



Creating Opportunities

Action Plan on Human Rights 2021-2022

December 2022



Contents

01 BBVA and human rights: our journey

02 Context and background

03 Due diligence update in 2021

- Identification and evaluation
- Prevention and mitigation
- Grievance mechanisms

04 Track implementation: Action plan on Human Rights 2021-2022

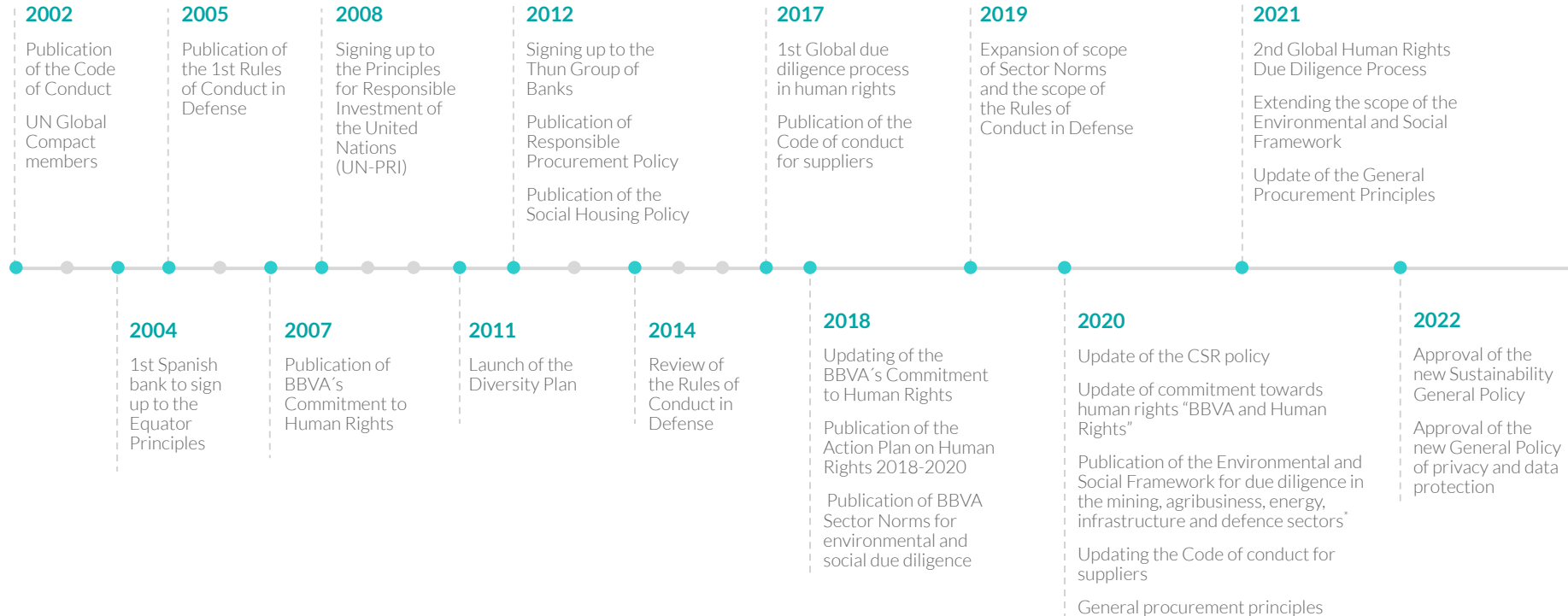
05 Good Practices

Appendix 1 Summary: Results of the human rights due diligence process in 2018

Appendix 2 Internal taxonomy on Human Rights

01

BBVA and human rights: our journey



(*) Replaces Sector Norms and rules of conduct in defense

02

• Context and background

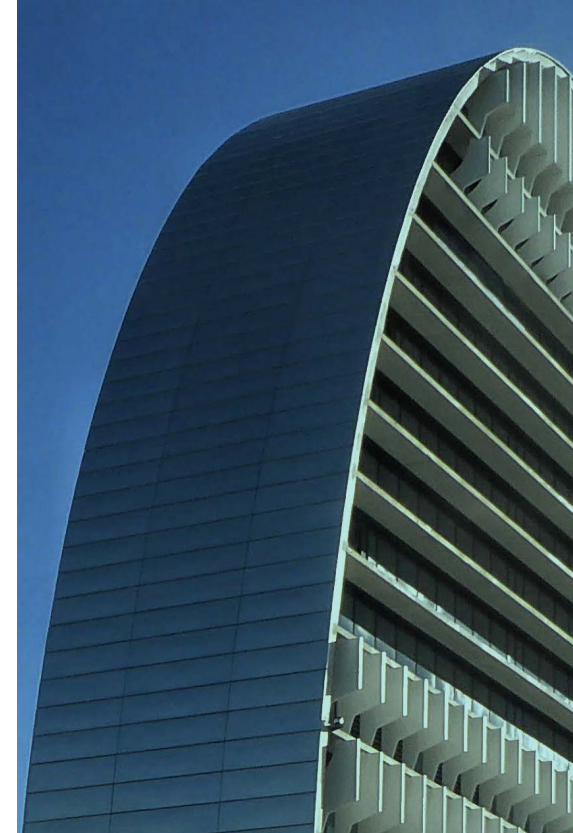
In the current context and for an institution such as BBVA, with more than 81 million customers and 110,000 employees in more than 25 countries and with operations in a wide range of sectors, the commitment to human rights is particularly relevant.

BBVA is committed to compliance with all applicable laws and respect for internationally recognised human rights.

BBVA's commitment to human rights is part of the **General Policy on Corporate Social Responsibility** [↗](#) and is aligned with the **BBVA Code of Conduct** [↗](#)

This commitment takes as its point of reference the **UN Guiding Principles on Business and Human Rights** [↗](#)


This commitment applies to all the relations that BBVA establishes with its stakeholders and the sites where it carries out its business and activities.



