

# **CORPORATE RESPONSIBILITY**





### Corporate responsibility at BBVA

The BBVA Group understands its corporate responsibility to be its all-encompassing pledge to provide the utmost value possible on a balanced basis to each and every one of its direct stakeholders: shareholders and investors, customers, employees, suppliers, regulators and the sum of societies in which it operates. A commitment, therefore, to optimise the wealth generated for each one of them: to attend to them in the finest way possible, with the highest levels of quality, integrity and transparency, whilst strictly upholding the law and the recommendations of regulators. An understanding of business management that also implies a balanced consideration of each and every one of the implications involved in its business: not only within the economic and financial spheres, but also within the human, social and environmental dimensions.

### Dimensions of corporate responsibility at BBVA

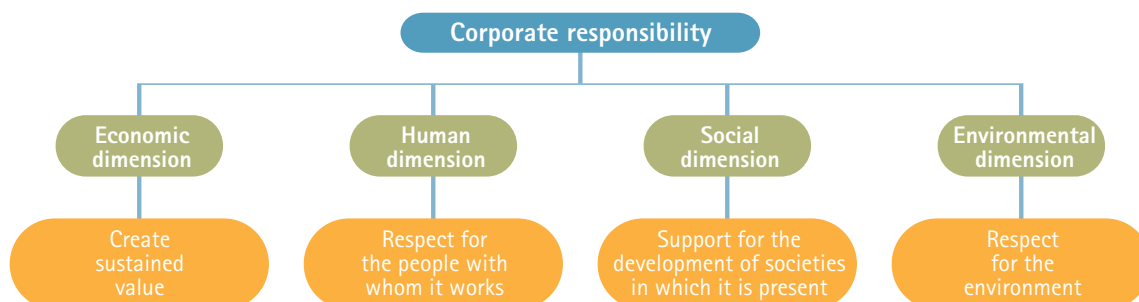
A detailed breakdown of the way in which BBVA understands and implements this notion, as well as its main actions in this field in 2005, may be found in the Annual Corporate Responsibility Report 2005, published jointly with this report and available on the corporate website ([www.bbva.com](http://www.bbva.com)).

Corporate responsibility is a notion in which BBVA acknowledges a growing social demand, albeit one in which, furthermore, it detects significant scope for value creation within the company itself, insofar as it contributes to a







general improvement in management and greater acceptance of the entity by both stakeholders and society as a whole. For BBVA, however, corporate responsibility is also inherent to its mission and values; a core component of its corporate culture and vision: “Working towards a better future for people”.

This is a pledge that BBVA has consolidated in the document setting forth its culture (*La Experiencia BBVA – The BBVA Experience*), in its Corporate Principles and in the BBVA Group Code of Conduct – which constitutes the linchpin of its policy for upholding demanding levels of integrity, ethics and honesty in all its dealings and business activities, as well as in those operating codes applicable to specific areas or activities. Likewise, it has ratified this pledge through its adherence to the main international agreements in this matter: the United Nations Global Compact for fostering business responsibility ([www.globalcompact.org](http://www.globalcompact.org)) and the United Nations Environment Programme – Finance Initiative ([www.unepfi.org](http://www.unepfi.org)), publicly manifesting its respect for the United Nations Universal Declaration of Human Rights and the basic legislation of the International Labour Organisation. In addition, since 2004 BBVA has been a signatory of a specific initiative of significance for corporate responsibility in the financial sector: the Equator Principles, a series of guidelines propounded by the World Bank for the furtherance of stringent social and environmental criteria in the financing of major investment projects in emerging countries ([www.equator-principles.com](http://www.equator-principles.com)).

