TO ENGAGE
We will engage with all our stakeholders to collectively promote the contribution of financial industry to sustainable development.

**SUPERVISORS & REGULATORS**
Advocacy, knowledge sharing

**COMPETITORS**
Partner in self-regulation

**WATCHERS**
Hearing & learning, transparency

**SUPPLIERS**
Dialogue & support

**EMPLOYEES**
Raise awareness, educating & empowering

**CUSTOMERS**
Raise awareness, educating & empowering

**CORPORATE CLIENTS**
Dialogue & support

**INVESTORS**
Holistic view, transparency

**STRATEGY**
Implementation road map of the TCFD recommendations on climate change

**TARGETS**
Describe the contribution of financial industry to sustainable development

**METRICS & GOVERNANCE**
Describe how processes for identifying, assessing & managing climate-related risks and opportunities are integrated into the organization’s overall risk management

**Area**
Description

**GOVERNANCE**
Describe the board’s oversight of climate-related risks and opportunities

- Included in the CSR Policy approved by the Board of Directors
- Board of Directors’ oversight (3 times in last 12 months)

- Reporting to the Board of Directors and to the Board Executive Committee

**STRATEGY**
Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term

- Update risks and opportunities definition that are material for BBVA
- Strategy implications assessment

- Strategy implications assessment

- Reporting to the Global Leadership Team meeting

**RISK MANAGEMENT**
Describe the organization’s processes for managing climate-related risks

- New sector norms approved by the CEO
- Sector norms & due diligence processes implementation

- Integration as emerging risk

**METRICS & TARGETS**
Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management processes

- Quantify credit exposure to carbon-related assets & mix energy generation in utilities

- Carbon-related clients

**Supervisors & Regulators**
Policy on coordinating implementation & monitoring

**COMPETITORS**
Partners in self-regulation

**WATCHERS**
Hearing & learning, transparency

**SUPERVISORS & REGULATORS**
Advocacy, knowledge sharing

**THE ENVIRONMENTAL AND SOCIAL CHALLENGES OF THIS NEW ERA**

- Banks play a key role in the fight against climate change and the achievement of the UN Sustainable Development Goals, thanks to their unique position to mobilize capital through investments, loans and advisory services.

- In 2007, BBVA participated in the world’s first green bond issue. Today, more than ever, the world needs to work collectively to tackle these challenges, which will determine the opportunities for future generations.

- BBVA’s purpose is to bring the age of opportunity to everyone. First, by offering innovative solutions to its customers to help them transition towards a low-carbon economy and promoting sustainable finance. Second, by systematically incorporating social and environmental risks into decision-making processes.

- The 2025 Pledge is the climate change and sustainable development strategy that defines BBVA’s ambition and roadmap.

**2025 Pledge**
**BBVA strategy on climate change and sustainable development**

**The environmental and social challenges of this new era**

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**Global agenda**

- Sustainable Development Goals (SDGs)
- Paris Agreement

**Investors**

- USD 70 trillion assets under management
- 1,750 institutional investors

**Market**

- USD 12 Trillion Annual market linked to SDGs in 2030
- USD 5-7 Trillion till 2030, 70% in emerging markets

- Recommendations on climate-related financial disclosures
- Action Plan on financing sustainable growth
- Central Banks & Supervisors Network for Greening the Financial System

**Our purpose**

**To finance**

- €100 Billion mobilized for sustainable finance 2018-2025
- Transition to a low carbon economy
- 70% renewable energy & 68% reduction in emissions

- First global bank to report carbon-related assets
- New sector norms in mining, energy, infrastructure & agribusiness

**To manage**

- Active collaboration with all stakeholders and commitment with main global initiatives promoting sustainable finance

- TCFD recommendations implemented in 2020

- Education & financial education

**To engage**

- BBVA’s purpose is to bring the age of opportunity to everyone. First, by offering innovative solutions to its customers to help them transition towards a low-carbon economy and promoting sustainable finance. Second, by systematically incorporating social and environmental risks into decision-making processes.

