

Managing reputation

For its stakeholders, the institution's reputation is an important factor to be taken into consideration; therefore, the reputation of the BBVA Mexico Group is one of its most relevant assets and has a direct impact on its results, meaning that measuring and managing it is essential. To this end, it has measurement tools and, using the results generated, an analysis is performed and initiatives carried out that seek to influence perceptions and opinions.



Managing reputation

In addition, the BBVA Group has a methodology in place for identifying, evaluating and managing reputational risk. Through this methodology, each year the BBVA Mexico Group carries out an exercise with which it identifies the reputational risks that can arise as part of its operations and generates controls and action plans to mitigate them.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Promote fair, peaceful and inclusive societies.

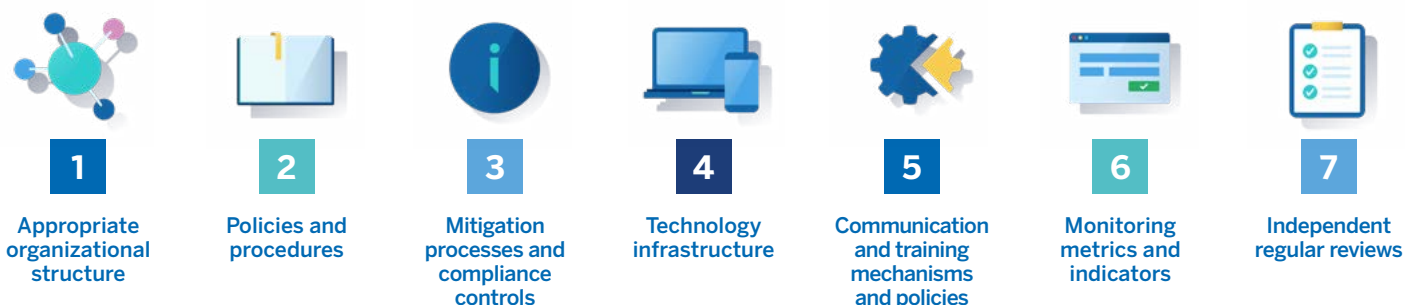
Compliance System

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

In line with the principles established by the Bank for International Settlements (BIS) and the EU's Markets in Financial Instruments Directive (MiFID), the Compliance function continues to advance policies, procedures, awareness-raising and training in matters of compliance, while also working to improve the identification, assessment and mitigation of potential compliance risks, which are understood to be those involving the following issues:

- Market Conduct.
- Dealing with conflicts of interest.
- Prevention of money laundering and terrorism financing.
- Anti-corruption.

Basic pillars of the BBVA Mexico Group's compliance system



Commitment to human rights

The BBVA Group has a firm commitment to human rights, as part of which it seeks to ensure respect for the dignity of all people and the rights that are inherent to them. The BBVA Mexico Group has embraced the United Nations Guiding Principles on Business and Human Rights and therefore seeks to promote and uphold the well-being of the different social settings in which it operates.

The commitment to human rights adopted by the BBVA Mexico Group is compliant with various international

guidelines, most notably the Universal Declaration of Human Rights and the United Nations Global Compact.

Economic Competition Policy

In 2019, the Board of Directors approved the Economic Competition Policy, which will be promoted among BBVA Mexico Group staff for immediate implementation, in addition to a specific program that covers the risks inherent to the topic.

For further details, consult the BBVA Group Human Rights Commitment: <https://accionistaseinversores.bbva.com/wp-content/uploads/2018/02/Compromiso-con-los-derechos-humanos.pdf>.

