

BBVA's Sustainability approach: **building a greener and more inclusive future**

March 2022



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01.

A greener
and more inclusive future:
the challenge of
the century

Sustainability is the challenge of the century



At the top of world leaders' agendas

Under clear worldwide roadmaps:

- The Paris Agreement
- The 2030 Agenda for Sustainable Development with the 17 SDGs⁽¹⁾ at heart



Sense of climate urgency

+3.0°C* Current climate trend

+1.5°C* Global warming target for 2100

*Versus pre-industrial levels



Society calling for action

72%⁽²⁾ of companies mention SDGs⁽¹⁾ in their reporting



Private and public sector on board

Sustainable finance policies are widespread and the pace is increasing

Generating an extraordinary business opportunity

Worldwide investment to limit global warming below 2°C between 2021 and 2050

\$275Tr 8% ⁽¹⁾ World GDP annually

Extensive policy responses geared to sustainability

€750Bn
NGEU ⁽²⁾

\$2Tr
Biden's Climate Plan



Massive electrification of the economy

Cumulative investments in the energy system over the period to 2050 to reach \$110Tr ⁽³⁾

Over 1Bn ⁽⁴⁾ electric vehicles could be on the road by 2050



Technological disruption

Green hydrogen to play an increasing role in industry decarbonization

Carbon Capture and Storage to take off as costs of releasing carbon into the air increase

(1) "The net-zero transition: What it would cost, what it could bring", McKinsey (2) Next Generation EU Plan to build a digital, sustainable and inclusive future (3) "Transforming the Energy System", IRENA

(4) "Global Energy Transformation, a roadmap to 2050", IRENA

Banks will play a catalyst role in the transition to a more sustainable world

The future of banking is **financing the Future**, with a capital F



Mobilize capital as channeling agent for public funds while encouraging private investment



Develop complete financial solutions for businesses and individuals



Advise and support clients in their transition



Manage indirect emissions of their clients' portfolios and integrate sustainability in risk management procedures



02.

Sustainability,
at the core
of BBVA's
strategy

Sustainability, at the core of BBVA's strategy

OUR PURPOSE

“To bring the **age of opportunity** to everyone

A STRATEGIC PRIORITY



Helping our clients transition
towards a **sustainable future**



BBVA has a long standing trajectory in sustainability



Renewed push to sustainability in BBVA's strategic plan

Creating opportunities for a greener and more inclusive future for all our stakeholders

Using our role to impact on our clients' behaviors inspired by selected SDGs

Incorporating climate change risks and opportunities in our strategy and business processes



CLIENTS

EMPLOYEES

SHAREHOLDERS

SOCIETY

Climate Action

ENERGY EFFICIENCY

Technologies that reduce energy use

CIRCULAR ECONOMY

Recycling, new materials, responsible use of natural resources

CO₂ REDUCTION

Renewables and other clean energy sources

Inclusive development

DIGITAL SOLUTIONS

Provide financial digital solutions to unbanked population

INCLUSIVE INFRASTRUCTURES

Basic services and affordable and sustainable transport

SUPPORT FOR ENTREPRENEURS AND UNEMPLOYMENT

Economic growth and productive employment

BBVA's Sustainability Policy sets our guiding principles for sustainable development

Defining Principles

The Group will follow a set of **general principles** of action with regards to sustainability in order to **incorporate opportunities and risks** into the Group's strategy, processes and risk management

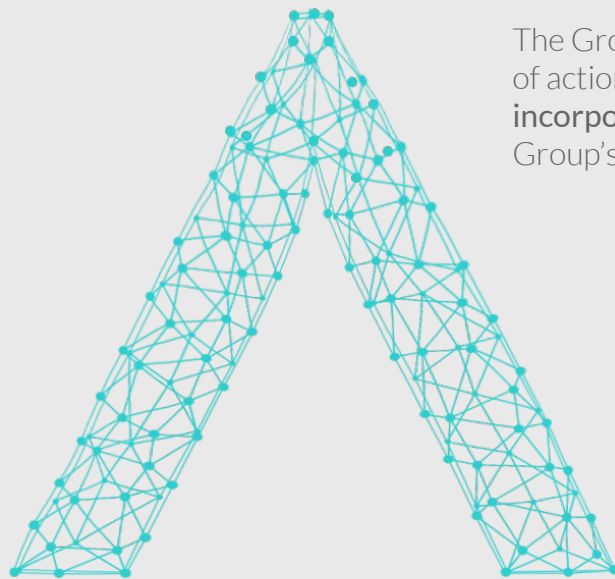
Setting Goals

To make sustainability an organization-wide effort, BBVA has set out clear **sustainability goals**