- The 2025 Pledge is the climate change and sustainable development strategy that defines BBVA’s ambition and roadmap.
A €100 Billion mobilization between 2018 and 2025

Transition to a low carbon economy
- Green lending to companies & institutions
- Green bonds intermediated as bookrunner
- Energy efficiency, water & waste management & solutions for SMEs & individuals
- Green investment funds & equity

Financial inclusion & entrepreneurship
- Lending to underserved
- Lending to vulnerable microentrepreneurs
- Lending to women entrepreneurs
- New digital business
- Impact investment

Sustainable infrastructures & agribusiness
- Project & corporate lending in education, health & affordable housing
- Social bonds intermediated as bookrunner
- Social investment funds & equity
- Agribusiness lending under sustainability criteria

Current exposure on sustainable finance
Credit exposure
December 2017

- Financial inclusion & entrepreneurship
  - Green certified loans 4%
  - Green corporate lending 13%
  - Other green lending 7%

- Infrastructures & agribusiness lending 19%

Sustainable bonds
2017

- Green certified loans 4%
- Green corporate lending 42%
- Green project finance 15%

Sustainable bonds intermediated

- €10.6 BILLION
- €22.1 BILLION

BBVA SDGs Bonds Framework
BBVA’s SDGs Bond Framework follows the ICMA Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainable Bond Guidelines which have four requirements

Environmental direct impacts targets 2025

2015
Electricity Consumption
920 GWh
%-Renewable Energy
27%
Direct CO2 emissions
283 MtCO2e

2020
Electricity Consumption
874 GWh
%-Renewable Energy
48%
Direct CO2 emissions
263 MtCO2e

2025
Electricity Consumption
848 GWh
%-Renewable Energy
70%
Direct CO2 emissions
90 MtCO2e

Transparency in carbon-related assets
Carbon-related assets exposure
December 2017

- Utilities
- Oil & Gas
- Coal Mining
- Total

<table>
<thead>
<tr>
<th></th>
<th>Utilities</th>
<th>Oil &amp; Gas</th>
<th>Coal Mining</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate lending</td>
<td>8,187</td>
<td>12,050</td>
<td>133</td>
<td>20,370</td>
</tr>
<tr>
<td>Project finance</td>
<td>416</td>
<td>767</td>
<td>0</td>
<td>1,183</td>
</tr>
<tr>
<td>Structured Trade Finance</td>
<td>319</td>
<td>1,473</td>
<td>0</td>
<td>1,792</td>
</tr>
<tr>
<td>Equity</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>25</td>
</tr>
<tr>
<td>Total exposure to carbon-related assets</td>
<td>8,922</td>
<td>14,315</td>
<td>133</td>
<td>23,370</td>
</tr>
</tbody>
</table>

Mix in power generation for clients utilities
December 2017

- World (2014) 67%
- Peer 1 (2016) 56%
- Peer 2 (2016) 53%
- BBVA (2017) 49%

- Renewable
- Hydro
- Nuclear
- Gas
- Oil
- Coal

% carbon-related

Integration of Commitment
- To human rights
- To the environment

Sector norms
TO FINANCE
We will help to create the scale of capital mobilization to halt global climate change & attain the UN Sustainable Development Goals

A €100 Billion mobilization between 2018 and 2025

Transition to a low carbon economy
- Green lending to companies & institutions
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Sustainable infrastructures & agribusiness
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- Social bonds intermediated as bookrunner
- Social investment funds & equity
- Agribusiness lending under sustainability criteria

