

# Environmental Policy at BBVA

1<sup>st</sup> revision, April 2004

BBVA understands that the key to the future in an increasingly globalised world is the successful blend of economic, social and environmental considerations in an harmonious and balanced manner within a model of sustainable development.

The following is the prime objective that BBVA includes in its group vision, its raison d'etre and its corporate mission:

*"BBVA, we are working towards a better future for people."*

*"We are committed to providing better solutions for customers, profitable growth for our shareholders and progress for society."*

A better future for people and progress for society that BBVA includes in the principles and undertakings of its corporate culture.

## **1. A commitment to the environment**

BBVA embraces a respect for the environment and the efficient use of natural resources as one of the considerations of its corporate responsibility, convinced of the importance that lies in the commitment of an institution of its size and nature to the way forward in a sustainable approach to development.

The commitment to the environment of BBVA is based on the belief in the compatibility existing between economic activity and Nature and is reflected in the responsible approach to the environment shown by all those who are part of the Group (banks and subsidiary financial institutions, both in Spain and abroad).

The financial business of the BBVA Group has a minimal direct environmental impact, whereas the indirect impact, through the provision of financial products and services and support for its stakeholders, mainly customers and suppliers, seeks to encourage their responsible attitude with regard to the environment (engagement).

The commitment of BBVA to sustainable development and its concern for the environment is publicly expressed through its involvement in international initiatives.

In 1998 it subscribed to the UNEP FÍ declaration by financial institutions on the environment and sustainable development, an initiative of environmental leadership within the international framework.

In 2002, BBVA ratified the Global Compact of corporate leadership, an international initiative sponsored by the United Nations aimed at furthering the collaboration of companies in the construction of a better and more environmentally friendly society.

\* United Nations Environment Programme Finance Initiatives

## **2. Basic Lines**

BBVA firmly believes that economic activity and nature are compatible. Accordingly, it has determined three basic lines in the development of its daily activity:

### 2.1 Strict compliance with current legislation

The environmental policy of BBVA requires the Group to uphold legislation, directives and guidelines in environmental issues.

### 2.2 A responsible approach in daily activity

The environmental policy of BBVA embraces the principles, criteria and requirements of the UN Global Compact as well as the compromises of the UNEP FI (United Nations Environment Programme Finance Initiatives).

In view of this, the environmental policy of BBVA includes the development of environmental criteria in the risk analysis of financial operations; an internal procedure system regarding the use of renewable resources and recycled paper, the saving of energy and water, and the recycling of waste, in addition to a series of environmental rules for suppliers and sub-contractors.

### 2.3 Proactive / positive influence on the attitude of its stakeholders (engagement)

The environmental policy of BBVA is designed to have a proactive and positive influence on the attitude of its stakeholders, largely customers, employees, suppliers, shareholders, and of the companies in which it has a holding, in order to encourage them to adopt environmental policies and management systems.

### **3. Priority Areas**

The commitment of BBVA to the environment is defined in seven priority areas, which will enable the continuing development of the Group's Environmental policy:

#### 3.1 Quality and efficiency targets regarding the environment and the use of natural resources

The environmental policy of BBVA propounds an internal objective of environmental quality and efficiency that is developed by means of the application of demanding criteria in buildings and its adaptation to work spaces.

Accordingly, BBVA has adopted the criteria established in the ISO 14.001 certificate and aims to increase the number of work places that obtain this certification. The BBVA Group already has ISO 14.001 certificates at several of the Group's commercial offices.

The environmental policy of BBVA features two instruments that further the political objective in matters of internal quality and efficient use of natural resources:

- An efficiency plan based on projects for reducing expenditure and the environmental impact stemming from its own operations.
- A plan to encourage the use of new technologies within the Group, which also has a positive effect in ecological terms (it favours saving in printed paper).

#### 3.2 Environmental criteria in the risk analysis of financial operations

The environmental policy of BBVA includes the incorporation of environmental criteria in the risk analysis of financial operations. Accordingly, BBVA adopts its own methodology to incorporate environmental criteria systematically in the analysis of credit risk in corporate and business banking operations.

BBVA already includes environmental criteria in the analysis and presentation of project finance operations (large projects for financing motorways, railways, etc).

Furthermore, BBVA incorporates the analysis and appraisal of environmental issues in the study of its own investments.

