BBVA Creating Opportunities

Responsible Banking

A different way of banking

May 2019

Summary

01 What do we mean by Responsible Banking?

02 How do we do Responsible Banking?

03 BBVA's impact on society

Annexes

Sector norms: main exclusions
TCFD recommendations road map

01

What do we mean by Responsible Banking at BBVA?

Responsible banking policy, a driver to deliver our purpose every day

Our purpose

To bring the age of opportunity to everyone

Aligned with our vision of the future

Helping customers to achieve their life goals

Be more than a bank, be an engine of opportunities

Having a true impact on people's lives and business

Our six strategic priorities

- New standard in customer experience
- Drive digital sales
- New business models
- Unrivaled efficiency
- Optimal capital allocation
- A first class workforce

Mission of our responsible banking policy

To manage the responsibility that comes from the impact of BBVA's activities on people & society

Holistic approach to responsible banking

Return adjusted to principles

- Integrity
- Prudence
- Transparency

With a multistakeholder approach

And with the whole bank involved

- Business Units & Support Areas are integrating it in their operational models
- Responsible Business function working mainly as a second line to challenge and give support to all areas

Role of Responsible Business: 2nd line to ensure that people are systematically placed at the decision-making processes

Our four pillars on responsible banking

Balanced relationships with our customers based on transparency, clarity & responsibility

New standard in customer experience

Drive digital sales

Sustainable finance to halt global climate change & attain the UN Sustainable Development Goals

New business models

New standard in customer experience

Optimal capital allocation

Responsible practices with employees, suppliers and other stakeholders

Optimal capital allocation

Unrivaled efficiency

A first class workforce

Community investment to promote social change and create opportunities for all

New standard in customer experience

Governance and Accountability

Responsible business function reports directly to the Board of Directors

Approval and monitoring of the CSR policy and responsible business plan

Report to plenary & to the Executive Committee

Integrated in CEO decision-making

Global Leadership Team oversight

Local Leadership

Responsible Business co-dependency: Customer Solutions & Communications

Global & local teams (140 people)

Main sustainability indexes in which BBVA is present

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

FTSE4Good

member of the
INVESTMENT
REGISTER
ETHIBEL
EXCELLENCE

EURONEXT
vigeo eiris
INDICES

MSCI

CDP
DRIVING SUSTAINABLE ECONOMIES

International standards with BBVA's active participation

EQUATOR PRINCIPLES

PRI Principles for Responsible Investment

UNITED NATIONS GUIDING PRINCIPLES ON BUSINESS & HUMAN RIGHTS

United Nations Global Compact

GISR™ Global Initiative for Sustainability Ratings

CSR EUROPE

spainsif Foro de Inversión Sostenible de España

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

UNEP Finance Initiative Innovative financing for sustainability

GREEN BONDS FINANCING A SUSTAINABLE FUTURE

The Social Bond Principles

INTEGRATED REPORTING <IR>

SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

RE 100

Grupo Español Crecimiento Verde

02

How do we do Responsible Banking?

TCR relationships with our customers (transparent, clear & responsible)

TCR relationships

Systematically ensure that BBVA's interactions with customers are transparent, clear and responsible to help them to **make better financial decisions** and **build trust**

Transparent

Include all relevant information for the customer in a balanced way

Clear

Make it easy to understand (language and structure)

Responsible

Take into account customer interests in the S/M/L term

Our aspiration 2020:
1st clearest and most transparent bank in major markets

TCR on de customer journey

In all BBVA customer journeys, regardless of the channel, the customer needs to feel that we are a TCR bank. Consistency is key to positioning our brand as a transparent brand

What are we doing?

TCR in key Customer Content (maintenance and adaptation to new formats)

- TCR advertising
- TCR product summary pages & commercial protocols
- TCR sale scripts for call centers
- TCR contracts
- TCR complaints management

TCR embedded in new digital solutions

TCR experts globally & locally actively participate in the design of solutions with high impact in customers (mobile app, E2E digital sales processes, payments processes, digital onboarding, public web…)

TCR Training

11.0000 people trained either in person or on-line

(*) SDA: Single Development Agenda

ROI for TCR relationships

Growth

- Higher customer recommendation (NPS, Net TCR Score)
- Higher non-customer consideration
- More digital sales

Return on Capital

- Less complaints
- More efficient commercial dialog
- Higher employee pride of belonging and motivation

Risk Management

- Lower risk of fines
- Lower reputational risk
- Lower operational costs for unfair commercial practices
- Anticipating regulation

Source: NPS Retail Open Market

Based on RSC2 Model developed by McKinsey & Seres Foundation

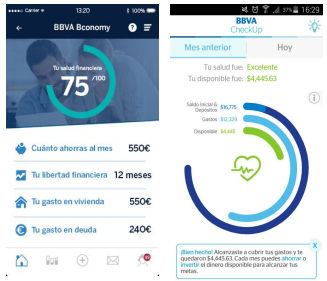
Financial Education & Capability Building

