

# 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



# 01

**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


## Our six strategic priorities


New standard in customer experience 

Drive digital sales 

New business models 

Unrivaled efficiency 

Optimal capital allocation 

A first class workforce 

## 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




## 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: 2<sup>nd</sup> 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

New standard in customer experience 

Drive digital sales 

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


New business models 

New standard in customer experience 

Optimal capital allocation 

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

Optimal capital allocation 

Unrivalled efficiency 

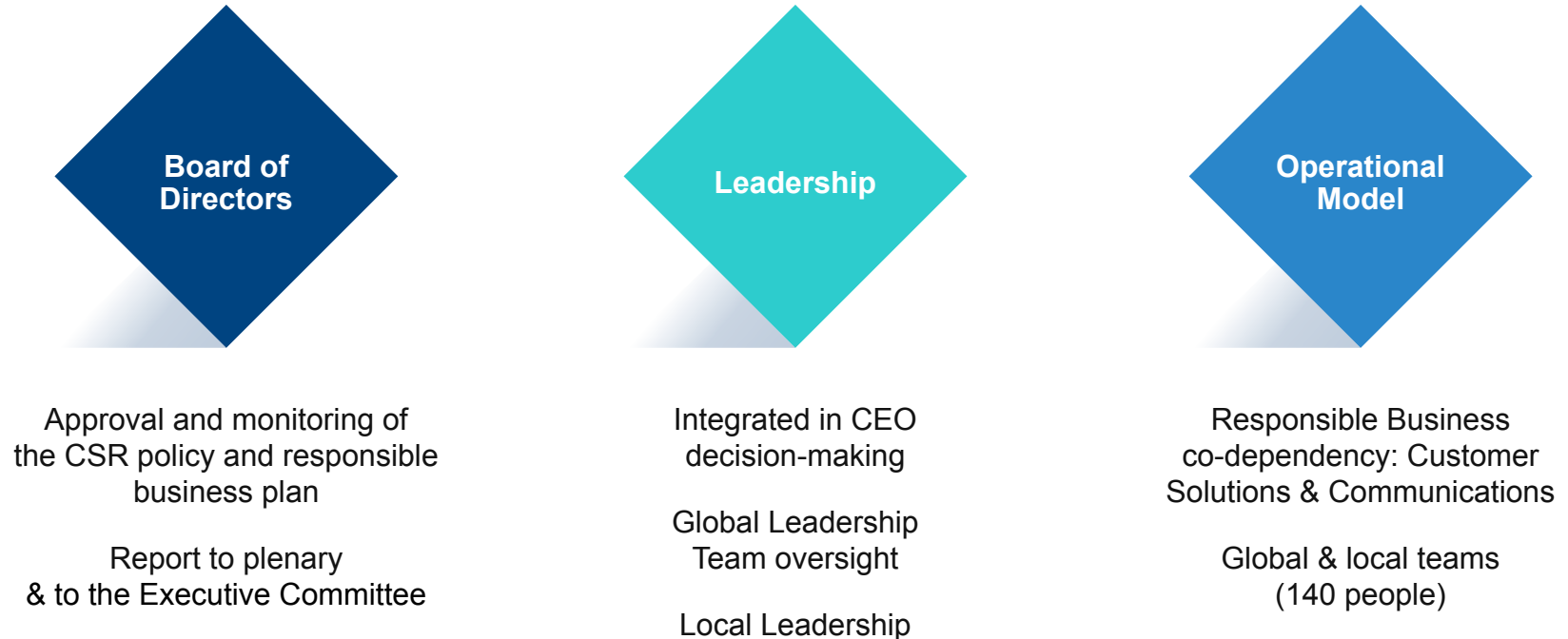
A first class workforce 

**Community investment** to promote social change and create opportunities for all

New standard in customer experience 

# Governance and Accountability

## Responsible business function reports directly to the Board of Directors



# Main sustainability indexes in which BBVA is present





# International standards with BBVA's active participation



United Nations Global Compact



**GREEN BONDS**  
FINANCING A SUSTAINABLE FUTURE





# 02

**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

# TCR on de customer journey



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

# 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

## NET TCR SCORE (2018)



# Financial Education & Capability Building

Balanced relationships

Sustainable finance

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Responsible practices

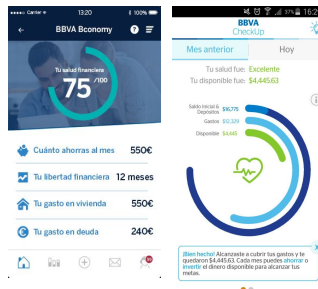
Community investment

## Financial education for society

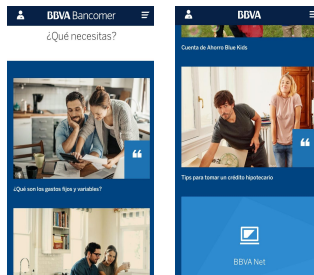
- **2 million** children, youth, adult and SME's benefited in 2018
- **€7.5 million** invested in 2018
- **Local initiatives** development in all countries where BBVA operates

## Financial capabilities into customer solutions

### Financial Health (Spain & Mexico)



### Public Web (Mexico, Colombia & Perú)

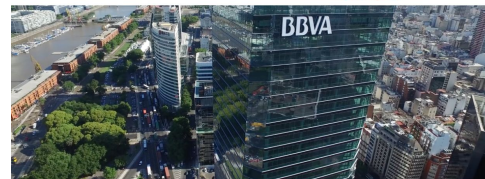


