People management

BBVA’s most important asset is its team, the people who make up the Group. That is why one of BBVA’s six Strategic Priorities is a first-class workforce. This entails attracting, selecting, training and retaining top-class talent wherever it may be, as well as providing the best employee experience. To do so, the Organization is being transformed, fostering a new culture, with new ways of working and flatter structures.

As of 31 December 2017, BBVA Group had 131,856 employees located in over 30 countries, 54% of them women and 46% men. The average age of the workforce was 37.5 years. The average length of service in the Organization was 10.2 years, with a staff turnover of 7.3% over the year.

In 2017, the number of the Group employees decreased (down 2,936). This reduction was due, to a large extent, to the transformation plans of the distribution model that are being carried out in countries, such as in Turkey, and to the efficiency plans that are being carried out in South America, within the framework of the current legislation in each country.

Over the last few years, BBVA Group has been incorporating talent from a series of capacities that were not usual in the financial sector, but which are key in the new era in which the Group is operating (specialists in data, customer experience, etc.). In addition, to accompany the transformation process, a new, more transversal, transparent and effective people management model is being developed, so that each employee may occupy the role that best suits his or her profile and contribute the greatest value to the Organization, with the greatest commitment, and training and growing professionally.

There has also been a transformation in ways of working over the last year, moving toward an agile model of organization, where the teams are responsible end to end for everything they do; constructing everything based on customer feedback and focusing on delivering solutions that best satisfy current and future customer needs. This new people management model and ways of working have enabled the BBVA to keep transforming its operational model; but they have also enhanced its ability to become a purpose-driven company, in other words, a company in which everyone is really inspired and motivated by the same Purpose: to bring the age of opportunity to everyone.

BBVA understands corporate culture as a set of values, beliefs, policies, practices and conduct that are shared by the people in the Organization and that generate characteristics of identity differentiating it from other companies. This has been done by implementing the Our Values project.

For further information on the process of identifying and defining the three Values, see the section Our Values in the Strategy and business model section.
Professional development

In the current context of transformation in the financial industry, all the evidence from the market demonstrates that the differential factor for assuming change is the **people** who form part of the organization. It is therefore crucial to have the best professionals available and to be capable of retaining them.

To achieve so, in 2016 a project was launched to create a new **people management model** at BBVA that will ensure the best professionals are available for each role: those capable of generating the greatest value, the most committed, those who can grow and learn; and which, in turn, makes it possible with greater flexibility in managing the professional careers of employees, providing greater transparency, simplicity and consistency. In 2017 the definition of the model was completed, and its implementation began through a number of pilot projects across the whole Group, reaching around 40,000 employees. This has improved the model and prepared its global launch to cover all employees in 2018.

The new model puts the BBVA employees at the center of their professional development, so that they have the tools allowing them to measure all their capabilities, detect whether there is an area for improvement and identify their growth opportunities within the Bank. In addition, they are provided with the means that allow them to improve their knowledge and skills through a range of development options that include elements such as training, feedback, mentoring, coaching and special assignments.

Selection and development

Throughout 2017, BBVA worked on transforming the Group’s **selection model** with the aim of attracting and selecting the talent needed in the different units to provide the best possible experience to all those involved in the process, without giving up the levers of equal opportunities and objective criteria in processes of assessing what is required in specific job positions.

The transformation of this model means, generating a global framework of reference that provides uniform support to all the geographic areas in which the Group operates, and also enrichment of the teams with the incorporation of new professionals who arrive from talent communities that the Bank wants to attract. The use of **technology** and the implementation of new tools allow to speed up and standardize the selection processes, whose decisions are based on data analysis.

Thanks to the brand positioning actions and the launch onto the market of the professional options available in BBVA, more than 321,000 candidates have been attracted, of whom 57% were women and 43% men; and 75% were young people under the age of 30.

Over the year 19,151 professionals were incorporated into the Group, of whom 51% were young people under the age of 30.

The **internal mobility** model also experience an important evolution aimed at putting the focus on the employees, implementing new policies based on transparency, trust and flexibility that will have to contribute to increase internal mobility, between areas and geographies, of the people who form part of BBVA.

Training

The **strategic training agenda** has put the emphasis on developing innovative initiatives that provide professionals with continuous learning, so that the new capacities and talent needed are developed to meet the challenges posed by the Bank’s transformation. In 2017 online has been consolidated as the main channel in this respect, with 65% of the training given through it, making it possible to give an average of 39 hours of training per employee.

A special effort has also been made to structure a digital offering segmented by levels and available for the whole workforce. Around 11,500 employees around the world have taken part in the Design Thinking and Agile programs in their different forms. The course on Security in information teaches employees to detect possible cyber threats when processing information on mobile devices. This course has been taken by over 21,000 employees.

