

Ethical behavior

Compliance system

The Group's **compliance system** constitutes one of the bases upon which BBVA consolidates its institutional pledge to conduct all operations and businesses in accordance with strict codes of ethical conduct.

A basic element in BBVA's compliance system is the [Code of Conduct](#), updated in 2015 and available on BBVA's corporate website (bbva.com).

The Compliance Unit, in line with the principles set forth by the Bank for International Settlements (BIS) and the reference regulations in this area, continues to organize its activity around the development and implementation of policies and procedures; communication and training; and the identification, assessment and mitigation of potential compliance risks, understood as those that affect the following issues:

- Prevention of money laundering and terrorist financing (PML&TF).
- Conduct with customers.
- Conduct on securities markets.
- Dealing with conflicts of interest.
- Prevention of corruption and bribery.

The **model** of compliance risk assessment and management associated with these matters is global in nature. It is not a static concept; it evolves over time, strengthening those elements and pillars on which it is based and anticipating any new developments and initiatives that may arise in this field.

This model is built on the following basic **pillars**:

- A suitable organizational structure with a clear assignment of roles and responsibilities throughout the organization.
- Policies and procedures that clearly define positions and requirements to be applied.
- Mitigation processes and controls applied to enforce these policies and procedures.
- A technology infrastructure focused on monitoring and designed to guarantee the above objective.

- Communication, training systems and policies implemented to raise employee awareness of the applicable requirements.
- Metrics and indicators that allow the supervision of the global model implementation.
- Independent periodic review of effective model implementation.

During **2017** the documentation and management of the model continued to be improved through a set of technological tools and improvements to the internal processes in the different countries. This effort continues to be particularly important in Turkey, following the integration of the Garanti group into BBVA. With respect to the digital transformation activities, it should be noted that during 2017 the supervision and advice governance teams that operate from compliance units were also strengthened. In addition, with the aim of the new European data protection regulations, during 2017 the activities and programs related to personal data protection developed by the Compliance Unit began to be integrated within BBVA's Legal Services Function, in which the position of data protection officer (DPO) was created.

Prevention of money laundering and terrorist activity financing

Prevention of money laundering and terrorist financing (hereinafter PML&TF) constitutes above all an ever-present objective that BBVA Group associates with its pledge to make improvements in the different communities in which it operates.

For BBVA, ensuring that its products and services are not used for illegal purposes likewise constitutes an essential requirement for safeguarding its corporate integrity, and thereby one of its main assets, namely, the trust of the people and institutions it deals with on a day-to-day basis (customers, employees, shareholders, suppliers, etc.) in the different jurisdictions where it operates.

To achieve the above objective, as a global financial group with branches and subsidiaries that operate in numerous

countries, BBVA adopted a corporate **model** for managing the risk associated with PML&TF. This model is applicable to all of the entities forming part of BBVA Group within the scope of PML&TF and not only takes into account regulations on prevention of money laundering in the jurisdictions in which BBVA operates, but also incorporates the best practices in the international financial industry in this regard, as well as the recommendations issued by international institutions such as the FATF (Financial Action Task Force). This management model is constantly evolving. In particular, risk analysis ensures that controls can be tightened and any additional mitigating measures that may be required to enhance the model can be implemented.

The risk management model of PML&TF is subject to continuous independent **review**. Pursuant to Spanish regulations, an independent expert annually audits the BBVA Group matrix. This review is complemented by internal and external audits carried out by local supervisory bodies, both in Spain in other jurisdictions.

During 2017, BBVA continued to deploy the new **monitoring tool**, in Spain, Turkey and Mexico. The Group also began to apply new technologies to enhance PML&TF (for example, identification of customers through videoconference using facial recognition techniques). It carries out ongoing analysis of opportunities for applying new technologies (machine learning, artificial intelligence, etc.) to strengthen both the capacities to detect suspicious activities of the different entities making up BBVA and the efficiency of the PML&TF processes.

In addition, the different entities in BBVA Group in various jurisdictions were selected by local authorities to participate in a mutual **review** process carried out by FATF.

Additionally, BBVA Colombia was recognized in 2017, for the second consecutive year, for the training actions in money laundering with second place in the contest organized by United Nations in the framework of the National Day for the Prevention of Money Laundering.

