

BBVA

Creating Opportunities

Action Plan on Human Rights

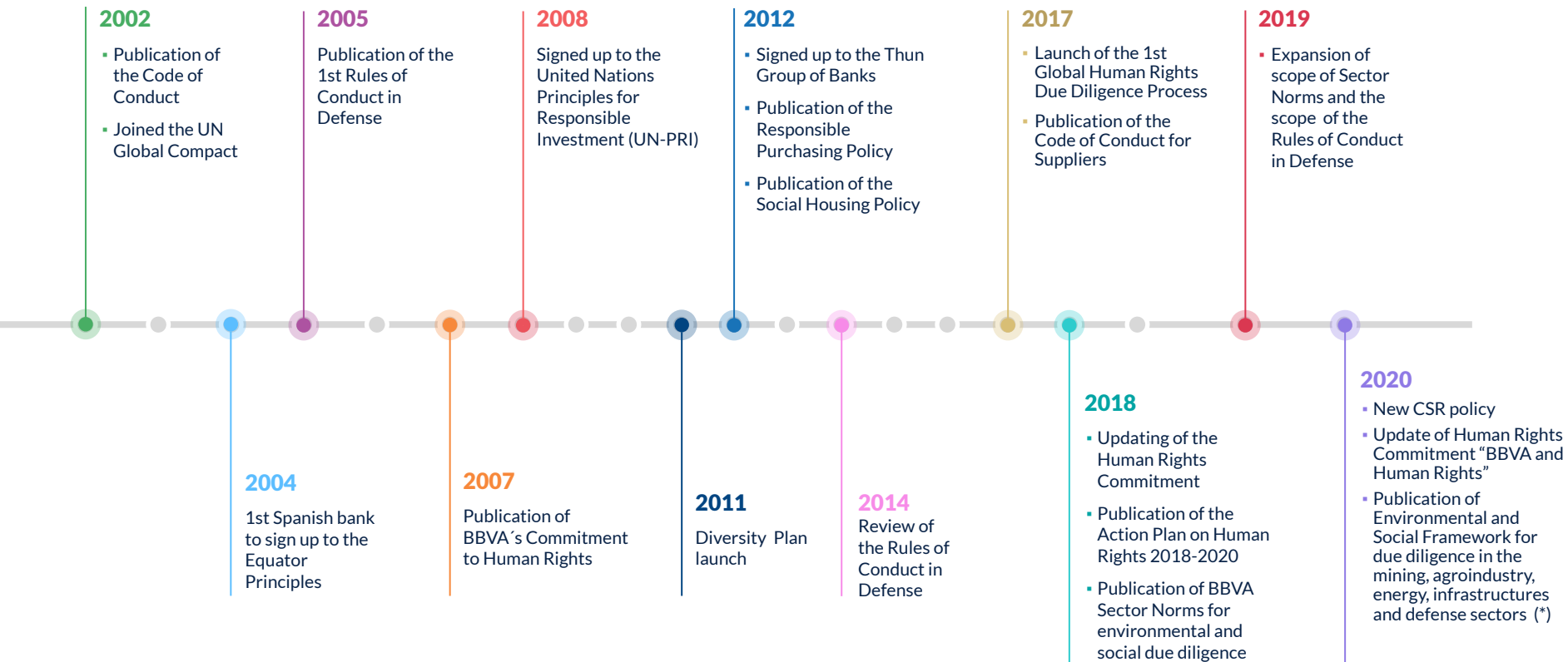
2018 - 2020

March 2021





BBVA and Human Rights: Our journey



(*) Replaces sector standards and rules of conduct in defense.



Due diligence process

CONTEXT

In the current context and for an organization like BBVA, with more than **80 million customers and 124,000 employees in more than 25 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.

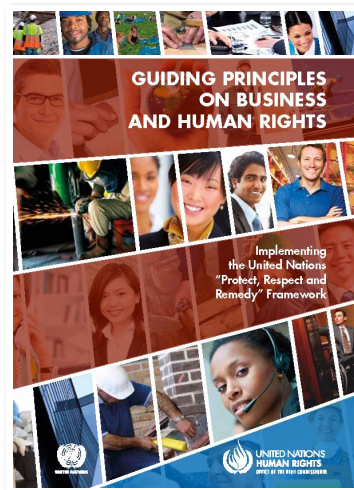
Specifically with the intention to strengthen this aspect, a global due diligence process was undertaken in 2017.

