Responsible Banking
A different way of banking
May 2019
Summary

01 What do we mean by Responsible Banking?
02 How do we do Responsible Banking?
03 BBVA’s impact on society

Annexes
Sector norms: main exclusions
TCFD recommendations road map
What do we mean by Responsible Banking at BBVA?
Responsible banking policy, a driver to deliver our purpose every day

Our purpose
To bring the age of opportunity to everyone

Aligned with our vision of the future
Helping customers to achieve their life goals
Be more than a bank, be an engine of opportunities

Having a true impact on people’s lives and business

Mission of our responsible banking policy
To manage the responsibility that comes from the impact of BBVA’s activities on people & society
Holistic approach to responsible banking

Return adjusted to principles
- Integrity
- Prudence
- Transparency

With a multistakeholder approach

- Customers
- Employees
- Society
- Suppliers
- Investors & shareholders

Commitments & responsible practices

And with the whole bank involved

- Business Units & Support Areas are integrating it in their operational models
- Responsible Business function working mainly as a second line to challenge and give support to all areas

Role of Responsible Business: 2nd line to ensure that people are systematically placed at the decision-making processes
Our four pillars on responsible banking

**Balanced relationships** with our customers based on transparency, clarity & responsibility

**Sustainable finance** to halt global climate change & attain the UN Sustainable Development Goals

**Responsible practices** with employees, suppliers and other stakeholders

**Community investment** to promote social change and create opportunities for all
Responsible business function reports directly to the Board of Directors

Board of Directors
- Approval and monitoring of the CSR policy and responsible business plan
- Report to plenary & to the Executive Committee

Leadership
- Integrated in CEO decision-making
- Global Leadership Team oversight
- Local Leadership

Operational Model
- Responsible Business co-dependency: Customer Solutions & Communications
- Global & local teams (140 people)
Main sustainability indexes in which BBVA is present
International standards with BBVA’s active participation
How do we do Responsible Banking?
TCR relationships with our customers (transparent, clear & responsible)

TCR relationships
Systematically ensure that BBVA’s interactions with customers are transparent, clear and responsible to help them to make better financial decisions and build trust

Transparent
Include all relevant information for the customer in a balanced way

Clear
Make it easy to understand (language and structure)

Responsible
Take into account customer interests in the S/M/L term

Our aspiration 2020:
1st clearest and most transparent bank in major markets
In all BBVA customer journeys, regardless of the channel, the customer needs to feel that we are a TCR bank. Consistency is key to positioning our brand as a transparent brand.
What are we doing?

TCR in key Customer Content (maintenance and adaptation to new formats)

- TCR advertising
- TCR product summary pages & commercial protocols
- TCR sale scripts for call centers
- TCR contracts
- TCR complaints management

TCR embedded in new digital solutions

TCR experts globally & locally actively participate in the design of solutions with high impact in customers (mobile app, E2E digital sales processes, payments processes, digital onboarding, public web…)

TCR Training

11,0000 people trained either in person or on-line

(*) SDA: Single Development Agenda
ROI for TCR relationships

Growth
- Higher customer recommendation (NPS, Net TCR Score)
- Higher non-customer consideration
- More digital sales

Return on Capital
- Less complaints
- More efficient commercial dialog
- Higher employee pride of belonging and motivation

Risk Management
- Lower risk of fines
- Lower reputational risk
- Lower operational costs for unfair commercial practices
- Anticipating regulation

Based on RSC2 Model developed by McKinsey & Seres Foundation
Financial Education & Capability Building

Financial education for society

- **2 million** children, youth, adult and SME’s benefited in 2018
- **€7.5 million** invested in 2018
- Local initiatives development in all countries where BBVA operates

Financial capabilities into customer solutions

- **Financial Health** (Spain & Mexico)
- **Public Web** (Mexico, Colombia & Perú)

Advocacy & Promotion of financial education

- Alliances
- Investigation
- Knowledge spaces

Data verified by KPMG

www.bbvaedufin.com
Customer relationships KPIs

Net Promoting Score (NPS)
2018

External Reputation
Pulse RepTrak 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Position relative to peer group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>1st (*)</td>
</tr>
<tr>
<td>EEUU</td>
<td>1st</td>
</tr>
<tr>
<td>México</td>
<td>1st (*)</td>
</tr>
<tr>
<td>Turkey</td>
<td>3rd (*)</td>
</tr>
<tr>
<td>Argentina</td>
<td>1st</td>
</tr>
<tr>
<td>Colombia</td>
<td>2nd (*)</td>
</tr>
<tr>
<td>Perú</td>
<td>1st</td>
</tr>
<tr>
<td>Venezuela</td>
<td>2nd</td>
</tr>
<tr>
<td>Paraguay</td>
<td>1st (*)</td>
</tr>
</tbody>
</table>