Enhancing the governance with full bank involvement

The **Board of Directors** has approved BBVA's Sustainability Policy and monitors its execution

All **business units** are working on **integrating** sustainability in their operational models and internal processes



Accelerating execution with the creation of a global Sustainability area, promoting sustainability to the highest level of the organization

The Sustainability area will support the integration of sustainability in the Group's day-to-day activities

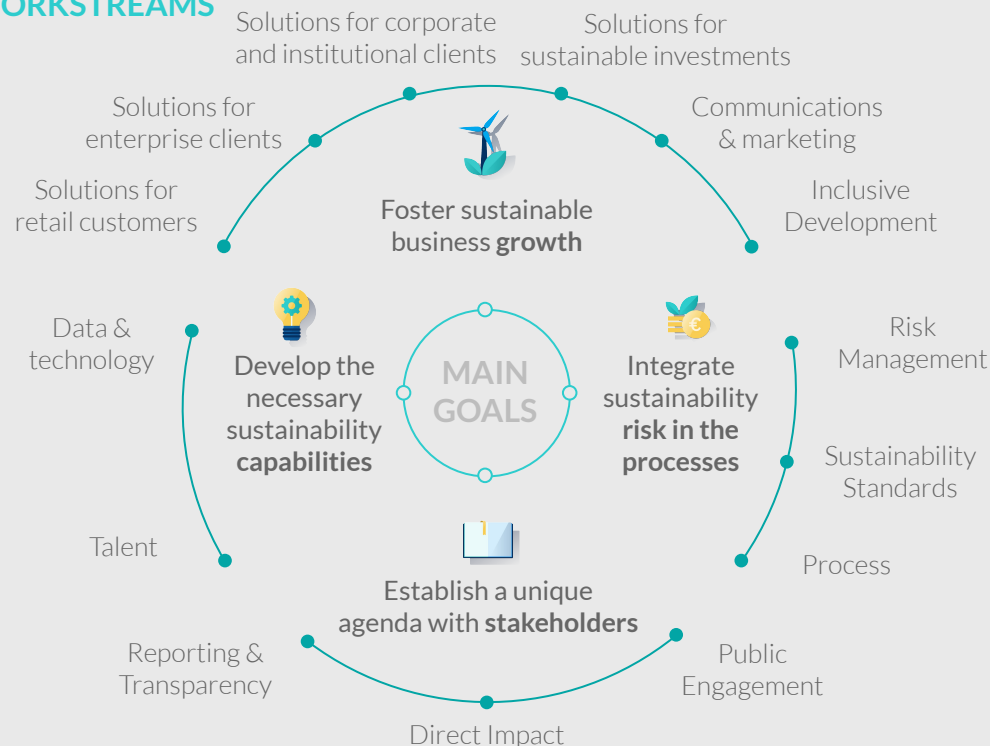
Designing our sustainability **strategic agenda**

Developing sustainable products to capture **new business opportunities**

Generating **specialized knowledge** to provide differential advice to our clients

Establishing **commercial methodologies and partnerships** to increase sustainability related business

EXECUTION ORGANIZED AROUND 4 GOALS AND DEFINED IN 14 WORKSTREAMS



Adopting the Net Zero 2050 commitment



The Net Zero 2050 commitment aims at limiting the increase in temperature of 1.5°C, the most ambitious scenario within the range of the Paris Agreement goals



The target requires nearly double the decarbonization effort for the economy and brings the previous deadline forward from 2070 to 2050



BBVA is a founding member of the Net-Zero Banking Alliance



Banks in the international alliance commit to ensuring that credit and investment portfolios are neutral in net emissions of greenhouse gases by 2050

Commitment achievable by accelerating BBVA's execution plan and increasing the ambition of the KPIs already defined

Specific KPIs defined to follow **our progress**



Business origination

Maximize sustainable finance origination



Portfolio alignment

Adoption of the PACTA methodology with relevant metrics and targets and an environmental and social framework