Also worth noting BBVA's collaboration with the different governmental bodies and international organizations in this field.

In the area of **training** related to PML&TF, each of the BBVA Group entities has an annual training plan for all its employees. In this plan, defined according to the training needs identified in each of the entities, training activities of different nature are established: face-to-face courses or via e-learning, videos, brochures, etc. Likewise, the content of each training action is adapted to the group to which it is intended, including general concepts derived from the regulation of PML&TF applicable (both internal and external),

as well as specific issues that affect the functions developed by the target group of training .

During **2017**, 81,842 training actions were carried out by employees of the Group in terms of PML&TF. Of these, 16,993 belonged to groups of employees whose role requires more specific training in the field of PML&TF.

Conduct with customers

BBVA's Code of Conduct places the customers at the center of its activities, with the aim of establishing lasting relations based on mutual confidence and value contribution.

To achieve this objective, BBVA has implemented **policies and procedures** to get to know its customers better, with the aim of being able to offer them products and services in line with their financial needs, as well as providing them with clear and accurate information, sufficiently in advance, on the risks of the products in which they invest. BBVA has also implemented processes geared to prevention, or where this is not possible, management of the possible conflicts of interest that may arise in the marketing of its products.

During **2017**, the Compliance Unit focused its activity on adapting its rules and processes for the entry into force, in January 2018, of the new regulations on investor protection in the securities markets, such as the EU Markets in Financial Instruments Directive (MiFID II) and Regulation on Packaged Retail and Insurance-Based Investment Products (PRIIPs). During the year work also began to adapt to the European Union directives on distribution of insurance and real-estate loans.

Also of note is progress in the implementation of a **global model of customer compliance** that aims to establish a minimum framework of rules of conduct to respect in relation to customers, applicable in all jurisdictions and in line with the principles of BBVA Group's Code of Conduct. This model, which responds to an increasingly homogenous regulation of customer protection at the global level, will necessarily contribute to a better customer experience at BBVA.

Other **measures** aimed at protecting the customer during 2017 were:

- The evaluation of the risks associated with the products, services and activities of the Group and the implementation of mitigation measures; guaranteed through the presence of Compliance Unit in the New Products committees. In 2017, 55 new activities, products and operations were reviewed at BBVA S.A. Additionally, the control procedures and routines of the new products continue to be reinforced in order to better adapt to the new requirements derived from the MiFID II regulations.

- The coordination of the action plans to adapt to the new requirements and criteria issued by the National Securities Market Commission (CNMV, by its initials in Spanish) and the Bank of Spain, in terms of investor protection or user banking.
- The close and continuous collaboration with the product and business development units, both retailers and wholesalers, with special focus on digital banking initiatives, to incorporate the vision of customer and investor protection in their projects, from the moment of their creation.
- The updating of the internal regulatory framework for the correct commercialization of products and services.
- Participation in projects to improve and update business processes and the computer systems that support them, in order to ensure their alignment with the best practices of protecting the interests of customers.
- The promotion of communication and training initiatives to the commercial networks and the departments that support them, especially on how to provide advice to customers and how to sell the products in the commercial network.
- The review of information made available to the public and the sales force, as well as promotional campaigns and commercial actions on investment products.
- The reinforcement of the metrics and indicators to monitor compliance risks, to promote a forward-looking vision, with a special focus on customer complaints.
- The evaluation of the internal measures in force, based on the internal and external audit reviews, and the examinations and requirements of the regulators.

In addition, in **2017** the Compliance Unit carried out training courses for employees in its territorial units and its network of agents to achieve a better level of knowledge of the rules of conduct applicable to the customer products with particular focus on retail customers. Within the work for adapting to the new MiFID II Directive on knowledge and competence of the personnel that offers information or advice, BBVA S.A. has established a program of training and accreditation of the knowledge that the personnel must have to inform or advise on financial instruments. In 2017, a total of 13,123 employees obtained this certification. Specific courses on MiFID II, PRIIPs and instruments subject to recapitalization regulations (bail-in) were also designed during the year.