## Advocacy & Promotion of financial education

- **Alliances**
- **Investigation**
- **Knowledge spaces**



### 2018 EduFin Summit



[www.bbvaedufin.com](http://www.bbvaedufin.com)

# Customer relationships KPIs

## Net Promoting Score (NPS) 2018



Data verified by KPMG

## External Reputation Pulse RepTrak 2018

### Reputation among customers

Country	Position relative to peer group
Spain	1 <sup>st</sup> (*)
EEUU	1 <sup>st</sup>
México	1 <sup>st</sup> (*)
Turkey	3 <sup>rd</sup> (*)
Argentina	1 <sup>st</sup>
Colombia	2 <sup>nd</sup> (*)
Perú	1 <sup>st</sup>
Venezuela	2 <sup>nd</sup>
Paraguay	1 <sup>st</sup> (*)

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 Bankasi, Ziraat, Yapi Kredi, Akbank.



# An inflection point on the relevance of environmental & social issues in our business

## Global agenda

### Sustainable Development Goals 2030 (SDGs)



### Paris Agreement



## Investors



**1,750**

Institutional investors

**USD 70 TRILLION**

Assets under management

## Technology

Big data

Blockchain

Artificial Intelligence

Internet of things

New Realities

## Market

**USD 12 TRILLION**

Annual market linked to SDGs in 2030<sup>1</sup>

**USD 5-7 TRILLION**

Expected annual investment till 2030, 70% in emerging markets<sup>1</sup>

### Consumers

Growing sustainability consciousness

### Competitors

Starting to develop advanced strategies

## Regulators & supervisors

**Recommendations on climate change**



**Action Plan from European Commission on sustainable finance**

**Network of Central Banks & Supervisors for Greening the Financial System**

# 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

**€100  
Billion  
MOBILIZED**

- 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**

**70%  
RENEWABLE  
ENERGY**

**68% CO<sub>2</sub>  
EMISSIONS  
REDUCTION**

- 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

**ACTIVE  
COLLABORATION**

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

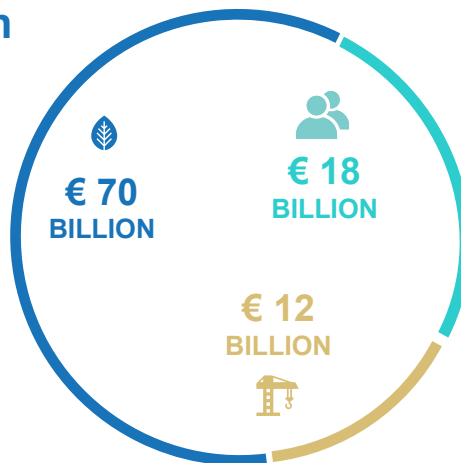
**Our purpose: to bring the age of opportunity to everyone**

