

# BBVA Board of Directors selection, suitability and diversity policy

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# 1. Introduction

Banco Bilbao Vizcaya Argentaria, S.A., (hereinafter **BBVA** or the **Bank**) has drawn up the BBVA Board of Directors selection, suitability and diversity policy (hereinafter the **Policy**) in accordance with the provisions of its Bylaws, Royal Legislative Decree 1/2010 of 2 July, approving the revised text of the Spanish Corporate Enterprises Act, and legislation applicable to credit institutions, including, among others, Act 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions and the rules for its implementation.

Development of the Policy has also taken into account the recommendations included in the National Securities Market Commission's Good Governance Code of Listed Companies, as well as relevant best practices and recommendations at a local and international level.

The BBVA Board of Directors thus approves this Policy in accordance with the provisions of the above mentioned regulations and in accordance with the Board Regulations, which assigns the Board the function of establishing policies on selection and diversity of members of the BBVA Board of Directors.

In this regard, the Board of Directors, as part of its oversight of the implementation of approved policies, also provided for in the Board Regulations, and on the basis of the proposal submitted in this regard by the Appointments and Corporate Governance Committee, has determined the convenience of adapting the Policy to regulatory developments and recommendations issued since its initial approval in February 2016, as well as to the needs of BBVA's corporate governance system, which is constantly evolving and being improved to adapt to the circumstances and needs of the Bank at any given moment.

## 2. Purpose and scope of application

### 2.1. Purpose

This Policy sets out the principles and criteria governing the process for the selection, appointment and renewal of the members of the BBVA Board of Directors, as well as the legal requirements that directors must meet, including suitability requirements. The Policy also provides for the elements and objectives concerning the composition of the corporate bodies<sup>1</sup>, including diversity, which will be attended to ensure that the corporate bodies properly exercise their functions and to guarantee their effective functioning. All the foregoing in the Bank's best corporate interest.

### 2.2. Scope of application

The Policy will apply to the Bank's directors and to candidates for the BBVA Board of Directors.

With regard to senior managers, who are appointed by the Board of Directors, the Bank has a specific selection and appointment policy, approved by the Board in accordance with the provisions of its Regulations and which is in line with this Policy.

In relation to both senior managers and other key function holders who may be subject to the suitability framework provided for in the regulations applicable to credit institutions, the Bank will have appropriate internal units or procedures at all times in order to analyse and assess the suitability of the group in question, as required by the applicable regulations.

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<sup>1</sup> For the purposes of this Policy, BBVA's corporate bodies will be understood to mean the Bank's Board of Directors and its various committees.

### 3. General principles

As one of the key elements of BBVA's corporate governance system, drawn up by the Board of Directors to ensure the proper management and supervision of the Bank, the Policy is based on the following principles:

- Adequate composition of the Board of Directors and its committees.
- Identification of suitable candidates to be appointed to the Board of Directors.
- Transparency and equity of the director renewal and selection processes.
- Sound decision-making process by BBVA's corporate bodies.
- Compliance with regulations applicable at any given time.

Taking these principles into account, BBVA directors' renewal and selection processes will be directed toward promoting the Purpose, business strategy, objectives, values and long-term interests of the BBVA Group.

### 4. Adequate composition. Suitability and diversity

The BBVA Board of Directors will be composed of a number of directors determined by resolution of the Bank's General Shareholders' Meeting within the limits established by the law and the Bylaws.

To ensure the adequate composition of the Board of Directors at all times and to comply with the general objectives and principles set out in this Policy, the Board, drawing on the work carried out by the Appointments and Corporate Governance Committee, periodically analyses its structure, size and composition, as well as the composition of the various committees that assist the Board in the performance of its functions and that constitute an essential part of BBVA's corporate governance system.

Within this framework, the Board progressively and orderly renews the corporate bodies on the basis of an appropriate rotation of its members, with a view to ensuring that the structure and composition of the Board remains balanced and suited to requirements at any given time. The Board will thus have directors with different profiles and experience, thereby meeting the needs of the corporate bodies, in compliance with the principles set out in this Policy.