Conduct on securities markets

Integrity in market activity is one of the commitments of BBVA's Code of Conduct to the values making up the corporate culture of BBVA Group. For this purpose it

establishes the general guidelines for action designed to preserve the integrity of the markets, which include standards and principles geared to the prevention of market abuse and guaranteeing their transparency and free competition.

The [Policy for Conduct in the Securities Markets](#) includes the principles and general criteria for action designed to uphold BBVA's integrity in the markets. Specifically, this Policy contains the minimum procedural guidelines regarding the treatment of privileged information, prevention of price manipulation, management of potential conflicts of interest and own account trading by employees.

It is worth noting in this respect that in 2017 the Policy and the [Internal Regulation on Conduct in Securities Markets](#) was updated, incorporating the regulatory changes derived from the Market Abuse Regulation, as well as best practices in the industry. As well as this, during the year the capacities of processes and tools for the detection of suspicious operations initially implemented in 2016 continued to be enhanced. There was also stronger compliance with the U.S. Dodd-Frank Act in terms of BBVA's condition of swap dealer, with the development of a General Swap Dealer Policy that covers all the aspects of the Act.

From the point of view of **prevention of market abuse**, and as an additional measure for strengthening the body of policies and procedures covering this matter, the training of employees continued to be one of the unit's priorities. In 2017 training actions were implemented for the areas and professionals with greatest exposure to market activity, including courses on privileged information for sales and market analysis teams in Corporate & Investment Banking and on market manipulation for trading and sales teams specializing in currency trading. Additionally, the annual Volcker Rule training was developed for a group of 2,348 employees in the Group.

Other standards of conduct

The Code of Conduct, together with other internal policies and rules, develop the aspects related with the prevention of money laundering and terrorist financing, commitments with respect to politically exposed persons and those relating to conduct in business.

One of the main mechanisms for managing conduct risk in the Group is its **whistleblowing channels**. As set out in the Code of Conduct, BBVA employees have the obligation not to tolerate any conduct that is contrary to the Code, or any conduct in the performance of their professional duties that may harm the reputation or good name of BBVA. This whistleblowing channel is a means for enabling employees to report any breaches they observe or are notified by their collaborators, customers, suppliers or colleagues. The

channel is available 24/7 and is also open to the Group's suppliers. The reports are processed diligently and promptly. They are checked and measures are taken to resolve any issues. The information is analyzed in an objective, impartial and confidential manner.

The work carried out in **2017** included ongoing advice on applying the Code of Conduct. In particular, 424 individual written and phone queries were responded to in the Group. Basically, they focused on potential conflicts of interest in matters such as managing personal assets or engaging in professional activities. During the year, BBVA continued its work on communication and dissemination of the new Code of Conduct, as well as training related to its contents.

The Code has been disseminated through audiovisual media at the global level, with the direct involvement of members of senior management and the departments involved in the different countries, distributing explanatory videos of the content of the Code, communications that have been complemented with specific initiatives for certain groups or countries.

In relation to the online course on the Code of Conduct, launched globally in 2016, by the end of 2017, a total of 116,211 employees had completed it.

In addition, since the introduction in Spain of the new regulations on the criminal liability of legal entities, BBVA has been operating in accordance with the legislation in force by establishing effective systems of supervision and control geared to preventing employees from committing crimes. This has been done through the establishment of a specific model of criminal prevention implemented in all the companies controlled by BBVA S.A. in Spain.

Among the possible crimes included in the crime prevention model are those related to **corruption and bribery**, as there are a number of risks that could arise in this respect in an entity of the nature of BBVA. Among these risks are those related to the following activities:

- Acceptance or delivery of gifts or personal benefits and invitations to events, or similar.
- Payments for facilitating activity.
- Political contributions.
- Donations.
- Sponsorship activities.
- Handling of corporate and travel expenses.
- Hiring of employees.
- Contracting of suppliers, agents or intermediaries.
- Mergers, acquisitions or joint ventures.
- Accounting and registration of transactions.

To regulate the identification and management of risks, BBVA has a body of internal regulations made up of principles, policies and other internal arrangements, including:

Principles:

- Principles applicable to the disinvestment processes for BBVA Group goods or services in favor of Group employees.
- Principles to be applied to those involved in BBVA's procurement process.

