

BBVA DAPL Statement (Dakota Access Pipeline)

Currently the Dakota Access Pipeline (DAPL) project is operating normally and meeting the conditions of the US permits and authorizations.

Before embarking on any project, BBVA carefully observes environmental and social standards, including those listed in the Equator Principles. The bank also conducts a detailed assessment before making its financing decisions, carefully screening for compliance with applicable laws and regulations.

The DAPL project finance transaction was evaluated under these guidelines. BBVA is one of 17 banks whose loans financed the project, and we have fulfilled our funding obligations under the agreements that govern our lending commitment of \$120 million, or approximately 5% of the debt component of the project's financing. Legislation in the US demands stakeholder engagement in these types of projects. In our due diligence we ascertained that all laws were being followed and that the company and the government had done extensive consultations with the Native American communities.

After financial close, when it became evident that the affected Native American communities did not feel that their views had been represented, BBVA monitored the situation closely and engaged in post-signing stakeholder engagement.

BBVA, alongside the other lenders involved in the project, proactively commissioned independent human rights consultant Foley Hoag to review matters related to the permitting process and consultations with the Native-American tribes involved. The bank met with the Standing Rock Sioux in March 2017 to hear the tribe's concerns directly in what will be an ongoing, respectful process. BBVA also engaged with the client to discuss this matter.

As a result of lessons learned in DAPL, when an Indigenous group is detected in the footprint of a project under construction for financing, regardless of the country in which it is located, an enhanced due diligence will be carried out to ensure any negative impacts are appropriately avoided/mitigated to our satisfaction. In such situations, BBVA expects its clients to provide a third party report that confirms any issues around FIPC (Free Prior Informed Consent) as part of the initial diligence process for Project Finance transactions.