# 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

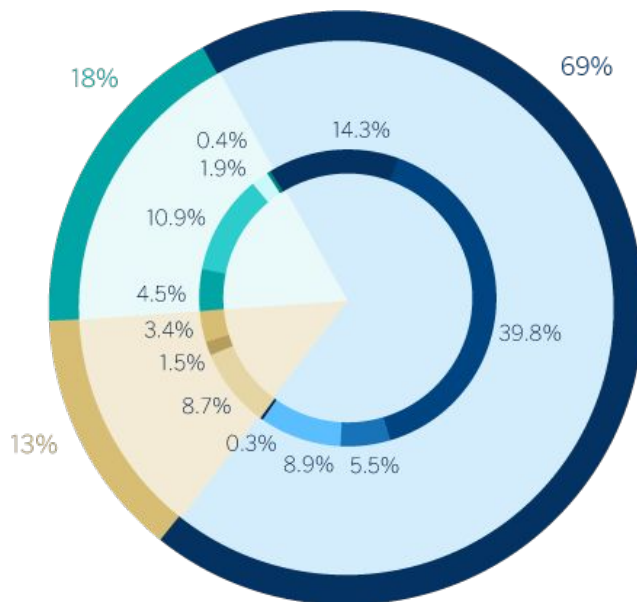
December 2018

### Financial inclusion and entrepreneurship

- Financial inclusion
- Loans to vulnerable entrepreneurs
- Loans to female entrepreneurs
- Impact investing

### Sustainable infrastructures and agribusiness

- Social corporate financing
- Social infrastructure project finance
- Social bonds



### Green financing

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

## Sustainable bonds

### Sustainable bonds intermediated

€7.1  
BILLION

€1.5 BILLION  
as bookrunner

Eurozone's largest  
green bond issued

€1 BILLION

# We are already providing innovative finance solutions to promote sustainable finance

Balanced relationships

Sustainable finance

21

Responsible practices

Community investment



To finance



To manage



To engage

## Transition to low carbon economy

Most active bank in green loans market

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

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

Affordable housing:

- 76,538 clients refinanced in light of payment difficulties
- 2,500 houses for social rent

## 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

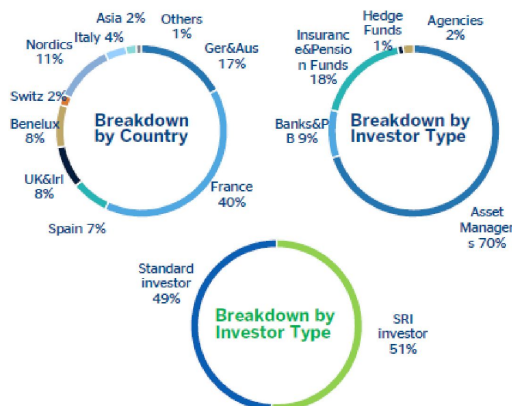
- This is **the largest financial Green Bond in the Eurozone** and the **first Green Bond for a Spanish bank**
- Books closed with a final amount of c.€ 3 Bn (pre-rec), setting the spread at MS+ 80 bps. This means zero new issue premium
- High quality and granularity of the books, with 230 orders

## 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



Balanced relationships	Sustainable finance
Responsible practices	Community investment



All are based on the **BBVA's SDGs Bond Framework** publicly launched on May which follows the ICMA<sup>1</sup> 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)



