

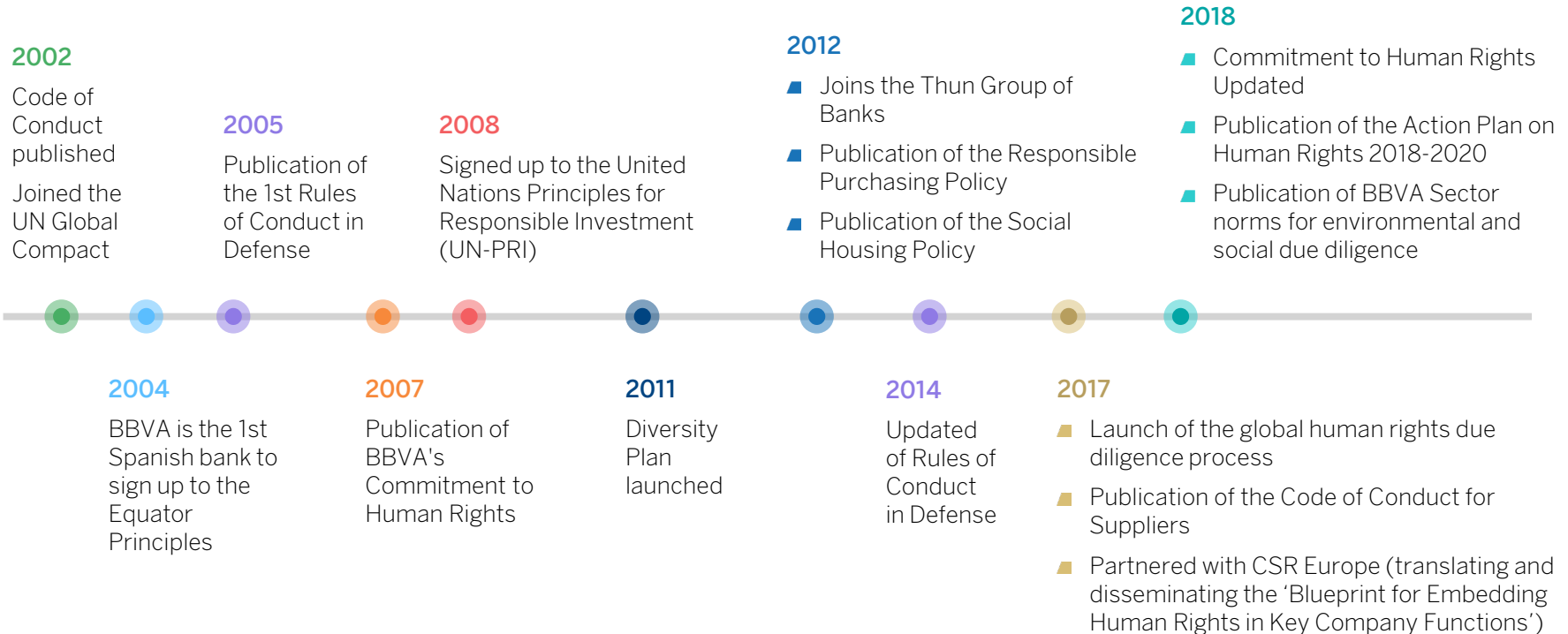
Action Plan on Human Rights

2018-2020

March 2019



BBVA and Human Rights: our journey



Due Diligence Process

Context:

In the current context and for an organization like BBVA with more than 75 million customers and 125,000 employees in more than 30 countries, and with activities in diverse sectors, a commitment to human rights assumes particular significance.


Furthermore, this commitment runs parallel to our mission: “to bring the age of opportunity to everyone.” Still, the journey to fulfill this purpose is replete with challenges.

One of these challenges is the identification and assessment of the Group’s impact on human rights.

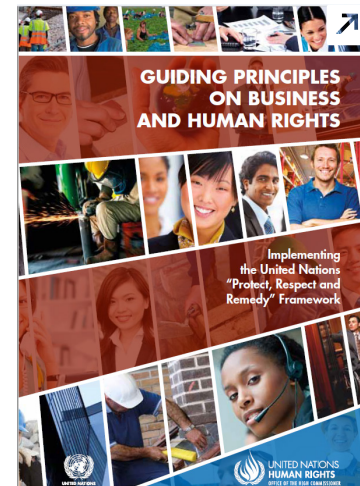
Specifically with the intention to strengthen this aspect, a global due diligence process was undertaken in 2017.