Context and background

One of the challenges in human rights management is the integration, identification and assessment of the impacts of our entity on human rights. In order to emphasise this point, a global due diligence process was conducted in 2018. The UN Guiding Principles on Business and Human Rights were used as a reference point, according to which companies should activate due diligence processes:

 More information on the results of the due diligence process carried out in 2018 can be found in [Appendix I of this report](#).

Likewise, the [OECD Due Diligence Guide for Responsible Business Conduct](#)  has been taken into account to design and manage this process based on these measures:



(*) As mentioned above, the BBVA's commitment to human rights is part of the General Policy on Corporate Social Responsibility and is aligned with the BBVA Code of Conduct.

Update of the due diligence process in 2021

In line with the UN Guiding Principles on Business and Human Rights, due diligence should be "an ongoing process, as human rights risks may change over time, depending on how companies' business activities and operational context evolve". BBVA has therefore conducted a new human rights due diligence in 2021 with the same objective as the previous process: to prevent, mitigate and remedy potential human rights impacts.

As part of a preventive approach, the potential impacts of the business have been identified and improvements have been identified within the business to prevent and mitigate these impacts, with appropriate channels and procedures made available to those affected to ensure that in the event of a breach, the appropriate mechanisms are in place to ensure the necessary remedial action is taken.

The objectives of this exercise were:

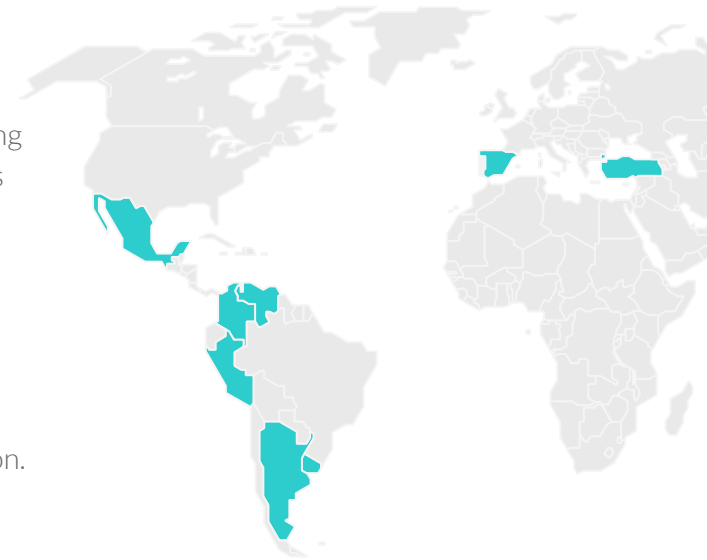
- Continue to integrate the growing expectations of investors and civil society in this area.
- Update and inclusion of new topics for the identification and assessment of the impacts analysed in the previous exercise.
- Assessment of the adequacy of grievance mechanisms and measures to manage these impacts-(in line with the UN Guiding Principles on Business and Human Rights).
- Renewal of the Human Rights Action Plan to prevent and/or mitigate potential negative impacts.
- Alignment of the process with the current Non-Financial Risk Model and future regulatory obligations so that the due diligence process is a continuous and dynamic process. Additional information about the Non-Financial Risk Model can be found in **BBVA Annual Report 2021**. [↗](#)

Update of the due diligence process in 2021

This comprehensive due diligence process carried out in all the **global areas** of BBVA has been replicated in **Spain, Mexico, Turkey, Argentina, Colombia, Peru, Uruguay and Venezuela**, where BBVA operates. Five priority issues were selected for each country based on prioritisation of severity of impact and country analysis of the most frequent issues based on social and government practises, as well as assessments from interviews with management and global risk control specialists (RCS).

IDENTIFICATION AND EVALUATION

Taking as a starting point the issues discussed in the previous due diligence process, and incorporating analyst and investor recommendations and expectations, and other emerging themes, an internal taxonomy of **28 human rights issues has been drawn up** covering such important issues as forced labour, child labour, freedom of association and collective bargaining, equal pay and discrimination.



More information on these 28 issues in [Annex 2](#)
“[Internal Taxonomy of Human Rights](#)”.

Update of the due diligence process in 2021

These **28 issues** were divided into **6 thematic blocks**:



Employment conditions:

which includes issues related to recruitment and fair pay, labour rights and relations, and health and safety.



Projects and products:

which covers the human rights impact of lending activity, with a focus on corporate clients.



Supply chain:

which brings together aspects of fair contracting conditions, supplier monitoring and responsible purchasing policies.



Customer well-being:

prioritising aspects such as accessibility and service as well as security and respect.



Respect for communities:

from a dual perspective encompassing both environmental protection and inclusive business.



Cross-cutting issues:

including data protection issues and the impact of new technologies on human rights.



Update of the due diligence process in 2021

For each of these 28 identified issues, a risk assessment has been made to identify the most salient issues . This assessment has been carried out through:

INHERENT RISK

on the basis of two parameters, namely the severity of the **impact** and the **frequency** of occurrence of each issue.

Specifically in the case of **impact**, the evaluation has taken into account these 3 parameters:

- **Scale**, understood as severity of the impact caused by the occurrence of the issue.
- **Scope**, as number of people impacted by the occurrence of the issue.
- **Irremediability**, that is the ability to remedy the damage caused by the occurrence of the issue.

In the **frequency** index , the degree of exposure of the entity, sector and/or country, that a human right is violated, has been measured. That is, the probability with which an issue can occur in these areas.

- Institution factor: Frequency with which an issue could occur on an institutional level
- Sectoral factor: Frequency related to the level of probability of an issue occurring in the sector
- Country factor: Frequency related to the level of probability of an issue occurring in the country.
- Occurrence: Frequency factor that measures the number of times an issue has occurred in the past two years (2020/2021), or the equivalent of two years in a company.

For this purpose, public information on the sector, the country and the company as well as various international frameworks were used, in particular the UN Guiding Principles on Business and Human Rights.