Source: Rep trak (Reputation Institute)
(*) tie with other entities

Peer Group: Spain: Santander, CaixaBank, Bankia, Bankinter, ING, Sabadell; EEUU: Regions, Wells Fargo, Chase, Chase, Citibank, Capital One, Bank of América; Mexico: Banamex, Banorte, Santander, HSBC, Scotiabank; Argentina: Galicia, Santander, HSBC; Colombia: Bancolombia, Banco de Bogotá, Davivienda; Perú: Banco de Credito, Interbank, Scotiabank; Venezuela: Banesco, Mercantil, Banco de Venezuela; Paraguay: Continental, Itaú; Turkey: Is Bankası, Ziraat, Yapı Kredi, Akbank.

Data verified by KPMG
An inflection point on the relevance of environmental & social issues in our business

Global agenda

Sustainable Development Goals 2030 (SDGs)

Paris Agreement

Market

USD 12 TRILLION
Annual market linked to SDGs in 2030¹

USD 5-7 TRILLION
Expected annual investment till 2030, 70% in emerging markets¹

Consumers
Growing sustainability consciousness

Competitors
Starting to develop advanced strategies

Investors

1,750 Institutional investors

USD 70 TRILLION Assets under management

Regulators & supervisors

Recommendations on climate change

Action Plan from European Commission on sustainable finance

Network of Central Banks & Supervisors for Greening the Financial System

Technology

Big data
Blockchain
Artificial Intelligence
Internet of things
New Realities

(1) Business & Sustainable Development Commission
Pledge 2025
BBVA strategy on climate change and sustainable development

To finance
We will help to create the scale of capital mobilization to halt global climate change & attain the UN Sustainable Development Goals

- Green finance
- Sustainable infrastructure and agribusiness
- Financial inclusion & entrepreneurship

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

- Transparency in carbon-related exposure
- Progressively alignment with Paris Agreement
- Sector norms in mining, energy, agribusiness & infrastructure

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

- TCFD recommendations implementation on 2020
- Financial education
- Promotion of Responsible Banking standards within the industry

€100 Billion MOBILIZED
70% RENEWABLE ENERGY
68% CO₂ EMISSIONS REDUCTION

Our purpose: to bring the age of opportunity to everyone
A €100 Billion mobilization between 2018-2025

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

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 figures on sustainable finance

Sustainable financing
December 2018

Sustainable bonds

- Intermediated
  - Sustainable bonds
    - Eurozone's largest green bond issued
      - €1 BILLION

- Intermediated
  - Green financing
    - Certified green loans
    - Corporate green financing
    - Green project finance
    - Green bonds
    - Green retail solutions

- Sustainable bonds
  - €7.1 BILLION
  - €1.5 BILLION as bookrunner
We are already providing innovative finance solutions to promote sustainable finance

Transition to low carbon economy

- €1,684M green certified loans
- 1st green loan in the energy sector in favor of Iberdrola (€500M)
- 1st syndicated green loan
- 1st green project finance loan

Most active bank in green loans market

Green corporate financing

- €4.3 bn in green sectors according to the GBP

Financing sustainable projects

- €645M financing in renewable energy projects

SDG transactional product framework

Infrastructure & agribusiness

Social corporate financing

- €1 bn in social sectors according to the SBP

Sustainable infrastructure

- €177M in project finance

Financial inclusion & entrepreneurship

Financial inclusion segment

- 8.4 million customers in Mexico, South America
- Low-cost digital channels and easy-to-use products
- 6 year commitment of $11,000 million for low income communities in US

Fundación BBVA MicroFinanzas

- 5 Countries
- >2 million customers
- 515 branches
- >8,100 employees
- United Nations grants consultative status
BBVA sustainable bonds issuance

Inaugural BBVA €1 Bn 7-year Green Bond
Senior-Non Preferred

- This is the largest financial Green Bond in the Eurozone and the first Green Bond for a Spanish bank
- Books closed with a final amount of c.€ 3 Bn (pre-rec), setting the spread at MS+ 80 bps. This means zero new issue premium
- High quality and granularity of the books, with 230 orders

