

05.3 ENVIRONMENT.

BANKIA IS AWARE OF THE IMPACT ITS ACTIVITY HAS ON THE NATURAL ENVIRONMENT AND HAS FOR MANY YEARS BEEN TAKING STEPS TO MINIMISE THAT IMPACT, AS PART OF THE FIGHT AGAINST CLIMATE CHANGE AND IN LINE WITH ITS STAKEHOLDERS' EXPECTATIONS.

Since the new ISO 14001 standard was published in September 2015, Bankia has concentrated its efforts on reviewing and analysing its internal environmental management procedures to adapt them to the new standard. These efforts have resulted in new work procedures, approved in 2016, oriented towards a more holistic approach to environmental management, taking the context and the needs and expectations of the bank's stakeholders into account.

ENERGY EFFICIENCY

Efficiency is one of the levers to help reduce emissions and so combat climate change. During 2016, in line with the 2015-2019 Energy Efficiency Plan, the bank continued to implement energy telemanagement

systems, which at year-end were in place in 121 branches. In the commercial network 299 air conditioners were replaced with more efficient models. Added to the 186 replaced in 2015, this brings the total to 485. In addition, an energy telemanagement system was implemented in the company's headquarters building in Valencia

Once again, Bankia renewed its commitment to ensure that 100% of the electricity consumed in all its facilities comes from renewable sources. It was the first Spanish financial institutions to start using 100% green energy in 2013. The Valencia headquarters also has a system for capturing solar photovoltaic energy. In 2016 the bank joined RE100, an initiative that groups together at international level the companies that are most committed to renewable energy use, with clearly defined and publicly stated energy use targets.

Last year the bank completed an ambitious comprehensive audit project to determine



the energy situation of its work centres and their scope for energy savings, with a view to improving their energy efficiency and reducing their greenhouse gas emissions. The audit covered all the buildings and energy-intensive facilities and more than 1,195 branches. The results are helping to define new measures, having regard to their economic, energy and environmental return.

OTHER CONSUMPTION

In 2016 a project was started to resize and replace obsolete printers, aiming to achieve significant cost savings through reductions in consumption. The project included measures such as monitoring the printers using special software, programming the printers for double-sided printing by default and limiting the use of colour printers.

As regards water, the work on installing water-saving systems in the bank's branches and buildings was completed. These systems helped the bank meet and surpass its water-saving target, reaching a saving of 12.8%.

The bank's operating headquarters in Madrid were subjected to a special treatment, with the implementation of the Workin'Bankia project, aimed at optimising and modernising spaces. When the project is complete, Torre Bankia will be a more sustainable building in

ENVIRONMENTAL INVESTMENT IN MILLIONS OF EUROS

10.92

terms of water consumption (with a more than 75% saving from new taps), energy savings in air conditioning and lighting (between 1.5 and 2 GWh) and sustainable furniture, with most items having FSC certifications and environmental product statements.

TACKLING CLIMATE CHANGE

Bankia offset 100% of the CO2 emissions generated by the activity carried out in its operations centre in Madrid at Paseo de la Castellana, 189 (offset of scope 1, 2 and 3 emissions, a total of 524 tn)*.

* Note: Scope 3 emissions include emissions arising from consumption of water, consumption of paper and toner, and from waste (paper, packaging, glass, toner cartridges, batteries and vegetable oil).

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CONSUMPTION OF MATERIALS ¹	2016	2015	2014	UNITS
Total paper consumption (DIN A4)	652.94	743.13	658.90	Tonnes
Total consumption of recycled paper (DIN A4) ³	651.39	741.50	657.60	Tonnes
Total consumption of white paper made from virgin pulp with a low environmental impact (DIN A4) ²	1.55	1.63	1.30	Tonnes
Total consumption of paper rolls	100.00	100.00	100.00	Percentage
% consumption of paper made from ECF virgin pulp (DIN4)	472.10	689.80	608.14	Tonnes
% paper used that is recycled (DIN A4)	99.76	99.78	99.80	Percentage
Total consumption of toner cartridges	15,057	14,575	13,328	Units
% of toner cartridges used that are recycled	88.38	99.82	99.70	Percentage

1 Data for Bankia, S.A.

2 Paper supplied by manufacturers with FSC and PEFC certifications, which guarantee that the materials used come from sustainably-managed forests.