To finance

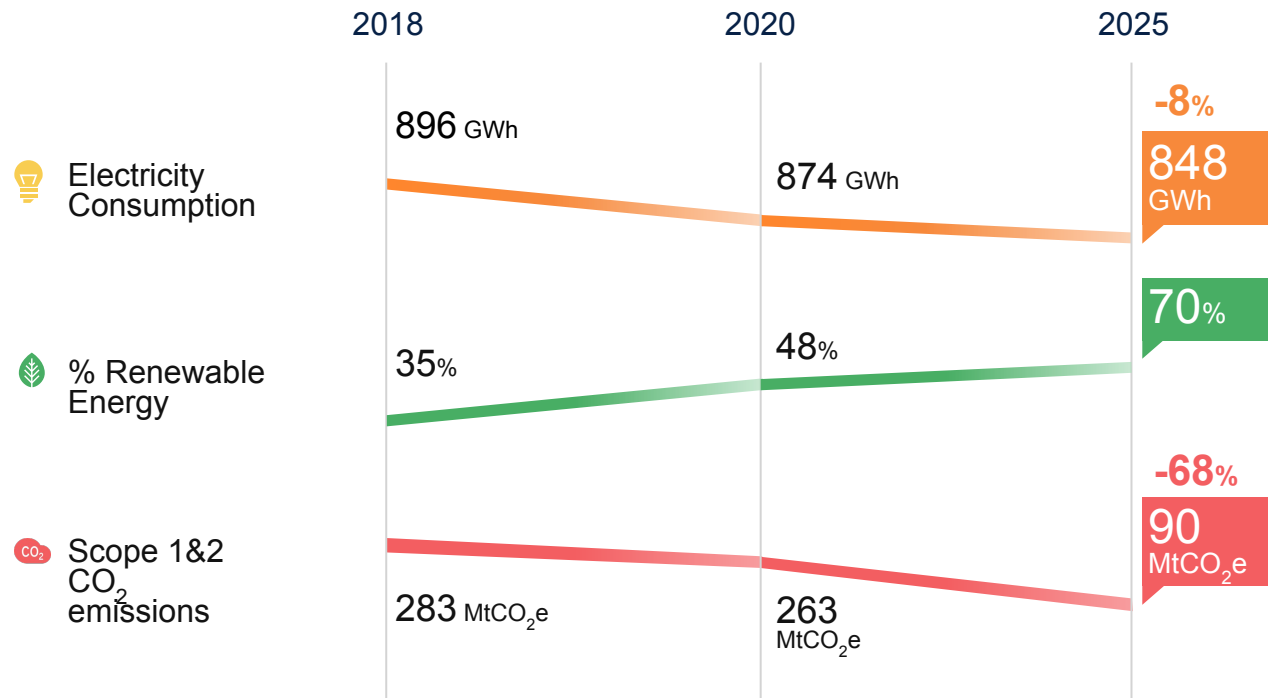


To manage



To engage

# Environmental direct impacts targets 2025



**70%**  
renewable energy

**68%** CO<sub>2</sub>  
emissions  
reduction (2015)

Committed with Science Based Targets Initiative & RE 100 Initiative  
to achieve 100% renewable energy in 2030