Gender Bond issued by Garanti Bank

- $75 Mn 6-year Social Bond purchased by IFC. 6-year. Proceeds will be lent to small business owned by women

Green Bond issued by BBVA Bancomer

- $168 Mn 3-year senior unsecured Green Bond (3.500 mdp) becoming the first Mexican financial corporate to enter the green bond market

All are based on the BBVA’s SDGs Bond Framework publicly launched on May which follows the ICMA\(^1\) Green Bond Principles (GBP), Social Bond Principles (SBP) and Sustainable Bond Guidelines

Green Eligible Categories
- Energy Efficiency
- Sustainable Transport
- Water
- Waste Management
- Renewable Energy

Social Categories
- Healthcare
- Education
- SME financing and microfinancing
- Affordable housing

\(^{1}\) International Capital Market Association (ICMA)
Environmental direct impacts targets 2025

- **Electricity Consumption**
  - 2018: 896 GWh
  - 2020: 874 GWh
  - 2025: 848 GWh

- **% Renewable Energy**
  - 2018: 35%
  - 2020: 48%
  - 2025: 70%

- **Scope 1&2 CO₂ emissions**
  - 2018: 283 MtCO₂e
  - 2020: 263 MtCO₂e
  - 2025: 90 MtCO₂e

Committed with Science Based Targets Initiative & RE 100 Initiative to achieve 100% renewable energy in 2030
Transparency in carbon-related assets

Carbon-related assets exposure
December 2018

<table>
<thead>
<tr>
<th></th>
<th>Utilities</th>
<th>Oil&amp;Gas</th>
<th>Carbon Mining</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate financing</td>
<td>7,074</td>
<td>14,343</td>
<td>243</td>
<td>21,660</td>
</tr>
<tr>
<td>Project financing</td>
<td>269</td>
<td>1,393</td>
<td>0</td>
<td>1,662</td>
</tr>
<tr>
<td>Structured trade finance</td>
<td>336</td>
<td>1,157</td>
<td>0</td>
<td>1,493</td>
</tr>
<tr>
<td>Equity</td>
<td>0</td>
<td>6.5</td>
<td>0</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Total exposure to fossil fuels</strong></td>
<td><strong>7,679</strong></td>
<td><strong>16,894</strong></td>
<td><strong>243</strong></td>
<td><strong>24,815</strong></td>
</tr>
<tr>
<td><strong>% of total assets</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.67%</strong></td>
</tr>
</tbody>
</table>

Mix in power generation for clients in utilities
December 2017

- 41% Carbon
- 24% Oil
- 6% Gas
- 4% Nuclear
- 6% Hydro
- 2% Reno

BBVA (2017): 334
Poor 1 (2017): 342
World (2017): 491

220g CO₂/kWh in 2030
80g CO₂/kWh in 2040
IEA Sustainable Development Scenario
## Sector norms

<table>
<thead>
<tr>
<th>Purpose</th>
<th>To address industry-specific sustainable issues and provide clear guidance on the procedures that must be followed during customer management and transactions in these sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Integrating new Human Rights commitment</strong> <strong>Integrating new environmental commitment</strong></td>
</tr>
<tr>
<td>Scope</td>
<td>Corporate &amp; Investment Banking activities carried out by all BBVA Group institutions, businesses lines, branches, subsidiaries and geographies</td>
</tr>
<tr>
<td></td>
<td><img src="image" alt="Energy" /> <img src="image" alt="Mining" /> <img src="image" alt="Infrastructure" /> <img src="image" alt="Agribusiness" /></td>
</tr>
<tr>
<td>Due diligence processes</td>
<td>Transactions + Clients + Products</td>
</tr>
<tr>
<td>How we did it?</td>
<td><img src="image" alt="Based on international standards" /> <img src="image" alt="Benchmark analysis" /> <img src="image" alt="Economic assessment" /></td>
</tr>
<tr>
<td>Escalation &amp; exceptions</td>
<td>Exemptions will only take place exceptionally and shall only be approved by the CIB Leadership Committee. Exemption requests must be clearly justified and supported by all decision-making tiers</td>
</tr>
</tbody>
</table>

**A set of norms that are best practices within the industry that will be annually updated**
BBVA’s journey towards alignment with Paris Agreement and its financial impact

Methodologies & standards development

1. Climate Change Scenarios and Financial Impact
(Pilot exercise in 2018)

- Methodology developed by UNEP FI, 16 Banks and supported by Oliver Wyman & Acclimatise, aligned with TCFD recommendations