Financial education for society

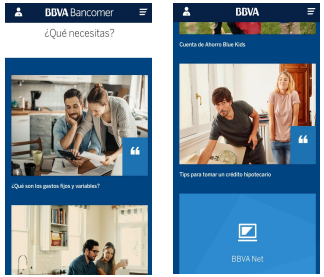
- **2 million** children, youth, adult and SME´s benefited in 2018
- **€7.5 million** invested in 2018
- **Local initiatives** development in all countries where BBVA operates

Financial capabilities into customer solutions

- **Financial Health** (Spain & Mexico)



- **Public Web** (Mexico, Colombia & Perú)



Advocacy & Promotion of financial education

- **Alliances**
- **Investigation**
- **Knowledge spaces**

www.bbvaedufin.com

Data verified by KPMG

Customer relationships KPIs

Net Promoting Score (NPS)
2018

External Reputation
Pulse RepTrak 2018

Reputation among customers

Country	Position relative to peer group
Spain	1st (*)
EEUU	1st
México	1st (*)
Turkey	3rd (*)
Argentina	1st
Colombia	2nd (*)
Perú	1st
Venezuela	2nd
Paraguay	1st (*)

Source: Rep trak (Reputation Institute)
(*) tie with other entities
Peer Group: Spain: Santander, CaixaBank, Bankia, Bankinter, ING, Sabadell; EEUU: Regions,Wells Fargo,Chase, Chase, Citibank, Capital One, Bank of América ; Mexico: Banamex, Banorte, Santander, HSBC, Scotiabank; Argentina: Galicia, Santander, HSBC; Colombia: Bancolombia, Banco de Bogotá, Davivienda; Perú: Banco de Credito, Interbank,Scotiabank; Venezuela: Banesco, Mercantil, Banco de Venezuela; Paraguay: Continental, Itaú; Turkey: Is Bankasi, Ziraat, Yapi Kredi, Akbank.

Data verified by KPMG

An inflection point on the relevance of environmental & social issues in our business

Global agenda

Sustainable Development Goals 2030 (SDGs)

Paris Agreement

COP21 · CMP11
PARIS 2015
UN CLIMATE CHANGE CONFERENCE

Market

USD 12 TRILLION
Annual market linked to SDGs in 2030[1]

USD 5-7 TRILLION
Expected annual investment till 2030, 70% in emerging markets[1]

Consumers
Growing sustainability consciousness

Competitors
Starting to develop advanced strategies

Investors

PRI Principles for Responsible Investment

1,750
Institutional investors

USD 70 TRILLION
Assets under management

Regulators & supervisors

Recommendations on climate change

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Action Plan from European Commission on sustainable finance

Network of Central Banks & Supervisors for Greening the Financial System

Technology

Big data | Blockchain | Artificial Intelligence | Internet of things | New Realities

(1) Business & Sustainable Development Commission

Pledge 2025

BBVA strategy on climate change and sustainable development

To finance

We will help to create the **scale of capital mobilization** to halt global climate change & attain the UN Sustainable Development Goals

€100 Billion
MOBILIZED

- Green finance
- Sustainable infrastructure and agribusiness
- Financial inclusion & entrepreneurship

To manage

We will manage our environmental & social risks to **minimize potential negative direct & indirect impacts**

70%
RENEWABLE ENERGY

68% CO_2
EMISSIONS REDUCTION

- Transparency in carbon-related exposure
- Progressively alignment with Paris Agreement
- Sector norms in mining, energy, agribusiness & infrastructure

To engage

We will engage with all our stakeholders **to collectively promote the contribution** of financial industry to sustainable development

ACTIVE COLLABORATION

- TCFD recommendations implementation on 2020
- Financial education
- Promotion of Responsible Banking standards within the industry

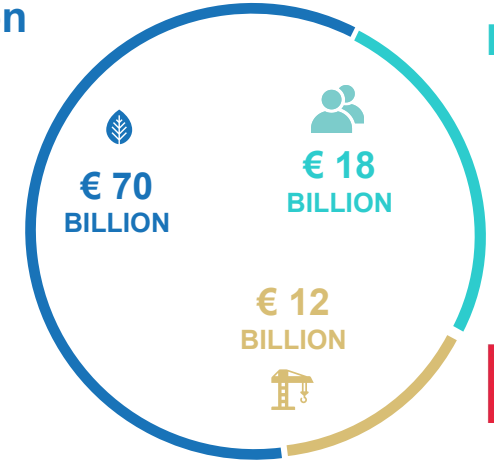
Our purpose: to bring the age of opportunity to everyone

A €100 Billion mobilization between 2018-2025

To finance To manage To engage

Transition to a low carbon economy

- Green lending to companies & institutions
- Green bonds intermediated as bookrunner
- Energy efficiency, water & waste management & solutions for SMEs & individuals
- Green investment funds & equity