**Basic training data (BBVA Group)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment in training (million euros)</td>
<td>52.2</td>
<td>45.5</td>
<td>35.9</td>
</tr>
<tr>
<td>Investment in training per employee (euros)</td>
<td>396</td>
<td>337</td>
<td>326</td>
</tr>
<tr>
<td>Hours of training per employee</td>
<td>39</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>Employees who received training (%)</td>
<td>84</td>
<td>91</td>
<td>93</td>
</tr>
<tr>
<td>Satisfaction with the training (rating out of 10)</td>
<td>8.6</td>
<td>8.8</td>
<td>8.6</td>
</tr>
<tr>
<td>Subsidies received from FORCEM for training in Spain (million euros)</td>
<td>3.1</td>
<td>2.7</td>
<td>2.7</td>
</tr>
</tbody>
</table>

**Note:** excluding Turkey (except for investment in training).

**Ratio calculated considering the Group’s workforce at closing.**

**Ratio calculated considering the workforce of BBVA with access to the training.**

With respect to the legal requirements of the MiFID II (Markets in Financial Instruments Directive) on the knowledge required by employees who distribute information or advise on financial products and services in European area, it is worth noting that 12,682 professionals are officially certified in Spain in the different forms authorized by the EFPA (DAF/EIP, EFA and EFP).
Self-development, which makes each employee responsible for his or her training experience, has meant the design of technological solutions in mobility that adapt to when, how and where employees can choose to receive training. This has allowed specialized training resources to be made available openly to all, as a result of integration with external digital content platforms, thus accounting for more than 76,000 training hours.

In an environment such as the current one, which represents a challenge for the financial sector, at BBVA we believe in a different way of doing banking. The principles are at the base of our differentiation, which is why actions in the area of responsible business acquire particular relevance for the Group, with eLearning programs that cover issues such as the Code of Conduct or the model for the prevention of criminal liability. A significant number of employees are trained at global level in this area (61% of the workforce). The actions aimed at raising employee awareness of the prevention of money laundering and terrorist financing accounted for 396,000 training hours.

Diversity and inclusion

BBVA is committed to diversity in its workforce as one of the key elements to attract and retain the brightest talent and offer the best possible service to its customers. This diversity, understood in the broadest sense, includes not only gender diversity but also generational, experiential, racial, ethnic and geographic diversity (among others).

In terms of gender diversity, women account for 54% of the Group’s workforce. Women are in 48% of management positions, 31% of technology and engineering and 58% of the business and profit generating jobs.

To give greater external and internal visibility to women who are key in their areas of responsibility, as well as providing incentives and supporting local initiatives in favor of gender equality, the initiative Women@BBVA was launched in 2017. It has given the chance to get to know BBVA professionals whose career paths have made them models both inside and outside the Bank. A series of interviews sets out their main professional challenges, their leadership style, what characteristics they value most in their colleagues and why BBVA is an excellent place to develop their professional aspirations.

BBVA is also signatory to the Diversity Charter at European level, and the United Nation Women’s Empowerment Principles.

In Spain, BBVA has once again renewed its Company Equality Seal, granted by the Ministry of Health, Social Services and Equality to companies that are a model for the incorporation of good gender equality practices in this area. It also has signed a collaboration settlement with the mentioned ministry through the initiative More Women, Better Companies to increase the presence of women in positions of greater responsibility; and it has renewed the Family-Responsible Company Certificate that grants the Mas Familias Foundation.

In the United States, BBVA Compass received the highest possible score (100%) in the Corporate Equality Index 2018, which measures equality in the company for gay, lesbian, bisexual and transsexual employees, and also serves as a benchmark for the biggest and most influential companies in the country. It has also formed a new group called Female Leaders.

In Mexico, BBVA Bancomer has received the Family-Responsible Company certification for its Torre BBVA Bancomer and Parques BBVA Bancomer workplaces in Mexico City (CDMX), granted by the Secretary for Labor and Social Welfare to organizations that establish good practices as part of their employment culture. Good practices that form part of BBVA Bancomer’s employment culture include: breastfeeding rooms, a well-being center, canteens, medical service, flexi-time and alternative transport. In addition, to support inclusion and equality, a pilot maternity/paternity program was launched in Mexico.

In Turkey, Garanti implemented an online training program in 2017 for employees covering gender equality and how to identify situations of inequality at work. It also has a domestic violence platform to help employees who need it and to train on the effects of domestic violence in the labor environment. This platform includes a 24-hour phone line.

Different capabilities

BBVA continues to demonstrate its commitment to ensure the labor integration of people with different capabilities through the Plan Integra, which was conceived with the belief that employment is an essential pillar in achieving equal opportunity for everyone. As part of the Plan, each year since 2009 in Spain, the BBVA Integra Awards have recognized the work of organizations that carry out labor integration projects and promote the development of initiatives and good practices in this field. The organization ASPACE Navarra has been awarded with €150,000 at this 9th edition.

