

# Sustainable finance

GRI 3-3, 412-1, 412-3, FS1, FS2, FS5, FS7, FS8, FS11  
SASB FN-CB-410a.2, FN-AC-410a.2, FN-IB-410a.3, FN-IN-410a.2, FN-AC-410a.3, FN-IN-410b.2

Grupo Financiero BBVA México is a company committed to communities and society, which is why it seeks to provide a wide range of investment and financing products to support its retail, business, corporate and institutional clients in adopting more sustainable practices. Also, GFBB integrates sustainability into its day-to-day activities and in all its activities, both in its relationship with customers and in its internal processes.

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# Management

Grupo Financiero BBVA México has specific work groups that promote responsible practices in its communication and marketing towards customers and develop appropriate solutions for them. It is inspired by the United Nations Sustainable Development Goals (SDGs), with a focus on climate change and inclusive social development to help its clients transition to a sustainable future.

Grupo Financiero BBVA México has focused on implementing strategies that promote the creation of sustainable markets and increasing their positive impact through financial instruments, aligned with relevant initiatives such as:

- United Nations Environment Programme Finance Initiative (UNEP-FI)
- Equator Principles
- Principles for Responsible Investments (PRI)
- Principles for Responsible Banking (PRB)




**Our priority is supporting our customers in their transition to a sustainable future.**




# 2025 Commitment

SASB FN-AC-410a.1


Since 2018, Grupo Financiero BBVA México has maintained a commitment to contribute to the SDGs and the Paris Agreement based on the three lines of action: Finance, Manage and Involve.



**Finance**


Stop climate change, originate new financing and favor the SDGs by mobilizing EUR 200,000 million between 2018 and 2025 for agribusiness, entrepreneurship, financial inclusion, green activities and sustainable infrastructures.

**In 2022, Grupo Financiero BBVA México mobilized more than MXN 160 billion, of which MXN 65 billion correspond to the offering of environmental and social bonds.**

**Manage**

Set the goal that 100% of the energy contracted by Grupo Financiero BBVA México by 2030 be renewable. Additionally, gradually align the activity of Grupo Financiero BBVA México to the Paris Agreement and minimize the social and environmental risks associated with it, reducing potential direct and indirect negative impacts.

**In 2022, 100% of the energy of Grupo Financiero BBVA México was 100% renewable (wind and photovoltaic source).**

**Involve**

Incorporate all stakeholders to enhance the scope of sustainable development and collectively promote the contribution of the financial sector.

**In 2022 Grupo Financiero BBVA México celebrated Sustainability Day to promote sustainability and present the progress of its strategy for a greener and more inclusive world.**





## Sustainable Development Goals (SDGs) Bond Framework

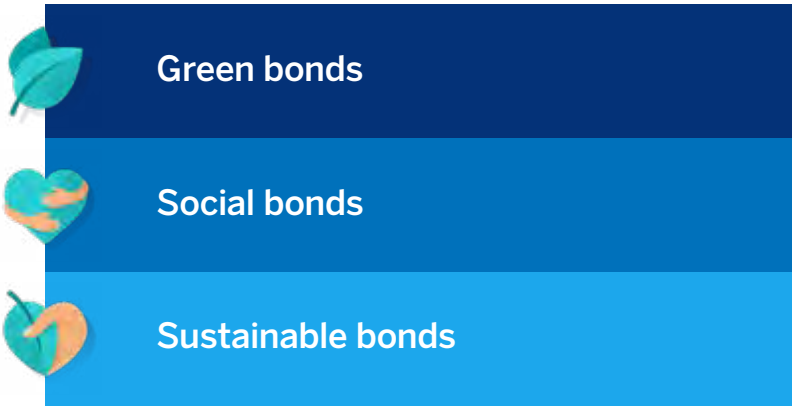
BBVA México finances projects and entities that contribute to the fulfillment of the SDGs and their specific targets, particularly in the following SDGs:



In April 2018, BBVA published its framework for issuing its own sustainable bonds, linked to the United Nations Sustainable Development Goals (SDGs). The SDG framework is guided by the International Capital Markets Association (ICMA) Principles for Green Bonds, the Guide for Social Bonds and the Guide for Sustainable Bonds, which provide for four fundamental requirements:

- 1. Use of proceeds
- 2. Process for expenditure evaluation and selection
- 3. Management of proceeds
- 4. Reporting

The funds from these debt instruments are exclusively used to finance green, social and sustainable projects, aligned with the four essential components of the framework. Grupo Financiero BBVA México (through the bank BBVA México) has successfully issued three types of bonds under this framework:



## Project evaluation and selection process

1. The sustainable finance working group reviews a prospective list of eligible projects.
2. The SDG Bond Committee conducts an additional review of selected and labeled projects to decide which ones will be included in each bond issued under the SDG framework.
3. Responsible Business has the final veto over the list of selected projects.
4. Grupo Financiero BBVA México controls the use of funds from green, social or sustainable bonds issued under the SDG framework.
5. Grupo Financiero BBVA México monitors the use of funds from green, social and sustainable bond issues in accordance with their characteristics.
6. Grupo Financiero BBVA México may publish a report on the monitoring of the bond on an annual basis, to ensure the correct application of the issuance framework.