Policies:

- Policy for the prevention and management of conflicts of interest in BBVA.
- Responsible procurement policy.
- Policy of events and acceptance of gifts related to sporting events of relevance.
- Corporate travel policy.

Other internal developments:

- Management model of representation expenses and staff displacement.
- Comprehensive management model of projects, expenses and investments.
- Ethical code for staff pick.
- Ethical code of suppliers.
- Rule relating to the acquisition of goods and contracting of services.
- Rule regarding gifts to employees of persons / entities outside the bank.
- Standard of delivery of gifts and organization of promotional events.
- Authorization rule for contracting consultancies.
- Standard of relationship with persons of public relevance in matters of financing and guarantee.
- Delegation rule for credit risk.
- Requirements for the establishment and maintenance of business relationships with politically exposed persons (PEP).
- Manual of procedures for selling or selling real estate assets to employees of the BBVA Group.
- Manual of management of donations in the Department of Responsible Business Holding.
- Manual of procedures (treatment and record of communications of the denunciation channel).
- Corporate standard for the management of the life cycle of outsourcing.
- Disciplinary system (internal rules of procedure).

The **anti-corruption framework** in BBVA is not only composed of this body of regulations, but also has a program that includes a risk map, as well as i) a set of mitigation measures aimed at reducing this risk; ii) procedures for action in case of situations of risk; iii) training programs and plans; and iv) indicators geared to the knowledge of the risk situation and its mitigation and control framework.

In addition to the above, BBVA has established other specific instruments for **managing core commitments** in each functional area. The most salient of these are:

- The Compliance Statute.
- Basic principles of risk management and the Risk Management Policy Manual.
- Rules on dealing with individuals and entities of public importance in matters of financing and guarantees.

Within the general training program in this area, there is an online course that describes matters such as the basic

principles related to the Group's prevention framework on anti-corruption that reminds employees of BBVA's **zero tolerance** commitment with respect to any form of corruption or bribery in its business activities.

It is worth noting that in 2017 BBVA was the first financial institution to obtain an AENOR certificate accrediting that its system for managing criminal compliance is in accordance with UNE 19601:2017 Standard published in May 2017.

Other basic commitments acquired by the Group are:

- [Rules of Conduct in Defense](#).
- [Environmental Policy](#).
- [Responsible Procurement Policy](#).
- [Commitment to Human Rights](#).

Internal control model

Based on best operational risk management practices, BBVA Group has established and maintained an internal control model organized around three **lines of defense** (3LoD), as well as a governance scheme called Corporate Assurance.

The Group’s internal control model has two **components**. The first component is the model based on three lines of defense, which ensures compliance with the most advanced internal control standards and is organized as follows:

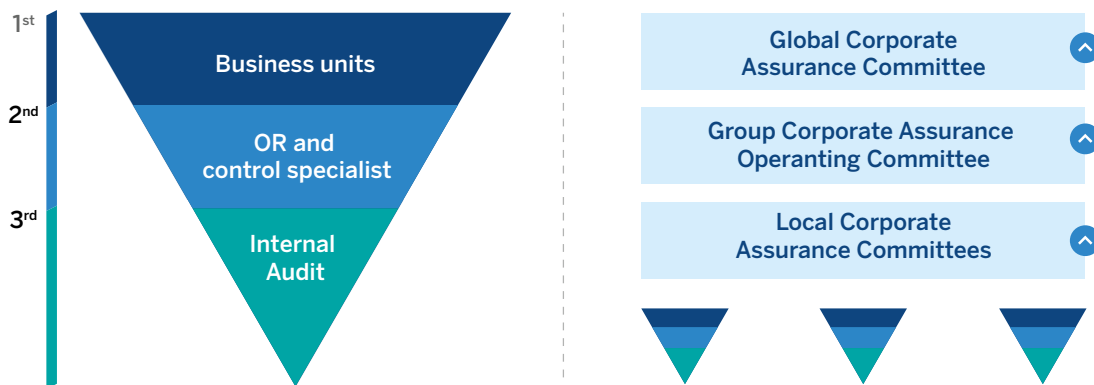
- The Group’s areas and/or business units constitute the first line of defense. They are responsible for managing current and emerging risks, implementing control procedures and reporting to their unit/business or support area.
- The second line of defense consists of the areas/units specializing in control, the main ones being the following: Compliance, Accounting & Supervisors (specifically, Internal Financial Control), Global Risk Management (including, Internal Risk Control) and Engineering (specifically, Internal Operations Control and Internal Technology Control). This line helps identify current and