Update of the due diligence process in 2021

RESIDUAL RISK

to assess the mitigating aspects that BBVA has at its disposal to manage each issue based on 4 criteria:

1. Policies,
2. Procedures/controls,
3. Grievance mechanisms and,
4. Monitoring indicators.

Meetings have been held with the global areas responsible for each issue in order to analyse the effectiveness of these mitigating factors and agree on action plans.

This identification and assessment phase considered potential negative impacts on stakeholders such as employees (with a focus on women), suppliers or subcontractors, customers, and indigenous peoples and local communities.

Due Diligence assessment methodology

	INHERENT RISK	MITIGATING EFFECTIVENESS	RESIDUAL RISK
Low	Impact: <ul style="list-style-type: none"> Scale Scope Irremediability 	1. Policies	Risk following the application of mitigating measures in the BBVA Group
Medium - Low		2. Procedures / Controls	
Medium	Frequency: <ul style="list-style-type: none"> Entity Sector Country Occurrence 	3. Grievance mechanisms	
Medium - High		4. Monitoring indicators	
High			

Update of the due diligence process in 2021

Subsequently, the global risk control specialists (RCS) conducted a review of the results of the assessment as well as the adequacy of the mitigation action plans under the current non-financial risk model. This cross-checking process had a **twofold objective**: on the one hand, a gradual **alignment of both models** (human rights due diligence and the Non-Financial Risk Model) and on the other hand, to achieve greater systematisation of the process.

PREVENTION AND MITIGATION

The results of the overall due diligence process determined that there is, in general, a medium-high level of effectiveness of management and mitigation measures for each of the issues. The residual risk is therefore low to medium-low for all taxonomy issues.

However, a number of areas for improvement have been identified around four areas which are reflected in this **2021-2022 Action Plan**:

- Greater integration of human rights impacts into existing management frameworks
- Larger involvement of the stakeholders
- Improvement of public information and dissemination related to human rights
- Relevant processes in the management of human rights



Update of the due diligence process in 2021

Management framework. One of the areas of improvement detected has been the reinforcement of the management, monitoring and control structure for human rights risks. In 2021, the alignment with the **Non-Financial Risk Model** was reinforced, and in the future, a six-monthly monitoring system of the progress of the 2021-2022 Action Plan will be implemented. Work will also begin in 2022 on integrating the management of these risks into the regular Non-Financial Risk processes.

Stakeholders. Active participation of key stakeholders in the due diligence process has been identified as an area to be strengthened. In 2022, BBVA has carried out an active process of participation of these groups with the holding of face-to-face workshop under Chatham house rules at its headquarters as well as other remote engagement sessions with key representatives of its stakeholders.

Public information and dissemination. BBVA is committed to consistent, reliable and standardised disclosure of key environmental, social and governance (ESG) issues related to its business. In addition to the GRI, BBVA publishes information on human rights according to two of the most advanced standards on the market: Measuring Stakeholder Capitalism of the International Business Council (IBC) of the World Economic Forum (WEF) and the Sustainability Accounting Standards Board (SASB). BBVA is thus responding to the expectations of analysts, investors and other stakeholders.

Processes. Action plans have been set up in each of the 6 thematic blocks:

Update of the due diligence process in 2021

Processes:

01 Employment conditions

In 2021, the commitment to non-discrimination among employees was reinforced.

The non-discrimination variable was included in the Group's existing internal data analytics models that contribute to the selection or recruitment processes. In addition, work has started on comprehensive guidelines for digital disconnection, which will include explicit measures on the right to digital disconnection. The guidelines apply to all geographies and communication and awareness campaigns are conducted for all employees.

02 Projects and products

In the field of BBVA's **Environmental and social framework**, an Engagement Protocol has been developed in 2021 for customers who, a priori, could potentially be non-observance with any of the requirements of the aforementioned framework. This protocol specifically sets out the human rights compliance requirements.

03 Supply chain

In 2021, a pilot was launched to strengthen the integration of ESG and specifically human rights issues in the supplier assessment process and to reinforce the fact that we have a responsible supply chain.



Update of the due diligence process in 2021

Processes:

04 Customer well-being

In 2021, a Vulnerable Client Protection Framework began to be developed to implement criteria and best practices to adequately protect vulnerable clients.

05 Respect for communities

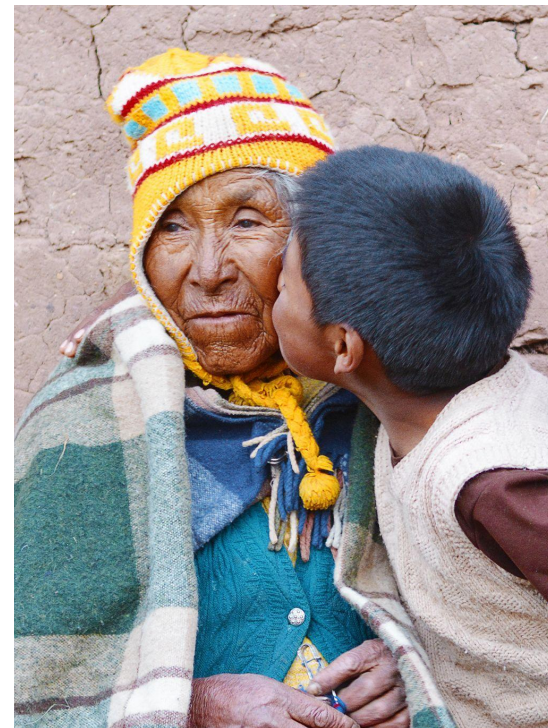
A comprehensive sustainable mobility framework is planned to be launched in 2022, so that the geographical areas where BBVA is present can draw up local plans, which will contribute to reducing the environmental footprint in places and local communities where BBVA is present. Further information on Management of direct environmental impacts can be found in [BBVA Annual Report 2021](#). 

06 Cross-cutting issues

One of the action plans to be highlighted is that preparatory work has begun to launch a privacy policy for the entire BBVA Group in 2022.

There will also be a global personal data protection monitoring tool, including indicators on the number of complaints and grievances related to the protection of personal data.