## Green bonds

In 2022, Grupo Financiero BBVA México released the issuance of the following green bonds:

Green bond	Amount of the issuance (MXN million)
SHCP	7,896
United Mexican State	5,565
Orbia	5,000
América Móvil	3,624
FEMSA	3,091
Herdez	3,000
SHCP	2,500
Cementos de Chihuahua	2,500
CFE	1,440
Bancomext	1,200
GAP	919
Banobras	749
Desarrollos Hidráulicos de Cancún	700
KOF	125
<b>Total</b>	<b>38,309</b>



## Social bonds

In 2022, Grupo Financiero BBVA México released the issuance of the following social bonds:

Social bond	Amount of the issuance (MXN million)
SHCP	7,896
United Mexican State	5,565
KOF	2,875
América Móvil	3,624
SHCP	2,500
Bancomext	1,200
CFE	1,060
Compartamos	833
Banobras	740
<b>Total</b>	<b>26,293</b>





## Sustainable financing for individuals and companies

The range of credit products that BBVA México manages has significant benefits for customers, such as preferential rates, the objective of which is to make these products more attractive to the market and thus contribute to the sustainable transition of individuals and companies.

### Private Parties

Financing for the acquisition of hybrid and electric cars, financing of solar panels and mortgages, among others.

**MXN 15,801 million**

### Companies and Corporations

Green financing for companies, letters of credit, leasing, among others.

**MXN 79,469 million**

## Environmental and Social Framework FS1, FS2

Grupo Financiero BBVA México developed specific regulations that include environmental and social aspects in the due diligence process for decision-making when granting credit, with the aim of supporting the long-term success of its customers that operate in sectors with the greatest environmental impact and who manage their business responsibly.

The objective of these regulations is to address the specific sustainability issues of the banking sector and provide clear guidance to our employees on the procedures to follow in the management of clients and transactions. They are applicable to all operations, entities, lines of business and branches of BBVA México.

In order to support compliance with the SDGs, play a key role in the fight against climate change and strengthen the commitment to human rights, this management framework includes processes that allow Grupo Financiero BBVA México to meet the expectations of the groups of interest, mitigate risks, learn more about customer activities and contribute to compliance with BBVA's Responsible Banking Policy at a global level.

## Sectors covered

There are general exclusions, so Grupo Financiero BBVA limits the provision of financial services to projects or customers whose main business is associated with the following activities or environmental and social impacts:

- Businesses for which there is credible evidence (court rulings or relevant disputes) of material violations of applicable laws and regulations, or involvement in human rights abuses regardless of country.
- Activities that use child or forced labor as defined in the International Labor Organization (ILO) Conventions.
- Projects involving resettlement or violation of the rights of indigenous and/or vulnerable groups without their free, prior and informed consent (FPIC).
- Projects located in or near UNESCO World Heritage sites, Ramsar-listed wetlands, Alliance for Zero Extinction sites, and areas of the International Union for Conservation of Nature Categories I-IV.
- Companies based in countries under financial sanctions from the European Union, the United States and the United Nations.

To determine the existence of potential material risks, the business or control functions, responsible for identifying and assessing environmental and social risks, refer the customer or transaction to a specialized environmental and social risk unit for further review. The review involves a dialogue with the customer to gather as much information as possible and to assess the mitigating measures to be applied.

Corporate & Investment Banking (“CIB”) Leadership is the final decision maker in the event that the analysis concludes that the customer or transaction is high risk and non-compliant.

Grupo Financiero BBVA México has due diligence processes for **customer acceptance, transaction evaluation and internal development of new products**, which ensure the implementation of these standards.







**Principles for Responsible Investments (“PRI”)**

The Principles for Responsible Investments (“PRI”) are a set of actions to incorporate ESG issues into investment practice on a voluntary and aspirational basis. They are based on the premise that a sustainable and economically efficient financial system is a necessity for long-term investor value creation, which in turn will bring benefits to the environment and society as a whole.

The PRIs were launched in 2005 under the leadership of the United Nations, with the support of the main asset managers, seeking to have the capital market incorporate the evaluation of ESG factors into investment decision-making under the term Responsible Investment,

which encompasses not only traditional financial analysis, but also the evaluation of environmental, social and corporate governance factors.

Grupo Financiero BBVA México (through its fund manager BBVA Asset Management) has an investment fund labeled as ESG and classified as equities, whose benchmark is the MSCI Global Markets Index. This fund invests in ETFs (Exchange-Traded Funds) or exchange-traded funds of countries and regions with the ESG label.

The portfolio of Grupo Financiero BBVA México is comprised of only those issuers that are classified

with a C grade, in case they are part of the benchmark, without being able to have an overweighting. 60% of the assets in which they are invested must have the ESG designation in order to be labeled as such.

The fund with ticker symbol “BBVAESG” has assets of MXN 290.23 million, which are invested through ETFs with the ESG label. Additionally, we closed the year with assets of MXN 11,726 million in the BBVA México and S&P Dow Jones Indices ETF MEXTRAC, which, as of 2022, incorporates ESG criteria.