Financial inclusion & entrepreneurship

- Lending to underserved
- Lending to vulnerable microentrepreneurs
- Lending to women entrepreneurs
- New digital business
- Impact investment

Infrastructures & agribusiness

- Project & corporate lending in education, health & affordable housing
- Social bonds intermediated as bookrunner
- Social investment funds & equity
- Agribusiness lending under sustainability criteria

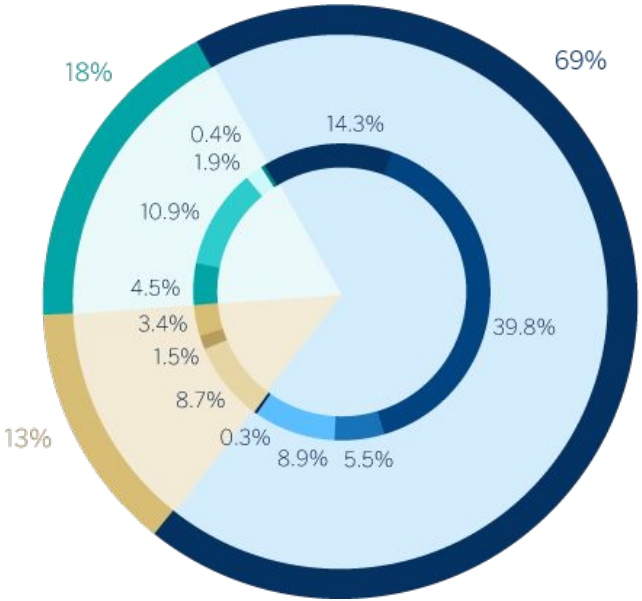
Current figures on sustainable finance

Sustainable financing

December 2018

Financial inclusion and entrepreneurship
- Financial inclusion
- Loans to vulnerable entrepreneurs
- Loans to female entrepreneurs
- Impact investing

Sustainable infrastructures and agribusiness
- Social corporate financing
- Social infrastructure project finance
- Social bonds



Green financing
- Certified green loans
- Corporate green financing
- Green project finance
- Green bonds
- Green retail solutions

Sustainable bonds

Sustainable bonds intermediated

€ 7.1 BILLION

€1.5 BILLION as bookrunner

Eurozone's largest green bond issued

€1 BILLION

We are already providing innovative finance solutions to promote sustainable finance

Transition to low carbon economy

Most active bank in green loans market	€1,684M green certified loans 1st green loan in the energy sector in favor of Iberdrola (€500M) 1st syndicated green loan 1st green project finance loan
Green corporate financing	€4.3 bn in green sectors according to the GBP
Financing sustainable projects	€645M financing in renewable energy projects

SDG transactional product framework

Infrastructure & agribusiness

Social corporate financing	€1 bn in social sectors according to the SBP
Sustainable infrastructure	€177M in project finance
Affordable housing:	• 76,538 clients refinanced in light of payment difficulties • 2,500 houses for social rent

Financial inclusion & entrepreneurship

Financial inclusion segment

- 8.4 million customers in Mexico, South America
- Low-cost digital channels and easy-to-use products
- 6 year commitment of $11,000 million for low income communities in US

Fundación BBVA MicroFinanzas

5 Countries >2 million customers

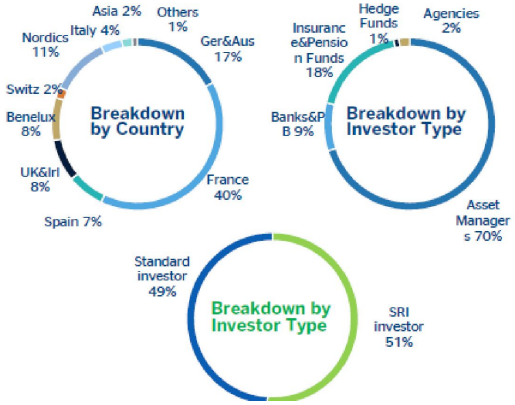
515 branches >8,100 employees

United Nations grants consultative status

BBVA sustainable bonds issuance

Inaugural BBVA € 1 Bn 7-year Green Bond Senior-Non Preferred

- This is **the largest financial Green Bond in the Eurozone** and the **first Green Bond for a Spanish bank**
- Books closed with a final amount of c.€ 3 Bn (pre-rec), setting the spread at MS+ 80 bps. This means zero new issue premium
- High quality and granularity of the books, with 230 orders



Gender Bond issued by Garanti Bank

- $75 Mn 6-year Social Bond purchased by IFC. 6-year. Proceeds will be lent to small business owned by women

Green Bond issued by BBVA Bancomer

- $168 Mn 3-year senior unsecured Green Bond (3.500 mdp) becoming the first Mexican financial corporate to enter the green bond market

(1) International Capital Market Association (ICMA)

To finance | To manage | To engage

All are based on the **BBVA's SDGs Bond Framework** publicly launched on May which follows the ICMA[1] Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainable Bond Guidelines