On the basis of the foregoing, and in accordance with the criteria set out below, the corresponding renewal and selection processes will be carried out, as described in Section 5 of the Policy, which may give rise to the corresponding proposals for the appointment or re-election of members of the Board of Directors.

In this way, the appointment of directors at BBVA will be based on a prior and documented analysis of the composition of the Board of Directors, aimed at ensuring that the Board as a whole has the right knowledge, skills and experience to understand the business, activities and main risks of BBVA and its Group, thereby also ensuring that it has the effective capacity to carry out its functions in the Bank's best corporate interest.

#### **4.1. Diversity in the composition of the Board of Directors**

The BBVA Board of Directors will promote diversity in the composition of the Bank's corporate bodies by encouraging the inclusion of people with different profiles, knowledge, training, experience and qualities.

To ensure that the corporate bodies have an adequate and balanced composition, the renewal and selection processes will encourage diversity of their members, based on the needs of the Bank at all times.

In particular, they will strive to ensure that the Board of Directors has a balanced representation of men and women. To this end, the Appointments and Corporate Governance Committee has set a target for representation of the lesser-represented gender, namely to endeavour that female directors represent at least 40% of the Board of Directors by the end of the 2022 financial year and beyond, not dropping below 30% prior to this.

Additionally, the composition of the Board of Directors shall seek to feature an adequate balance between the different types of director, for non-executive directors to represent an ample majority over executive directors and for the number of independent directors to account for at least 50% of the total seats.

Likewise, corporate bodies shall seek to combine individuals who have experience and knowledge of the Group, its businesses and the financial sector in general, with others who have training, skills, knowledge and experience in other areas and sectors relevant to the Bank.

In any case, BBVA's corporate bodies may take any other diversity factor into consideration that is relevant at any given moment to accommodate the composition of the corporate bodies to the needs of the Bank, including criteria such as gender, academic profile, professional experience, knowledge, disability, origin or age, thus being able to achieve an adequate balance aimed at ensuring that the corporate bodies properly exercise their functions and to guarantee their effective functioning.

## 4.2. Requirements for performing the role of director

BBVA directors must comply with the legal requirements necessary to perform the role, in accordance with the regulations applicable at any given time. In particular, they should have commercial and professional reputation, adequate knowledge and experience to carry out their duties, and the ability to exercise good governance of the Bank.

In this regard, BBVA directors:

- Must demonstrate that they have consistently conducted themselves personally, commercially and professionally in a manner that leaves no doubt as to their ability to undertake sound and prudent management of the Bank.
- Must have received training to a sufficiently high level and standard, particularly in banking and financial services, and have practical experience from previous positions held for sufficient periods of time.
- Must have the availability and dedication required at any time to carry out the duties of a director, including in the performance of their duties as committee members.

BBVA directors must also always be able to comply with the requirements established by Law, the Bylaws and the Board Regulations of Directors in order to suitably perform their duties as directors, in particular those related to due diligence and loyalty duties, avoiding conflicts of interest and complying with the incompatibility and limitations regime set out in the applicable regulations.

In performing the functions provided for in the Regulations of the Appointments and Corporate Governance Committee, said Committee will analyse individuals' suitability for the role at the time of appointment or re-election a director. This analysis will be framed within the process of progressive and orderly renewal and appointment, as described in Section 5 of this Policy, based on which the Committee will analyse the suitability of its members, including the status of each member.

The suitability assessment of a candidate to be appointed as a member of the Board, as well as the re-assessment of a director who is a candidate to be re-elected to the Board, will take into account the provisions of Section 4.1 of this Policy with regard to diversity.

The results of the corporate bodies' suitability analysis and assessment will be included in the documentation relating to appointments and re-elections of directors.

Moreover, as a credit institution that is supervised in accordance with the applicable European and national regulations, BBVA will communicate all relevant information regarding the suitability of candidates and members of the Board of Directors through the channels established by the competent authorities for this purpose and under the terms stipulated in the applicable regulations.