Approach to incorporating ESG factors in investments

The financial management of the investment funds is carried out through BBVA Asset Management México, S.A. de C.V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero BBVA México. The investment process incorporates sustainability criteria, taking into account the specific of the various assets, for example:

Third-Party Funds

The integration of sustainability in the selection and monitoring process of international funds is fundamental in the due diligence process applied to the funds incorporated in the portfolios. To conduct this analysis, BBVA Grupo Financiero BBVA México relies on Quality Funds, a team of experts specialized in the matter.

The result of this analysis is a sustainability rating (A, B or C), and in case of equality of profitability and financial risk, priority will always be given to the fund with the best sustainability rating. The possibility of supplementing this rating with additional information on the instruments in which third-party investment vehicles invest is also being evaluated.

Equity and Corporate Fixed Income

The preparation of an internal rating of the various issuers is the final objective of the investment process for these two classes of asset. The financial analysis of the issuers is complemented by a questionnaire on extra-financial aspects (environmental, social and corporate governance), which are integrated into the investment process.

Government Fixed Income

Specific reports from suppliers specializing in sustainability are integrated with the rest of the financial information and are part of the analysis and selection process.





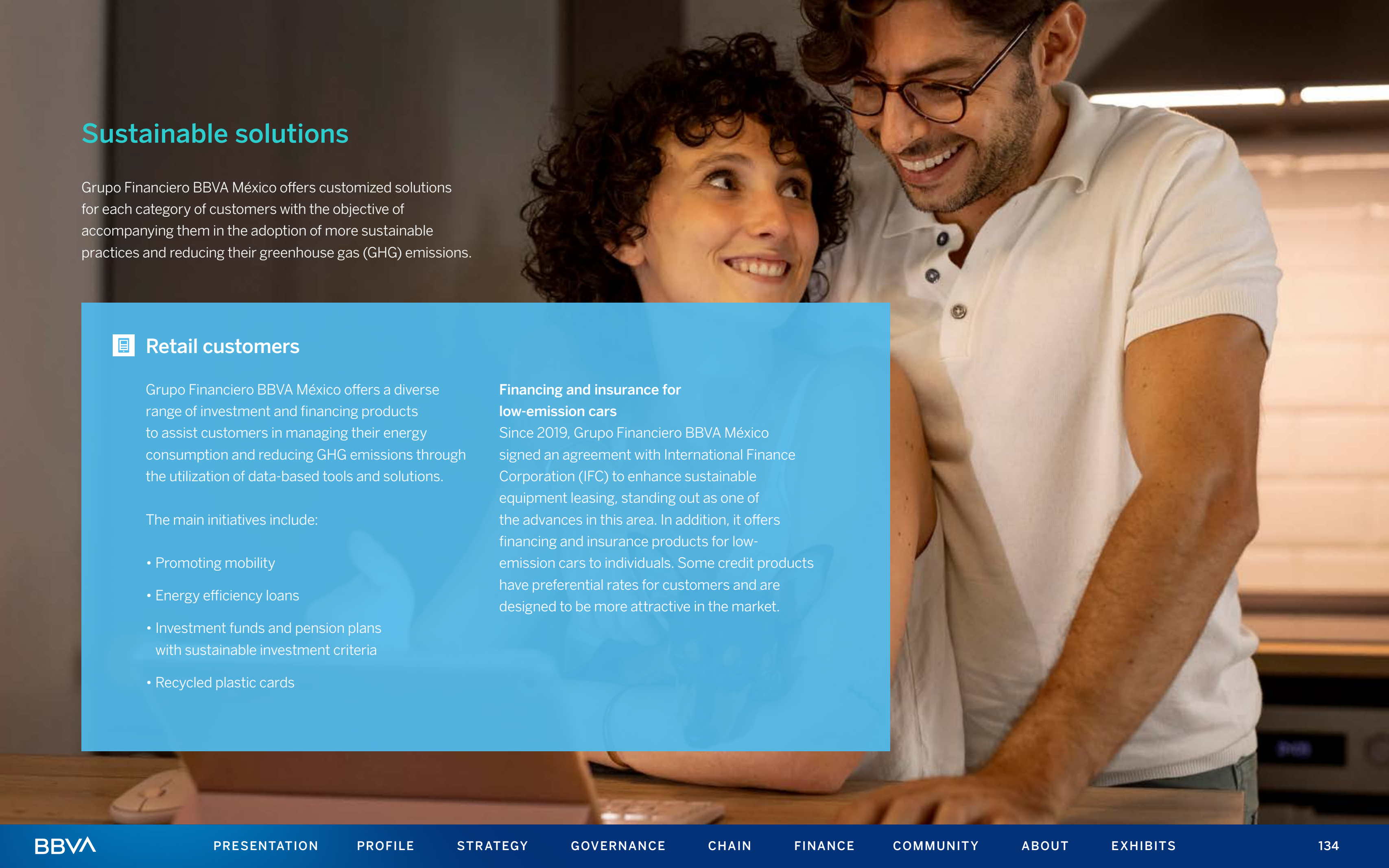
**Policies and procedures for proxy voting  
and collaboration with the investee**

Grupo Financiero BBVA, through the Asset Management area in Mexico, has a procedure that explains when to vote and how to decide the direction of the vote. This active exercise of political rights corresponds to GFBB as participants in the capital of the issuers.

