helping its customers in the transition towards a sustainable future.

Furthermore, the Bank is **committed to banking responsibly** and will ensure that its activity is developed in line with a series of values, principles, criteria and attitudes aimed at achieving the sustained creation of value for shareholders, employees, customers and society as a whole.

Through this policy, BBVA defines its contribution to the United Nations 2030 Sustainable Development Agenda. As a proof of this aspiration, BBVA has signed up to different international commitments such as the Principles for Responsible Banking and the Net-zero Banking Alliance promoted by the United Nations, as well as others.

With this in mind, this Policy aims to set out BBVA's vision and the general principles and guidelines for handling sustainability at the Bank and its Group (the "**Policy**").

1.2. Regulatory framework

This Policy takes the following regulatory framework as a reference:

(i) Article 249 bis of Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Corporate Enterprises Act, which determines that among the non-delegable powers of the Board of Directors is the power to determine the general policies and strategies of the company; as well as Article 529 ter a) of the same law, which expressly contemplates the approval of the corporate social responsibility policy as a non-delegable power of this body; and

(ii) Article 17 of BBVA's Regulations of the Board of Directors, which establishes that the Board's powers includes determining the Bank's general policies and strategies; as well as how to approve the corporate social responsibility policy.

Finally, as part of the preparation of this Policy, the recommendations of the European Banking Authority, the European Central Bank, the Bank of Spain and the Network of central banks and supervisory authorities for Greening the Financial System have been taken into consideration, as has the Code of Good Governance of Listed Companies by the National Securities Market Commission in relation to issues that, in the area of sustainability, BBVA had not developed other general policies approved by the Board.

2. Definition, purpose and scope of application

2.1. Definition and purpose

Based on the definition set out by the United Nations, **BBVA interprets "sustainable development" (or "sustainability", in general) as meeting the needs of the generation of today without compromising the ability of future generations to meet their own needs.** Sustainable development has emerged as the guiding principle for long-term global development, seeking to achieve economic development, social development and environmental protection in a balanced way.

BBVA faces the challenge of sustainable development from a holistic approach, being aware that, by making our purpose of "to bring the age of opportunity to everyone", as well as our priority of "helping customers transition to a sustainable future" a reality, we aim to generate a positive impact through the activities of our customers, our own activities, as well as our relationship and commitments to society.

In this sense, **this Policy defines and establishes the general principles, and the main goals and guidelines for the management and control to be followed by the Group in the field of sustainable development.**

2.2. Scope of application

This Policy will apply to BBVA and the companies that form its Group for accounting consolidation purposes (the "**Group**") and over which the Bank has management control. It will serve as a frame of reference when establishing and developing local or sectorial regulations within the Group, which must be coherent and in accordance with it.

As part of its application, the nature, scale and complexity of the risks inherent to the business model and the activities carried out by each Group company will be taken into account, as well as respect for the applicable local and sectoral regulations.

Finally, the references contained herein to different Group areas, units and committees refer to those that at any time perform their functions, and may undergo changes in their naming.

3. General principles

The Group will follow the following general principles of action in the field of sustainability (the "**Principles**"):

- **Support customers in their transition to more sustainable business models** by acting as a lever that enhances these behaviours or actions.
- **Progressively incorporating sustainability** opportunities and risks into their strategy, business, processes and risk management.
- **Look after the direct and indirect environmental and social impact** in the most relevant areas that their businesses and activities could generate, promoting positive impacts and reducing negative impacts.
- **Respect for the dignity of persons and human rights** that are inherent to them in line with different commitments that are widely recognised nationally or internationally to which it has signed up.
- **Develop community investment programmes and activities** to address the most relevant challenges facing the communities in which the Group is present, with a view to creating opportunities for everybody.
- **Involvement as an agent of social change** together with other stakeholders (employees, shareholders, suppliers or society in general) with a view to creating opportunities for everybody and dedicating their skills, business knowledge and resources in doing so.

The Group will also develop its activity in the field of sustainability based on the following general principles that it already applies in its different **General Policies**:

- Integrity.
- Prudent risk management.
- Transparency.
- Achieving a profitable and sustainable long-term business.
- Creating long-term value for all stakeholders.
- Compliance with applicable law at any given time.