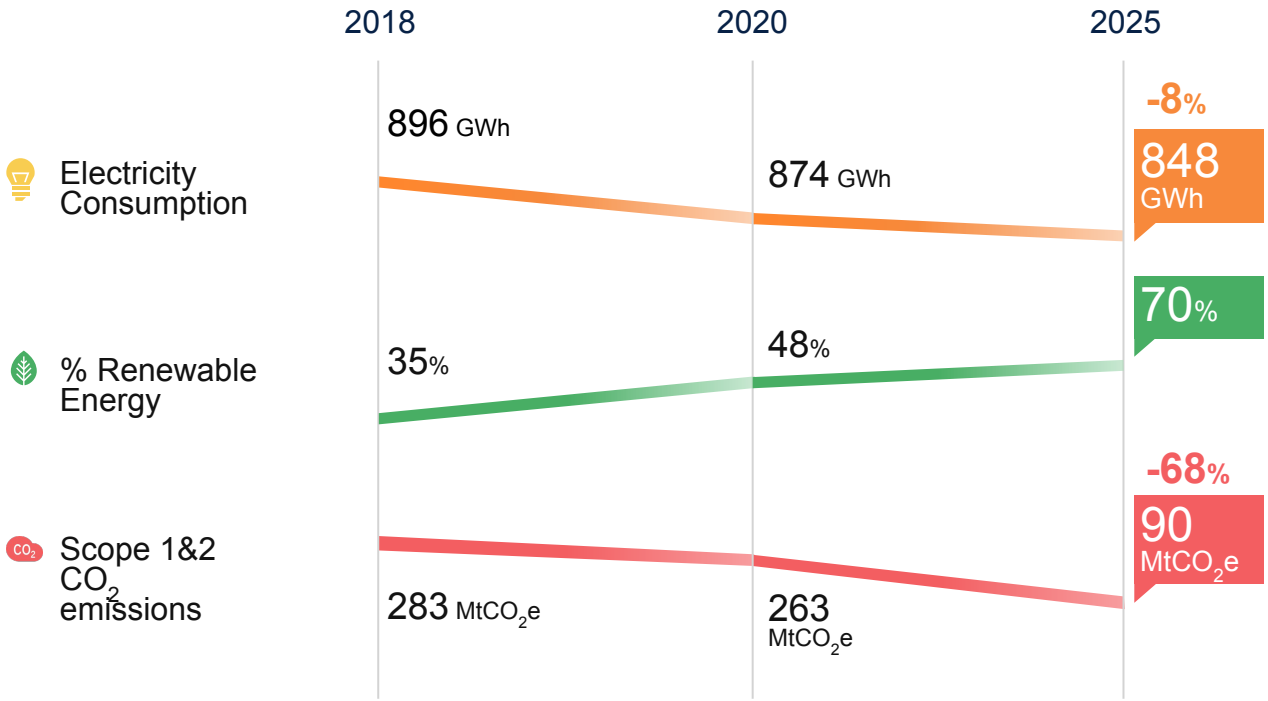
Green Eligible Categories

- Energy Efficiency
- Sustainable Transport
- Water
- Waste Management
- Renewable Energy

Social Categories

- Healthcare
- Education
- SME financing and microfinancing
- Affordable housing

Environmental direct impacts targets 2025



To finance | To manage | To engage

70%
renewable energy

68% CO_2
emissions reduction (2015)

Committed with Science Based Targets Initiative & RE 100 Initiative to achieve 100% renewable energy in 2030

Transparency in carbon-related assets

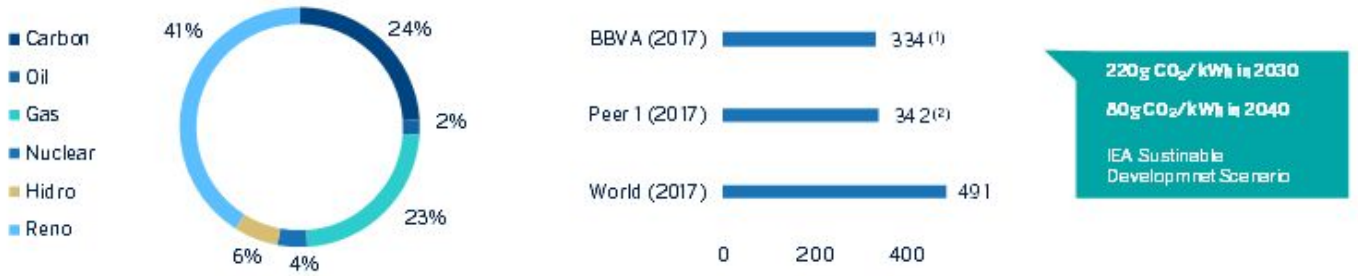
Carbon-related assets exposure

December 2018

	Utilities	Oil&Gas	Carbon Mining	Total
Corporate financing	7,074	14,343	243	21,660
Project financing	269	1,393	0	1,662
Structured trade finance	336	1,157	0	1,493
Equity	0	6,5	0	6.5
Total exposure to fossil fuels	**7,679**	**16,894**	**243**	**24,815**
% of total assets				**3.67%**