3 The recycled paper has the following guarantees: European Ecological Label, Ángel Azul and CradletoCradle (Silver).

This offsetting has been achieved through the direct purchase of tonnes of CO₂ available in the national REFO-RESTA CO₂ project (Phases II, III and IV), which is registered in the “Carbon Footprint Offsetting and Absorption Projects”, dependent on the Ministry of Agriculture, Fisheries, Food and the Environment.

Thanks to the REFO-RESTA CO₂ project (Phases II, III and IV), an area of degraded land, stripped of vegetation, in the municipalities of Lerma and Santa María del Castillo (Burgos) is in the process of being recovered. The new woodland acts as an important CO₂ sink, while also helping to mitigate the risk of desertification and enhance biodiversity. The project also has

an important social dimension, as it is carried out by local experts, fostering local employment and rural development and ensuring proper forest maintenance.

Sustainable mobility has positive environmental and economic effects. For that reason, the bank has for a long time used conference calls in its work centres to allow meetings to be held remotely. In 2016 greater emphasis was given conference calls as a means of avoiding travel by car, train or aeroplane. During 2016 these services received 5,042 requests and had 87,773 participants. All employees were given simple advice on how to reduce their CO₂ emissions when they have no other option but to use a vehicle.

Each year, Bankia responds to the climate change questionnaire prepared by CDP, which evaluates the bank's climate change strategy and management. The score obtained in 2016 was A- (the maximum score is A), which according to CDP's criteria puts Bankia at leadership level.

CDP is an international NGO that provides the only global system that allows companies to report their environmental impacts and the measures they have taken to reduce them. Its assessments are used as a decision-making tool by 827 institutional investor signatories with a combined US\$ 100 trillion in assets.

ENERGY AND WATER CONSUMPTION ¹	2016	2015	2014	UNITS
Total primary energy consumption	14,874	16,182	16,794	Gigajoules
Total natural gas consumption	10,841	12,644	11,674	Gigajoules
Total liquid fuel (oil and petrol) consumption	4,033	3,538	5,120	Gigajoules
Total electricity consumption ²	326,127	379,638	369,051	Gigajoules
Total water consumption ³	244,516	280,446	305,516	Cubic metres

1 Data for Bankia, S.A.

2 Figure for total electricity consumption. 100% of the electricity acquired was generated by renewable energy sources (green energy).

3 Total water supplied by mains networks. Buildings: Las Rozas, Pº Castellana, 189 and Pº Castellana, 259-A, in Madrid: consumption estimated using bills.

EMISSIONS ¹ (TONNES)	2016	2015	2014
TOTAL SCOPE 1 EMISSIONS^{2,3} (REF. GRI)	3,743.5	3,632.3	3,348.1
Direct CO ₂ e emissions from natural gas consumption	616.6	717.9	662.8
Direct CO ₂ e emissions from fuel consumption	316.8	274.0	346.5
Direct CO ₂ e emissions from refrigerant gas recharging	2,810.1	2,640.4	2,338.8
TOTAL SCOPE 2 EMISSIONS	0	0	0
Indirect CO ₂ e emissions from electricity consumption ⁴	0	0	0
TOTAL SCOPE 3 EMISSIONS²	4,571.6	5,004.9	4,752.6
Indirect CO ₂ e emissions from business trips ⁵	3,071.6	3,315.0	3,281.0
Indirect CO ₂ e emissions from commutes (Ofibus shuttle service)	294.4	325.0	249.1
Indirect CO ₂ e emissions from commutes (shared transport)	8.2	9.2	9.2
Indirect CO ₂ e emissions from consumption of paper (DIN A4) and printer cartridges	1,087.1	1,227.1	1,089.0
Indirect CO ₂ e emissions from water consumption	84.1	96.5	105.1
Indirect CO ₂ e emissions from waste management	26.2	32.1	19.2
OTHER EMISSIONS⁶			
CO emissions	0.19	0.21	0.21
NO _x emissions	1.41	1.55	1.53