4. The Policy's provisions

4.1. Focuses of action on sustainability

The Group's main focuses for action in terms of sustainability shall be:

- The fight against **climate change** and the **protection of natural capital**, in such a way that the Group acts as a catalyst for the global joint efforts to accelerate the shift towards a net-zero emissions economy by 2050 and the preservation of natural capital.
- **Inclusive growth**, in such a way that the Group acts as a catalyst for change, increasing the well-being and economic growth of society, leaving nobody behind and making the opportunities of this new era available to everyone.

4.2. The Group's sustainability goals

Based on the two main focuses of sustainability action described in section above, the Group shall have specific sustainability goals (hereinafter, the "**Group's Sustainability Goals**"), which, at the time of elaborating this Policy, shall be as follows:

1. **Foster new business through sustainability.** Identify new opportunities, innovate by developing sustainable products and offer advice to individual customers and companies, integrating sustainability risks into the Group's management processes.
2. **Achieve greenhouse gas emissions neutrality.** Reduce the Group's direct and indirect emissions through those of its customers, reaching emissions neutrality by 2050 at the latest, in line with the most ambitious goals of the Paris Agreement.
3. **Promote integrity in our relationship with stakeholders.** Ensure a responsible relationship with our customers and suppliers, promote diversity and inclusion in our team, enhance transparency and promote investment in the community.

4.3 Promoting sustainability across the Group

The Bank's commitment to sustainability in all companies that are part of the Group means that the Principles and the Group's Sustainability Goals are integrated into its day-to-day undertakings and everything it does, both as part of its internal processes and in its relationship with customers and other stakeholders (employees, shareholders, suppliers or society in general).

To this end, the Bank has a **Global Sustainability Area**, which, in addition to other issues, is responsible for **designing and promoting the implementation of the Group's strategic sustainability agenda** and business development in this area; establishing the Group's goals in terms of sustainability; and promoting and coordinating the Group's different lines of work in this area, **performed by the different areas.**

Thus, the **implementation of the sustainability strategy cuts across the entire Group, with its areas responsible for progressively incorporating it into their strategic agenda and working**

dynamics. In this way, the Global Sustainability Area is responsible for publishing the Principles and the Group's Sustainability Goals and advising the different responsible executive areas for them to be implemented and integrated into the Group's activities and its Internal Regulations.

To this end, below are the principles, commitments and channels of communication, participation and dialogue that, in the field of sustainability, the different areas at the Bank apply to each of the stakeholders, and in certain areas of action¹:

Stakeholders and other groups

- **Customers:** The Bank places customers at the centre of its activities and one of its purposes is to help them in the transition to a more sustainable future, accompanying them on their journey towards decarbonisation, offering them innovative solutions to finance their investments with positive environmental and social impacts and managing initiatives that better respond to sustainability-related challenges.

The Bank's relationship with its customers is based on transparency, clarity and accountability. In fulfilling this purpose, the Bank has adopted different internal regulations, including but not limited to the Regulations on Customer Protection or the Code of Conduct, which is applicable, generally speaking, to all the Bank's employees.

- **Employees:** The Bank has, in relation to its employees, a fundamental commitment to human rights, diversity, the promotion of equal opportunities, as well as non-discrimination based on gender, colour, ethnic origin, disability, religion, sexual orientation or political opinion. Furthermore, the Bank promotes professional development, awareness of environmental and social challenges, training in different skill sets (including sustainability), practices to strike a work-life balance as well as a culture of social and environmental commitment, facilitating the conditions to participate in volunteering. The Bank also has different internal regulations within the framework of the *Talent & Culture Area*, as well as BBVA's Code of Conduct itself.
- **Shareholders and investors:** The Bank participates in a permanent dialogue (*engagement*) with its shareholders and investors to facilitate the knowledge of issues that may be of interest to them to allow them to properly exercise their voting rights and investment decisions. To this end, the Bank publishes information in a continuous, regular and timely manner and its regulations include a Communication and Contact Policy with BBVA shareholders and investors, which, among other issues, promotes transparency and veracity in the dissemination of information to its shareholders and investors, equal treatment between shareholders and considers channels of communication, participation and dialogue with shareholders and investors.

¹ No amendment to this Policy shall be necessary should the title or content of the aforementioned internal regulations be changed in the future.