# Transparency in carbon-related assets

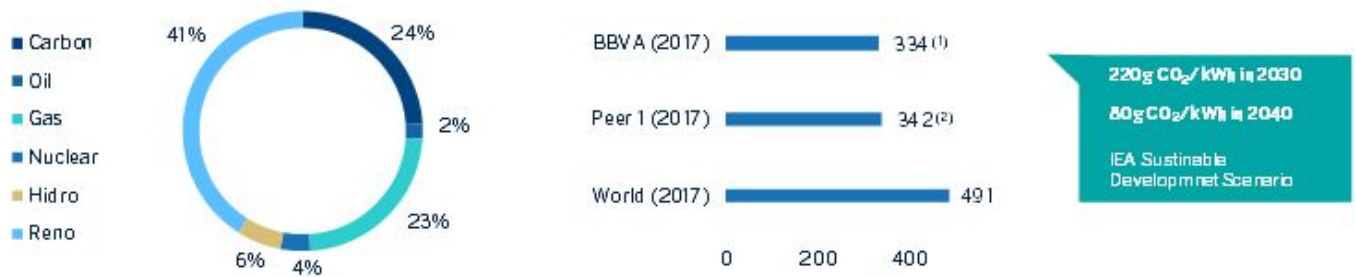
## Carbon-related assets exposure

December 2018

	Utilities	Oil&Gas	Carbon Mining	Total
Corporate financing	7,074	14,343	243	21,660
Project financing	269	1,393	0	1,662
Structured trade finance	336	1,157	0	1,493
Equity	0	6,5	0	6.5
<b>Total exposure to fossil fuels</b>	<b>7,679</b>	<b>16,894</b>	<b>243</b>	<b>24,815</b>
<b>% of total assets</b>				<b>3.67%</b>

## Mix in power generation for clients in utilities

December 2017





# Sector norms

Balanced relationships

Sustainable finance

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Responsible practices

Community investment



To finance To manage To engage

## Purpose

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

Integrating new Human Rights  
commitment

Integrating new environmental  
commitment

## Scope

Corporate & Investment Banking activities carried out by all BBVA Group institutions, businesses lines, branches, subsidiaries and geographies



Energy



Mining



Infrastructure



Agribusiness

## Due diligence processes

Transactions + Clients + Products

## How we did it?



Based on international standards



Benchmark analysis



Economic assessment

## Escalation & exceptions

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

**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)

Balanced relationships

Sustainable finance

Responsible practices

Community investment



To finance



To manage



To engage

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



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

# PRINCIPLES FOR RESPONSIBLE BANKING

Shaping our future



UNEP  
FINANCE  
INITIATIVE

PRINCIPLES FOR  
RESPONSIBLE  
BANKING



01

## ALIGNMENT

Align our business strategy with society's goals as expressed in the SDGs, Paris Climate Agreement and other frameworks



02

## IMPACT

Continuously increase our positive impacts while reducing our negative impacts



03

## CLIENTS & CUSTOMERS

Work responsibly with our clients and customers to create shared prosperity for current and future generations



04

## STAKEHOLDERS

Consult, engage and partner with relevant stakeholders to achieve society's goals



05

## GOVERNANCE & TARGET SETTING

Implement commitments through effective governance and setting targets for our most significant impacts



06

## TRANSPARENCY & ACCOUNTABILITY

Commit to transparency and accountability for our positive and negative impacts, and our contribution to society's goals

access

البنك العربي الافريقي الدولي  
arab african international bank

BANCO  
PICHINCHA

BANORTE  
GRUPO FINANCIERO

BARCLAYS

BBVA  
The bank for a changing world

BNP PARIBAS

Bradesco

IB  
A BANK TO TRUST

CIMB BANK

FIRSTRand

Garanti

GOLOMT BANK  
Growth in and beyond Banking

Hana Financial Group

ICBC

ING

KCB

LAND BANK  
We stand by you

National  
Australia Bank

Nordea

PIRAEUS BANK

Santander

SHINHAN FINANCIAL GROUP

SOCIETE  
GENERALE

Standard Bank

Triodos Bank

200

Westpac GROUP

YES BANK

# Our people, a first-class workforce

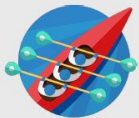
## Our values



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



## Compensation

Variable remuneration linked to the Group's strategic objectives (financial and non-financial)