To promote sustainability, collaboration with issuers has been intensified to raise awareness of their commitment and highlight areas for improvement. GFBB, with an equity stake of 2% or more in a company, attends meetings and voting relevant to its investments. When making voting decisions, internal analysis and the opinion of the International Shareholders Service Group (ISS) is considered. In addition, GFBB, together with other members of the Asociación Mexicana de Instituciones Bursátiles (AMIB), signs initiatives to demand greater transparency in ESG factors from companies.







## Sustainable solutions

Grupo Financiero BBVA México offers customized solutions for each category of customers with the objective of accompanying them in the adoption of more sustainable practices and reducing their greenhouse gas (GHG) emissions.

### Retail customers

Grupo Financiero BBVA México offers a diverse range of investment and financing products to assist customers in managing their energy consumption and reducing GHG emissions through the utilization of data-based tools and solutions.

The main initiatives include:

- Promoting mobility
- Energy efficiency loans
- Investment funds and pension plans with sustainable investment criteria
- Recycled plastic cards

### Financing and insurance for low-emission cars

Since 2019, Grupo Financiero BBVA México signed an agreement with International Finance Corporation (IFC) to enhance sustainable equipment leasing, standing out as one of the advances in this area. In addition, it offers financing and insurance products for low-emission cars to individuals. Some credit products have preferential rates for customers and are designed to be more attractive in the market.





## Companies, corporate and institutional clients

Sustainable financing for companies and the creation of new standards and products are being promoted.

The developments in this line of business include:

- Carbon footprint offset loans
- Lease financing solutions used in energy efficient or sustainable mobility assets
- Financing solutions with environmental or social impact metrics
- Agricultural financing offerings for organic food production

Grupo Financiero BBVA México seeks to support its wholesale customers on their path to a more sustainable world by providing them with a wide variety of financing options, including green bonds, letters of credit, green sector project finance, sustainable corporate loans, leasing and efficient transactional banking, among others.

### ESG Advisory

Grupo Financiero BBVA México provides its customers with valuable information on regulation, best practices, challenges and opportunities on the road to sustainability in different sectors, including oil & gas, utilities, auto and infrastructure, as well as cross-cutting issues such as energy efficiency. It also provides an overview of all sustainable products and services available from CIB, both in debt and equity.

To complement this sustainable offering, Grupo Financiero BBVA México offers the ESG Advisory service, a data-driven advisory service that helps its customers meet their sustainability commitments, in line with the Paris Agreement and the United Nations 2030 Agenda. This service facilitates the process of aligning each customer with their sustainability goals, providing them with a customized approach according to their starting point.



## Financial support for farmers

In 2022 Grupo Financiero BBVA México (through its bank BBVA México) and the Consejo Nacional Agropecuario signed an agreement to promote financing for the country's agricultural and agroindustrial activities. In the last five years, Grupo Financiero BBVA México has accumulated a balance of more than MXN 72 billion in financing, is a leader in the sector with a market share of 25.6%, and has a base of 800 borrowers in all agricultural subsectors, with a presence in all the country's states.



# Financing under Equator Principles

Energy, transportation and social services infrastructures, which drive economic development and generate employment, can have an impact on the environment and society. The Grupo Financiero BBVA México’s commitment is to evaluate the financing of these projects in order to reduce and avoid negative impacts and thus enhance their economic, social and environmental value.

All project financing decisions should be based on the profitability adjusted to principles criterion. This means meeting the expectations of stakeholders and the social demand for adaptation to climate change and respect for human rights.

Since 2004, Grupo Financiero BBVA México has adhered to the Equator Principles (hereinafter, EP), which include the standards for environmental and social risk management in project finance, which were developed based on the International Finance Corporation’s Policy and Performance Standards on Social and Environmental Sustainability and the World Bank’s General Guidelines on Environment, Health and Safety.

The analysis of the projects consists of subjecting each transaction to an environmental and social due diligence process, including potential impacts on human rights.