Direct impacts

Environmental footprint reduction and emissions offset



Transparency

Integration of sustainability related topics in corporate reporting, according to international standards

€200 Bn
FROM 2018 TO 2025
BBVA's 2025 Pledge



70% RENEWABLE ENERGY USE BY 2025

68% REDUCTION OF CO₂ EMISSIONS BY 2025 (VS 2015)



BBVA is committed to financing sustainability initiatives

BBVA's sustainable finance origination within its 2025 Pledge

CLIMATE ACTION
80%

INCLUSIVE GROWTH
20%



In June 2021, BBVA doubled its commitment for sustainable finance origination to €200Bn by 2025

And through its community commitment

Target 2025

€ 550 million
investment in the community

€ 100 million
people reached

€ 7,000 million
in micro-loans to vulnerable entrepreneurs through BBVAMF

Progress 2021

€106.3 million
invested

44.2 million
people reached

€1,114 million
in micro-loans ⁽¹⁾



ENTREPRENEURSHIP & REDUCE INEQUALITY

2.73 million entrepreneurs supported

709,644 people trained in financial education



EDUCATION

409,064 people participated in educational initiatives

21.9 million people accessed educational contents



RESEARCH & CULTURE

266,745 people accessed research and cultural activities

7.9 million people accesses research and cultural content

BBVA MICROFINANCE FOUNDATION



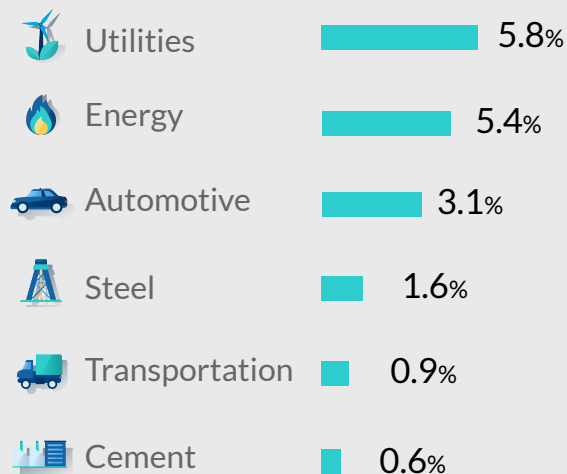
2nd largest philanthropic initiative globally and 1st in LatAm






1st private organization contributing in the development assistance for gender equality, according to OECD




Progressive alignment of our portfolio with the goals of the Paris Agreement

Wholesale exposure Dec. 21



17.4 % of wholesale EAD (9 % of Group's EAD)

Metric	Benchmark scenario	BBVA baseline (2020)	Starting point vs scenario baseline	Absolute effort 2030
Kg CO ₂ e/Mwh	IEA Net Zero 2050	249		-52%
Kg CO ₂ / MJ		To be defined in 2022		
g CO ₂ e/km	IEA Net Zero 2050	220		-46%
Kg CO ₂ e/Tsteel	IEA Net Zero 2050	665		-23%
g CO ₂ /v-km		To be defined in 2022		
Kg CO ₂ e/Tcement	IEA Net Zero 2050	695		-17%

-  Aligned with benchmark scenario baseline
-  Below benchmark scenario baseline
-  Well below benchmark scenario baseline

BBVA incorporates climate change risks in its: (i) Risk Appetite Framework, (ii) Internal Taxonomy on Transition Risks, (iii) Country Risk Analysis (iv) Wholesale Credit Industry Frameworks and (v) Retail Operating Frameworks

BBVA's environmental and social framework

Reflects our commitment to promote sustainable development and human rights

Based on international standards of reference

Criteria relies on potential impact of business activities on nature and communities and exposure to risks of a transition to a low carbon economy

Establishes limitations on projects and clients, both general and specific to each of the sectors



Defense

E.g. Companies involved in controversial weapons



Mining

E.g. New coal mines or expansion of existing ones



Infrastructure

E.g. Dams not built under the Framework of the World Commission on Dams



Energy

E.g. Companies with more than 25% of coal-based power generation mix without a diversification strategy




Agribusiness

E.g. Projects involving burning of natural ecosystems to clear land for agricultural projects

Framework updated in March '21 to reflect BBVA's coal phase-out commitment:
Zero exposure to coal clients* by 2030 in the developed countries and by 2040 globally.
BBVA will actively help its clients in this journey, supporting them with financing and advice