Within the framework of this dialogue and transparency, BBVA communicates its staunch commitment to the fight against climate change, decarbonisation and the protection of natural capital, and among other issues, discloses information to the public under advanced sustainability standards and publishes the follow-up to the recommendations issued by the Task Force on Climate-related Financial Disclosure (TCFD), a working group promoted by the Financial Stability Board, which aims to encourage companies to inform their investors about risks related to climate change and how these are managed.

- **Suppliers:** BBVA includes the Principles of this Policy into its relationship with suppliers, providing comprehensive and transparent information in procurement processes, ensuring compliance with legal requirements in labour and environmental matters, respecting human rights and stimulating the demand for socially responsible products and services. These commitments are included in the Bank's different internal regulations that define BBVA's general procurement principles as well as the suppliers code of ethics.
- **Regulators and supervisors:** The Bank complies with the existing regulatory framework in all the jurisdictions in which it operates. BBVA also maintains a constructive and continuous dialogue with supervisory and regulatory bodies, with a view on collaborating on public policies that promote responsible banking practices and contribute to a society that creates more opportunities for everybody.
- **Investment in the community:** The Bank promotes the development of the societies and communities in which it operates, encouraging investment, contribution and participation in investment activities in the community. In this regard, the Bank prioritises the following areas, although it may focus on other areas in the future: fight against climate change, protection of natural capital, education, financial education, entrepreneurship, support for vulnerable groups, science, knowledge and culture, corporate social responsibility and support in emergency situations.

Areas of action

- **Tax responsibility**

BBVA undertakes its activity by complying accordingly with its tax obligations and avoids any practice that involves the unlawful avoidance of the payment of taxes or damage to the public treasury.

To this end, the Bank's Internal Tax Regulation includes corporate principles in tax matters and strategy, including but not limited to the promotion of integrity, transparency and prudence in the Group's taxation.

- **Prevention of unlawful conduct and corruption**

The Code of Conduct sets out that BBVA promotes compliance with legal obligations and avoids conducts that are contrary to internal rules and policies or that may harm BBVA's assets, image or reputation.

BBVA also has a broad internal regulatory framework related to the prevention of unlawful conduct, including the Anti-Corruption Policy and other specific policies to address the main activities likely to generate risks of this nature, as well as a Criminal Risk Prevention Model for the legal entity, which forms part of its general internal control model.

■ **Commitment to Human Rights**

BBVA ensures compliance with all applicable laws and respect for internationally recognised human rights in all its relations with employees, customers, shareholders, suppliers and, in general, with the communities in which it carries out its business and activities.

BBVA has a commitment to human rights, which aims to guarantee respect for the dignity of all people and their inherent rights, and which is an indispensable requirement of its action. This commitment is coordinated around the stakeholders with which it interacts, in line with the UN Guiding Principles on Business and Human Rights.

To ensure compliance with these UN Guiding Principles, BBVA includes due diligence processes for the identification and assessment of risks from the perspective of human rights, and as a result of which the relevant actions and improvement plans are established.

Furthermore, BBVA has signed up to the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises and the main conventions of the International Labour Organisation, as well as others.

■ **Participation in international initiatives**

BBVA supports and participates in the initiatives that it considers more relevant in line with the bank's strategy and its priority areas of action, which promote the positive contribution of the finance sector in our society to promote the change necessary to ensure a better future and create opportunities for everybody, both today and for future generations.

Thus, BBVA actively participates in different global initiatives that aim to promote the decarbonisation of the planet, the protection of the environment and natural capital, promote inclusive growth and diversity and the way to undertake activities responsibly, and its ambition is to play a leading role in the international agenda in these areas.

To this end, the Group's role in international initiatives such as the United Nations net-zero banking alliance, the United Nations Global Compact, the United Nations Principles for Responsible Banking or the United Nations Women's Empowerment Principles, among others, is worth particular mention.

5. Governance and oversight model for the Policy

5.1. Approval, responsibility for the Policy and model of governance

This Policy was approved by BBVA's Board of Directors on September 28 2022, after having been analysed by the Executive Committee, and entered into force at the time of its approval.