### Dimensions of corporate responsibility at BBVA



**BBVA'S CORPORATE RESPONSIBILITY RATINGS ACCORDING TO THE FOREMOST SPECIALIST AGENCIES**

Organisation	Dimension	2005		2004		
		BBVA	Sector average	BBVA	Sector average	
SAM <sup>a</sup> 	Economic dimension	88	62	65	50	<ul style="list-style-type: none"> <li>• BBVA has been included in DJSI World since 2001</li> <li>• BBVA has been included in DJSI STOXX since 2005</li> </ul>
	Environmental dimension	48	32	43	28	
	Social dimension	80	46	65	43	
	Overall score	75	48	60	42	
EIRIS 	Inclusion in the Index	Yes		Yes		<ul style="list-style-type: none"> <li>• BBVA has been included in FTSE4Good since 2003</li> </ul>
VIGEO <sup>a,b,c</sup> 	Human Resources	44	=	58	+	<ul style="list-style-type: none"> <li>• BBVA is included in ASPI Euro zone</li> </ul>
	Environment	45	=	30	=	
	Customers and Suppliers	61	+	58	+	
	Corporate Governance	56	+	58	+	
	Community	65	+	58	=	
	Human Rights	57	=	51	=	
SIRI <sup>a</sup> 	Overall score	70.8	52.6	72.4	53.6	
OEKOM <sup>d</sup> 	Environmental dimension	C-		D+		<ul style="list-style-type: none"> <li>• BBVA is rated as Prime in the comparison of best world banks or Best in Class</li> </ul>
	Social dimension	B-		C		
	Overall score	C+		C-		
STOREBRAND 	Inclusion in the Index	Yes		Yes		<ul style="list-style-type: none"> <li>• Included in the list of the world's 26 best banks or Best in Class, in social and environmental practices</li> </ul>

<sup>a</sup> Scoring range: 0 to 100.  
<sup>b</sup> Rating compared to industry average: ++ Pioneer, + Advanced, = Average, - Below average, -- Unconcerned.  
<sup>c</sup> VIGEO also carries out "Corporate-solicited ratings", performing corporate audits on request from businesses.  
<sup>d</sup> Scoring range: A+ to D-.

In order to realise this pledge, the BBVA Group has a central department of Corporate Responsibility and Reputation – integrated within the area of Communication and Image – and deploys coordinators in each and every one of the Group's companies in the Americas. Yet corporate responsibility understood from a comprehensive viewpoint is something that can only be implemented through an approach that is likewise comprehensive: embedding it within the Group's overall strategy and embracing it in all the organisation's units and activities. The Group is furthering this within the framework of a steadfast commitment to innovation. There follows an overview of the main lines of action that the BBVA Group has continued or pursued in 2005 in the more salient aspects of its corporate responsibility.

**Shareholders and investors**

Sustained value creation over time for shareholders is a core objective for BBVA and a key dimension of its responsibility. An objective framed within a policy underpinned by stringent standards of ethics, transparency and equitability in its dealings with shareholders and investors under the aegis of its Corporate Governance System. In turn, BBVA aims to supplement the direct financial benefits forthcoming for its shareholders with greater information and the best service available. It avails itself accordingly of highly-consolidated avenues of dialogue: in addition to the Annual Report, Quarterly Results Reports and its website, the Shareholders' Office, the Major Investors' Management Unit and the Department of Relations with Investors, Analysts

and Rating Agencies each have their own specific instruments for monitoring, reporting and attending to their respective segments.

### **Customers**

BBVA understands that its underlying responsibility regarding its customers lies above all in the quest for continuous improvement in the quality and service provided, as well as in the desire to abide by steadfast ethical criteria and standards of integrity. A sphere in which a priority concern has been to deal with the industry's more sensitive issues: money laundering, fraud, corruption, the use of its channels for criminal activities, strict codes of conduct regarding securities' markets or in dealings with persons or institutions of special public import, safeguarding personal data, etc. In addition to this, the Group arranges a whole gamut of products and services with specific corporate responsibility criteria: socially responsible investment, special attention in catering for small companies, non-profit organisations and public institutions, microfinances, environmentally-friendly products and preferential lines targeting especially needy groups (migrant workers, underprivileged persons, large families, young people, the elderly, etc). There is a line in Spain of cost-free *Préstamos Familiares* (Family Loans) for helping families to address certain basic needs, and a far-reaching programme in the Americas for groups that have difficulty in accessing the financial sector. These actions are complemented by a growing consideration for social, ethical and environmental factors in lending risk assessment, most especially in the financing of major projects.