GRI 103-1, 103-2 and 103-3

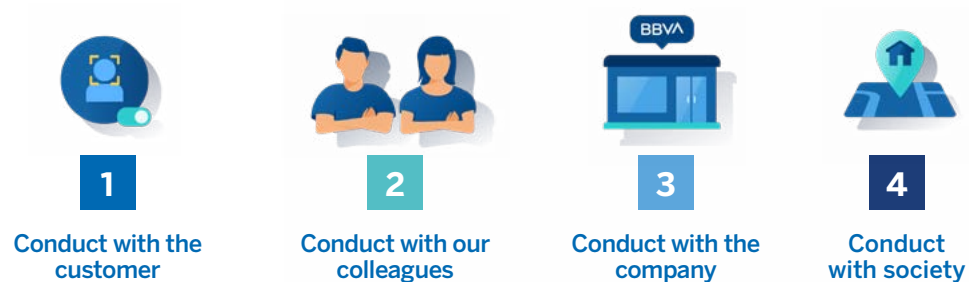
Integrity Program

Ethical Behavior and Code of Conduct

The BBVA Group's Code of Conduct, approved by the Board of Directors in 2015, enshrines strict principles and standards of ethical conduct for all the institution's employees and managers. It contains a set of behavioral guidelines to ensure the highest standards of integrity and honesty.

The BBVA Code of Conduct sets strict standards in terms of ethical behavior to be followed by all employees, as a way of understanding and developing the activities inherent to the BBVA Mexico Group. It supports the Group's commitment to the proper safeguarding of the information of its customers and the effective limitation of its use pursuant to the corresponding legal provisions.

It is based on four key ethical values:



GRI 102-16, 102-17, 205-1, 205-2 and 205-3



Training in the Code of Conduct

During 2019, a campaign was carried out to impart training to 100% of employees and have them adhere to the Code of Conduct. It was imparted through a corporate online course that aims to reaffirm ethical behavior expectations and reinforce the issue of the whistleblower culture.

As at December 31, 2019, **96% of BBVA Mexico Group** employees had received training in the **Code of Conduct**.

Code of Conduct communication initiatives






Communication strategies were developed in 2019 on sensitive issues, such as disrespect, harassment, among others, in particular strengthening the new Anti-Corruption Policy and the Gift Acceptance Policy, along with the strengthening of the use of the Whistleblower Channel. All information was disseminated as part of the institutional #Hazlocorrecto campaign.

Integrity workshop

This is a face-to-face workshop aimed mainly at the business areas and, in particular, the BBVA Foundation. It is a space to reflect on what acting with integrity really means and how it should govern the behavior of everyone within the institution and the consequences of failing to act with integrity. The learning took the form of videos and case studies, which focused on the most widely reported improper conduct via the Whistleblower Channel. The main objective of the workshop is to change behaviors and align them with the provisions of the Code of Conduct.

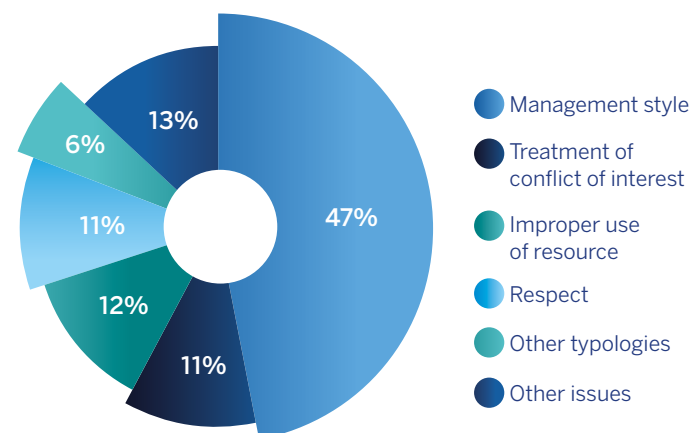
Whistleblowing Channel

The Whistleblower Channel is the BBVA Group's reporting system, through which employees, clients and suppliers can report breaches of the Code of Conduct that they identify in the course of their activities or any other non-compliance.

-  **Email:** canaldenuncia.mexico.mx@bbva.com
-  **Telephone:** (55) 5621-4188 o 01-800-001-0011
-  **HPD:** Whistleblower Channel
-  **Global email:** canaldenuncia@bbva.com
-  **Global telephone number:** (34) 9153-77222

In 2019, the number of complaints received increased by 11% compared to the previous year, a testament to the **positioning and confidence of employees in the BBVA Mexico Group's Whistleblower Channel**.

Type of all reports received



Anti-corruption program

In 2019, work was carried out to define and implement policies and procedures related to issues of anti-corruption and economic competition, both of which are significant factors in the way we do business when faced with new scenarios, on both a national and international scale.