As a final result of the whole process, **25 action plans** have been developed with the involvement of the entire organisation. Specifically, the action plans are the responsibility of **14 business areas** or global management areas.



Update of the due diligence process in 2021

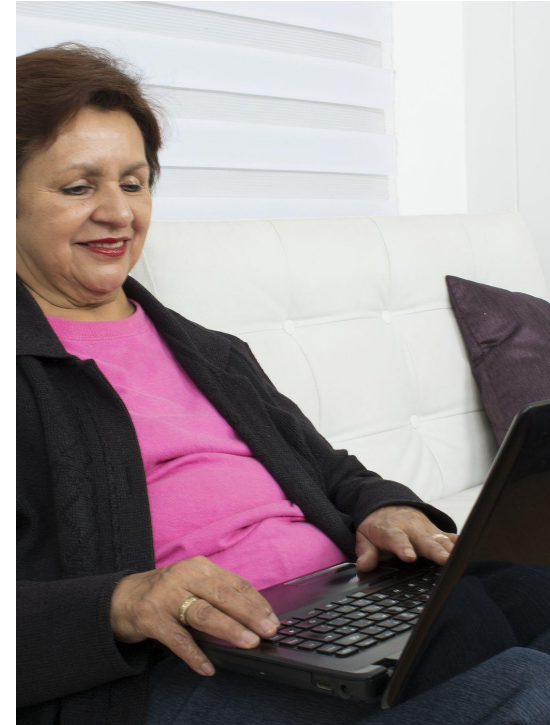
GRIEVANCE MECHANISMS

Grievance mechanisms play an essential role in the responsibility to respect human rights for BBVA. They are an early warning and risk repair system.

In this due diligence process, the main complaint channels available at BBVA were analysed, i.e.:

- The BBVA Whistleblower Channel in the framework of our [Code of Conduct](#) ➔
- Employee service channel
- Customer service channels
- Customer ombudsman
- Shareholder and Investor service
- Supplier support channel

These channels were assessed against the criteria for effectiveness set out in Article 31 of the UN Guiding Principles on Business and Human Rights: legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on stakeholder engagement and dialogue.



Update of the due diligence process in 2021

Grievance mechanisms include the BBVA Whistleblower Channel, which allows any stakeholder to confidentially and, if they wish, anonymously report conduct directly or indirectly related to human rights.

No violations of human rights by the entities belonging to the Group as of December 31, 2021 have been detected in the complaints received through this channel. Additional information in [BBVA Annual Report 2021](#). [↗](#)

As part of the Human Rights Action Plan 2021-2022, we will work to create a global and local category for complaints related to human rights issues in customer service channels by 2022.



04 Track implementation: Action plan on human rights 2021-2022

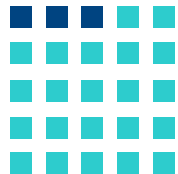
As a result of the due diligence process, two types of plans were included in the action plan: structural plans (of a more cross-cutting nature) and plans related to each of the six thematic blocks mentioned above.

Some plans derived from the "Action Plan 2018-2020" and have been consolidated as continuous lines of work. In the case of plan 22 (ensure Human Rights are taken into account in own-account investment and/or mergers & acquisitions process), progress was made in integrating reputational impacts, but it will be necessary to strengthen the integration of ESG aspects.

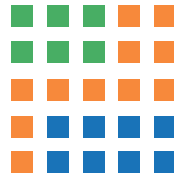
The results were as follows:

25 action plans

3 structural plans and
22 specific plans to mitigate the issues
identified in the internal human rights taxonomy









6 completed, **11 in progress**
and **8 planned** for 2022



14 leading areas of these plans globally

According to the 6 thematic blocks, the following 22 action plans have been developed:

		PLANS
	Employment conditions	8
	Projects and products	2
	Supply chain	3
	Customer well-being	5
	Respect for communities	1
	Cross-cutting issues	3

Structural Action Plans

→ Action from the Action Plan 2018-2020

▶ Plan in progress

✓ Plan completed

01 HUMAN RIGHTS MANAGEMENT FRAMEWORK ▶

- **Integration** of the human rights due diligence process in the annual Non-Financial Risk (NFR) assessment processes.
- **Regular control mechanisms:** Implementation of a six-monthly monitoring system of the status of the action plans.

 **Lead:** Non-Financial Risks and Responsible Business

 **Implementation date:** 2021-2022

02 TRANSPARENCY AND PUBLIC INFORMATION ▶

- **Alignment:** Incorporation of new human rights metrics in the Group's Annual Report in line with reporting standards and guidelines (e.g. GRI, SASB and WEF-IBC).
- **Stakeholder engagement:** Consultation on the outcome of due diligence process with key stakeholders.

 **Lead:** Finance and Responsible Business

 **Implementation date:** 2021-2022

03 GRIEVANCE AND REMEDY MECHANISMS →

- **BBVA Group Code of Conduct Whistleblowing Channel:** identification of complaints directly or indirectly connected to human rights. ✓
- **Other mechanisms:** creation of a global category that integrates local complaints linked to human rights issues in customer service channels.

 **Lead:** Responsible Business, Compliance, and Clients Solutions

 **Implementation date:** 2021-2022



Employment conditions

Fight against discrimination



Action from the Action Plan 2018-2020



Plan in progress



Plan completed

01 COMMITMENT TO THE GLOBAL MANAGEMENT OF LABOUR ISSUES



- Creation of a holding area for labour affairs, Labour & Employment Counselling & Relations, in order to have better coordination and management at global level.



Lead: Talent & Culture



Implementation date: 2021

02 COMMITMENT TO EMPLOYEE DIVERSITY



- Gender:** Country and area specific targets and plans with quarterly tracking of global metrics.
- LGBTI:** Implementation of an guidance and coaching guide for employees in transition and their colleagues.
- Disability:** White Paper for the treatment of people with intellectual disabilities, etc. and pilot with people from this group (Spain).



Lead: Talent & Culture



Implementation date: 2022

03 COMMITMENT TO NON-DISCRIMINATION BETWEEN EMPLOYEES

- Recruitment or selection processes:** Inclusion of the non-discrimination clause in the Group's existing internal data analytics models.