### **Employees**

BBVA understands that its core responsibility in this sphere lies in its quest for maximum reciprocal value creation and the best possible working environment within the framework of a management model underscored by the commitments outlined in *La Experiencia BBVA*: the recognition of merit, the professional and personal development of employees, the

fostering of teamwork, encouragement for creativity, the upholding of diversity and equal opportunities and the creation of a climate of trust. The following are core elements in the attainment of these goals:

- Skills management underpinned by worth appraisal.
- Safeguarding personal integrity and human rights.
- Dedicated effort in knowledge management and training (€34.3m in 2005).
- An internal communications policy with numerous channels of information and dialogue in all Group companies.
- Recruitment policy founded on respect for diversity and equal opportunities.
- Permanent monitoring of customer satisfaction.
- Major benefits in terms of social welfare, supplemented in 2005 by the provisions made for employees within the programme *Pasión por las Personas* (Passion for People).
- An industrial relations policy based on dialogue and trade union involvement, with such initiatives as the creation of a European Workers' Committee, an Agreement of Intent with the Group's trade union delegates in Latin America or the subscription in 2005 of a major Agreement on Equality and the Reconciliation of Work and Family Life with trade union delegations.
- A sound policy on health and the prevention of industrial hazards, with wide-ranging trade union involvement.
- Encouragement of employee involvement in humanitarian causes.

### **Suppliers**

The BBVA Group wants its dealings with suppliers to be ruled by criteria of objectivity, transparency, professionalism and equal opportunities, fostering amongst them the ethical principles and responsibility that underpin its own operations. Its activities in this field are governed by a Code of Ethics (developed accordingly by the Group's overall Code of Conduct) and involve a suppliers' approval system that considers ethical, social and environmental criteria in accordance with the UN Global Compact (which BBVA distributes

amongst its suppliers). In addition, BBVA constantly monitors supplier satisfaction and pays special attention to local suppliers in each country it is active in.

### Environment

A priority objective for the BBVA Group is to further sustainable development within the framework of an Environmental Policy (in force since 2003) and an Environmental Management System designed to encourage environmentally-responsible conduct in all those activities it pursues and minimise its environmental impact, both directly and indirectly caused by its business activity. Lines of special significance in this context are:

- The subscription of the aforementioned international undertakings.
- Fostering eco-efficiency in the consumption of natural resources and in waste treatment.
- Policy on ISO 14001 environmental management certificates.
- Actions in support of the Kyoto Protocol.
- Consideration of environmental factors in risk management and lending, focusing especially on major investment projects (and particularly on those affected by the Equator Principles).
- Development of products and services geared towards enhancing the environmental impact in all business spheres.
- Advancement of responsible conduct within the organisation itself, with schemes for

instruction, awareness and furtherance regarding environmental innovation.

- Environmental trusteeship particularly through the BBVA Foundation and Anida.

### Community support

The BBVA Group is firmly committed to quality of life and to the development of those societies in which it pursues its activities. A pledge that it embraces through its everyday business, yet also through a dynamic policy of direct community support, backing myriad social interest schemes in different fields (mainly social welfare, education, culture, dissemination of knowledge in economics and social sciences, health, environment and the promotion of social responsibility in organisations). It is a policy to which the Group and its foundations have allocated €46.5m in 2005, and is pursued through several channels:

- Trusteeship and sponsorship schemes undertaken by different Group units.
- The activity of the Group's foundations (Spain, Argentina, Mexico, Peru and Venezuela).
- Actions involving special products and services: particularly the cost-free *Préstamos Familiares* included within the *BBVA Plan Familias* (BBVA Families Plan).
- Encouraging voluntary work amongst employees.
- Seeking customer involvement in humanitarian causes.
- Donation of funds to charitable organisations.

### COMMUNITY SUPPORT: FUNDS ALLOCATED BY THE BBVA GROUP AND ITS FOUNDATIONS<sup>(1)</sup>

(Thousand euros)

	2005	2004	2003	2002
BBVA Group in Spain, Portugal & Andorra	21,081	18,886	11,255	7,571
BBVA Group in Latin America	4,618	1,598	3,822	2,642
BBVA Foundation (Spain)	16,970	14,570	16,387	15,134
Foundations in Latin America	3,817	3,264	3,845	3,575
<b>TOTAL</b>	<b>46,486</b>	<b>38,318</b>	<b>35,309</b>	<b>28,922</b>

(1) The methodology applied in the preparation of these data is explained in the Annual Corporate Responsibility Report 2005.