

This basically impacts *responsible financing of projects*

Bankia adopts the ‘Equator Principles’ to reinforce its social and environmental commitment

- The bank has adopted the Equator Principles as a tool for the management, evaluation and monitoring of risks in the responsible financing of projects
- The Equator Principles are the international frame of reference for financial institutions in the development of procedures and practices that contribute to a better management of environmental and social risks
- As well as *project finance* operations, the ‘Equator Principles’ impact activities such as project finance advisory services, project finance, project-related corporate loans, and bridge loans
- Bankia’s social and environmental commitment is part of the its responsible management model

Madrid, 31/07/2018. To strengthen its social and environmental commitment, Bankia has adopted the ‘Equator Principles’. They are a globally-recognized benchmark for the financial industry to establish, evaluate and manage the environmental and social risks derivatives of the financing of projects.

Institutions make a public commitment to implementing the EPs in their policies and procedures, contributing to better environmental and social management in the company.

They also commit to establishing a reference framework for taking financing decisions by for determining, assessing and managing significant environmental and social risk in projects.

By adopting the Equator Principle, Bankia has a tool for the management, evaluation and monitoring of risks in the responsible financing of projects.



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In late 2017, Bankia created the the Special Projects Admission Directorate for the centralization of the admission analysis and monitoring of operations segmented as 'special financing', aimed to unify both credit and social and environmental criteria. The objective is to unify credit, social and environmental criteria for this type of operations.

The Equator Principles are applied to expansion or upgrade of new or existing projects for activities such as *project finance* advisory services, project finance, project-related corporate loans and bridge loans.

Responsible management model

They are part of the bank's responsible management model, which goes beyond the mere achievement of economic results. "Bankia understands that the sustainability of any business project is not supported by results alone, but by how they are obtained", said David Menéndez, Director of Reputation and Corporate Social Responsibility at Bankia.

The entity's commitment to Society is one of the pillars of the Bankia management model, which encompasses "continuing to work for the sustainability of our environment, both through the optimisation of our consumption and through the development of banking products and the financing of projects that contribute to environmental goals", said Menéndez.

As well as this initiative, Bankia also markets several products with social and environmental goals.

The first of these products launched by the bank was the Sustainable Fund, a global, variable investment fund with a recently-defined socially responsible investment strategy called 'impact investment', which seeks financial profitability and measurable positive social and environmental impact.

The second product focuses on the advantages of acquiring consumer products that foster energy efficiency, the fight against climate change, and sustainable growth.

The loan, marketed as the Crédito Sostenible (Sustainable Credit), is aimed at individuals and self-employed persons to buy eco-friendly vehicles, new, low-



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consumption electrical appliances, efficient machinery or home and premises renovations that involve energy saving.

The product, with a TIN of 4.75% has no set-up fee and repayment periods of up to eight years for loans of up to 60,000 euro.

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Annex

The Equator principles:

1. Review and Categorisation. When a Project is proposed for financing, it must be categorised based on the magnitude of its potential environmental and social risks and impacts.
 - Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.
 - Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and
 - Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.
2. Environmental and Social Assessment. For all Category A and Category B Projects, the client must conduct an assessment to address the relevant environmental and social risks and impacts of the proposed project.
3. Applicable Environmental and Social Standards. The Assessment process should address compliance with relevant host country laws, regulations and permits that pertain to environmental and social issues.
4. Environmental and Social Management System and Equator Principles Action Plan. For all Category A and Category B Projects, the client must develop or maintain an Environmental and Social Management System.
5. Stakeholder Engagement. For all Category A and Category B Projects, the client must demonstrate effective Stakeholder Engagement as an ongoing process in a structured and culturally appropriate manner with affected Communities.



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6. Grievance Mechanism. For all Category A and, as appropriate, Category B Projects, the client, must establish a grievance mechanism designed to receive and facilitate resolution of concerns and grievances about the Project's environmental and social performance.
7. Independent Review. For all Category A and Category B Projects, an Independent Environmental and Social Consultant, not directly associated with the client, will carry out an Independent Review.
8. Covenants. An important strength of the Equator Principles is the incorporation of covenants linked to compliance.
9. Independent Monitoring and Reporting. After Financial Close and over the life of the loan, all Category A and, as appropriate, Category B Projects, require the appointment of an Independent Environmental and Social Consultant to verify its monitoring information.
10. Reporting and Transparency. For all Category A and, as appropriate, Category B Projects, the client will ensure that, at a minimum, a summary of the ESIA is accessible and available online. The client will publicly report GHG emission levels for Projects emitting over 100,000 tonnes of CO2 equivalent annually.



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