1 Data for Bankia, S.A.

2 Sources of emissions factors used: IPCC 2006/2013, CORINAIR 2007, U.S. EPA, Spain – GHG Inventory Report 1990-2014 (2016), DEFRA 2016, Guide for calculating GHG emissions (2016) - Catalan Office for Climate Change, Environmental Paper Network (2012) and Carbon Impact Studies: Toner Refills at Cartridge world - Comparative Carbon Footprints (2008).

3 Global warming potentials for 100 years published in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) (2013) have been considered.

4 100% of the electricity acquired was generated by renewable energy sources (green energy). This has prevented the mission of 36,236.4 tonnes of CO₂. Source: Electricity Labelling and Source Guarantee System (2015). National Markets and Competition Commission.

5 The emissions relating to business trips made by employees by plane, train and leased fleet vehicles were also included, as well as the emissions related to the mileage travelled by employees in their own vehicles, for work purposes. Widened in 2015 to include staff business trips by coach and boat.

6 Source: CORINAIR 2007.

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WASTE MANAGEMENT

Consistent with the internal waste prevention strategy and aiming to avoid waste generation wherever possible, since 2013 the bank has been running campaigns to donate furniture and electrical and electronic equipment to a wide range of not-for-profit entities devoted to social causes and to schools. Such donations represent a major contribution to these entities' social activities

and avoids having these items sent to landfill. Over the last four years a total of 287 donations have been made.

In 2016 the bank started a project to recycle the writing materials (ballpoints, markers, etc.) used in the branches. Since October all employees and their families can send these materials by internal mail to the Las Rozas building, where they are delivered to Terracycle for recycling. The plastic and metal parts are thus given a second life by being fed back into the economy as raw materials for items such as street furniture.

WASTE ¹ (TONNES)	2016	2015	2014
NON-HAZARDOUS WASTE SENT FOR REUSE OR RECYCLING	1,246.17	1,522.45	895.33
Paper waste ²	688.99	683.06	812.20
Electronic waste ³	498.32	785.84	38.90
Toner waste	38.39	37.16	33.90
Battery waste	0.21	0.25	0.14
Packaging waste	19.75	15.06	9.41
Glass waste	0.46	1.06	0.74
Vegetable oil waste	0.05	0.02	0.04
NON-HAZARDOUS WASTE SENT TO LANDFILL	0.06	2.10	11
Portable electronic device waste	0.06	2.04	10.6
Card waste	-	0.06	0.4
HAZARDOUS WASTE GENERATED	0.68	0.77	0.65
Hazardous waste handled by an authorised waste management company and recycled	0.65	0.76	0.32
Hazardous waste handled by an authorised waste management company and sent to secure landfill	0.03	0.01	0.33

1 Data for Bankia, S.A.

2 In 2016, Bankia undertook several extraordinary, one-time projects that entailed the generation of 269.9 t of paper, which was sent to be recycled.

3 In 2016, Bankia undertook several extraordinary, one-time projects that entailed the generation of 18,5 t of electronic waste, which was sent to be recycled.



TONNES OF CO₂ AVOIDED
BY SOURCING ELECTRICITY
FROM RENEWABLE SOURCES

36,236.4 tn

ENVIRONMENTAL AWARENESS RAISING

With the aim of spreading the environmental culture among the bank's professionals, in 2016 the Individual Training Plan of 9,845 employees included an online course on Environmental Management, which entailed a total of 3,954 hours of training.