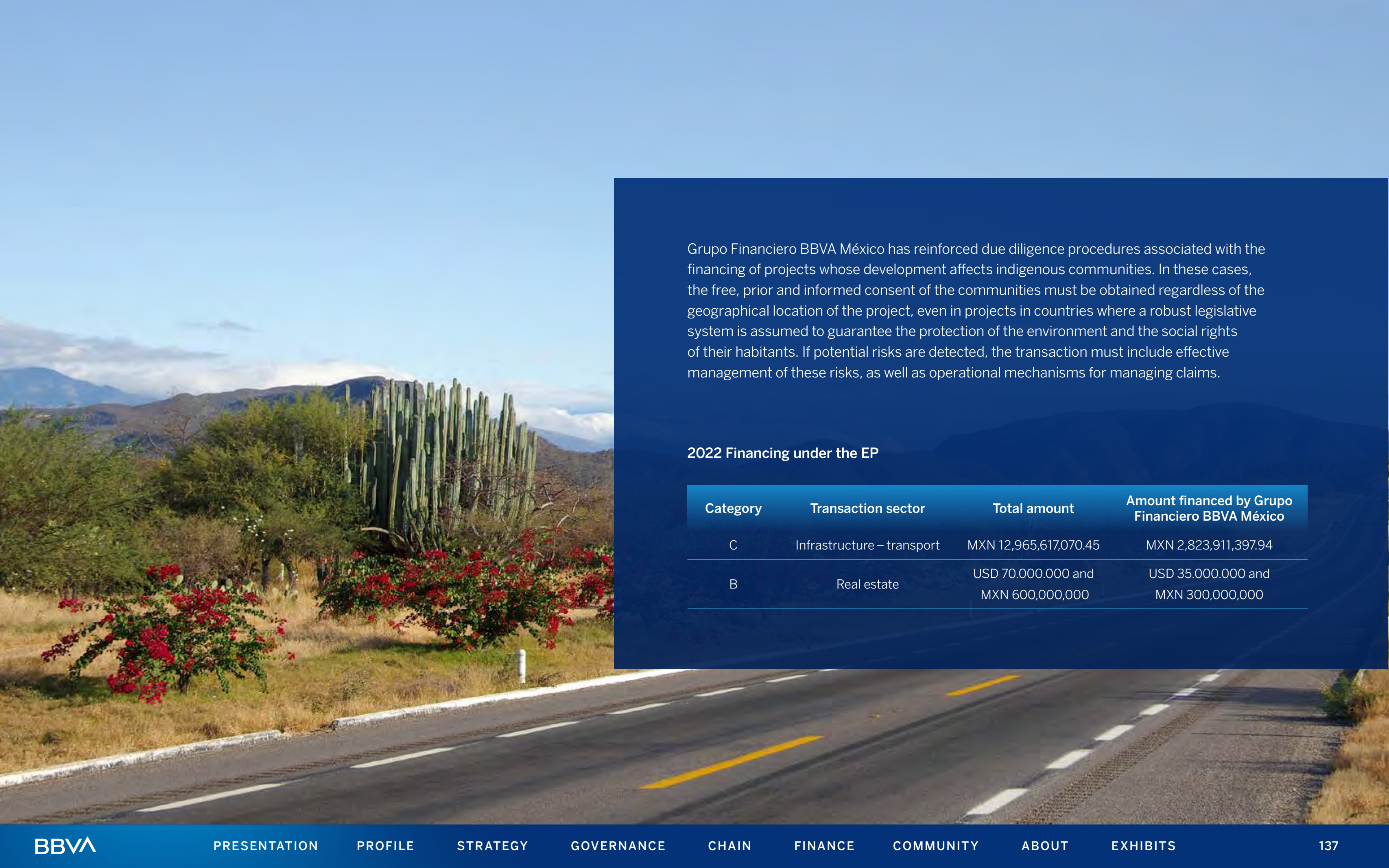
The first step consists of assigning a category (A, B or C) that represents the risk level of the project.

- 1. Category A:** Projects with potentially material adverse social or environmental impacts that are irreversible or unprecedented.
- 2. Category B:** Projects with potentially limited adverse social and environmental impacts that are few, generally site-specific, and largely reversible and easily addressed through mitigation measures.
- 3. Category C:** Projects with minimal or no social or environmental impacts.

The review of the documentation provided by the customer and the independent advisers allows assessing compliance with the requirements established in the EP depending on the category of the project. The financing contracts incorporate the environmental and social obligations of the customer. The application of PEs at Grupo Financiero BBVA México is integrated into the internal processes for structuring, admitting and monitoring transactions.







Grupo Financiero BBVA México has reinforced due diligence procedures associated with the financing of projects whose development affects indigenous communities. In these cases, the free, prior and informed consent of the communities must be obtained regardless of the geographical location of the project, even in projects in countries where a robust legislative system is assumed to guarantee the protection of the environment and the social rights of their habitants. If potential risks are detected, the transaction must include effective management of these risks, as well as operational mechanisms for managing claims.

2022 Financing under the EP

Category	Transaction sector	Total amount	Amount financed by Grupo Financiero BBVA México
C	Infrastructure – transport	MXN 12,965,617,070.45	MXN 2,823,911,397.94
B	Real estate	USD 70.000.000 and MXN 600,000,000	USD 35.000.000 and MXN 300,000,000



# Principles for Responsible Banking

In 2019, Grupo Financiero BBVA México signed the Principles for Responsible Banking (PBR) of the United Nations Environment Programme Finance Initiative (UNEP FI), seeking to increase its participation in sustainable initiatives. The PBRs aim to determine the role and responsibilities of the banking industry in creating a sustainable future based on six commitments:

In compliance with the commitments acquired when joining the initiative, Grupo Financiero BBVA México is currently in the phase of analyzing impacts and determining objectives.

To identify the positive, negative, actual and potential impacts of the products offered by Grupo Financiero BBVA México, a process was carried out to analyze the impact of the portfolio using the UNEP FI Portfolio Impact Analysis Tool. This tool consists of a mapping of quantitative and qualitative data that helps determine the most significant impact areas of Grupo Financiero BBVA México based on the nature, content and geographic scope of the consumer banking and institutional banking portfolios.

## 1. Alignment

Align business strategy with the objectives expressed in the Sustainable Development Goals (SDGs) and the Paris Agreement.