- BBVA’s scope: Transition Risks for Energy, Utilities & Transportation sectors; Physical Risks for real state credit portfolio in Mexico

2. Credit Portfolio alignment to Paris Agreement
(Pilot exercise in 2019)

- PACTA Methodology developed by 2Degree Investing Initiative

- Analysis at Portfolio level, focusing on most sensitive sectors & 5 years forward looking

- Public (Katowice) commitment together with 4 Banks (ING, BNP, SocGen, Standard Chartered)

Working in 2019 to incorporate this forward looking vision into BBVA’s industry frameworks: qualitative assessment of climate-related risk drivers and quantitative assessment of clients’ climate-resilience
Engagement with all stakeholders and commitment with the main global initiatives

Pledge2025

CUSTOMERS
- Advocacy
- Raise awareness
- Educating & empowering

CORPORATE CLIENTS
- Dialogue
- Support

INVESTORS
- Holistic view
- Transparency

REGULATORS
- Advocacy
- Knowledge sharing

COMPETITORS
- Partnerships
- Self-regulation

WATCHERS
- Hearing & learning
- Transparency

SUPPLIERS
- Dialogue
- Support

EMPLOYEES
- Raise awareness
- Call to action

Representing European banking at the Global Steering Committee of United Nations forum for financial institutions. Chair of the Sustainable Finance Working Group at the European Banking Federation.
Our Sustainable Finance Pledge

Our people, a first-class workforce

Our values

Customer comes first

We think big

We are one team

Transformation journey

- Zero tolerance against low quality
- New ways of working: Agile, collaborative tools
- New headquarters
- Collaborative culture, entrepreneurship ('trial - error')
- Leaner structures

Ethical conduct

Code of Conduct updated and approved by the Board on 2015

Includes commitments to the prevention of corruption in the Group in its relations with suppliers, anti bribery policies, acceptance of gifts, events management, prevention of money laundering and commitments regarding politically exposed persons
Main responsible practices related to people management

<table>
<thead>
<tr>
<th>Compensation</th>
<th>Global Diversity Plan</th>
<th>Training</th>
<th>Global Corporate Volunteering Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable remuneration linked to the Group’s strategic objectives (financial and non-financial)</td>
<td>48% of women in management positions</td>
<td>€49.5 million investment</td>
<td>&gt;8,000 BBVA volunteers</td>
</tr>
<tr>
<td>Values &amp; behaviours as KPI for all employees</td>
<td>Employee ratio 54% women / 46% men</td>
<td>47 hours of training per employee</td>
<td>1st Global Week of Service</td>
</tr>
<tr>
<td>Responsible Banking Synthetic Index as KPI for Group Executive Chairman</td>
<td>Diversity Charter and UN Women’s Empowerment Principles signatory</td>
<td>88% employees trained</td>
<td></td>
</tr>
</tbody>
</table>

Verified by KPMG
BBVA shows an excellent RepTrak® Pulse score globally. Uruguay and Paraguay portray highest growth while USA, Turkey and Venezuela decrease.

**BBVA Internal Reputation (Pulse) – 2018: Status and evolution vs 2017. Scale 0-100**

Evolution 2017-2018. Numbers in green: significant increase; numbers in blue: stability

Note: Statistically significant differences from +/-1.5
NA: Not available. The survey for these countries stopped in 2018

Community investment, €104.5 M and 8 M people benefited in 2018

- **TOTAL INVESTMENT**: 104.5 €M
- **TOTAL BENEFICIARIES**: 8 M

**MAIN AREAS OF ACTION**

- **Financial education**
  - Aimed at promoting the acquisition of financial skills and competencies to enable people to make informed financial decisions

- **Social entrepreneurship**
  - Designed to support the most vulnerable entrepreneurs and those whose companies have a positive social impact

- **Knowledge, education, and culture**
  - By supporting initiatives that promote development and that allow the creation of opportunities for people

- **Other initiatives**
  - Supporting social entities, Volunteering and promoting social responsibility
Community investment, main initiatives in 2018

**Education**
- Access to education for children, youth and adults
- Initiatives to improve educational quality
- Projects to develop the 21st century key competences as sources of opportunity

**Entrepreneurship**
- **Global Initiatives**
  - BBVA Momentum
  - Fundación BBVA MicroFinanzas
- **Local Initiatives**
  - Developed in countries where BBVA is present