Values & behaviours as KPI for all employees

Responsible Banking Synthetic Index as KPI for Group Executive Chairman

## Global Diversity Plan

48% of women in management positions

Employee ratio  
54% women / 46% men

Diversity Charter and UN Women's Empowerment Principles signatory

## Training

€49.5 million investment

47 hours of training per employee

88% employees trained

## Global Corporate Volunteering Plan

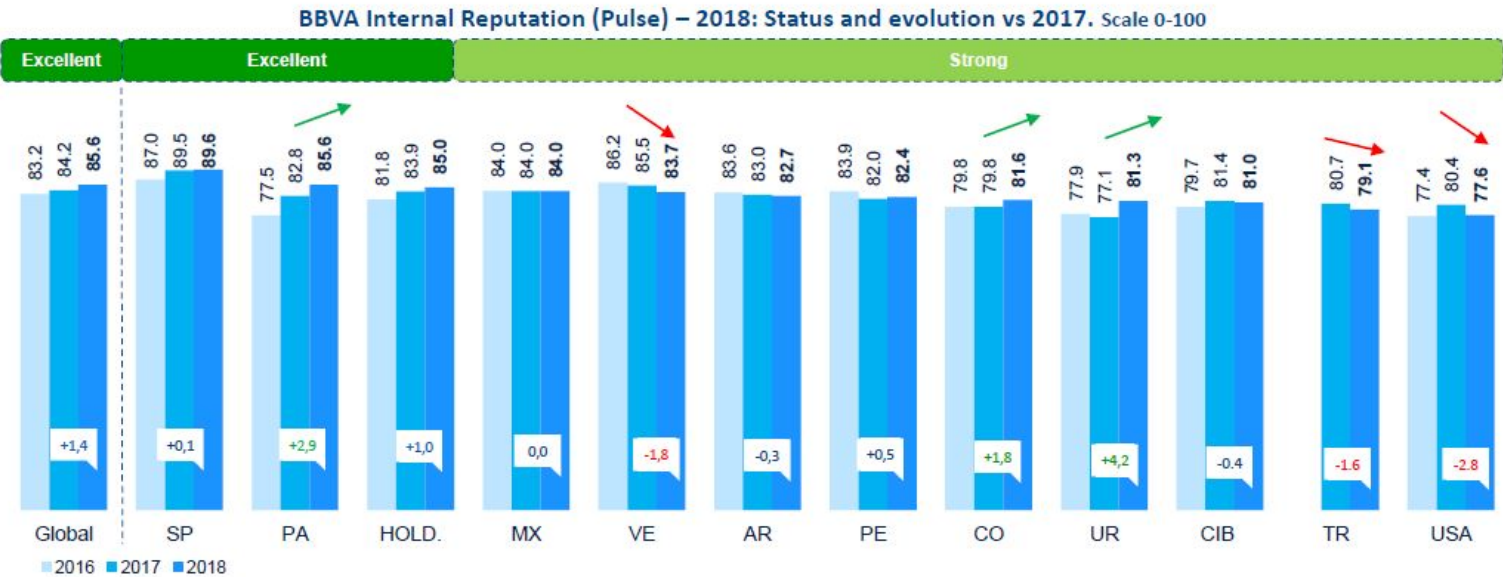
>8,000 BBVA volunteers

1st Global Week of Service



# Internal Emotional Reputation KPIs

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



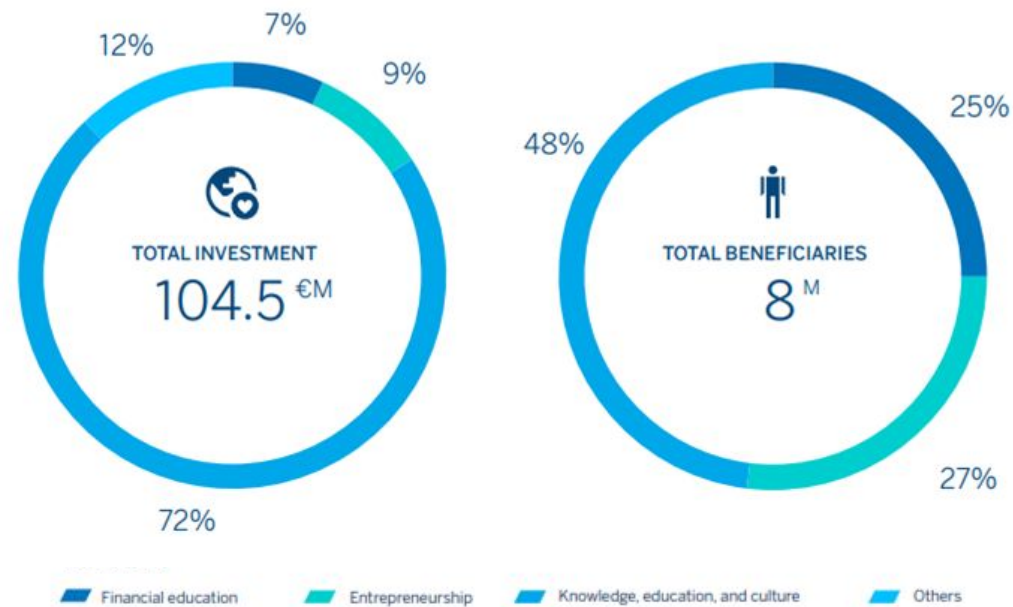
# Evolution 2017-2018. Numbers in green-significant increase; numbers in blue stability

Note: Statistically significant differences from +/-1,5  
NA- Not available: The survey for these countries stopped in 2018

Source: Internal Reputation Survey 2018, Reputation Institute. RepTrak® Methodology



# Community investment, €104,5 M and 8 M people benefited in 2018



## 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



**The Teachers Academy Foundation.**



- Projects to develop the 21st century key competences as sources of opportunity



**BBVA**  
Aprendemos juntos

(1) See slide 15 for information on financial education for society

## Entrepreneurship

### Global Initiatives

**BBVA** | Momentum

**Fundación BBVA MicroFinanzas**

BBVA  
**Open Talent**



### Local Initiatives

Developed in countries where BBVA is present