## 2. Impact and target setting

To continuously increase positive impacts, reducing negative impacts and managing risks resulting from the organization's activities, products and services. To this end, objectives will be established and published where the most significant impacts may occur.

## 3. Clients and customers

Working responsibly with customers to develop sustainable practices and generate shared prosperity.

## 4. Stakeholders

Proactively consult, engage and partner with key stakeholders to achieve the organization's objectives.

## 5. Governance and culture

Implement commitments to these principles through governance and responsible banking culture.

## 6. Transparency and accountability

Commitment to transparency, assuming full responsibility for the positive and negative impacts of the organization.



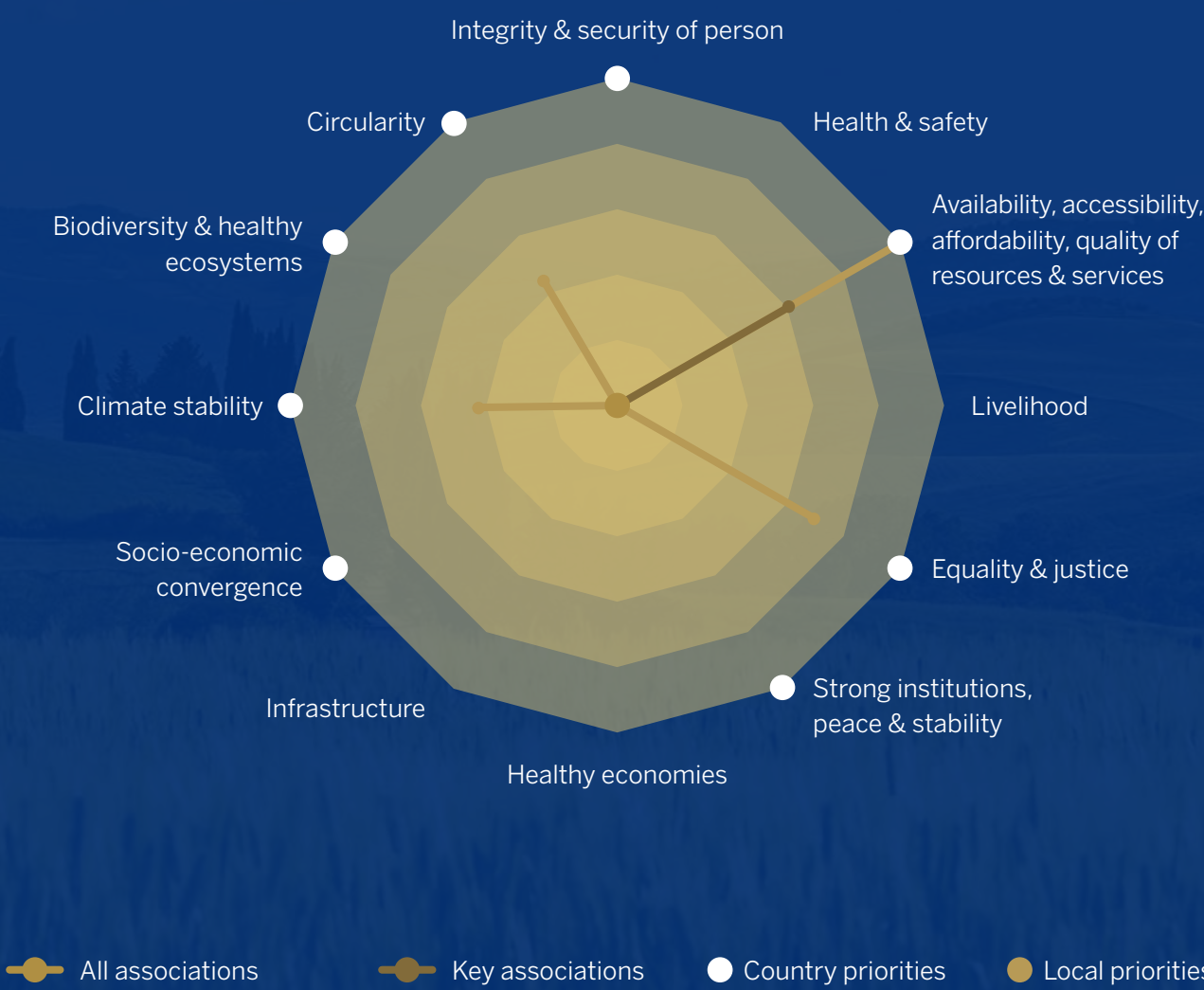


# Consumer banking

## Positive impacts



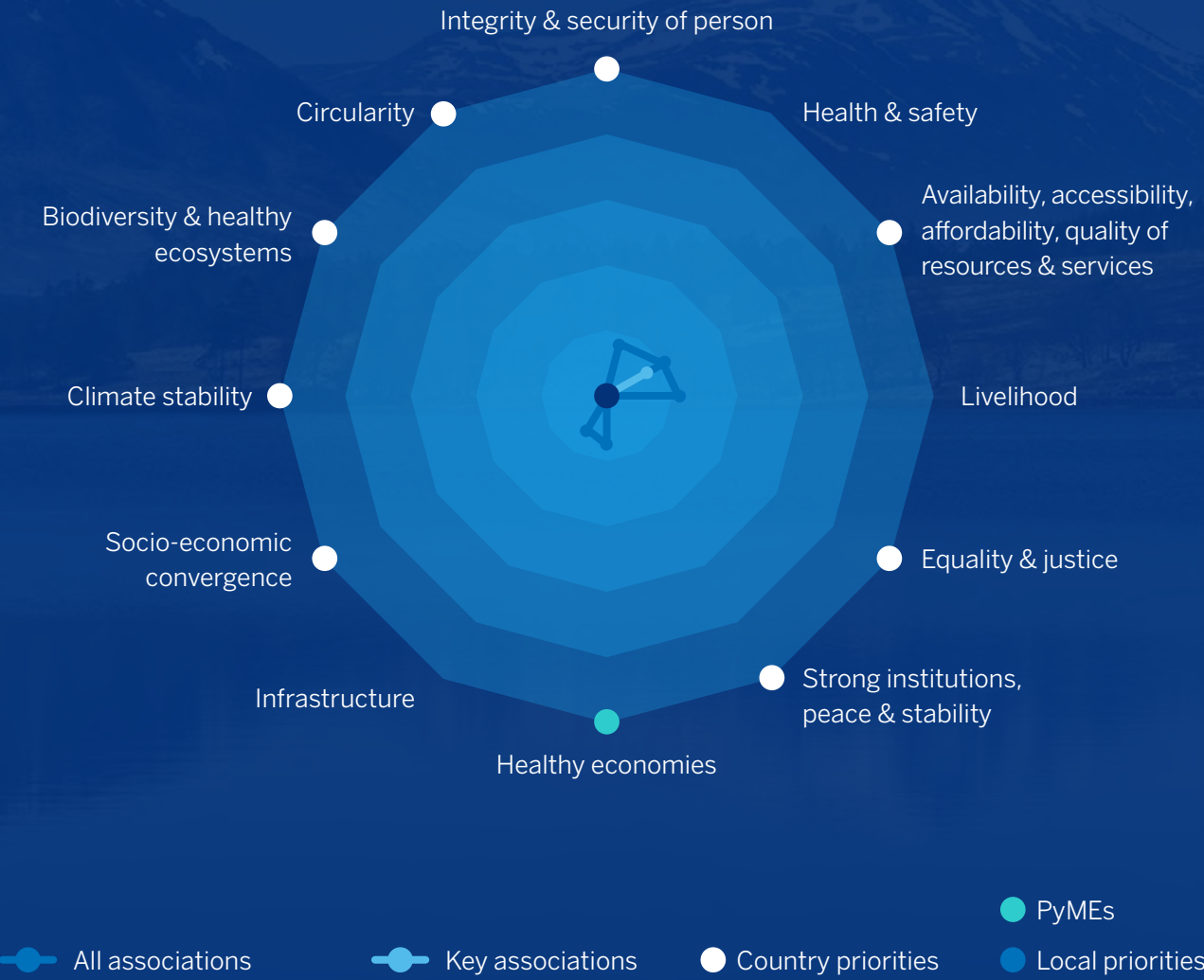
## Negative impacts





# Institutional banking

## Positive impacts



## Negative impacts





# Financial inclusion and entrepreneurship GRI 3-3, FS13 y FS14



One of the main focuses of BBVA México's social investment is to generate access to financial services for Mexican families and promote economic growth, in line with its sustainability strategy.

Through its Financial Inclusion Model, Grupo Financiero BBVA México seeks to make its products and services accessible to all people to help them make informed decisions regarding their financial well-being and raise awareness of the risks and opportunities in the financial market.

The model consists of the following actions:

- To be relevant to the express segment and help them solve their basic cash-related needs, for example: making transfers to unbanked family members who live outside the main urban centers, recharging money on their cell phones, reducing travel time and costs, payment management, etc.
- Bring basic financial services for cash transactions to 1,467 municipalities through more than 36,065 operating establishments.
- Facilitate the management of cash flows through digital tools in order to reduce the use of cash and promote financial formality in the country.



# 2022 Results

## 2022 BBVA Momentum

BBVA Momentum is an acceleration program for social and environmental entrepreneurs aimed to promoting companies and entrepreneurs that offer solutions to social and environmental problems in an innovative and sustainable manner.

This year the program was carried out in a hybrid format, taking advantage of the lessons learned from previous years in order to have the participation of more entrepreneurs outside Mexico City, but seeking to have face-to-face sessions to achieve a closer coexistence.

In this tenth edition, 400 companies were impacted thanks to the Vive tu Momentum event, presented virtually from the BBVA Tower, where an Impact Measurement workshop was provided. There was also a Spotlight Event with Rodrigo Villar, founding partner of New Ventures, and Marcus Dantus, founder and CEO of Startup México to share their perspective on the current context of entrepreneurship in Mexico and provide recommendations for entrepreneurs. This brings to 1,000 the number of entrepreneurs impacted by the program in the 10 years it has been in effect.

In 2022, **BBVA Momentum supported 100 companies with social and/or environmental impact** through training, acceleration, support and financing under preferential conditions.