Mix in power generation for clients in utilities

December 2017



Sector norms

Purpose

To address industry-specific sustainable issues and provide clear guidance on the procedures that must be followed during customer management and transactions in these sectors

- Integrating new Human Rights commitment
- Integrating new environmental commitment

Scope

Corporate & Investment Banking activities carried out by all BBVA Group institutions, businesses lines, branches, subsidiaries and geographies

- Energy
- Mining
- Infrastructure
- Agribusiness

Due diligence processes

Transactions + Clients + Products

How we did it?

- Based on international standards
- Benchmark analysis
- Economic assessment

Escalation & exceptions

Exemptions will only take place exceptionally and shall only be approved by the CIB Leadership Committee.

Exemption requests must be clearly justified and supported by all decision-making tiers

A set of norms that are best practices within the industry that will be annually updated

BBVA's journey towards alignment with Paris Agreement and its financial impact

Methodologies & standards development

1_Climate Change Scenarios and Financial Impact
(Pilot exercise in 2018)

- Methodology developed by **UNEP FI, 16 Banks** and supported by Oliver Wyman & Acclimatise, **aligned with TCFD recommendations**
- BBVA's scope: **Transition Risks** for **Energy, Utilities** & **Transportation** sectors; **Physical Risks** for real state credit portfolio in Mexico

2_Credit Portfolio alignment to Paris Agreement
(Pilot exercise in 2019)

- **PACTA Methodology** developed by **2Degree Investing Initiative**
- Analysis at **Portfolio** level, focusing on most sensitive sectors & **5 years forward looking**
- **Public (Katowice) commitment** together with 4 Banks (ING, BNP, SocGen, Standard Chartered)

Working in 2019 to incorporate this forward looking vision into BBVA's industry frameworks: qualitative assessment of climate-related risk drivers and quantitative assessment of clients' climate-resilience

Engagement with all stakeholders and commitment with the main global initiatives

REGULATORS
Advocacy
Knowledge sharing

CUSTOMERS
Raise awareness
Educating & empowering

COMPETITORS
Partnerships
Self-regulation

CORPORATE CLIENTS
Dialogue
Support

WATCHERS
Hearing & learning
Transparency

INVESTORS
Holistic view
Transparency

SUPPLIERS
Dialogue
Support

EMPLOYEES
Raise awareness
Call to action

To finance | To manage | To engage

Representing European banking at the Global Steering Committee of United Nations forum for financial institutions. Chair of the Sustainable Finance Working Group at the European Banking Federation

access
arab african international bank
BANCO PICHINCHA
BANORTE
BARCLAYS
BBVA
BNP PARIBAS
The bank for a changing world
Bradesco
IB
A BANK TO TRUST
CIMB BANK
FIRSTRAND
Garanti
GOLOMT BANK
Hana Financial Group
ICBC
ING
KCB
LAND BANK
We stand by you
National Australia Bank
Nordea
PIRAEUS BANK
Santander
SHINHAN FINANCIAL GROUP
SOCIETE GENERALE
Standard Bank
Triodos Bank
200
Westpac GROUP
YES BANK

01
ALIGNMENT
Align our business strategy with society's goals as expressed in the SDGs, Paris Climate Agreement and other frameworks

02
IMPACT
Continuously increase our positive impacts while reducing our negative impacts

03
CLIENTS & CUSTOMERS
Work responsibly with our clients and customers to create shared prosperity for current and future generationsother frameworks

04
STAKEHOLDERS
Consult, engage and partner with relevant stakeholders to achieve society's goals

05
GOVERNANCE & TARGET SETTING
Implement commitments through effective governance and setting targets for our most significant impacts

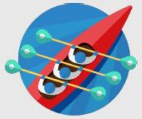
06
TRANSPARENCY & ACCOUNTABILITY
Commit to transparency and accountability for our positive and negative impacts, and our contribution to society's goals

Our people, a first-class workforce

Our values

Customer **comes first**

We think **big**



We are **one team**

Transformation journey

- **Zero tolerance against low quality**
- **New ways of working:**
  Agile, collaborative tools
- **New headquarters**
- **Collaborative culture, entrepreneurship**
  ('trial - error')
- **Leaner structures**

Ethical conduct

Code of Conduct updated and approved by the Board on 2015

Includes commitments to the prevention of corruption in the Group in its relations with suppliers, anti bribery policies, acceptance of gifts, events management, prevention of money laundering and commitments regarding politically exposed persons

Main responsible practices related to people management

GREAT PLACE TO WORK®

efr EMPRESA CERTIFICADA

Compensation

Variable remuneration linked to the Group's strategic objectives (financial and non-financial)