## Science & Culture

**BBVA** | RESEARCH

**OpenMind**

**Fundación BBVA**

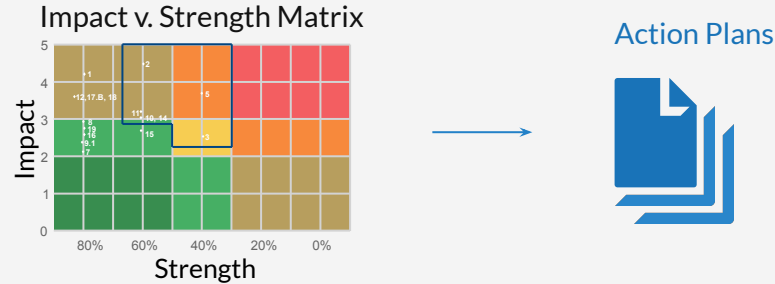
focuses its activity on the generation of knowledge through science & culture. .

- Grants for cultural creators
- Collaboration with reference entities (museums, theaters, others)
- Prizes
- Local initiatives fostered by countries where BBVA is present

# Other relevant issues: Reputational Risk Management Model

## Results

By Country and Consolidated



## 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

Specific Technology & Cybersecurity Board Committee



# 03

## **BBVA's impact on society**

# BBVA's impact on society

## Contribution to development - customer support

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€111,527M

in homes financed

3,5 million

SMEs, micro-enterprises and  
self-employed workers supported

## Creating wealth

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€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

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€104,5 M

investment in social programs

8 M

people benefited from social  
programs



For further information:

<https://shareholdersandinvestors.bbva.com/>

# ANNEXES

Sector norms: main exclusions

TCFD recommendations road map

## Sector norms: general exclusions

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 Arctic
- 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