Current exposure on sustainable finance
Credit exposure
December 2017

Financial inclusion & entrepreneurship
- €70 BILLION

Infrastructures & agribusiness lending
- €18 BILLION

Other green lending
- €12 BILLION

Green certified loans
- 4%

Green corporate lending
- 13%

Green project finance
- 15%

Sustainable bonds
- 10.6 BILLION

Sustainable bonds intermediated
- €1.5 BILLION

% carbon-related

Mix in power generation for clients utilities
December 2017

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Environmental

Social

Environmental direct impacts targets 2025

Electricity Consumption

% Renewable Energy

Direct CO2 emissions

Turnover

€ 10.6
BILLION

€23,370
Million

3.4% of total assets

€1.5 BILLION
as bookrunner

% carbon-related

1) Includes assets linked to utilities and energy generation based on fossil fuels (coal, oil & gas)

TO MANAGE
We will manage our environmental & social risks to minimize potential negative direct & indirect impacts

Environmental direct impacts targets 2025

Electricity Consumption

% Renewable Energy

Direct CO2 emissions

Turnover

€ 10.6
BILLION

€23,370
Million

3.4% of total assets

€1.5 BILLION
as bookrunner

% carbon-related

1) Includes assets linked to utilities and energy generation based on fossil fuels (coal, oil & gas)

Current exposure on sustainable finance

Sustainable bonds

2017

Sustainable bonds intermediated

% carbon-related

1) Includes assets linked to utilities and energy generation based on fossil fuels (coal, oil & gas)

Integration of Commitment

- To human rights
- To the environment

Sector norms

Energy

Mining

Infrastructure

Agribusiness
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**Implementation road map of the TCFD recommendations on climate change**

**Area**

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Done</th>
<th>Plan 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNANCE</td>
<td></td>
<td></td>
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<tr>
<td>Describe the board’s oversight of climate-related risks and opportunities</td>
<td>Included in the CSR Policy approved by the Board of Directors</td>
<td>Reporting to the Board of Directors and to the Board Executive Committee</td>
</tr>
<tr>
<td>Describe management’s role assessing and managing climate-related risks and opportunities</td>
<td>Plans &amp; norms approved and oversighted by the CEO</td>
<td>Reporting to the Global Leadership Team meeting</td>
</tr>
<tr>
<td>STRATEGY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term</td>
<td>Quantity credit exposure to carbon-related assets &amp; mix energy generation in utilities</td>
<td>Update risks and opportunities definition that are material for BBVA</td>
</tr>
<tr>
<td>Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning</td>
<td>Pledge 2025. Strategy on climate change and sustainable development</td>
<td>Strategy implications assessment</td>
</tr>
<tr>
<td>Describe the resilience of the organization’s strategy, taking into consideration different scenarios, including a 2ºC or lower scenario</td>
<td>Product portfolio defined at CIB</td>
<td>First impact assessment on credit portfolios</td>
</tr>
<tr>
<td>RISK MANAGEMENT</td>
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<td></td>
</tr>
<tr>
<td>Describe the organization’s processes for identifying and assessing climate-related risks</td>
<td>New sector norms approved by the CEO</td>
<td>Sector norms &amp; due diligence processes implementation</td>
</tr>
<tr>
<td>Describe how processes for identifying, assessing &amp; managing these risks are integrated into the organization’s overall risk management</td>
<td>Equator Principles implemented</td>
<td>Integration as emerging risk</td>
</tr>
<tr>
<td>METRICS &amp; TARGETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process</td>
<td>Quantity credit exposure to carbon-related assets &amp; mix energy generation in utilities</td>
<td>Energy transition in sustainable finance</td>
</tr>
<tr>
<td>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions</td>
<td>Emissions reported Scope 1, Scope 2</td>
<td>Emissions reported Scope 3</td>
</tr>
<tr>
<td>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</td>
<td>Mobilize €100 Billion 2018-2025</td>
<td>Goals to reach 2025 sustainable financial objectives</td>
</tr>
</tbody>
</table>

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**The environmental and social challenges of this new era**

**Our purpose**

**To finance**

€100 Billion mobilized for sustainable finance 2018-2025

**To manage**

70% renewable energy & 68% reduction in emissions

**To engage**

Active collaboration with all stakeholders and commitment with main global initiatives promoting sustainable finance

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**Participation in pilot group with Formalize process Integration as emerging risk**