BBVA Compass in the United States is actively working to include people with different capabilities into its workforce by working with partners from different communities and organizing its own events to publicize the vacancies that arise in the bank for these people.
In Mexico, BBVA Bancomer has 28 people with different capabilities in its workforce. They work both in core areas and in the network of branches across the country. A further 14 people with intellectual disabilities were given work experience of three months.

BBVA Chile has launched an initiative to employ people with visual disability in its contact center; while in Venezuela, BBVA Provincial has designed a plan to identify the internal staff with possible disabilities to guide them in getting a certification from the National Council for People with Disabilities (CONAPDIS).

As well as this, in collaboration with the Adecco Foundation, BBVA has created the Familia Plan for its employees with children with different capabilities. The Plan offers advice and guidance, as well as implementing a Personal Support Plan to improve the children’s development, autonomy and social integration, paying particular attention on the medical, family, social, training and labor areas. In addition, BBVA’s commercial network in Spain promotes the labor integration of people with Down syndrome, thanks to agreements between the different territorial divisions and associations involved with this group. These collaborative efforts have meant that 80 students have received work experience in BBVA branches in 2017, twice the figure the previous year.

Progress is also being made on making the branches of the different banks making up the Group more accessible. The corporate headquarters of BBVA in Madrid, BBVA Bancomer in Mexico, BBVA Francés in Argentina and BBVA Chile are all accessible.

Annex 1 - Employees by gender
Annex 2 - Promoted employees by gender
Annex 3 - Average employee age and breakdown by age bracket
Annex 4 - Average length of service
Annex 5 - Breakdown of employees job category and gender
Working environment

BBVA conducts a general survey to measure the employees’ commitment and to know their opinions. In 2017, the percentage of employees participation that BBVA has throughout the world was 87%, 13 points more than in 2016. One of the highlights of the results is the average of the 12 main questions of the survey, which was 4.02 out of 5, which represents an increase of 0.11 points with respect to 2016. Finally, the level of commitment of BBVA employees increased from 3.7 in 2016 to 4.4 in 2017. This improvement has been possible thanks to the more than 11,000 action plans that were agreed as a result of the previous year’s survey.

Freedom of association and representation

In accordance with different regulations in force in countries in which BBVA operates, employment rights and conditions are included in the standards, agreements and arrangements subscribed with the corresponding employee representatives.

On matters of freedom of association and labor union representation, BBVA always aims for solutions via consensus. It places a very high value on dialog and negotiation as the best way of resolving any conflict in accordance with the pertinent local regulations in force where BBVA has its global footprint.

In BBVA Spain the collective agreement for the banking sector is applicable to 100% of the workforce. There are also company agreements that complement and develop the provisions of the agreement and are signed with the labor unions representatives. Labor union representatives sitting on company committees are elected every four years by personal, free, direct and secret vote and are informed of any relevant changes to the organization of work in the Bank, as provided for by the pertinent legislation currently in force.

In other countries in South America such as Argentina and Colombia, BBVA employees are included in collective agreements. Colombian legislation provides for two forms of representation for employees, as a result of which there are two collective agreements in the bank: the Pacto Colectivo (Collective Pact), which covers 77% of the workforce, with representation exercised directly by employees; and the Convención Colectiva (Collective Convention), which covers 22% of the workforce, and is concluded with the labor unions, which choose the employees’ representatives.

Occupational health and safety

BBVA considers the promotion of health and safety as one of its basic principles and fundamental goals, which is served by means of the continuous improvement of working conditions.

The occupational risk prevention model in BBVA in Spain is a participative one, based on the right of workers to consult and participate, through their representatives in matters related to health and safety at work. Its application reaches 100% of the workforce in Spain.

The safety policy in Spain is carried out through the Occupational Risk Prevention Service, with activities such as the periodic assessment of occupational risks at work, specific assessment of workstations, the implementation of emergency and evacuation plans and coordination of preventive activities. It is also responsible for monitoring the health of workers through medical checkups, protecting vulnerable workers and adapting workstations with specific ergonomic materia. In 2017 activities and campaigns were organized to improve the health of workers.

<table>
<thead>
<tr>
<th>Occupational health (Spain)</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
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<tbody>
<tr>
<td>Technical preventive actions</td>
<td>2,655</td>
<td>2,420</td>
<td>3,033</td>
</tr>
<tr>
<td>Preventive actions to improve working conditions</td>
<td>3,429</td>
<td>2,981</td>
<td>3,761</td>
</tr>
<tr>
<td>Appointments for health checks</td>
<td>18,471</td>
<td>15,100</td>
<td>17,659</td>
</tr>
<tr>
<td>Employees represented in health and safety committees (%)</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Absenteeism rate (%)</td>
<td>2.6</td>
<td>2.4</td>
<td>2.5</td>
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</tbody>
</table>

BBVA Occupational Health received recognition for good business practice in health promotion by the National Institute for Health and Safety at Work (INSHT), which complies with the requirements of the European Network for Workplace Health Promotion.