More than 400 employees from all lines of business and the bank’s main support functions participated in the discussions, workshops, and surveys conducted across the Group’s holding company, as well as in Argentina, Chile, Colombia, Spain, Mexico, Paraguay, Peru, Uruguay, the USA, and Venezuela.

Methodology:

The United Nations [Guiding Principles on Business and Human Rights](#)  were used as a baseline, and according to these guidelines, there are three fundamental steps businesses should take to establish due diligence processes:

- 01 Identify the potential impact of their business activities on human rights;
- 02 Design mechanisms within the company to prevent or mitigate these impacts;
- 03 Establish channels and define processes that ensure appropriate mechanisms are in place to redress affected parties, in the event of a violation.




Due Diligence Process

Main Conclusions:

As a result of this process, the **actual and potential human rights impact** of BBVA's operations were identified, and mechanisms were designed within the Group to prevent and mitigate them. The appropriate channels and procedures were put in place to ensure affected parties were provided remedy as necessary, in the case of a violation. All of this provided the basis for the **Action Plan on Human Rights 2018-2020**.

One of the principal conclusions of the process was the identification of four key areas on which to focus our work:

1. Policy and Structure

One of the recommendations coming out of the process was to update our [Commitment to Human Rights](#) , which was then reviewed and updated in 2018. The Guiding Principles on Business and Human Rights were used as a baseline, and the new version of the Commitment was framed round our principal stakeholders (employees, customers, suppliers, and communities).


2. Cultural Training and Transformation

From the due diligence process, it was also recommended that the bank's perspective on human rights be incorporated into:

- the internal and external communication plan
- the diversity and work life balance plan
- the general and specialized employee training plan



Due Diligence Process



Respect for equality and diversity is embodied by the bank's corporate culture and leadership style; it is a guiding principle for employment policies – especially policies related to employee recruitment, development, and compensation – which guarantee non-discrimination based on gender, race, religion, or age and is laid out in [BBVA's Code of Conduct](#). 



In accordance with the recommendation, the Action Plan on Human Rights deals with different working areas. BBVA's Commitment to Human Rights also comprises the use of content from the International Labor Organization's principal conventions such as those related to the elimination of forced labor; the abolition of child labor (minimum age and the worst forms of child labor); and the elimination of employment and occupation discrimination.

3. Process Improvement

The analysis revealed the importance of reinforcing the supplier assessment and approval process, as well as the scope and operation of the redress mechanisms.

In fact, BBVA had already had a [Responsible Procurement Policy](#)  and a [Code of Conduct for Suppliers](#)  in place. In 2018, both were enhanced to include the full scope of human rights in the supplier assessment and approval process.

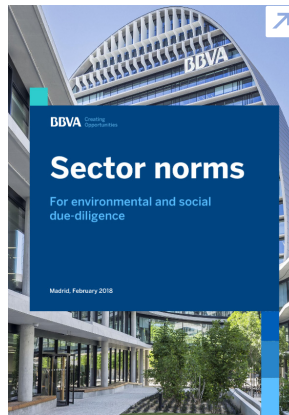
4. Business and Strategy Alignment

The due diligence analysis recommended integrating human rights criteria in the Group's strategic projects such as due diligence related to company acquisition (M&A and M&A Digital) or in its sustainable development and climate change strategy.

Due Diligence Process

In response to this recommendation and from a customer perspective, [sector norms for the environmental and social due diligence](#) were put into effect in 2018 covering [\(mining, energy, agribusiness, and infrastructure ↗\)](#). Furthermore, the role of Responsible Business was expanded to form part of the new product and business management committees in Spain, Mexico, the United States, Colombia, Peru, Turkey, and Venezuela.

This Plan will be reviewed annually and will be the BBVA's roadmap in its commitment to human rights.