emerging risks, defines the control policies within the scope of its cross-sector aspect, ensures that they are implemented correctly, and provides training and advice to the unit representing the first line. In addition, one of its main functions is to monitor and question the control activity carried out by the first line of defense.

The control activity of the first and second lines of defense will be coordinated by the Global Internal Control Unit within the Global Risk Management area, which will also be responsible for providing these areas/units with a common internal control methodology.

- The third line of defense is made up of the Internal Audit area, for which the Group assumes the guidelines of the Basel Committee on Banking Supervision and of the Institute of Internal Auditors. Its function is designed to provide independent and objective assurance and consulting activity intended to add value and improve the Organization’s operations. The duties and lines of work of this area are described below.

Internal control model



The second component is the **Corporate Assurance** scheme, which has the role of providing a comprehensive and standardized approach to the Board of Directors and the management bodies on the Group’s internal control situation. This provides timely information on the main control weaknesses that may arise in the different assurance processes and makes it possible to prioritize their solution and monitor the implementation of measures for mitigating them more effectively.

To ensure correct operation, the model includes an orderly mechanism for **reporting** to management. The mechanism is made up of a number of committees that meet every four months, in which members of the senior management of the Group and its subsidiaries take part. The committees seek to discover and make decisions on control issues that may have a significant impact on the objectives of the different areas/units, both at the local level and for the consolidated Group.

During **2017**, Garanti Bank made significant progress in adopting the BBVA Group’s internal control model.

Internal Audit

The Internal Audit area depends directly on the Group's Executive Chairman. It is completely independent from the functions being audited and is not part of any other activity that may be subject to an audit.

Its **function** is universal in scope and includes all activities and entities in BBVA Group, with no exceptions and irrespective of geographic location or reporting situation. Its scope also extends to the activities and services the Group has outsourced.

This area has unrestricted access to employees, workplaces, systems, IT and physical records and, in general, any information required to perform its functions effectively. It must maintain such information confidential and comply with data protection laws.

A **three-year plan** was drawn up in 2017 (following on from the one in 2016) in response to the expectations of the main stakeholders. This plan has been based on three core aspects:

- analysis of the inherent risk and level of control of the processes and lines of business;
- coverage of supervisory expectations and compliance with regulatory requirements;
- the Group's Strategic Priorities and emerging risks.

The plan's structure is based on 11 **types of risk**, from which the following main points for action have been derived:

- To cover the main sources of risk in the business model, work has been carried out on defining the indicators linked to the Strategic Priorities, basically non-financial KPIs, as well as monitoring the digital transformation and development strategy of the business in Spain.
- The assessment of internal governance risk includes analysis of the risk appetite framework of the main geographic areas.
- To cover operational risk, the focus has been placed on data governance and information quality, in the operational risk associated with the Group's relevant business processes and analysis of new digital businesses and strategic projects.

- To cover legal risk in the Group the legal risk control framework has been reviewed in a number of geographic areas, as has the management framework for complaints and claims in Spain and Turkey. The main accounting items have also been reviewed (foreclosed assets, deferred tax assets and consolidation adjustments).
- Reviews have been carried out on compliance risk in all functional and geographic areas and the policies for preventing money laundering and terrorist financing have been audited. In addition, work has been done on practices related to sales and commercial incentives in the main areas, as well as market regulation and personal data protection.
- In the area of IT risk, as is the case with previous years, there has been significant work on cybersecurity, as well as the control environment on the cloud platform.
- The outsourcing lifecycle has been reviewed to cover risks associated with the outsourcing processes in the Group, with the focus on cloud computing and technology suppliers.
- With respect to credit risk there has been a significant review of guarantees and refinancing, as well as the admission and quality of the portfolios for consumer finance, mortgages and developer loans in a number of geographic areas. Also of note is the assessment of the implementation of the International Financial Reporting Standard 9 (IFRS 9).
- With respect to financial risks in market activities, annual revisions of the internal models used by the Group have been carried out to determine the capital charges for market risk.
- Asset and liability risks are covered with respect to liquidity by a review of the interest-rate risk governance and management and control framework, as well as through a triennial review of the internal liquidity adequacy assessment process (ILAAP).
- The framework of the three-year audit plan covers all the internal capital adequacy assessment process (ICAAP), as well as compliance in this matter with local capital adequacy requirements to which the Group is subject in each of the geographic areas in which it operates. In 2017 the economic capital models were also reviewed in the Group as a whole and in Turkey, Colombia and Mexico.