**Science & Culture**
- **BBVA Research**
- **OpenMind**
- **Fundación BBVA**
  - Focuses its activity on the generation of knowledge through science & culture.
  - Grants for cultural creators
  - Collaboration with reference entities (museums, theaters, others)
  - Prizes
  - Local initiatives fostered by countries where BBVA is present

(1) See slide 15 for information on financial education for society
Other relevant issues: Reputational Risk Management Model

Results
By Country and Consolidated

Impact v. Strength Matrix

Action Plans

Process

Identification of risks, risk factors and their Assurance Providers
Impact assessment
Assessment of risk factors 'strength'
Local and Global Review & Approval
Local and Global Agreement on action plans

Governance & Accountability

- Reputational risk appetite + ICAAP (integrated in Global Risk Management)
- Reputational Risk Working Group (integrated in Corporate Assurance Framework) Internal Control, Responsible Business, Compliance & Comms
- Reputational Risk specialist Responsible business function
Other relevant issues: Customer Privacy & Data Security

Operational and technological risk management

- New Engineering Risk & Corporate Assurance unit
- Focus on adapting the levels of information protection to the new challenges arising from the Group's digital strategy
- BBVA CERT: new center of BBVA Group's cybersecurity and fraud strategy.
- Cyber Trust Program: continuous cybersecurity monitoring and improvement plan

Data protection risk management

- Risks identification and assessment
- Consistent set of policies and procedures
- Definition of a whole range of mitigation measures/actions focused on mitigating identified risks
- Definition and tracking of indicators such as consumers claims/complaints, security incidents/breaches or independent review processes, including a causal analysis
- Reputational risk assessment
BBVA’s impact on society
## BBVA’s impact on society

### Contribution to development - customer support

- **€111,527M** in homes financed
- **3.5 million** SMEs, micro-enterprises and self-employed workers supported

### Creating wealth

- **€9,752M** contribution through paid and accrued taxes
- **€4,786M** paid in salaries and wages
- **€1,667M** of remuneration in cash to shareholders

### Contributions to society

- **€104,5 M** investment in social programs
- **8 M** people benefited from social programs

Verified by KPMG
For further information:

https://shareholdersandinvestors.bbva.com/
ANNEXES

Sector norms: main exclusions
TCFD recommendations  road map
BBVA will not provide financial services to projects or clients whose core business is linked to any of the following activities or environmental and social impacts:

- Companies that have shown credible and clear evidence (based on court rulings or relevant controversies), of material breaches regarding applicable laws and regulations, or taking part in human rights abuses regardless of the country.
- Activities that involve child or forced labor as defined in ILO conventions.
- Projects that entail the resettlement or violation of rights of indigenous peoples, without their free, prior and informed consent (FPIC)
- Projects located or in the vicinity of UNESCO World Heritage sites, List of Ramsar wetlands, Alliance for Zero Extinction sites and Category I-IV areas of the International Union for the Conservation of Nature.
- Businesses with headquarters based in countries subject to EU, US or UN sanctions
Sector norms: main exclusions

**Mining**
- New coal mines and coal mine expansions.
- New projects on Mountaintop Removal (MTR) extraction methods.
- Asbestos extraction projects.
- Major coal producers using MTR mining in more than 10% of their activity.
- Clients with a significant portion of their activity consisting in the extraction of coal (more than 35%) used to generate electricity that lack a diversification strategy.

**Energy**
- New nuclear power plants.
- Construction of new and expansion of existing coal power plants.
- Exploration and production of oil and gas in the Artic.
- Tar sand exploration, production and transport.
- Simple hull oil tankers.
- Significant coal-based power generation (more than 35%) without a diversification strategy.

Exceptions may be made for new nuclear power plants, construction of new and expansion of existing coal power plants, and coal-based power generating clients, in countries with high energy dependency and without viable alternatives. BBVA will report on such projects/clients financed.
Sector norms: main exclusions

Agribusiness
- Illegal logging
- The burning of natural ecosystems to clear land for the development of agricultural projects
- Projects for production of first-generation biofuel
- Use of substances prohibited by the Stockholm Convention
- Non-certified Palm oil operations or not in the process of obtaining certification by the Roundtable on Sustainable Palm Oil (RSPO)
- Clients engaging in blast and cyanide fishing
- Clients using driftnets in excess of 2.5km
- Clients trading and manufacturing angora wool
- Clients with animal testing not related to health research
- Clients with direct participation in the trade of shark fins, commercial whale hunting, illegal, undeclared and unregulated fishing