Lead: Talent & Culture



Implementation date: 2021



Employment conditions

Fight against discrimination

→ Action from the Action Plan 2018-2020

▶ Plan in progress

✓ Plan completed

04 EQUAL TREATMENT AND EQUAL OPPORTUNITIES →

- **Equal Treatment and Opportunities Plan:** (scope: Spain) covering different processes (recruitment, training, career development, remuneration) and issues (culture, work-life balance, pregnancy and maternity protection, sexual harassment and gender-based violence).

 **Lead:** Talent & Culture

 **Implementation date:** 2022

05 COMMITMENT TO WORK/LIFE BALANCE →

In the framework of the global *Work better, enjoy life* programme:

- **Post-pandemic models:** flexibility and remote working.
- **Global guidelines for work disconnection:** with express measures on the right to digital disconnection. The guidelines apply to all geographies and communication and awareness campaigns are conducted for all employees.

 **Lead:** Talent & Culture

 **Implementation date:** 2022

06 FAIR AND DECENT WAGE CONDITIONS

As part of the *Living Wage* project:

- **Annual review of BBVA's wage gap** in the main geographical areas.
- **Update of the living wage metric** in accordance with the World Economic Forum (WEF) standard.

 **Lead:** Talent & Culture

 **Implementation date:** 2022



Employment conditions

Fight against discrimination



Action from the Action Plan 2018-2020




Plan in progress



Plan completed

07 MATERNITY / PATERNITY RIGHTS

- Increase in the number of paternity leave days to reach a global minimum (Scope: Mexico and Turkey). 
- Awareness-raising campaign for employees to take their paternity leave. 



Lead: Talent & Culture



Implementation date: 2021-2022

08 COMBATING HARASSMENT, INTIMIDATION, DEGRADING TREATMENT AND VIOLENCE AT WORK



- Draw up global guidelines to standardise sexual harassment and gender-based harassment protocols, and workplace harassment protocols, adapting them to local legislation.



Lead: Talent & Culture



Implementation date: 2021-2022



Projects and products



Action from the Action Plan 2018-2020



Plan in progress






Plan completed

09 INTEGRATION OF HUMAN RIGHTS IN DIFFERENT CORPORATE CUSTOMER RELATIONSHIP PROCESSES (including modern slavery, forced labour and child labour)



Updating of the **Environmental and Social Framework**:

- Review of activities of excluded sectors to decide on extending them and to determine sectors most at risk so as to establish additional measures in the relationship with customers in these sectors. 
- Pilot project to extend scope to the Corporate Banking area in the energy, mining, agribusiness and infrastructure sectors. 
- Developing an Engagement Protocol with clients which a priori do not meet any of the requirements of the Framework. This protocol specifically sets out the human rights compliance requirements. 



Lead: Sustainability



Implementation date: 2021-2022

10 PRIOR CONSULTATION PROCESSES IN COMMUNITIES AND THEIR SOCIAL AND ENVIRONMENTAL IMPACT



Within the framework of the **Equator Principles**:



- Review by NFR (Non-Financial Risks) of Equator Principles metrics in order to improve the quality and traceability of information and public information (including indicators related to prior consultation processes with communities).



Lead: Sustainable Finance Corporate & Investment Banking



Implementation date: 2021-2022

Supply chain

→ Action from the Action Plan 2018-2020

▶ Plan in progress

✓ Plan completed

11 FAIR AND RESPECTFUL CONDITIONS



- **Assessment of current conditions** offered to suppliers and contractors in order to ensure responsible terms and conditions.

 **Lead:** Legal Services and Responsible Business

 **Implementation date:** 2021-2022

12 INTEGRATING THE HUMAN RIGHTS VARIABLE IN THE PROCUREMENT AND MAINTENANCE OF SUPPLIERS AND CONTRACTORS (including modern slavery, forced labour and child labour)

- **Responsible supply chain programme:** pilot to strengthen the integration of ESG and specifically human rights issues into procurement processes.
- **Internal audits:** Integrating human rights into supplier audits.

 **Lead:** Non-Financial Risks and Responsible Business

 **Implementation date:** 2022

13 NON-DISCRIMINATION OF WORKERS OF SUPPLIERS AND CONTRACTORS



- Inclusion of a specific section on respect for and non-discrimination against the employees of suppliers and contractors in next review of the Code of Conduct of the BBVA Group.

 **Lead:** Compliance

 **Implementation date:** 2022



Customer well-being

Accessibility and Service



Action from the Action Plan 2018-2020






Plan in progress



Plan completed

14 ELIMINATION OF THE GENDER VARIABLE FOR THE DEVELOPMENT OF ANALYTICS MODELS FOR FINANCIAL PRODUCTS

- Inclusion of the concept of discrimination and elimination of the variable within the Model Governance Framework. 
- Development of Fairness Guide and training for data scientists. 
- Continuous review process on new models and review plan for models older than 1 year. 





Lead: Data, Client Solutions, GRM and Responsible Business



Implementation date: 2021-2022

15 DIGITAL ACCESSIBILITY TO FINANCIAL PRODUCTS AND SERVICES FOR VULNERABLE GROUPS AND COMMUNITIES

- **Creating a process for new designs** and global application developments to be accessible.
- **Awareness raising and training plan** to responsible teams on accessibility issues. 
- **Accessibility guides.** 



Lead: Client Solutions and Responsible Business



Implementation date: 2021-2022



Customer well-being

Customer protection and security



Action from the Action
Plan 2018-2020




Plan in progress



Plan completed

16 TRANSPARENT, CLEAR AND RESPONSIBLE (TCR) PRODUCT AND SERVICE INFORMATION (including Marketing & Advertising)

- **Global integrity and customer plan:**
Establishment of integrity red lines and indicators with retail customers, and controls to facilitate their implementation.
- **Vulnerable client protection framework:**
Development of criteria and good practices to adequately protect clients in vulnerable situations (including aspects of information protocols). 