Commitment to human rights

BBVA has a [Commitment to human rights](#) dating back to 2007, and work was performed to update it throughout 2017. This involved carrying out a due diligence **process** in all BBVA's business and support areas across the Group's whole footprint. This process has been carried out taking as a reference the guidelines on the Guiding Principles on Business and Human Rights, endorsed on 16 June 2011, by the United Nations Human Rights Council. It has also been anchored in the BBVA's Purpose: to bring the age of opportunity to everyone. The materiality analysis carried out by the Group among its stakeholders makes clear that the main issues they are concerned with are related to human rights. Combined with this, BBVA has wanted to mitigate any reputational risk related to human rights, and to respond to demands by consumers, investors, analysts and civil society on the role of companies in this highly significant issue.

The Guiding Principles mentioned above are based on three **pillars**:

- The State duty to protect human rights
- The corporate responsibility to respect human rights;
- The joint duty to find mechanisms that ensure remedy in the case of any abuse of human rights.

To comply with these Principles and with the responsibility to prevent, mitigate and remedy the potential impacts on human rights in all its areas of operation and all its businesses, BBVA has begun a process in which it has:

- identified the potential impacts of its operations on human rights;
- designed mechanisms within the Company to prevent and mitigate them;
- set up adequate channels and procedures to ensure that in the case of human rights violations there are sufficient measures in place to ensure remedy for the people affected.

Based on an analysis of the different areas in the Group and a study of the corporate culture, the Bank's processes, its policies and mechanisms for handling claims and complaints, the **issues** on which BBVA has room for maneuver have been identified. These issues have been prioritized and set out in an [action plan](#).

The main responsibility for applying this Commitment relies with each area and each employee in the Organization.

They have the duty to know the issues within their area of responsibility that may imply a violation of human rights and apply the due diligence to avoid them. Employees are also subject to the Bank's Code of Conduct and each country's legislation. The Responsible Banking Area is in charge of the design, implementation and improvement of the commitment, as well as acting as a second line of defense for the rest of the areas; in this it shares duties with Legal Services and Regulatory Compliance.

In addition to this commitment to human rights, the Bank has a number of **policies and regulations** that help strengthen compliance, which include:

- BBVA's Code of Conduct, as mentioned above in the section on Compliance.
- the Housing Policy in Spain;
- the Responsible Procurement Policy;
- the Equator Principles, which is developed in the section of [Management of environmental and social impacts](#).

Additionally, BBVA participates in different working groups related to human rights and is in constant dialogue with its stakeholders. The most outstanding initiative at sector level is the **Thun Group**. BBVA is part of this group of banks around the world that works to understand how to apply the United Nations Guiding Principles on Business and Human Rights in the practices and policies of financial institutions and in different banking businesses. The group shares experiences and concerns and talks with different stakeholders to enrich the exercise, also integrating their concerns and proposals. Periodically, the group publishes documents that include the main conclusions reached. The first [document](#) encourages financial institutions to analyze the possible risks they have of impacting on human rights, as well as their associated risks; among them, those of a legal or reputational nature. A second [document](#), which was unveiled in January 2017, explores the meaning and scope of Guiding Principles 13b, in the context of corporate and investment banking, and 17. This second document was discussed during the session Annual Thun Group last June, which was attended by representatives of different institutions, non-governmental organizations (NGOs) and human rights experts, including Professor John Ruggie. After this meeting, in December 2017, a revision of the document was published in which the participants' concerns were incorporated.