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

To identify potential impacts, a taxonomy was drawn up consisting on 31 human rights related topics, covering areas as important as forced labor, child labor, freedom of association and collective bargaining, equal pay or discrimination.

All stakeholder views were taken into account in this process, including employees (with a focus on women), suppliers or contractors, customers, as well as indigenous peoples and local communities.


MAIN CONCLUSIONS

As a result of this process, the actual and potential human rights impact of BBVA's operations were identified in 11 of the sites or bank's management areas, 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**.

All of the **11 sites** (bank management areas analyzed) have **mitigation plans** (it is worth noting 17), as further detailed at the end of this document.

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

01 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).

In 2020, the commitment was updated with the publication of **"BBVA and Human Rights"** .



02 CULTURAL TRAINING AND TRANSFORMATION

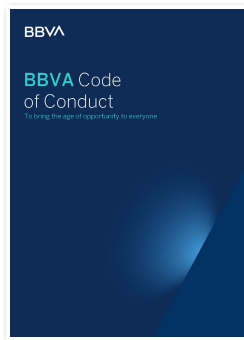
From the due diligence process, it was also recommended that the bank's perspective on human rights be incorporated into:

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

In 2020 this area was underpinned with the launch of a global sustainability training website including specific human rights-related training content.



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 this guiding principle, 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.

03. 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 Purchasing 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.

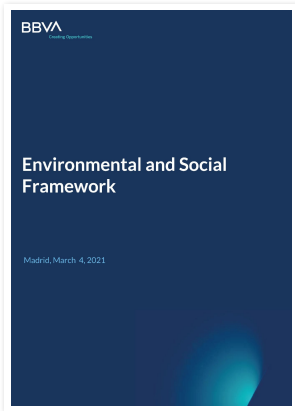
In 2020, BBVA published the **General Procurement Principles** [↗](#) (replacing the previous Responsible Purchasing Policy) which state the Group's commitment to responsible business by raising awareness about sustainability among its workforce, suppliers and other stakeholders involved in the BBVA Group's procurement process.

04. 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, **specific norms were put into effect in 2018 for the financing of sectors with special social and environmental impact** [↗](#) (mining, energy, agribusiness, and infrastructure). In 2019, the scope of these norms was toughened and restricted, providing a clear guidance of the procedures to follow regarding clients and transactions in these sectors. Transport of oil sands was explicitly included in the list of banned activities.

In 2020, BBVA drew up the **Environmental and Social Framework** [↗](#) for due diligence in the mining, agroindustry, energy, infrastructures and defense sectors, which supersedes sector standards and the Rules of conduct in defense. Existing bans have been tightened and new ones have been included to cover new potential social-environmental impacts.

Also, the Framework has been drawn up taking into account market trends in sustainability, international regulation, international standards (including UN Sustainable Development Goals, the Paris Agreement, the United Nations Guiding Principles on Business and Human Rights, and the TCFD recommendations), best practices and our stakeholders' demands.

Finally, the function of the Responsible Business Department is still part of the new product and business committees in the different geographies in which BBVA is present. Responsible Business has an advisory role in these committees.



Proceso de Diligencia Debida

In 2019, BBVA earned several recognitions for its commitment on the matter. On the one hand, Fundación Cideal ranked BBVA as one of the top seven Spanish organizations in terms of how they approach the due diligence process in its **“Guide for the implementation of due diligence on Human Rights in companies”** [↗](#). On the other hand, BBVA's practices in support of human rights were recognized by BankTrack as one of the world's best by a financial institution in its report entitled **‘The BankTrack Human Rights Benchmark 2019’** [↗](#).

BBVA's overall mark - 7.5 points, after improving 4 points with respect to the 2016 edition, the highest increase by any of the 50 banks analyzed – placed the bank fourth in the list released by the NGO. On the other hand, BankTrack's report noted BBVA's due diligence efforts, aimed at measuring how companies take ownership over the environmental and societal effects of their activity.