Employees

Topic	Plan	Leader	Progress in 2018	Next steps
Promote equal opportunities and fight against employment discrimination based on gender, national origin, language, illness, disability, or any other breach of rights.	Diversity and Inclusion Plan	Talent & Culture	<ul style="list-style-type: none"> ■ The Rooney Rule for 100% of executive positions ■ 40% of the 33 new appointments were women in key positions (since Sept. 2017) ■ Pilot coaching program for high-potential women ■ BBVA selected for the Bloomberg Index of Gender Equality ■ The sexual harassment protocol is extended across the full BBVA footprint 	<ul style="list-style-type: none"> ■ The Rooney Rule extended to management positions ■ Sign up to the REDI initiative (Business Network for LGBTI Diversity and Inclusion) ■ Extend unconscious bias training across the whole Group. ■ Extension of the Group's domestic violence protocol for female employees to cover the Group's total footprint. (Currently covers Spain and Turkey)
Promote work-life balance and work time flexibility	Work-life balance plan	Talent & Culture	<ul style="list-style-type: none"> ■ Renewal of the "Stamp of Company Equality" and EFR (Family-responsible company) certification in Spain ■ 7.5 % of the workforce at BBVA, S.A (Spain) participating in the reduced work day and new ways of working (flexible working, for example, which allows employees to develop their roles outside the work environment.) 	<ul style="list-style-type: none"> ■ Retain "Stamp of Company Equality" and the EFR Certification
Complaint and remedy mechanisms. Employee Service Center	Define an action plan that assesses possible improvements to employee complaint and remedy channels.	Talent & Culture	<ul style="list-style-type: none"> ■ Make appropriate local level whistleblowing channels in the context of of the sexual harassment protocol available across the Group's footprint. 	<ul style="list-style-type: none"> ■ Make the most suitable local channels available to victims of domestic violence across the whole Group.
Promote training to increase Human Rights awareness and literacy	Define training plan: <ul style="list-style-type: none"> ■ On a general level. Pill ■ On specialized levels (Legal Services, RB) 	Talent & Culture and Responsible Business (RB)	<ul style="list-style-type: none"> ■ Specialized training in Legal Services 	<ul style="list-style-type: none"> ■ Launch of general training pills ■ Continue with the integration of human rights in specialized training



Real Estate Services And Security

Topic	Plan	Leader	Progress in 2018	Next steps
Avoid abuse and excessive and discriminatory use of security forces	Develop a plan taking into account each country's context	Real-estate services and security	<ul style="list-style-type: none">■ Regulation of the security guard role across the Group's total footprint and a BBVA statement that indicates when faced with any scenario that could result in violence, public security forces will be called.	<ul style="list-style-type: none">■ Incorporation of specific human rights clauses in the renewal and signing of new contracts with security companies.
Fight against environmental pollution and promote efficient management of resources	Impact Communication Plan	Real estate and services	<ul style="list-style-type: none">■ External communication on the bbva.com web site and in social media■ Internal communication on the intranet, Google+ etc.■ Sustainability Week with 9 talks and 3 workshops (at Ciudad BBVA, Madrid)	<ul style="list-style-type: none">■ Strengthen external and internal communication with Environment Day, Water Day, and Energy Efficiency Day■ Launch of BBVA's Plastic-free Campaign at Ciudad BBVA, Madrid.



Providers

Topic	Plan	Leader	Progress in 2018	Next steps
Work with suppliers to prevent a negative impact on human rights resulting from their activity and assess the start or ongoing viability of commercial relations with them based on their human rights performance.	Define the information plan building on BBVA's human rights commitment ■ Publication of information related to BBVA's commitment to human rights on the Supplier website	Procurement department	■ Publication on the web: https://suppliers.bbva.com/compras-responsables/	■ Completed
	Publication of the Code of Conduct for Suppliers	Procurement department		■ Completed
Prevent and mitigate the potential negative human rights impact resulting from subcontractor activity linked to the supply chain	Internal and external audits Prioritize high-risk sectors and outsourcing	Reputational Risk	■ Assessment of including a human rights review checklist in supplier audits	■ Analysis of the high-risk sector and the preparation of human rights checklist
	Supplier reputation assessment in the certification process	Procurement department	■ On-going integration of the Rep risk assessments in the approval process (Scope : Spain, Mexico and South America) ■ 33% of suppliers approved evaluated according to reputation (Scope: Spain, Mexico and South America)	■ 50% volume of awards resulting from suppliers evaluated on their reputation (Scope: Spain, Mexico and South America)
Remedy mechanisms. Review access to queries and reports filed by supplier employees	Develop plan based on the results of the remedy mechanisms report	Procurement department	■ Analysis of the different channels for incident submission on the Suppliers.bbva web site	■ Implementation of evaluated channels



