

# 06.3

## POLICY ON THE FINANCING OF CONTROVERSIAL ACTIVITIES.

BANKIA'S COMMITMENT TO INTERNATIONAL BEST PRACTICES INCLUDES AVOIDING THE FINANCING OF CONTROVERSIAL ACTIVITIES, WHICH IS SUBJECT TO SEVERE RESTRICTIONS. THE BEST PROOF OF THAT COMMITMENT IS THE FACT THAT IN 2016 NO PROPOSED TRANSACTIONS THAT CONFLICTED WITH THE BANK'S POLICY WERE DETECTED.

One of Bankia's fundamental goals is to set criteria that will promote good banking practice. To do that, the bank defines specific policies for sectors and activities that are potentially sensitive on account of their social implications, such as investment in or financing of certain weapons companies or organisations implicated in the violation of human rights or any activity that may entail a violation of the fundamental rights of the individual.

As regards the arms industry, the policy requires that proposed transactions relating to controversial weapons (antipersonnel mines, scatter ammunition and biological or chemical weapons) be rejected. The financing of projects for countries at war or subject to a UN embargo is also prohibited.

Bankia's commitment also obliges it to refuse to finance transactions with companies that have been proven to violate human rights in areas such as employment conditions, freedom of association, safety at work and

equality. Isolated events are not sufficient proof of failure to respect fundamental rights.

Similar restrictions are adopted in the case of illegal activities such as money laundering, terrorist financing, tax evasion, fraud and corruption.

In 2016 Bankia detected no transactions that conflict with these policies, which suggests that any potentially compromised project is rejected before it enters the formal credit decision process.