Area	Recommendations	Done	Plan 2019
GOVERNANCE	Describe the <b>board's oversight</b> of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Included in the CSR Policy approved by the Board of Directors</li> <li>Board of Directors' oversight (3 times in 2018)</li> </ul>	<ul style="list-style-type: none"> <li>Reporting to the Board of Directors and to the Board Executive Committee</li> <li>Progressive inclusion in Board Risk Committee agenda</li> </ul>
	Describe <b>management's role</b> assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> <li>Plans &amp; norms approved and oversighted by the CEO</li> <li>Global Leadership Team &amp; Sustainable Finance Working Group as forums to help decision-making</li> <li>Responsible Business as specialist function coordinating implementation &amp; monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Reporting to the Global Leadership Team meeting</li> <li>Sustainability KPI to be included in variable compensation scheme for executive board members</li> </ul>
STRATEGY	Describe the <b>climate-related risks and opportunities</b> the organization has <b>identified</b> over the short, medium and long term	<ul style="list-style-type: none"> <li>Quantify credit exposure to carbon-related assets &amp; mix energy generation in utilities</li> <li>First climate risks (transition &amp; physical) defined</li> </ul>	<ul style="list-style-type: none"> <li>Update risks and opportunities definition that are material for BBVA</li> </ul>
	Describe the <b>impact</b> of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<ul style="list-style-type: none"> <li>Pledge 2025. Strategy on climate change and sustainable development</li> <li>Product portfolio defined at CIB</li> <li>Dashboard for climate finance in 2018</li> </ul>	<ul style="list-style-type: none"> <li>Climate issues in strategic planning</li> <li>Retail business opportunities</li> </ul>
	Describe the <b>resilience</b> of the organization's strategy, taking into consideration <b>different scenarios</b> , including a 2°C or lower scenario	<ul style="list-style-type: none"> <li>Climate scenarios: participation in pilot group with UNEP FI</li> <li>Joint the initiative to develop methodologies to assess the alignment of lending portfolios to the Paris Ag.</li> </ul>	<ul style="list-style-type: none"> <li>Second climate scenario exercise</li> <li>Pilot PACTA methodology in most intensive sectors</li> </ul>

# TCFD recommendations

## Implementation road map 2018/2019 (2/2)

February 2019

Area	Recommendations	Done	Plan 2019
RISK MANAGEMENT	Describe the organization's <b>processes for identifying</b> and assessing climate-related risks	<ul style="list-style-type: none"> <li>Sustainable Finance Working Group oversights climate-related risks identification</li> <li>Research unit &amp; Public Affairs unit update regulation trends</li> </ul>	<ul style="list-style-type: none"> <li>Process formalization</li> </ul>
	Describe the organization's <b>processes for managing</b> climate-related risks	<ul style="list-style-type: none"> <li>New sector norms approved by the CEO</li> <li>Equator Principles implemented</li> <li>Due diligence processes in clients, transactions &amp; products implementation</li> </ul>	<ul style="list-style-type: none"> <li>Update sector norms &amp; conclude implementation</li> <li>Inclusion in key industry frameworks</li> </ul>
	Describe how processes for identifying, assessing & managing these risks are <b>integrated</b> into the organization's <b>overall risk management</b>		<ul style="list-style-type: none"> <li>Integration as emerging risk</li> <li>Road map definition to fully integration</li> </ul>
METRICS & TARGETS	Disclose the <b>metrics</b> used to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> <li>Quantify credit exposure to carbon-related assets &amp; mix energy generation in utilities</li> <li>Dashboard for climate finance in 2018</li> </ul>	<ul style="list-style-type: none"> <li>Definition of key sector metrics to assess Paris alignment</li> </ul>
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 <b>greenhouse gas (GHG) emissions</b>	<ul style="list-style-type: none"> <li>Emissions reported Scope 1 , Scope 2</li> <li>Committed with Science Based Targets Initiative</li> </ul>	
	Describe the targets used by the organization to manage climate-related risks and opportunities and <b>performance against targets</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Enhance granularity of climate finance targets at country &amp; product level</li> <li>Define targets on climate pathways at the most relevant sectors</li> </ul>

# Responsible Banking

A different way of banking

March 2018