Lead: Client Solutions, Compliance and Responsible Business



Implementation date: 2021-2022

17 PROMOTING FAIR TREATMENT OF CUSTOMERS

- **Recovery and debt collection processes:** 
integrating the human rights variable into the Retail Credit Risk Management Policy.



Lead: Global Risk Management



Implementation date: 2021

18 AVOID EXCESSIVE AND DISCRIMINATORY ABUSE OR USE OF SECURITY FORCES

- **Security forces evaluation processes:** 
Regular analysis and monitoring of the actions of (external) security forces on BBVA Group premises, with a focus on possible human rights violations against customers and employees. Reporting revisions in evaluation reports.



Lead: Engineering (Security)



Implementation date: 2021



Respect for communities



Action from the Action Plan 2018-2020



Plan in progress



Plan completed

19 MITIGATION OF DIRECT ENVIRONMENTAL IMPACT AND EFFICIENT RESOURCE MANAGEMENT

- **Global Eco-efficiency Plan 2021-2025:**  environmental action plan focused on reducing the direct environmental impacts of the BBVA Group, which establishes, for each of the geographical areas, year-on-year targets for reducing the carbon footprint, the use of renewable energy and waste management, among others.
- **Global framework for sustainable mobility:**  design of a global framework for the sustainable mobility of employees' journeys to work, so that each geographical area of the BBVA Group can draw up local plans to reduce the environmental footprint in local places and communities where BBVA is present.



Lead: Real state and Services



Implementation date: 2021-2022



Cross-cutting issues



Action from the Action Plan 2018-2020



Plan in progress



Plan completed

20 COMBATING CORRUPTION, BRIBERY, TAX FRAUD AND MONEY LAUNDERING (including financing of terrorist groups)



- **Fiscal strategy (approved by the Board):** Update to include a reference to the importance of ESG factors.
- **General Policy for the Prevention of Money Laundering:** Include an express mention of the defence of human rights.



Lead: Tax & Compliance



Implementation date: 2021-2022

21 DATA PROTECTION AND PRIVACY OF OUR STAKEHOLDERS

- **Adoption of a Global privacy policy** approved by the Board of Directors.
- **Global monitoring tool** with indicators for the protection of customers' personal data.



Lead: Compliance, Data and Engineering



Implementation date: 2022

22 ENSURE HUMAN RIGHTS ARE TAKEN INTO ACCOUNT IN OWN-ACCOUNT INVESTMENT AND/OR MERGERS & ACQUISITIONS PROCESS



- **Inclusion of ESG and human rights criteria** specifically in the due diligence of Mergers & Acquisitions (M&A) transactions.



Lead: Merger & Acquisition and Responsible Business



Implementation date: 2022

05

• Good practices

This section of the Plan includes three BBVA Group best practices from among the thematic blocks that make up the taxonomy of human rights.

LIVING WAGE PROJECT

In 2017, Mexico launched an initiative that established a minimum wage to improve the quality of life of its employees, with the aim of having well-paid employees and supporting the family economy.

Subsequently, in order to implement this good practice in the rest of the countries in which BBVA operates, a study was carried out with the following objectives:

1. Establish a minimum wage in BBVA sufficient to cover the total basic food basket in each country*
2. Analyse the levels of income inequality of employees – between higher income earners and lower income earners – in order to reduce the gap at the extremes

*The total basic food basket is composed of a minimum food basket made up of a set of basic foodstuffs sufficient to satisfy energy and protein needs, plus the inclusion of non-food goods and services (clothing, transport, education, health, etc.)

CASE STUDY



Employment conditions Fight against discrimination

Specific actions carried out in BBVA:

- **Identification of the value of the basic basket** total individual and total basic basket per household in each country. This task was developed in collaboration with BBVA Research, due to the difficulty in finding a benchmark with a comparable methodology across countries
- **Annual monitoring of the minimum wage and the pay gap** by extremes in all the countries where BBVA operates
- **Setting up local action plans** with the aim of increasing the minimum wage and reducing the gap between extremes

Achievements:

- Actions have been carried out in those countries where it was necessary to reduce the gap at the extreme end or to make the BBVA minimum wage cover the cost of the total basic food basket

Good practices


CASE STUDY



Projects and products

ENVIRONMENTAL AND SOCIAL FRAMEWORK

In sectors that are particularly relevant due to their potential social and environmental impact, BBVA has specific guidelines for action, complementary to the risk appetite perspective, which restrict participation in certain activities. These guides were initially contained in the "Sector standards" published in 2018.

In 2020, BBVA published the **Environmental and social framework**  (the "Framework") for due diligence in the mining, agribusiness, energy, infrastructure and defence sectors, replacing the Sectoral Standards and the Defence Performance Policy.

The development of the framework took into account market trends in sustainability, international regulations, international standards (including the Sustainable Development Goals, the Paris Agreement, the UN Guiding Principles on Business and Human Rights and the recommendations of the Task Force on Climate-related Disclosures -TCFD-), best practises and the demands of our stakeholders.

Specific actions carried out in BBVA:

- **Incorporation of general exclusions** relating to human rights, in funding to clients or projects where there is evidence of:
 - violations of applicable human rights laws and regulations
 - employment of child or forced labour
 - resettlement or violation of the rights of indigenous or vulnerable groups without their Free, Prior and Informed Consent (FPIC)
- **Developing an engagement protocol** with customers who, a priori, could potentially be non-observant with any of the requirements of the Framework (including human rights requirements).

Achievements:

- Support from an external analyst for the implementation of this Framework.
- Customer stock review within the implementation of the Framework with the following results: more than 300 customers assessed and 18 with whom an engagement plan has been or will be initiated. (7 of them with human rights-related breaches).

• Good practices

RESPONSIBLE TAXATION

BBVA understands responsible taxation as a materialisation of its commitment to the communities in which it operates. Based on this commitment, and in accordance with our Fiscal Strategy, BBVA aligns its fiscal contribution with value creation and orients its taxation towards the achievement of the United Nations Sustainable Development Goals (SDGs) and **protection of Human Rights**.