Values & behaviours as KPI for all employees

Responsible Banking Synthetic Index as KPI for Group Executive Chairman

Global Diversity Plan

48% of women in management positions

Employee ratio
54% women / 46% men

Diversity Charter and UN Women's Empowerment Principles signatory

Training

€49.5 million investment

47 hours of training per employee

88% employees trained

Global Corporate Volunteering Plan

>8,000 BBVA volunteers

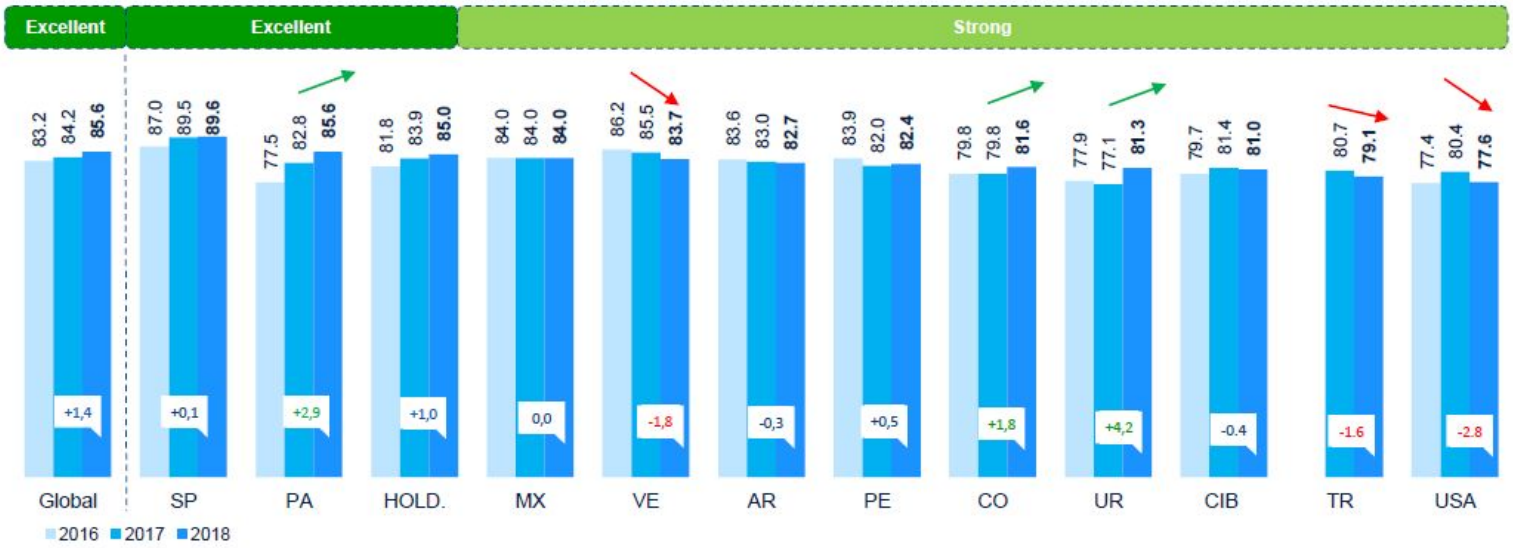
1st Global Week of Service

Verified by KPMG

Internal Emotional Reputation KPIs

- BBVA shows an excellent RepTrak® Pulse score globally. Uruguay and Paraguay portray highest growth while USA, Turkey and Venezuela decrease.

BBVA Internal Reputation (Pulse) – 2018: Status and evolution vs 2017. Scale 0-100

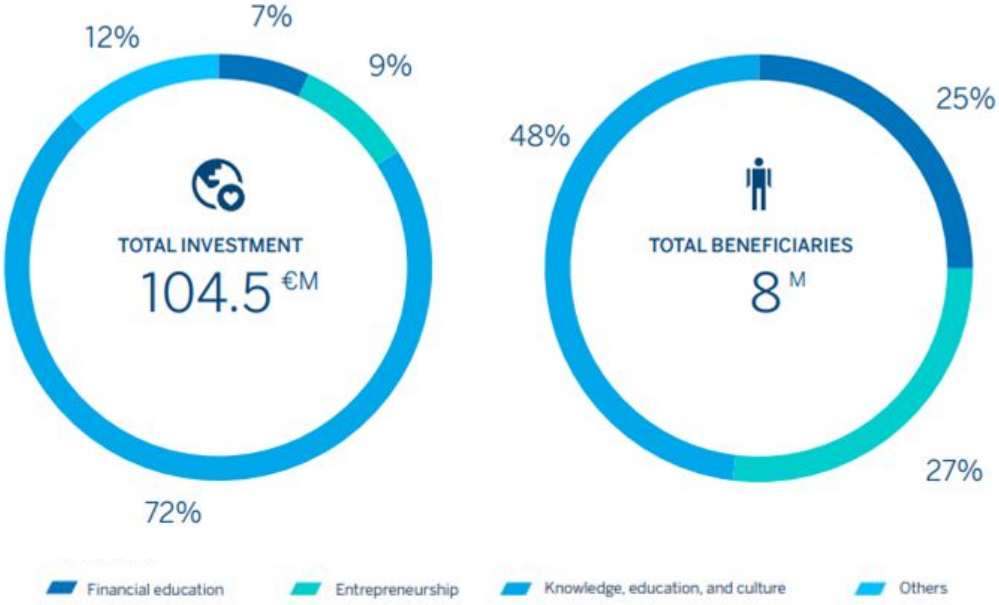


Evolution 2017-2018. Numbers in green-significant increase; numbers in blue stability