BBVA is a signatory (and has an active role in the association of signatory entities) of the **Equator Principles** and actively promotes the inclusion of prior informed consent (FPIC), not only in emerging countries, but also in projects in countries in which it presupposes a robust legislative system that guarantees the protection of the environment and the social rights of its inhabitants.

In addition, BBVA, as a member of the United Nations **Global Compact Network**, maintains a constant contact and exchange of experiences with other companies, SMEs, third sector entities (or non-profit sector), educational institutions and professional associations that form part of the Network.

BBVA also promotes a dialogue with **NGOs** on its fiscal responsibility and participates in different meetings with investors and interest groups in which there is follow-up on issues related to human rights.

Finally, BBVA has open **listening channels** to identify, classify and manage any issue related to human rights that may arise and that is revealed by an association, NGO or customer in any medium outside the official channels of the Bank.

The Housing Policy in Spain

In Spain, the comprehensive plan to provide solutions to families in difficulties implemented by BBVA since the beginning of the crisis has been consolidated under BBVA's Social Housing Policy, whose main **aim** is to help customers keep their homes.

This plan is divided into three **core areas**:

- Offering solutions to all families with difficulties to pay their mortgage loans.
- Ensuring that any family that is a BBVA customer and at risk of exclusion has a home and is not evicted.
- Supporting families through employment programs that enable customers to regain their confidence and self-esteem.

In February 2012, BBVA decided to voluntarily adhere to the Code of Good Practices approved by the Government, which had the objective of granting benefits to families at risk of exclusion who had contracted a mortgage loan. With the approval of Royal Decree-Law (RDL) 27/2012, Law 1/2013 and, finally, the RDL 1/2015 and the Law 9/2015, BBVA decided to proactively inform all its customers, engaged in a foreclosure process, of the existence of the above mentioned regulations and the extent of their effects, so that they could benefit from the advantages set out. A total of 2,676 homes are assigned to public entities.

BBVA is seeking at every refinancing option available in accordance with the customers' ability to pay, in order to allow them to keep their homes. The Group has done this for 60,900 customers so far. Any situation can be referred to the Committee for the Protection of Mortgage Debtors for review. It analyzes every case in which the customers or their families face the risk of exclusion without legal protection, and provides individual solutions in accordance with each family's specific circumstances (refinancing, debt remission, dation in payment, rented social housing in the debtor's own home or the Bank's available homes, etc.).

In this context, since the beginning of the crisis, BBVA has agreed more than 16,500 dations in payment with its customers (including dations involving products such as mortgage loans, consumer finance, etc.).

Dakota Access Pipeline

Before deciding to finance any project, BBVA evaluates the financing projects under the strictest social and environmental standards, including the Principles of Ecuador prior to its decision and concession, carefully reviewing the project's compliance with the laws and the World Bank's sustainability standards.

This was the case of the Dakota Access pipeline, co-financed by 17 banks, in which BBVA participates with 5% of the total amount. In the due diligence process, BBVA ensured that the Native American tribes affected had been duly consulted by the project promoter and by the United States government in accordance with local laws. In addition, the government of the United States had issued all the necessary permits, and an independent legal and technical review confirmed that the project complied with all laws and regulations.

However, subsequent to the disbursement of the financing, it was known that these communities considered that their interests and rights had not been duly taken into account. When the Standing Rock Sioux tribe expressed their opposition to the project, the financing banks decided to commission an independent advisor (Foley Hoag), an expert in the management of the social aspects of projects, review issues related to the permitting process and consultations with Native American tribes involved. BBVA held meetings with both the representatives of the tribe and with the company promoting the project, to try to facilitate a solution agreed by all parties, and made public a statement regarding the project.

As a result of the controversy generated, BBVA decided to apply, in future projects with similar characteristics, the requirement of free, prior and informed consent of the affected communities (FPIC) regardless of where the project is located, even if it is in a country whose legal framework and

institutional capacity is presumed sufficient to guarantee the rights of these people. In this sense, it has made, together with other banks, a public appeal to all entities signatories of the Equator Principles to support the extension of this requirement.