This Plan has been revised every year since it launched. In 2020, BBVA had planned to carry out a new due diligence process to update the preceding one and keep improving. Taking into account the global pandemic scenario caused by COVID-19, the update was postponed through the second half of 2021.



Employees (I)

TOPIC	PLAN	LEADER	PROGRESS IN 2020
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 (T&C)	<ul style="list-style-type: none"> Fixing of gender diversity goals at both area and country level for the 2024-25 period, linked to a specific achievement plan. (Scope:BBVA Group) Strengthening the search for professional challenges for high-potential women through the “Talent Map” tool (Scope:BBVA Group) Presidency of REDI the Business Network for Diversity and Inclusion (Spain) and signed up to the FELGTB (Spanish Lesbian, Gay, Transgender and Bisexual Federation) (Scope: Spain) Signed up to the “Standards of Conduct for Business on Tackling Discrimination against LGBTI+ people” promoted by the United Nations and adaptation of the Group’s diversity policies (BBVA Group) (Scope:BBVA Group) Launch of an employee-run platform to develop initiatives supporting diversity: Be yourself, Move for Equality and Different Skills (BBVA Group) Retained its spot in the Bloomberg Gender-Equality Index 2021, for fourth year in a row.
Promote work-life balance and work time flexibility	Work-life balance plan	Talent & Culture (T&C)	<ul style="list-style-type: none"> Expansion of the Work Better program Enjoy life (program to promote the work-life balance) across BBVA’s Group Campaign to improve paternity leave conditions (Scope: Mexico, Colombia, and Turkey) Renewal of the “Workplace Equality Stamp” and the “EFR Certification” (Family Responsible company) (Scope:Spain) Implementation of telework schemes in the global context of the covid-19 pandemic, in March 2020, before authorities issued official recommendations, first in Spain ** and then across the remainder of the bank’s footprint, with lockdown measures. The number of teleworking employees reached more than 70 percent worldwide (95 percent of central services employees and 66 percent of the branch network). Central services employees continued working according to special work schedules adjusted to the pandemic scenario, prioritizing safety and health.

(**) 12.25 percent of BBVA, S.A.’s workforce(Scope:) already enjoyed formal contractual recognition of their right to the reduced work day and new ways of working (flexible working, for example, which allows employees to develop their roles outside the work environment.) (12% in 2019).



Employees (II)

TOPIC	PLAN	LEADER	PROGRESS IN 2020
Complaint and remedy mechanisms. Employee Service Center	Define an action plan that assesses possible improvements to employee complaint and remedy channels	Regulatory Compliance	<p>Implementation process of a whistleblowing tool to manage notifications regarding behaviors that breach the Code of Conduct, the law or internal regulations, with the following advanced features:</p> <ul style="list-style-type: none"> ▪ Advanced encryption technology to technically guarantee the anonymity of the whistleblower and enable seamless interaction with the manager of the report ▪ Possibility for the whistleblower to track his/her report ▪ Third party platform management
Promote training to increase Human Rights awareness and literacy	Define training plan: <ul style="list-style-type: none"> ▪ On a general level, Pill ▪ On a specialized level (Legal Department, Responsible Business) 	Talent & Culture (T&C) and Responsible Business (RB)	<ul style="list-style-type: none"> ▪ Launch of a global sustainability training plan with a dedicated human rights website



Real Estate, Services And Security

TOPIC	PLAN	LEADER	PROGRESS IN 2020
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"> ▪ Action completed
Fight against environmental pollution and promote efficient management of resources	Impact Communication Plan	Real Estate, Services And Security	<ul style="list-style-type: none"> ▪ Recurrent publication of news on external (bbva.com, podcast and social media) and internal (intranet, Google+) communications channels ▪ Communication of BBVA Group's carbon footprint offsetting initiative in 2020 (Scope 1, 2 and business travel of Scope 3) ▪ Continuation of awareness raising campaigns via internal and external communications channels (Example "Planet Hour" campaign: 114 buildings and 183 branches of the Group (Scope: Spain, Portugal, Mexico, Colombia, Argentina, Turkey, Peru, Uruguay and the U.S.) turned off their lights to support the fight against climate change ▪ Internal communication of compliance with all Goals of the Global Eco-Efficiency Plan 2016-2020