Taxation is linked to Human Rights, insofar as and through redistributive action of the States, it makes it possible to provide underprivileged with means for them to effectively exercise their rights. Further, this respect for these rights is relevant in the application of tax legislation and in the relationship with the tax authorities.

CASE STUDY



Cross-cutting issues

Specific actions carried out in BBVA:

- **Assessment of the adaptation of the Tax Strategy**, approved by the Board of Directors, with a commitment to protect human rights also in the tax area. This action will run from 2022-2023.
- **Transparency on overall tax contribution** of the Group with the publication of an annual report since 2012 using PwC's Total Tax Contribution (TTC) methodology.
- **Internal schemes to ensure that the payment of taxes** takes place in the jurisdictions that are responsible for its collection, aligning our contribution with the effective implementation of our economic activity
- **Active participation in initiatives** committed to spreading best practice in tax transparency (such as the European Business Tax Forum etc.).
- **Active dialogue** with local tax administrations as well as with various NGOs also committed to human rights

Achievements:

- Top score (100) in the Dow Jones Sustainability Index in the "Tax Strategy" section for 4 consecutive years.
- BBVA's inclusion as a best practice in the CSR Europe report "A Blueprint for Responsible and Transparent Tax Behaviour" in the "Public transparency and reporting" area

Appendix 1

Summary: Results of the human rights due diligence process in 2018

The first human rights due diligence process was conducted in 2018. One of the main findings of the process was the identification of 4 key areas of work:



Policy and structure

which highlights the updating of our commitment to “BBVA and human rights” in line with the UN Guiding Principles on Business and Human Rights.



Improvement in processes

with a focus on strengthening the supplier assessment and evaluation process, and the functioning and scope of redress mechanisms.



Training and cultural transformation

making an effort to integrate human rights into plans such as the internal and external communication plan, the diversity and work-life balance plan, and the general training plan for employees.



Alignment with business and strategy

integrating the human rights perspective into the BBVA Group’s strategic projects, such as the strategy on sustainability and climate change. An important milestone in 2018 was the adoption of the sectoral rules specific to the financing of sectors with particular social and environmental impacts (mining, energy, agribusiness and infrastructure). Today, these standards have been integrated into the [Environmental and Social Framework](#). 

As a result of the 2018 process, the Human Rights Action Plan 2018-2020 was published with 17 outstanding action plans, led by 11 global management areas, aimed at preventing and mitigating actual and potential impacts on our stakeholders.

More information on this process can be found in the [Human Rights Action Plan 2018-2020](#). 

Appendix 2

Internal taxonomy on Human Rights

Detailed below are the **28 issues** evaluated in the internal taxonomy of human rights **grouped into 6 thematic groups**.

01



**Employment
conditions**

02



**Projects and
products**

03



Supply chain

04



**Customer
well-being**

05



**Respect for
communities**

06



**Cross-cutting
issues**

For each issue, articles from both the [Universal Declaration of Human Rights \(UDHR\)](#)  and the [Charter of Fundamental Rights of the European Union \(CFR\)](#)  were analysed and allied.

Additionally, we studied SDGs that are potentially impacted by each issue and human right, using as a basis [The Human Rights Guide to the Sustainable Development Goals](#)  from **The Danish Institute for Human Rights** or alternatively assessed internally.

Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT CONDITIONS



PROJECTS AND PRODUCTS



SUPPLY CHAIN



CUSTOMER WELL-BEING



RESPECT FOR COMMUNITIES



CROSS-CUTTING ISSUES

Discrimination

01

Employment and wage discrimination in selection, hiring, promotion, development and compensation processes:

- UDHR: Article 7. All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.
- CFR: Article 21. Non-discrimination.



Employment rights and relations

02

Extension of the working day and disconnection from work:

- UDHR: Article 24. Everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay.
- CFR: Article 31. Fair and just working conditions.



03

Lack of fair and decent wage conditions:

- UDHR: Article 23.1.1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- CFR: Article 31. Fair and just working conditions.



04

Limitation of maternity / paternity rights, leave and similar:

- UDHR: Article 25. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.
- CFR: Artículo 33. Family and professional life. Artículo 34. Seguridad social y ayuda social.



05

Forced displacement or relocation of employees or improper restructuring of functions:

- UDHR: Article 23.1.1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- CFR: Article 15. Freedom to choose an occupation and right to engage in work.



Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT CONDITIONS



PROJECTS AND PRODUCTS



SUPPLY CHAIN



CUSTOMER WELL-BEING



RESPECT FOR COMMUNITIES



CROSS-CUTTING ISSUES

Employment rights and relations

06

Limitations on union rights, freedom of association and collective bargaining:

- UDHR: Article 20.1. Everyone has the right to freedom of peaceful assembly and association.
- CFR: Article 12. Freedom of assembly and of association. Article 28. Right of collective bargaining and action.



07

Restriction of the right to free expression:

- UDHR: Article 19. Everyone has the right to freedom of opinion and expression.
- CFR: Article 11. Freedom of expression and information.



Health and safety

08

Harassment, intimidation, degrading treatment and violence at work:

- UDHR: Article 5. No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.
- CFR: Article 4. Prohibition of torture and inhuman or degrading treatment or punishment.



09

Lack of prevention of occupational accidents and illness, and protection of employee health (including mental and emotional health):

- CFR: Article 34. Social security and social assistance. Article 35. Health care.



Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT
CONDITIONS



PROJECTS AND
PRODUCTS



SUPPLY
CHAIN



CUSTOMER
WELL-BEING



RESPECT FOR
COMMUNITIES



CROSS-CUTTING
ISSUES

Projects and products

10

Lack of consideration of human rights in relationships with corporate customers:

- Based on the European Union (EU) regulation related to human rights: Guarantee that companies fulfil their duty to respect human rights, the environment and good governance and do not cause or contribute to potential or actual adverse impacts on human rights, the environment and good governance through their own activities and business relationships.