Infrastructure
- Dams failing to comply with WCD Framework
- Facilities failing to comply with the Hong Kong Ship Recycling Convention
- Clients that cannot furnish the health and safety records of their workers and/or areas of influence
- Clients that cannot disclose or provide information about their performance in connection with the use of water, waste and greenhouse gas emissions
## TCFD recommendations
### Implementation road map 2018/2019 (1/2)

**February 2019**

<table>
<thead>
<tr>
<th>Area</th>
<th>Recommendations</th>
<th>Done</th>
<th>Plan 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GOVERNANCE</strong></td>
<td>Describe the <strong>board’s oversight</strong> 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></td>
<td></td>
<td>- Board of Directors’ oversight (3 times in 2018)</td>
<td>- Progressive inclusion in Board Risk Committee agenda</td>
</tr>
<tr>
<td></td>
<td>Describe <strong>management’s role</strong> assessing and managing climate-related risks and opportunities</td>
<td>- Plans &amp; norms approved and overseen by the CEO</td>
<td>- Reporting to the Global Leadership Team meeting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Global Leadership Team &amp; Sustainable Finance Working Group as forums to help decision-making</td>
<td>- Sustainability KPI to be included in variable compensation scheme for executive board members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Responsible Business as specialist function coordinating implementation &amp; monitoring</td>
<td></td>
</tr>
<tr>
<td><strong>STRATEGY</strong></td>
<td>Describe the <strong>climate-related risks and opportunities</strong> the organization has identified over the short, medium and long term</td>
<td>- Quantify 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></td>
<td></td>
<td>- First climate risks (transition &amp; physical) defined</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Describe the <strong>impact</strong> 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>- Climate issues in strategic planning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Product portfolio defined at CIB</td>
<td>- Retail business opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Dashboard for climate finance in 2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Describe the <strong>resilience</strong> of the organization’s strategy, taking into consideration different scenarios, including a 2°C or lower scenario</td>
<td>- Climate scenarios: participation in pilot group with UNEP FI</td>
<td>- Second climate scenario exercise</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Joint the initiative to develop methodologies to assess the alignment of lending portfolios to the Paris Ag.</td>
<td>- Pilot PACTA methodology in most intensive sectors</td>
</tr>
</tbody>
</table>
## TCFD recommendations
### Implementation road map 2018/2019 (2/2)

<table>
<thead>
<tr>
<th>Area</th>
<th>Recommendations</th>
<th>Done</th>
<th>Plan 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RISK MANAGEMENT</strong></td>
<td>Describe the organization’s <em>processes for identifying</em> and assessing climate-related risks</td>
<td>• Sustainable Finance Working Group oversees climate-related risks identification&lt;br&gt;• Research unit &amp; Public Affairs unit update regulation trends</td>
<td>• Process formalization</td>
</tr>
<tr>
<td></td>
<td>Describe the organization’s <em>processes for managing</em> climate-related risks</td>
<td>• New sector norms approved by the CEO&lt;br&gt;• Equator Principles implemented&lt;br&gt;• Due diligence processes in clients, transactions &amp; products implementation</td>
<td>• Update sector norms &amp; conclude implementation&lt;br&gt;• Inclusion in key industry frameworks</td>
</tr>
<tr>
<td></td>
<td>Describe how processes for identifying, assessing &amp; managing these risks are <em>integrated</em> into the organization’s <em>overall risk management</em></td>
<td></td>
<td>• Integration as emerging risk&lt;br&gt;• Road map definition to fully integration</td>
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<td><strong>METRICS &amp; TARGETS</strong></td>
<td>Disclose the <em>metrics</em> used to assess climate-related risks and opportunities in line with its strategy and risk management process</td>
<td>• Quantify credit exposure to carbon-related assets &amp; mix energy generation in utilities&lt;br&gt;• Dashboard for climate finance in 2018</td>
<td>• Definition of key sector metrics to assess Paris alignment</td>
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<td>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 <em>greenhouse gas (GHG) emissions</em></td>
<td>• Emissions reported Scope 1, Scope 2&lt;br&gt;• Committed with Science Based Targets Initiative</td>
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<td>Describe the targets used by the organization to manage climate-related risks and opportunities and <em>performance against targets</em></td>
<td>• Performance reporting in 2018 against targets set: mobilize €100 Billion 2018-2025. Renewable energy 70% and 68% reduction in direct GHG emissions. 100% renewable energy in 2030</td>
<td>• Enhance granularity of climate finance targets at country &amp; product level&lt;br&gt;• Define targets on climate pathways at the most relevant sectors</td>
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