Suppliers

TOPIC	PLAN	LEADER	PROGRESS IN 2020
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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Action rescheduled to adapt it to the results of the human rights due diligence process in 2021
	<ul style="list-style-type: none"> Publication of the Code of Conduct for Suppliers 	Procurement department	<ul style="list-style-type: none"> Action completed in 2019
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	<ul style="list-style-type: none"> Action rescheduled to adapt it to the results of the human rights due diligence process in 2021
	Supplier reputation assessment in the certification process	Procurement department	<ul style="list-style-type: none"> Strengthening of the supplier assessment model, deepening in risk analysis (including human rights topics, specifically in anti-corruption actions) 100 % of suppliers assessed/analyzed according to reputation vs. total of approved suppliers (Scope: Spain, Mexico and South America) 96 % of contracts awarded to suppliers assessed from a reputation point of view (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	<ul style="list-style-type: none"> Action rescheduled to adapt it to the results of the human rights due diligence process in 2021



Customers (I)

TOPIC	PLAN	LEADER	PROGRESS IN 2020
Prevent and mitigate potential negative human 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 & RB	<p>Environmental and Social Framework</p> <ul style="list-style-type: none"> Integration of social and environmental due diligence of the mining, agroindustry, energy, infrastructure and defense sectors into this Framework, with the incorporation of new exclusions and banned activities in projects. We highlight the general human rights related exclusions: <ul style="list-style-type: none"> Businesses and companies breaching applicable human rights laws and regulations or which participate in human right abuses regardless of whether said participation does or does not breach local country laws. Activities employing child or forced labor, as defined in the ILO Convention. Projects entailing the resettling of breach of the rights of indigenous or vulnerable people without their free, previous and informed consent (CLPI). Projects compromising UNESCO World Heritage Sites, Wetlands in Ramsar list, places of the Zero Extinction Alliance and areas of Category I-IV of the International Union for the Conservation of Nature Businesses subject to sanctions by the EU, USA and UN Performance of the social and environmental due diligence on new and existing clients with methodological support from an independent external advisor, updated every 2 years Engagement with stakeholders (institutional investors, representatives of civil society, etc..) in the annual review of this Framework <hr/> <ul style="list-style-type: none"> Publication of the first BBVA TCFD Report (Task Force on Climate-related Financial Disclosure)



Customers (II)

TOPIC	PLAN	LEADER	PROGRESS IN 2020
Remedy mechanisms. Review access to queries and reports on corporate finance topics	Define plan to establish corporate finance query mechanisms	CIB & RB	<ul style="list-style-type: none"> ▪ Involvement in sector-centric work groups to define actions to tackle on these topics
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	<p>Actions completed in 2019:</p> <ul style="list-style-type: none"> ▪ Inclusion of Responsible Business (RB) in the new product and business committees in different geographies ▪ Expansion of the RB specialist role at group level to other Work groups and committees (.g. product design tables, new business models, internal control committees, etc.) ▪ New internal control model for non-financial Risks, with Reputational Risk representation, just as any other function (qualified opinion prior to presentation to Committees)
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 & Data	<ul style="list-style-type: none"> ▪ Approval of the principles for the responsible use of the advanced analytics models and the global action plan (Scope: BBVA Group) ▪ Creation of principle tracking mechanisms (Scope: BBVA Group)



Own capital businesses

TOPIC	PLAN	LEADER	PROGRESS IN 2020
Ascertain the absence of human rights issues when investing in or acquiring a company	<ul style="list-style-type: none">▪ Include human rights-related criteria in company acquisition processes. Human rights checklist in due diligence process▪ Include human rights-related criteria in company acquisition processes	M&A & Digital M&A	<ul style="list-style-type: none">▪ Action rescheduled to adapt it to the human rights due diligence process in 2021



Other

TOPIC	PLAN	LEADER	PROGRESS IN 2020
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"> Action rescheduled to adapt it to the human rights due diligence process in 2021
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 with BBVA presence. Observance of list of institutions in non-cooperative jurisdictions established by the EU Improvement of BBVA's public tax disclosures in accordance with GRI 207