The **first stage** of the program was conducted under a mainly virtual format and included workshops, group and individual mentoring with experts from the New Ventures network, an online course with the Instituto de Desarrollo Empresarial (IDEA) of Universidad Anáhuac and a Pitch session with feedback.

In the **second stage**, the 20 entrepreneurs with the best scores were selected and participated in a week of specialized acceleration taught by EGADE. Finalists presented their pitch at the Social Investment Day.

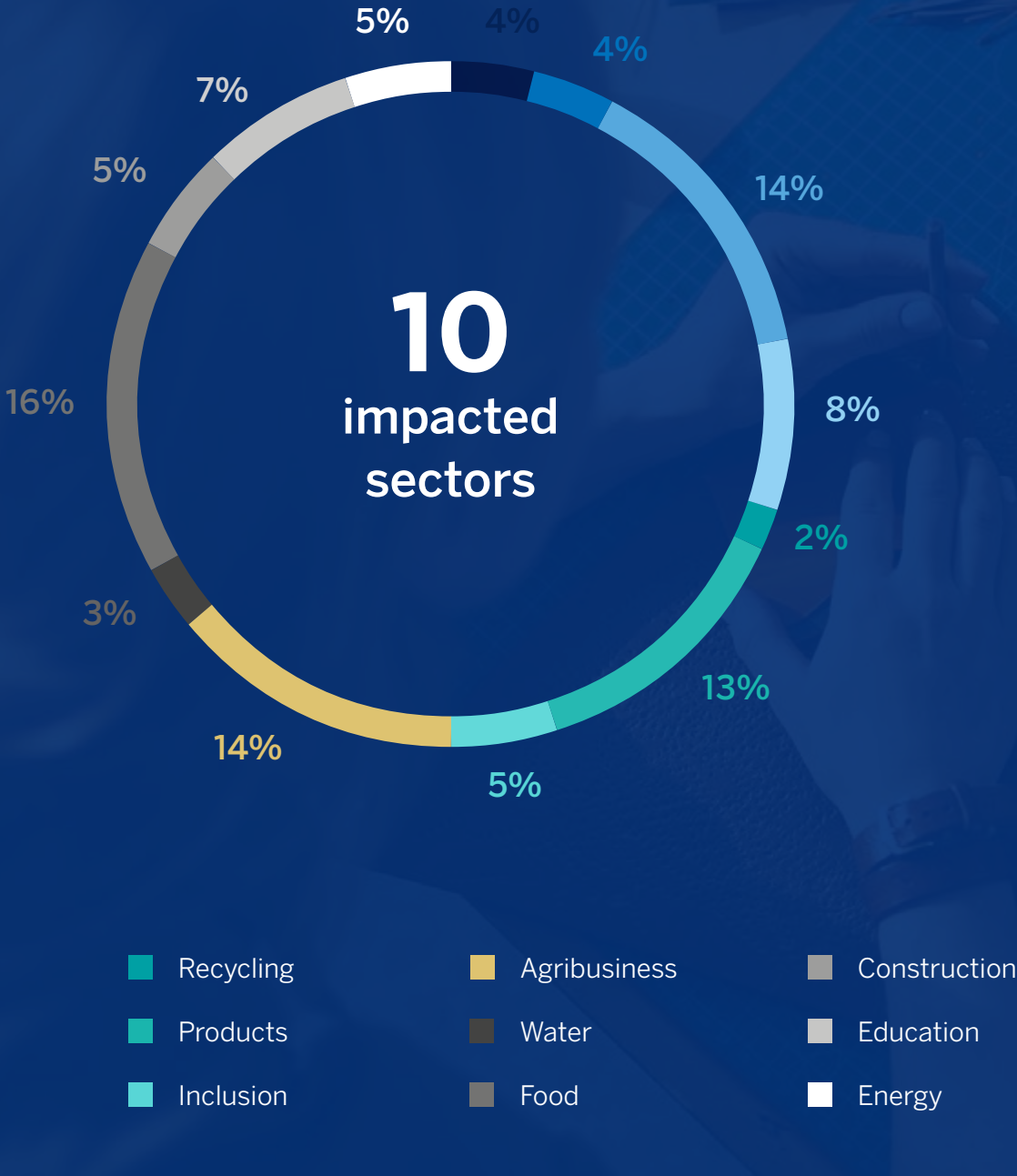
For the third consecutive year, Momentum Day was held and this year the invitation was extended to entrepreneurs of the 10 generations of BBVA Momentum, with the intention of creating a community and commemorating the 10 years of the program.



**BBVA Momentum** is the largest acceleration program for social and environmental entrepreneurs in Mexico.



2022 Results



Geographic location of the companies



Participants by gender







## BBVA Female Entrepreneurs

### Victoria 147

Grupo Financiero BBVA México and Victoria 147 joined forces to improve the personal and business financial health of women entrepreneurs and businesswomen. Through this alliance, knowledge, financial tools and digital capabilities are provided to help women entrepreneurs improve their businesses and ventures. In addition, this alliance seeks to position Grupo Financiero BBVA México as a reliable financial ally and promote financial education as a key success factor for women entrepreneurs.

**48,181**  
women entrepreneurs  
were trained in 2022.