Note: Statistically significant differences from +/-1,5
NA- Not available: The survey for these countries stopped in 2018

Source: Internal Reputation Survey 2018, Reputation Institute. RepTrak® Methodology

Community investment, €104,5 M and 8 M people benefited in 2018



MAIN AREAS OF ACTION

Financial education

Aimed at promoting the acquisition of financial skills and competencies to enable people to make informed financial decisions

Social entrepreneurship

Designed to support the most vulnerable entrepreneurs and those whose companies have a positive social impact

Knowledge, education, and culture

By supporting initiatives that promote development and that allow the creation of opportunities for people

Other initiatives

Supporting social entities, Volunteering and promoting social responsibility

Community investment, main initiatives in 2018

Education

- Access to education for children, youth and adults

Por los que se quedan
Fundación BBVA Bancomer

es estar leer adelante

- Initiatives to improve educational quality

ACCIÓN MAGISTRAL

The Teachers Academy Foundation.

20 AÑOS Programa Papagayo

- Projects to develop the 21st century key competences as sources of opportunity

Conectados #gestiona tu yOOnline

Laboratorio de Robótica BBVA

BBVA Aprendemos juntos

(1) See slide 15 for information on financial education for society

Entrepreneurship

Global initiatives

BBVA | Momentum

Fundación BBVA MicroFinanzas

BBVA Open Talent

Blue BBVA

Local initiatives

Developed in countries where BBVA is present

Science & Culture

BBVA | RESEARCH

OpenMind

Fundación BBVA

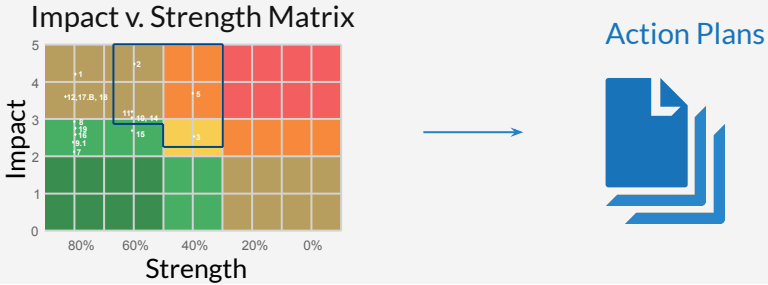
focuses its activity on the generation of knowledge through science & culture. .

- Grants for cultural creators
- Collaboration with reference entities (museums, theaters, others)
- Prizes
- Local initiatives fostered by countries where BBVA is present

Other relevant issues: Reputational Risk Management Model

Results

By Country and Consolidated



Process

- Identification of risks, risk factors and their Assurance Providers
- Impact assessment
- Assessment of risk factors 'strength
- Local and Global Review & Approval
- Local and Global Agreement on action plans

Governance & Accountability

- Reputational risk appetite + ICAAP (integrated in Global Risk Management)
- Reputational Risk Working Group (integrated in Corporate Assurance Framework) Internal Control, Responsible Business, Compliance & Comms
- Reputational Risk specialist Responsible business function

Other relevant issues: Customer Privacy & Data Security

Operational and technological risk management

- New Engineering Risk & Corporate Assurance unit
- Focus on adapting the levels of information protection to the new challenges arising from the Group's digital strategy
- BBVA CERT: new center of BBVA Group's cybersecurity and fraud strategy.
- Cyber Trust Program: continuous cybersecurity monitoring and improvement plan

Data protection risk management

- Risks identification and assessment
- Consistent set of policies and procedures
- Definition of a whole range of mitigation measures/ actions focused on mitigating identified risks
- Definition and tracking of indicators such as consumers claims/complaints, security incidents/breaches or independent review processes, including a causal analysis
- Reputational risk assessment

Specific Technology & Cybersecurity Board Committee

03

BBVA's impact on society

BBVA's impact on society

Contribution to development - customer support

€111,527M
in homes financed

3,5 million
SMEs, micro-enterprises and self-employed workers supported

Creating wealth

€9,752M
contribution through paid and accrued taxes

€4,786M
paid in salaries and wages

€1,667M
of remuneration in cash to shareholders

Contributions to society

€104,5 M
investment in social programs

8 M
people benefited from social programs

Verified by KPMG

For further information:

https://shareholdersandinvestors.bbva.com/

BBVA Creating Opportunities

ANNEXES

Sector norms: main exclusions

TCFD recommendations road map

Sector norms: 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 or in the vicinity of 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

