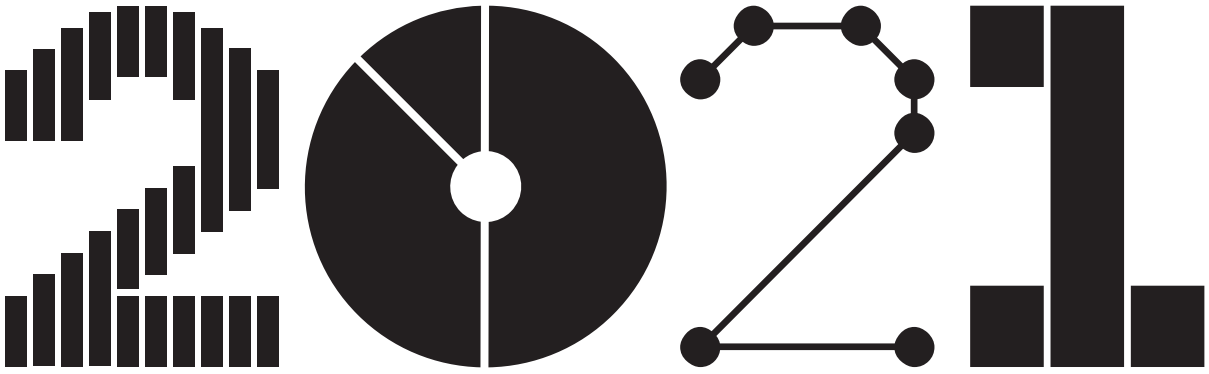
Banco Sabadell Non-Financial Diclosures Report for the year ending



31 December 2021

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Banco Sabadell through its Sustainable Commitment reinforces its ESG roadmap.[1]

The Entity keeps commitments and alliances with main reference bodies in the ESG area:

Confirmation of the Collective Commitment to Climate Action

FINANCE UNEP INITIATIVE · CDP DISCLOSURE INSIGHT ACTION · EQUATOR PRINCIPLES · Pacto Mundial Red Española · OBJETIVOS DE DESARROLLO SOSTENIBLE · TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

In 2021 commitments were established to reduce the Group's carbon footprint:

UN Environment Programme Net-Zero Banking Alliance · GOBIERNO DE ESPAÑA · MINISTERIO PARA LA TRANSICIÓN ECOLÓGICA Y EL RETO DEMOGRÁFICO

In 2021 the Bank aligned the governance framework to the new sustainability context: the creation of the Strategy and Sustainability Committee which answers to the Chief Executive Officer's Sustainability Division.

Main milestones

Sustainable finance

- **>3,500 M€** in Sustainable Finance
- **>3,400 M€** in Social Finance
- Issue of the third green bond for **€500M** (total of €1,120M in two years)

Gender diversity

44.3% **55.7%**

- **4th consecutive year** reducing gender wage gap
- **Increase of +3.5 points** of percentage of women in senior management positions

Commitment to society

- Sogesivo manages >2,400 social and affordable rentals
- >1,200 volunteers in social causes promoted by the Bank[2]

Commitment to the environment

- Commitment to reduce own emissions by 36%[3] in 2025
- Neutrality objective in emissions financed in 2050

1 ESG, Environmental, Social and Governance.

2 In Spain.

3 With respect to 2019 in Spain.

1. Introduction

The Non-Financial Disclosures Report[1] for Banco de Sabadell, S.A. (hereinafter, "Banco Sabadell", "the Bank" or "the Institution"), which includes information on a consolidated and individual basis of Banco Sabadell Group (hereinafter, "the Group"), is set out below.

Banco Sabadell Group's banking business operates under the following brands:

— Banco Sabadell is the Group's main brand. This is the leading brand in the Spanish market providing services to individuals and corporates.
— TSB is the Group's leading brand in the United Kingdom. It became part of the Group in 2015 to provide greater competitiveness and serve an increasing number of customer needs, thus improving the banking experience in this country.
— Banco Sabadell Mexico is the brand under which the Bank operates in Mexico, where the Group opened its first representative office in 1991.

Furthermore, Banco Sabadell Group carries out part of its social action through Sogeviso, a subsidiary dedicated to managing some of the complexities of social housing, and the Banco Sabadell Private Foundation, whose mission is to promote outreach, training and research activities in the educational, scientific and cultural fields, and to foster and support young talent.

Information on the company, its business model, organisation, markets, objectives and strategies, as well as the main factors and trends which may impact on the Group's business performance, is described in the Consolidated Directors' Report.

The scope of the Non-Financial Disclosures Report is the entire Banco Sabadell Group. When the scope of the reported information does not cover the entire scope, this is specifically indicated.