The Policy was developed and coordinated by the Sustainability Area, with the collaboration of *Strategy & M&A, Global Risk Management, Regulation & Internal Control, General Secretary, Client Solutions, Corporate & Investment Banking* and *Talent & Culture* areas, within the scope of their remits.

The Global Head of Sustainability is responsible for this Policy at an executive level, and will therefore be responsible for submitting it for approval, ensuring knowledge of the Policy amongst the persons who are subject to it, and, where appropriate, its extension to the Group companies.

In this sense, **the Global Head of Sustainability shall be responsible for promoting and coordinating sustainability initiatives at the Group** and, as indicated in section 4.3, **is responsible for all areas at the Group incorporating this Policy into their strategic agenda and work dynamics.**

The Policy maker must have knowledge of its degree of application, supported by the information provided by the heads of the areas to which it applies, and must take the necessary measures if it is not being properly implemented, reporting as appropriate.

5.2. Oversight and control

The Board of Directors, as the highest supervisory body of the Bank, shall supervise, **directly or through its Committees, the implementation of the Policy,** on the basis of the periodic or ad hoc reports received from the *Global Head of Sustainability*, the different areas at the Bank that shall include sustainability in their day-to-day business and activities and, where appropriate, from those responsible for the different control functions in place at BBVA.

At least once per year, or in the event of any event requiring changes to this Policy, the Sustainability Area shall review it and submit any updates and modifications deemed necessary or appropriate at any time for consideration by the Bank's management bodies.

Control over the degree of compliance with both this Policy and its development will be performed in accordance with the internal control model established by the Group, for adequate management of the risks therein. This management is structured on the basis of three lines of defence, independent of each other.

Non-financial risks specialists shall analyse the provisions of this Policy to identify potential risks in their field of expertise, with a particular focus on legal, process and conduct and compliance risks, and include them into the corresponding mitigation and control frameworks, actively monitoring their degree of implementation.

All areas shall incorporate the aspects necessary for the achievement of the Principles and the Group's Sustainability Goals established in this Policy into their rules and procedures. The processes defined shall be adjusted to include the necessary controls to ensure their proper management, following the mitigation and control frameworks established by the corresponding specialists, and the details of the roles and responsibilities of the different participants in the process, in line with the Group's control model.

The monitoring and reporting of risk and control aspects shall be performed in line with the governance system established within the framework of the Group's General Risk Management and Control Model and the applicable specific risk policies.

Glossary

- **Paris Agreement:** International treaty signed in November 2016 by more than 190 countries that sets long-term goals as a guide for all countries to substantially reduce greenhouse gas emissions to limit the rise in global temperature this century to 2°C and strive to limit this increase even further, to just 1.5°; review countries' commitments every five years; and provide financing to developing countries so that they can mitigate climate change, strengthen resilience and improve their ability to adapt to the impacts of climate change.
- **United Nations 2030 Sustainable Development Agenda:** Resolution adopted by the member states of the United Nations at the General Assembly that includes the 2030 Sustainable Development Agenda, as an action plan in favour of people, the planet and prosperity, which also aims to strengthen universal peace and access to justice. The Agenda sets out 17 Goals with 169 integrated and indivisible targets covering economic, social and environmental factors.
- **BBVA or the Bank:** Banco Bilbao Vizcaya Argentaria, S.A., as the parent company of the Group.
- **Natural capital:** This comprises the Earth's natural assets (soil, air, water, flora and fauna), and the ecosystems resulting from them, which make human life possible.
- **International Bill of Human Rights:** A body of human rights instruments, proclaimed by the United Nations.
- **Committees:** At the time of the approval of this Policy, the Executive Committee, the Audit Committee, the Risks and Compliance Committee, the Appointments and Corporate Governance Committee, the Remuneration Committee and the Technology and Cybersecurity Committee.
- **Sustainable development or sustainability:** Meeting the needs of the generation of today without compromising the ability of future generations to meet their own needs.
- **Group companies:** The companies that make up the Group over which the Bank exercises management control and which are included within the scope of this Policy.
- **BBVA Group:** International financial group consisting of BBVA, as the parent company, and other legally autonomous companies and branches, mainly devoted to the exercise of banking activity and others directly or indirectly related to this purpose.
- **Stakeholders:** Customers, employees, shareholders and investors, suppliers, regulators and supervisors, and society in general.
- **Head of Area:** Those responsible for the Corporate Areas and Business Areas at the Group. As of the date of this Policy, those responsible for: Finance, Risk Management, Engineering, Talent and Culture, Data, Strategy and M&A, Communication, Legal, General Secretariat, Regulation and Internal Control, Internal Audit; and Corporate and Investment Banking (C&IB), Client Solutions, Sustainability, Spain, Mexico, Turkey and Country Monitoring.
- **OECD Guidelines for Multinational Enterprises:** Recommendations addressed by governments to multinational enterprises operating in or based in member countries. The Guidelines aim to promote the positive contribution of business to economic, environmental and social progress around the world.