### 3.3 Proactive involvement by BBVA in customers' projects on environmental conservation and improvement

The environmental policy of BBVA includes guidance and financing for projects involving the conservation and enhancement of the environment and natural resources (water, irrigation, energy, infrastructure, urban development, etc.) by Public Authorities and by both large and small companies.

The environmental policy of BBVA furthermore extends to the provision of financial products related to environmental projects.

### 3.4 Positive influence on the environmental approach of suppliers

The environmental policy of BBVA embraces the principles of the Global Compact and reports this to its stakeholders, mainly suppliers, for the purpose of disseminating these principles and encouraging the latter to fulfil them also.

### 3.5 Support for environmental initiatives in society

The environmental policy of BBVA supports a growing number of environmental initiatives, participating in the analysis and furtherance of environmental issues by means of grants, sponsorships, research, publications, seminars and other lines of patronage, promoted either directly or through its foundations in Spain and Latin America.

### 3.6 Implementation of environmental best practices by its employees

The environmental policy of BBVA implements best practices in the operations carried out in the various work centres by means of:

- minimising the waste generated by improving the undertaking of activities, encouraging subsequent reuse of waste and separating it for recycling, reuse or external processing,
- reducing the levels of paper consumption, using recycled paper and recycling the paper used.
- considering criteria of energy efficiency in daily operations, and seeking a rational management of electricity that leads to a reduction in consumption,
- controlling the consumption of water as a first step to the adoption of measures aimed at reducing the levels of use of this resource,
- reducing and, wherever possible, eliminating the use of products and the contracting of services which have a compromising effect on the environment.

### 3.7 Promotion of innovation

The environmental policy of BBVA includes an environment section as part of the corporate programme INNOVA BBVA, designed to promote innovation and internal improvement through BBVA workforce talent and ideas. INNOVA channels good new ideas on environmental matters to put them into practice.

Note: the Corporate Social Responsibility Report, makes a detailed description of the performance of the Group in all these fields

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The environmental policy of BBVA applies to all the Group's activities, i.e. subsidiary companies and banks in which BBVA has effective control in all countries.

The Management Committee of the BBVA Group promotes proper compliance with the environment policies laid down in this document. To that end, they strive to develop and supervise the implementation of this environmental policy in the BBVA Group.

Corporate Social Responsibility Department, which belongs to Corporate Relations, assumes responsibility for implementing and developing the environmental policy and ensuring that it is complied with.

The environmental policy of BBVA will be reviewed and updated regularly to keep it in line with the development of the Group and with new requirements in its environment.

# Environmental Management System in BBVA

## **Environmental Management System (EMS)**

Within the framework of the Environmental policy of BBVA, the Group is implementing an integral Environmental Management System (EMS) for the continual development of the aforementioned Environmental policy and ensuring its fulfilment.

The EMS is designed to minimise environmental impact and promote eco-efficiency in BBVA's operations, as well as using all the means at the Group's disposal, to enhance the natural world, environmental quality and sustainable development.

The EMS includes the definition of corporate criteria for proceeding in environmental matters, taking as reference the regulations and guidelines that are generally accepted in this field; and of a system of internal auditing and of external accreditation of the Group's activities in environmental issues, based on the criteria of ISO certifications.

The EMS is applied to all the businesses and to all the countries where BBVA operates. In order to reach the objective of sustainable development, environmental management must be global, especially paying attention to those less developed geographical regions and those spheres of activity of the BBVA Group that are more susceptible to having a bearing - either directly or indirectly - on the environment and on natural resources.

Corporate Social Responsibility Department, which belongs to Corporate Relations, is responsible for managing and coordinating the EMS, as well as for defining the basic guidelines for procedure in environmental matters.

## **Communication**

BBVA communicates to all its stakeholders or interest groups (customers, suppliers, employees, shareholders, media, regulating bodies and society in general) the content of this Environmental policy. To do so, it uses all the channels of communication at its disposal.

Likewise, BBVA has designed a methodology to communicate, both internally and externally, the Group's activity in environmental issues and of the Environmental Management System, in accordance with the criteria and instructions laid down by the Global Reporting Initiative (GRI). This information is contained within a section of the Group's Annual Report on Corporate Social Responsibility (Social Report) and in specific reports.

## **Training**

BBVA trains all the Group's employees and raises their awareness of environmental issues, taking into account their degree of responsibility and the activity undertaken within the framework of the Environmental Management System, providing them with the necessary knowledge that will permit the implementation and monitoring of environmental best practice. Thus, each member of the Group may avail themselves of the knowledge required in each case for optimum environmental management.