Efforts are made to encourage employee involvement by publicising environmental news and good practices and creating internal forums. Important environmental events are announced internally and externally through the Bankia Blog.

Environmental content was prepared for the corporate portal bankia.com for two purposes: to communicate Bankia's environmental commitment and objectives and the action taken to achieve them, and to raise environmental awareness among the bank's professionals and among stakeholders.

To foster collaboration with those of its suppliers whose activity has the greatest environmental impact, Bankia continues to offer one-day training and awareness events, at which it provides basic information about environmental regulations, environmental management and good practices. These events are also an open forum for dialogue aimed at continuous improvement, making

NUMBER OF EMPLOYEES
WHO RECEIVED
ENVIRONMENTAL
AWARENESS TRAINING

2,686

Bankia a more sustainable and more committed organisation.

The Bankia Voluntarios portal fosters environmentally responsible behaviour and offers employees and their families an opportunity to take part in social and environmental activities, such as reforestation, biodiversity conservation and organic agriculture projects, including the La Huerta project run by Fundación Juan XXIII Roncalli, a leading centre for the integration of people with intellectual disabilities.

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SUPPLIER
ASSESSMENT

In the course of the assessment process, suppliers must answer specific questions about their environmental management and demonstrate an awareness of the environmental principles that must govern their relationship with Bankia; they also receive information about good environmental practices.

The suppliers with the greatest environmental impact have the possibility of participating in training actions aimed at generating a dynamic of improvement that will make Bankia a steadily more sustainable and more environmentally committed organisation.

A FOUR-YEAR
HORIZON

Bankia is working on the design of an environmental plan for the bank as a whole, including specific targets for eco-efficiency, climate change, certified environmental management, employee environmental training and collaboration with suppliers. Over a four-year horizon (2017-2020), the plan sets ambitious but realistic targets, while at the same time tracing the path to be followed in order for Bankia, as a company, to contribute to the achievement of one of the global targets for the 21st century: carbon neutrality by 2050.



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Strategic lines

For Bankia's future Eco-Efficiency and Climate Change Plan.



19%

Target for reduction in energy consumption

by 2019.



5%

Reduction in water consumption

in 2020.



BANKIA is working on the design of an environmental plan for the bank as a whole, including specific targets for eco-efficiency, climate change, certified environmental management, employee environmental training and collaboration with suppliers.

The bank's future Eco-Efficiency and Climate Change Plan will be structured based on various lines of strategy, each of which will be oriented to the achievement of specific qualitative and quantitative targets:

- Increase in the number of Bankia's emblematic buildings with a certified environmental management system.
- Reduction of CO₂ emissions and offsetting of unavoidable emissions.
- Reduction of energy consumption (19%), water consumption (5%) and paper and toner consumption (5%) in 2019.
- Search for new alternatives to the main types of waste generated in the context of the circular economy and change of model in waste management, considering waste as a type of raw material.
- Promotion of respect for the environment and transition towards a low-carbon economy, affecting the purchases and supplies that entail the greatest environmental risk and impact.
- Extension of a culture of environmental commitment to the entire organisation through training and awareness raising.

The group will review this plan each year to adapt it as necessary to the organisational context, any new environmental challenges or opportunities that may arise and the latest technological advances. Within the framework

of the plan, Bankia has set itself a series of objectives for 2017:

- Renew the environmental certification of the Valencia headquarters, the operating headquarters in Madrid and the Las Rozas building in accordance with the new ISO 14001:2015 standards.
- Register the bank's carbon footprint at the Ministry of Agriculture, Fisheries, Food and the Environment and obtain the Ministry's seal ("Calculo, Reduzco y Compenso").
- Source 100% of electricity from renewable sources.
- Offset CO₂ emissions through direct purchase of tonnes of CO₂ or through collaboration in offsetting projects.
- Design and implement a corporate app: a calculator for measuring a household's carbon footprint.