- **Internal Regulation Framework:** General Policy, approved by BBVA's Board of Directors, to standardise the different types of Internal Regulation (i.e. General Policies, Rules and Procedures) at the Group, setting out executive guidelines for the preparation, application, reporting and supervision of the General Policies.
- **General Management and Control Framework:** Series of basic management and control guidelines and General Policies, approved by BBVA's corporate bodies, which constitute the Group's common management and control framework.
- **The Group's General Risk Management and Control Model:** Model defined by BBVA's Board of Directors for the management and control of the Group's risks, in line with its business model, its organisation, the countries in which it operates and its corporate governance system that allows it to develop its activity within the framework of the risk management and control strategy and policy defined by the governing bodies.
- **BBVA's governing bodies:** For the purposes of this Policy, the Board of Directors of BBVA and its Committees.
- **UN Global Compact:** UN call for businesses and organisations to align their strategies and operations with the Ten Universal Principles on human rights, employment standards, the environment and the fight against corruption, as well as the promotion of the Sustainable Development Goals (SDGs) in the business sector.
- **General Policies:** Pursuant to the provisions of the *Internal Regulatory Framework*, the General Policies aim to establish the general principles, goals and main management and control guidelines to be followed by BBVA Group in its different areas of action and, in addition to forming part of the General Management and Control Framework, may define or develop specific aspects of it.
- **United Nations Principles of Responsible Banking:** Principles designed to guide a bank to strategically align its business to the development and sustainability goals that the world has set itself, at international, regional and national levels.
- **UN Women's Empowerment Principles:** A series of reflections aimed at helping the private sector focus on key elements for the promotion of gender equality in the workplace, in the marketplace and in the community.
- **UN Guiding Principles on Business and Human Rights:** Based on the recognition of respecting, protecting and fulfilling human rights and fundamental freedoms, the role of companies in complying with all applicable laws and respect for human rights and the need for rights and obligations to be accompanied by adequate and effective remedies in case of non-compliance.
- **Internal Regulation:** According to the provisions of the *Internal Regulatory Framework*, all mandatory and permanent provisions that define the framework of action that must be observed by the people, areas or businesses that are part of the BBVA Group, and that are approved internally, either to develop the General Management and Control Framework, to respond to regulatory or supervisory requirements, or to regulate the organisation and operation of a particular area of activity or of the Group as a whole.

Change log

Date	Description of change	Author
05/02/2008	<ul style="list-style-type: none"> ● First version of the General Corporate Social Responsibility Policy 	Corporate Responsibility and Reputation
17/12/2014	<ul style="list-style-type: none"> ● Second version of the General Corporate Social Responsibility Policy 	Corporate Responsibility
22/12/2015	<ul style="list-style-type: none"> ● Third version of the General Corporate Social Responsibility Policy 	Corporate Social Responsibility
27/02/2018	<ul style="list-style-type: none"> ● Fourth version of the General Corporate Social Responsibility Policy 	Corporate Social Responsibility
28/10/2020	<ul style="list-style-type: none"> ● First version of the General Sustainability Policy 	Corporate & Investment Banking (<i>Global Sustainability Office</i>)
22/12/2020	<ul style="list-style-type: none"> ● Fifth version of the General Corporate Social Responsibility Policy 	Communications & Responsible Business
28/09/2022	<ul style="list-style-type: none"> ● Second version of the General Sustainability Policy: <ul style="list-style-type: none"> ○ Update of Sustainability Principles, Goals and Provisions ○ Inclusion of content and revocation of the General Corporate Social Responsibility Policy 	Sustainability