In Mexico, a number of campaigns were run in 2017 to promote awareness and prevention in occupational health and safety.

In Turkey a software was developed to manage all the processes related to occupational health and safety (OHS): risk assessment, monitoring of employee health, training programs, OHS unit committees, accidents at work, etc.
Argentina incorporated new workshops to the range of schemes for employees to promote healthy habits. In Colombia, promotion and prevention activities were carried out focused on the needs detected in the results of periodic medical examinations and the analysis of absenteeism. And in Venezuela the Integrated Health Center remained active, with periodic medical checkups have been given to nearly 1,000 workers.

Annex 6 - Voluntary resignations (turnover) and breakdown by gender
Annex 7 - Recruitment of employees by gender
Annex 8 - Discharge of employees by discharge type and gender
Annex 9 - Breakdown of employees by contract type and gender
Annex 10 - Amount and type of absenteeism of employees
Remuneration

BBVA has an advanced remuneration policy, which is based on the recurring generation of long-term value for the Group, while also aiming to align the interests of its employees and shareholders with prudent risk management. This policy is adapted to legal specifications at all times. It also incorporates the standards and principles of the best generally accepted national and international practices.

The model has been designed in accordance with the following objectives:

- To offer transparency, internal equity, external competitiveness and consistency.
- To channel the importance of achieving the Strategic Priorities, which include both financial and non-financial goals, based on prudent and responsible assumption of risks.
- To promote responsible business conduct, fair treatment of customers and prevention of conflicts of interest in relations with customers.
- To promote equal treatment for all staff, not establishing differences for reasons of gender, or of any other type.

In addition, the model recognizes that all employees form part of a team, identifying the critical inter-dependencies that requires teamwork to achieve joint success, as well as the importance of maintaining constant dialog on performance between the supervisor and collaborator during the whole year.

Remuneration is made up of two clearly differentiated parts:

- A fixed remuneration, which takes into account the level of responsibility, the functions carried out and the professional record of each employee, principles of internal equity and the value of the function in the market. It is a significant part of the total remuneration. The concession and amount of fixed remuneration is based on predetermined objective and non-discretionary criteria.

- Variable remuneration, with a model that is linked to the Group’s strategic objectives through both financial and non-financial indicators, taking into account current and future risks. In this model, each employee’s variable remuneration is directly linked to the results at Group, area and sub-area/individual level.
Volunteer work

The BBVA Corporate Volunteering Policy manifests BBVA’s pledge to activities of this type and provides employees with conditions for engaging in corporate volunteer actions that generate a positive social impact. The policy is applied in all countries.

The activities of corporate volunteering enhance the professional development of employees, channeling their spirit of solidarity, and allowing them to make a personal contribution of their time and knowledge to provide help for people who need it most. This improves self-esteem, increases the sense of pride in belonging to the company and thus has an effect on talent attraction and retention. It also generates a positive impact at the level of corporate social responsibility of the company.

In 2017, nearly 8,000 employees took part in volunteering actions. These corporate volunteering activities are designed to boost initiatives arising from the employees themselves or coordinated by BBVA, in connection with education, primarily to boost financial education and thus support the strategic lines set out in the responsible banking model.

In Spain, 332 working employees and 205 on early retirement/retirement have participated in the different volunteering initiatives in collaboration with non-profit organizations, of which 75% were dedicated to issues of education, mainly financial education, and the rest were environmental and social action activities. BBVA’s volunteering actions in Spain are channeled through the BBVA Volunteer website and implemented through the Volunteer Office. In addition, 574 employees have collaborated voluntarily in financial education activities promoted by the Social Responsibility Unit of BBVA Spain.

The main educational projects in which volunteering is involved in the different business areas are:

- In Spain, the JAES Foundation programs (Las Ventajas de Permanecer en el Colegio (Advantages of staying in school), Habilidades para el Éxito (Skills for success) and Tus Finanzas, Tu Futuro (Your Finances, Your Future)).

- In the United States, the BBVA Compassion initiative has helped employees affected by the hurricanes.

- In Mexico, the initiatives related to reforestation, such as Bosque BBVA Bancomer, and the Bosque de Chapultepec day event.

- In Turkey, the Wish Tree program, which has collected the wishes of 2,379 elementary school students from thirteen different cities to make them come true.

- In South America, the financial education workshops and the financial education program Creando Oportunidades (Creating Opportunities) in Argentina; the support programs for care centers and financial education for young people in Venezuela; and the financial education programs and training grants in Uruguay.