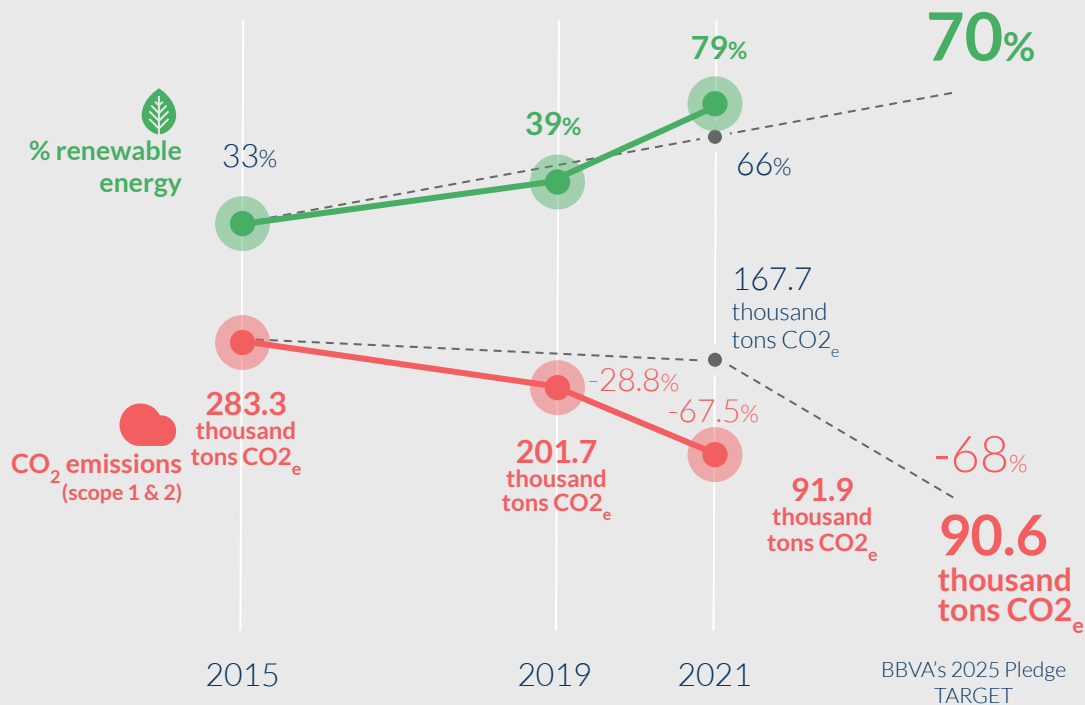
* Coal clients are defined as companies with greater than 5 percent of revenues from thermal coal mining for power generation and thermal coal-fired power generation. NPLs are excluded

Setting ambitious 2025 targets to reduce our environmental footprint

 BBVA **carbon neutral** in Scope 1 and 2 and travel emissions **from 2020**

Internal carbon price definition for the group's budgeting process

100% renewable energy by 2030 in line with Science Based Targets Initiative & RE 100 Initiative



BBVA promotes transparency in its sustainability reporting

BBVA Group's 2021 annual report aligned with the most advanced standards in the market



Commitment to TCFD recommendations of the FSB led to the **publication of BBVA's TCFD stand-alone report**, first in October 2020 and second in June 2021



Among first entities in the world to support the Measuring Stakeholder Capitalism initiative from WEF-IBC



Disclosure of BBVA's progress with respect to ESG reporting according to SASB - Commercial Banks, Consumer Finance and Mortgage Finance standards



Global reporting initiative standards through the publication of BBVA's Non-Financial Information Report (NFIR)

Reinforced disclosure of metrics aligned with **GRI**, **WEF-IBC** and **SASB**





03.