Customers

Topic	Plan	Leader	Progress in 2018	Next steps
Development of Social and Environmental Frameworkhuman rights impact resulting from business customer activity and assess start or ongoing viability of commercial relations with them.	<p>Development of Social and Environmental Framework</p> <ul style="list-style-type: none"> ■ Sector Policies ■ Inclusion of RB in the new product and business committee ■ Integration of CIB customer due diligence in risk-prone sectors (onboarding & repapering) ■ Protocol in connection with controversial issues / engagement 	CIB and RB	<ul style="list-style-type: none"> ■ Publication of sector norms for environmental and social due diligence in 4 critical sectors: mining, energy, infrastructure, and agribusiness. ■ Enhanced ESG (environmental, social, corporate governance) due diligence pilot for CIB customers (onboarding & repapering) ■ Extension of the scope of Free, Prior, and Informed Consent (FPIC) to all projects regardless of geographic location and proposed amendment to the Equator Principles. ■ The launch of a controversial issues / engagement Protocol 	<ul style="list-style-type: none"> ■ Stakeholder engagement during the annual review of sector norms ■ Extension of the ESG due diligence pilot to the entire customer base representing the priority sectors (mining, energy, infrastructure, and agribusiness). ■ Update of the Rules of Conduct in Defense: <ul style="list-style-type: none"> • Extension of the concept of controversial weapons (inclusion of depleted uranium and white phosphorus) • New ban on manufacturers of assault weapons for civil use ■ On-going alignment of the lending portfolio to the commitments agreed in the Paris Agreement on Climate Change



Customers

Topic	Plan	Leader	Progress in 2018	Next steps
Remedy mechanisms. Review access to queries and reports on corporate finance topics	Define plan to establish corporate finance query mechanisms	CIB and RB	■ Analysis work, pre-assessment and preparation	■ Implementation of the mechanisms
Prevent and mitigate potential negative human rights impacts coming out of the development of products and businesses.	Inclusion of RB in the new product and business committee	RB	■ Incorporation of the committees for new products and businesses in Spain, Mexico, United States, Colombia, Peru, Venezuela and Turkey	■ Incorporation of Responsible Business in the new product and businesses committees in Argentina, Paraguay and Uruguay
Protect and ensure the responsible use of our customers' personal data and their right to privacy, as well as to guarantee that the algorithms we use are documented, auditable, and strict.	Draw up a manifesto on the responsible use of data	RB and Data	■ Research work and preparation	■ Drafting of the principles of responsible use models for the whole group



Own Capital Businesses

Topic	Plan	Leader	Progress in 2018	Next steps
Ascertain the absence of human rights issues when investing in or acquiring a company.	Include human rights-related criteria in company acquisition processes. Human rights checklist in due diligence processes Include human rights-related criteria in company acquisition processes	M&A and Digital M&A	Participation in the evaluation of M&A transactions from the perspective of reputational risk: 1/ Screening Based on the Rep Risk analysis (which covers human rights) and analysis of the company and its founding partners 2/ Analysis of CSR standards with partner companies 3/ If risk is identified, a due diligence and engagement process will be undertaken with the M&A executor.	<ul style="list-style-type: none"> ■ Improvement of screening in the risk identification process. ■ Enhancement of the due diligence process



Others

Topic	Plan	Leader	Progress in 2018	Next steps
Ensure the adequate interpretation of domestic laws and regulations that may not take human rights into consideration	Training plan to include human rights in the interpretation of the standard	RB and Legal Services	<ul style="list-style-type: none"> ■ Integration of human rights in training developed by Legal Services, with special attention given to the protection of personal data. 	<ul style="list-style-type: none"> ■ Continue integrating human rights into training (especially in the legal services department)
Fight against tax fraud, avoidance, and evasion	Definition of a new plan against tax fraud, avoidance and evasion	Tax	<ul style="list-style-type: none"> ■ Continuation of the Reduction of Offshore Financial Centers Plan. ■ Closure of the BBVA branch in the Cayman Islands 	<ul style="list-style-type: none"> ■ Introduction of new measures for the prevention of tax evasion schemes, such as the DAC 6, an EU directive that obliges disclosure about specific transactions - both the banks and customers - to tax authorities