Work has been performed to implement an anti-corruption program and an economic competition program that will see the light in the first half of 2020; they represent an innovative element that will monitor the risks arising from these issues.

Three Training sessions were held on Anti-Corruption issues with employees from different areas, where the likelihood of corruption may be higher.

For further details, visit:
<https://www.bbva.mx/personas/negocio-responsable.html#anticorrupcion>.

Corruption cases

During 2019, there were no known cases involving corruption received through the whistleblower channel that affect the reputation of the BBVA Mexico Group. The internal control mechanisms established protect the Institution from these events.

As a prevention measure against potential corruption in the future, the Anti-Corruption Policy is disseminated to all employees, pursuant to the institutional #Hazlocorrecto campaign. In 2020, work will continue on the implementation of an Anti-Corruption Program applicable to all members of the BBVA Mexico Group.

Corporate Integrity 500 (IC500)

Developed by "Mexicanos contra la Corrupción" and "Impunidad y Transparencia Mexicana", it seeks to perform a diagnosis and assessment on the presence, quality, publicity and transparency with which the 500 most important companies in Mexico raise awareness of their integrity policies.

The BBVA Mexico Group rose from 13th place in the IC500 in 2018, to 1st in 2019. Although it technically tied with seven other companies, the BBVA Bancomer financial group, Seguros BBVA México and Pensiones BBVA México, placed in the top 10.

To learn more about the IC500 report, the BBVA Mexico Group methodology and assessment, visit:
<https://www.integridadcorporativa500.mx/>.



Anti-money laundering / counter-terrorist financing

The BBVA Mexico Group collaborates and actively participates in the prevention of money laundering and terrorist financing. These two activities are a priority objective that the institution associates with its pledge of promoting and upholding the well-being of the different social settings in which it operates. To this end, the BBVA Mexico Group has publicly pledged to the following commitments.

- Work actively with government bodies, international organizations, and other institutions in the fight against drug trafficking, terrorist activities, and other forms of organized crime.
- Establish a set of corporate criteria aimed at preventing the risk of its products and services from being used for illegal purposes.
- Establish a suitable organizational structure with all the required resources to implement this function, with clearly assigned responsibilities.
- Create a set of regulations containing all the obligations when it comes to anti-money laundering, with a particular emphasis on means of customer identification and knowledge (KYC - Know Your Customer).
- Deploy customer monitoring measures, designed to identify potentially suspicious activity and ensure that such conduct is duly reported to the relevant authorities.
- Execute employee communication and training plans, which are designed by the Mexican Bank Association (ABM) in accordance with each group's level of exposure to the risk of money laundering, seeking to furnish them with the required tools to comply with applicable laws.

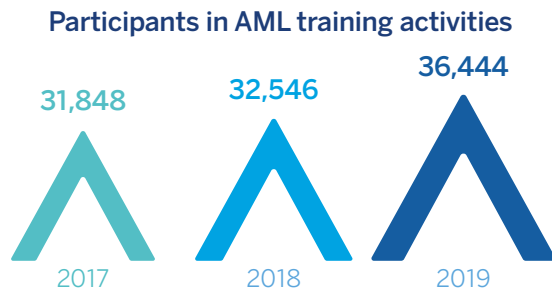
GRI 205-1 and 205-2

Training and awareness-raising programs include the following at least:

- Raising awareness of customer identification and insight policies (Know Your Customer), as well as user identification, and all necessary criteria, measures and procedures to ensure due compliance with applicable laws.
- Raising awareness of legal provisions and their amendments.
- Information on techniques, methods and trends to prevent, detect and report transactions that may be conducive toward, help, support, or provide cooperation for any kind of money-laundering or terrorism financing.
- Scores are allocated to each employee at the end of the course based on their learning.

The employees to have undergone training in the last three years can be consulted below.

	2017	2018	2019
Participants in AML training activities	31,848	32,546	36,444
Specialists in AML and CTF activities	270	305	481
AML and CTF Department Template	140	184	170



The number of participants in money laundering prevention training activities increased by 12% compared to 2018.