### 4.3. Director training programmes

In order to introduce new directors to BBVA and the workings of its corporate governance system, the Bank has a personalised induction and integration support programme for new directors on the Board, that is designed on the basis of their profile and professional experience, in order for it to be tailored to the individual needs, encompassing the nature and reality of the Bank whilst considering the knowledge and experience of the director.

The initial training programme gives new members of the Board of Directors an introduction to the BBVA Group, as well as to the context in which it operates, by



including topics such as structure, activities and business, strategy, risks, finance, corporate governance, internal control, macroeconomic environment, and banking regulations and supervision.

Furthermore, in order to ensure that the directors are continuously enriching their knowledge and skills, and thus to ensure that the Board of Directors has the necessary knowledge and experience to carry out its functions at all times, BBVA has established a continuous training programme for directors that is prepared annually and that includes subject matters that are considered relevant for directors to perform their duties.

The development of the continuous training programme therefore considers what topics are or will be relevant for directors to perform their duties, and it is thus adapted to the needs and changes in the business environment or regulatory changes that may arise at any given moment.

## 5. Director renewal and selection processes

The General Meeting is responsible for appointing and re-electing members of the Board of Directors, notwithstanding the Board's authority to co-opt members if a seat falls vacant, in accordance with the terms established in the applicable regulations, the Bylaws and the Board Regulations.

In either case, persons proposed to be appointed or re-elected as members of the Board of Directors must meet the requirements set out in current legislation, in the specific regulations applicable to credit institutions, in the Bylaws and in the Board Regulations.

Proposals for appointment or re-election of directors submitted by the Board of Directors to the General Meeting, as well as appointments made directly to fill vacancies under its co-opting authority, will be approved by the Board at the proposal of the Appointments and Corporate Governance Committee, for independent directors, and prior report by the Committee, for the remaining directors.

Furthermore, proposals for appointments and re-elections submitted to the General Meeting must be accompanied by a report from the Board of Directors assessing the skills, experience and merits of the proposed candidate.

To this end, the Appointments and Corporate Governance Committee, in the performance of its functions, will evaluate the balance of knowledge, skills and experience on the Board of Directors, as well as the conditions that the candidates must meet to cover any vacancies that arise, assessing the dedication of time considered necessary so that they can adequately carry out their duties, according to the needs of the corporate bodies at any given time.

Thus the Committee will carry out the director renewal and selection processes within the framework of the process of progressive and orderly renewal of the corporate bodies described in Section 4 of this Policy, considering, among other matters, the criteria described in said section.

In particular, the Committee will ensure that the selection processes favour diversity and that, in general, they are not impaired by implicit biases that may lead to any form of discrimination.

It will also ensure that these processes facilitate the selection of a sufficient number of female directors to guarantee a balanced representation of men and women, in the terms set out in Section 4.1 of the Policy, endeavouring to ensure that women with the relevant professional profile are included amongst potential candidates.

In the performance of its functions, the Appointments and Corporate Governance Committee may employ external services to select potential candidates, when it deems this necessary or convenient.

When drafting proposals for the appointment of directors, the Committee will take into consideration, when it considers them suitable, any requests that may be made by any member of the Board of Directors regarding potential candidates to fill vacancies.

## 6. Policy governance and supervision model

This Policy has been approved by BBVA's Board of Directors, at the proposal of the Bank's Appointments and Corporate Governance Committee. The Policy will enter into force on 22 December 2020 and will remain in force should the Board of Directors not resolve to change it, revoke it or approve a replacement.

The Appointments and Corporate Governance Committee will periodically review the Policy, submitting any updates or modifications deemed necessary or convenient at any given time to the Board of Directors for consideration. The Committee will likewise verify compliance with the Policy, which will be reported in the Bank's Annual Corporate Governance Report.

The Board of Directors, within the framework of its oversight of the implementation of approved policies, will supervise the implementation of the Policy, periodically assessing its effectiveness and adapting it where necessary.

As legal advisor to the corporate bodies, the General Secretary and Secretary of the Board of Directors will provide the necessary support to the Committee and the Board in the performance of their respective functions.

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