Sector norms: main exclusions

Mining

- New coal mines and coal mine expansions.
- New projects on Mountaintop Removal (MTR) extraction methods
- Asbestos extraction projects
- Major coal producers using MTR mining in more than 10% of their activity
- Clients with a significant portion of their activity consisting in the extraction of coal (more than 35%) used to generate electricity that lack a diversification strategy

Energy

- New nuclear power plants
- Construction of new and expansion of existing coal power plants
- Exploration and production of oil and gas in the Artic
- Tar sand exploration, production and transport
- Simple hull oil tankers
- Significant coal-based power generation (more than 35%) without a diversification strategy

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 and without viable alternatives. BBVA will report on such projects/clients financed

Sector norms: main exclusions

Agribusiness

- Illegal logging
- The burning of natural ecosystems to clear land for the development of agricultural projects
- Projects for production of first-generation biofuel
- Use of substances prohibited by the Stockholm Convention
- Non-certified Palm oil operations or not in the process of obtaining certification by the Roundtable on Sustainable Palm Oil (RSPO)
- Clients engaging in blast and cyanide fishing
- Clients using driftnets in excess of 2.5km
- Clients trading and manufacturing angora wool
- Clients with animal testing not related to health research
- Clients with direct participation in the trade of shark fins, commercial whale hunting, illegal, undeclared and unregulated fishing

Infrastructure

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

TCFD recommendations
Implementation road map 2018/2019 (1/2)

February 2019

Area	Recommendations	Done	Plan 2019
GOVERNANCE	Describe the **board's oversight** of climate-related risks and opportunities	• Included in the CSR Policy approved by the Board od Directors • Board of Directors' oversight (3 times in 2018)	• Reporting to the Board of Directors and to the Board Executive Committee • Progressive inclusion in Board Risk Committee agenda
	Describe **management's role** assessing and managing climate-related risks and opportunities	• Plans & norms approved and oversighted by the CEO • Global Leadership Team & Sustainable Finance Working Group as forums to help decision-making • Responsible Business as specialist function coordinating implementation & monitoring	• Reporting to the Global Leadership Team meeting • Sustainability KPI to be included in variable compensation scheme for executive board members
STRATEGY	Describe the **climate-related risks and opportunities** the organization has **identified** over the short, medium and long term	• Quantify credit exposure to carbon-related assets & mix energy generation in utilities • First climate risks (transition & physical) defined	• Update risks and opportunities definition that are material for BBVA
	Describe the **impact** of climate-related risks and opportunities on the organization´s businesses, strategy and financial planning	• Pledge 2025. Strategy on climate change and sustainable development • Product portfolio defined at CIB • Dashboard for climate finance in 2018	• Climate issues in strategic planning • Retail business opportunities
	Describe the **resilience** of the organization's strategy, taking into consideration **different scenarios**, including a 2ºC or lower scenario	• Climate scenarios: participation in pilot group with UNEP FI • Joint the initiative to develop methodologies to assess the alignment of lending portfolios to the Paris Ag.	• Second climate scenario exercise • Pilot PACTA methodology in most intensive sectors

TCFD recommendations
Implementation road map 2018/2019 (2/2)

February 2019

Area	Recommendations	Done	Plan 2019
RISK MANAGEMENT	Describe the organization's **processes for identifying** and assessing climate-related risks	• Sustainable Finance Working Group oversights climate-related risks identification • Research unit & Public Affairs unit update regulation trends	• Process formalization
	Describe the organization's **processes for managing** climate-related risks	• New sector norms approved by the CEO • Equator Principles implemented • Due diligence processes in clients, transactions & products implementation	• Update sector norms & conclude implementation • Inclusion in key industry frameworks
	Describe how processes for identifying, assessing & managing these risks are **integrated** into the organization's **overall risk management**		• Integration as emerging risk • Road map definition to fully integration
METRICS & TARGETS	Disclose the **metrics** used to assess climate-related risks and opportunities in line with its strategy and risk management process	• Quantify credit exposure to carbon-related assets & mix energy generation in utilities • Dashboard for climate finance in 2018	• Definition of key sector metrics to assess Paris alignment
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 **greenhouse gas (GHG) emissions**	• Emissions reported Scope 1 , Scope 2 • Committed with Science Based Targets Initiative	
	Describe the targets used by the organization to manage climate-related risks and opportunities and **performance against targets**	• Performance reporting in 2018 against targets set: mobilize €100 Billion 2018-2025. Renewable energy 70% and 68% reduction in direct GHG emissions. 100% renewable energy in 2030	• Enhance granularity of climate finance targets at country & product level • Define targets on climate pathways at the most relevant sectors

BBVA Creating Opportunities

Responsible Banking

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March 2018