11

Lack of prior consultation process in communities and its social and environmental impact (including issues related to respect for property rights, access to and use of land of individuals or groups):

- UDHR: Article 17. 1. Everyone has the right to own property alone as well as in association with others. 2. No one shall be arbitrarily deprived of his property.



Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT
CONDITIONS



PROJECTS AND
PRODUCTS



SUPPLY
CHAIN



CUSTOMER
WELL-BEING



RESPECT FOR
COMMUNITIES



CROSS-CUTTING
ISSUES

Supply chain

12

Unfair and abusive contract conditions:

- UDHR: Article 23. 1. 1. Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- CFR: Article 31. Fair and just working conditions.



13

Employment discrimination of employees of suppliers and contractors:

- UDHR: Article 7. All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.
- CFR: Article 21. Non-discrimination.



14

Lack of human rights due diligence processes in the contracting and maintenance of suppliers and contractors:

- Based on the European Union (EU) regulation related to human rights: Guarantee that companies fulfil their duty to respect human rights, the environment and good governance and do not cause or contribute to potential or actual adverse impacts on human rights, the environment and good governance through their own activities and business relationships.



Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT
CONDITIONS



PROJECTS AND
PRODUCTS



SUPPLY
CHAIN



CUSTOMER
WELL-BEING



RESPECT FOR
COMMUNITIES



CROSS-CUTTING
ISSUES

Accessibility and service

15

Discrimination (including advanced analytics models) in credit admission, product and service suitability, and pricing in private customer processes based on gender, age, disability, illness or place of origin, especially for the most vulnerable people and/or groups:

- UDHR: Article 22. Everyone, as a member of society, has the right to the economic, social and cultural rights indispensable for his dignity and the free development of his personality.
- CFR: Article 36. Access to services of general economic interest.



16

Discrimination and exclusion of vulnerable groups and communities from financial products and services due to lack of physical or digital accessibility, or lack of adaptation for vulnerable groups (e.g. branches that have not been adapted, inaccessible communication and distribution channels), or lack of consideration of other factors such as level of financial education and the digital divide:

- UDHR: Article 22. Everyone, as a member of society, has the right to the economic, social and cultural rights indispensable for his dignity and the free development of his personality.
- CFR: Article 36. Access to services of general economic interest.



Customer protection and security

17

Information on banking products and services that is difficult to access, insufficient and/or difficult to understand or misleading. Misleading or unclear marketing or advertising:

- CFR: Article 36. Access to services of general economic interest



18

Harassment, intimidation and degrading treatment (in recovery and debt collection processes, for example):

- UDHR: Article 5. No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.
- CFR: Article 4. Prohibition of torture and inhuman or degrading treatment or punishment. No one shall be subjected to torture or to inhuman, degrading treatment or punishment.



19

Excessive use of the security forces at facilities:

- UDHR: Article 3. Everyone has the right to life, liberty and the security of person.
- CFR: Article 6. Everyone has the right to liberty and security of person. Article 31. Every worker has the right to working conditions which respect his or her health, safety and dignity.



Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT
CONDITIONS



PROJECTS AND
PRODUCTS



SUPPLY
CHAIN



CUSTOMER
WELL-BEING



**RESPECT FOR
COMMUNITIES**



CROSS-CUTTING
ISSUES

Respect for communities

20

Lack of consideration of prevention in the environmental impact of BBVA's direct activity (environmental footprint of buildings and facilities, etc.):

- UDHR: Article 25.1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
- CFR: Article 37. Environmental protection.



21

Withdrawal of commercial activities, basic services and abandonment of communities especially in rural areas and/or with more vulnerable populations:

- UDHR: Article 21.2. Everyone has the right to equal access to public service in his country. Article 22. Everyone, as a member of society, has the right to the satisfaction of economic rights.
- CFR: Article 36. Access to services of general economic interest.



Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT
CONDITIONS



PROJECTS AND
PRODUCTS



SUPPLY
CHAIN



CUSTOMER
WELL-BEING



RESPECT FOR
COMMUNITIES



CROSS-CUTTING
ISSUES

Cross-cutting issues

22

Lack of communication and transparency on impact on human rights and progress with their protection:

- CFR: Article 27. Workers' right to information and consultation within the undertaking. Article 42. Right of access to documents.



23

Corruption, bribery, tax fraud and money laundering activities, including financing of terrorist groups:

- UDHR: Article 28. Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized. Article 29. These rights and freedoms may in no case Cross-cutting issues be exercised contrary to the purposes and principles of the United Nations.



24

Participation in processes and/or actions that breach human rights at the government level or through support for activities that incite violence and radicalisation, etc.

- UDHR: Article 12. No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.
- CFR: Article 43. Ombudsman. Article 54. Prohibition of abuse of rights



25

Data protection and privacy breaches for employees, customers, suppliers, contractors and third parties:

- UDHR: Article 12. No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.
- CFR: Article 8. Protection of personal data



Appendix 2

Internal taxonomy on Human Rights



EMPLOYMENT
CONDITIONS



PROJECTS AND
PRODUCTS



SUPPLY
CHAIN



CUSTOMER
WELL-BEING



RESPECT FOR
COMMUNITIES



CROSS-CUTTING
ISSUES

Cross-cutting issues

26

Impact of the implementation of new technologies (e.g. blockchain, AI, internet of things, etc.) on human rights (focusing on customers and employees):

- UDHR: Article 7. All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination.
- CFR: Article 21. Non-discrimination.



27

Lack of consideration of human rights in proprietary investment processes and/or mergers and acquisitions:

- Based on the European Union (EU) regulation related to human rights: Guarantee that companies fulfil their duty to respect human rights, the environment and good governance and do not cause or contribute to potential or actual adverse impacts on human rights, the environment and good governance through their own activities and business relationships.



28

Management of adequate, accessible grievance mechanisms and access to remediation (including whistleblowers):

- CFR: Article 47. Right to an effective remedy and to a fair trial





Creating Opportunities

Action Plan on Human Rights 2021-2022

March 2022