BBVA's differential
approach towards
sustainability

BBVA's differential approach **towards sustainability**



Strong
commitment
from **governing
bodies**



Executing on **new
business opportunities**
prioritizing 12
transition themes



Leveraging BBVA's
differential **data
and technology**
capabilities



Pioneer in
innovative
sustainable
products



Leading major
international
initiatives

Strong commitment from BBVA's top governing bodies

01 Board of Directors



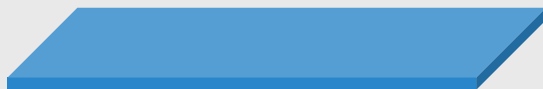
- Group's Strategic Plan and Sustainability Policy **approval**
- **Oversight** of policy implementation
- Sustainability origination **KPI monitoring** & embedding climate risk in analysis and management
- Executive directors' **variable remuneration linked to sustainability**

02 Senior Management










- Monitoring of the Group's **Sustainability Policy** and its **implementation**
- Incorporate **sustainability challenges and opportunities** in our business
- Gearing of sustainability into the Group's **business processes**

03 Business Units



- Integration of **sustainability in day-to-day operations**, both in relation to clients and internal processes
- All BBVA Group employees' **variable remuneration** aligned with the Group's strategic objectives - including sustainability

Executing new business opportunities prioritizing 12 transition themes

Sectors	Transition Themes
 Power	Hydrogen production and use Renewables (utility-scale)
 Transport	Electric vehicles Infrastructure for electric vehicles
 Industry and O&G	O&G product transformation Electrification (and hydrogen) for industrial heating
 Buildings	Distributed solar generation Energy efficiency, electrification and insulation
 Agriculture	Agricultural innovation/ adaptation Decarbonization of on-farm energy
 Circularity	Circular product and upcycle design
 Carbon Markets	Carbon offset marketplaces/ exchanges

Themes prioritized looking
for a balance between

01 Size

Topics concentrating **short term value**

02 Growth

Emerging technologies with room for
exceptional **long term expansion**

03 Right to win

Potential **alignment with BBVA**
portfolio and/ or footprint

Leveraging BBVA's digital edge

Sustainable finance and digital transformation are a win-win alliance

-  Digitalization boosts inclusiveness in financial services for the underbanked
-  Mobile platforms brings sustainable financial services to mass markets
-  Data analytics help identify risks and opportunities and develop customized solutions and services



BBVA, the world's first bank to complete a green bond using blockchain technology



BBVA, the world's first bank to use data analytics to calculate companies' carbon footprint



BBVA, first Spanish bank to calculate the carbon footprint of its private customers in the APP

A pioneer in innovative sustainable products

Wholesale clients



New sustainable solutions for all clients



Energy-efficient linked mortgages



Carbon footprint calculator for corporates & SMEs



Energy efficiency advisory for enterprise clients



Hybrid and electric vehicles loans

BBVA Spain offers a sustainable alternative for all its main products

BBVA leading major international initiatives

With an active role in the crafting of new worldwide initiatives



Chair

European Banking Federation Working Group for Sustainable Finance



Co-Chair

UNEP FI Global Steering Committee



Member

Net-Zero Banking Alliance Steering Group



Member

IIF Taskforce on Scaling Voluntary Carbon Markets



Member

Private Finance Hub COP26

European Clean
Hydrogen Alliance



Member

Alliance to promote green hydrogen in Europe

The Net Zero Asset
Managers initiative

Member

Net-Zero Asset Managers initiative



04.

International recognition
for BBVA's sustainability
focus

BBVA rewarded internationally for its sustainability focus

SUSTAINABILITY INDICES ON WHICH BBVA IS LISTED

**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA

1st Worldwide Bank



FTSE4Good

**4/5
Score**

MSCI



**AAA
rating**



DRIVING SUSTAINABLE ECONOMIES

**B
score**



**Gender equality
index**



**Sustainability
Excellence
Global and Europe**



INDICES EUROZONE120



**Eurozone 120
Score 57/100**

SUSTAINABILITY AWARDS



**Best Investment Bank for
Sustainable Financing Worldwide
(2021)**



**Best Investment Bank for Sustainable
Finance in Europe and Latin America
(2020)**



**Latin America's Best Bank for
Sustainable Finance
(2020 & 2019)**



**Best bank in Turkey in
sustainable finance
(2020)**



**Best Bank in Central and
Western Europe in
Sustainable Finance
(2020)**



**Best Sustainable Bank in
Spain
(2020)**

The Banker

**Sustainability linked loan
Deal of the year
(2020)**



**Best Investment Bank for
Sustainable Financing in Latin
America and Western Europe
(2020)**

The background is a solid teal color. Scattered across the entire surface are numerous small, green, oval-shaped leaves. Each leaf has a slight shadow, giving it a three-dimensional appearance as if it is floating or lying on the teal surface. The leaves are distributed randomly, with some appearing in small clusters and others in isolation.

thank you