This report has been developed complying with the general provisions published in Law 11/2018, of 28 December, and information relating to taxonomically eligible exposures in compliance with the Taxonomy Regulation (EU Regulation 2020/852), which came into effect in January 2022. In addition, the non-binding guidelines published by the European Commission on its Guidelines on Non-Financial Reporting (2017/C 215/01) are considered, as well as its supplementary document on climate change related information (2019/C 209/01) and the Global Reporting Initiative (GRI) reference framework[2]. This report has been prepared in accordance with the core option of the GRI Standards.

The main updates include:

— The preliminary material topics identified in 2019 have been updated, in accordance with the GRI methodology, and a double-materiality approach of the most significant aspects is provided.
— A section on the commitment to sustainability has been added to describe how the vision communicated in previous years is being realised in specific commitments.
— A new approach on climate and environmental commitment is detailed, in which the corresponding strategy is laid down.

Furthermore, this report seeks to specify the actions carried out and the progress made in accordance with the disclosure standards established by:

— Principles for Responsible Banking
— Task Force on Climate-Related Financial Disclosures (TCFD)

This report may refer to or include full or partial data or information contained in other Group reports.

1. Part of the Consolidated Directors' Report for 2021.
2. These requirements are listed in Annex 2 - Table of contents Law 11/2018.

2. Governance

Both the governance system and the organisation of the Bank's different decision-making levels are in a continuous process of improvement and adaptation to the needs that are being created in the new sustainability environment.

The Board of Directors submitted to the Annual General Meeting a proposal to modify certain aspects of the Articles of Association which was approved on 26 March 2021, and which entailed, among other things, the creation of a Strategy and Sustainability Committee that enables the Board to enhance the monitoring of the Strategic Plan, as well as prioritise and promote sustainability and the commitment to ESG (environmental, social and governance) aspects.

Board of Directors

The Board of Directors of Banco Sabadell is the highest decision-making body and is basically configured as an instrument of supervision and control, delegating the management of the Institution's regular businesses to the executive bodies and the management team. To ensure better and more diligent performance of its general supervisory duties, the Board is directly responsible for approval of the Institution's general strategies. It also approves the Bank's policies, and is therefore responsible for establishing principles, commitments and objectives in the area of sustainability, as well as their integration into the Institution's strategy.

Sustainability gained relevance during 2021 within the mission and strategy of Banco Sabadell's business. When defining the general strategy, the objectives of the business and the Institution's risk management framework, the Board of Directors takes into account environmental and climate risks, and monitors these risks effectively.

In July 2021, the Board of Directors updated the Sustainability Policy, which aims to provide a framework for all of the Institution's activities and organisation within ESG parameters, which incorporate environmental, social and governance factors in decision-making and, at the same time, based on those parameters, to respond to the needs and concerns of all of its stakeholders. The Sustainability Policy sets out the core principles on which Banco Sabadell Group bases its approach to tackle the challenges posed by sustainability, defines the management parameters, as well as the organisation and governance structure necessary for its optimal implementation.

Board committees

After the aforementioned amendment to the Articles of Association, the Board of Directors resolved to create the Strategy and Sustainability Committee.

After the aforementioned amendment to the Articles of Association, the Board of Directors resolved to create the Strategy and Sustainability Committee within the Board of Directors comprising of five Directors: two Other External Directors and three Independent Directors. The Chairman of the Board is the Chair of the Committee. Since its creation, this Committee has met nine times during 2021.

In the area of strategy, the Chief Executive Officer participates in meetings with full voting rights. For these purposes, it is understood to be comprised of six members.

In the area of sustainability, the Committee has the following areas of responsibility:

— Reviewing the Institution's sustainability and environmental policies.

—Reporting to the Board of Directors potential regular

changes and updates to the sustainability strategy.
—Reviewing the definition and changes to policies on diversity and inclusion, human rights, equal opportunities and work/life balance and regularly assessing their degree of compliance.
—Reviewing the Bank's social action strategy and its sponsorship and patronage plans.
—Reviewing and updating the Institution's Non-Financial Disclosures Report prior to the Audit and Control Committee's review and update and its subsequent approval by the Board of Directors.
—Collecting information relating to reports, letters or communications from external supervisory bodies in this Committee's area of responsibility.

Furthermore, owing to the amendment of the Articles of Association, additional powers have been conferred to the Appointments Committee in relation to Corporate Governance, resulting in it being renamed the Appointments and Corporate Governance Committee, which will now take on powers relating to the report on corporate policies and internal rules, the supervision of rules on corporate governance, as well as relations with shareholders, investors, proxy advisors and other stakeholders.

Internal committees

The Management Committee regularly monitors the Sustainable Finance Plan and updates to the regulatory framework, as well as being in charge of overseeing the plan and resolution of potential critical situations.

In addition, the Sustainability Committee, created in 2020 and chaired since 2021 by the Deputy General Manager and Director of Sustainability, is the body responsible for establishing the Bank's Sustainable Finance Plan and for monitoring its execution, the definition and dissemination of the general action principles in the area of sustainability and the promotion of projects and initiatives, as well as the management of alerts that may arise in the scope of ongoing initiatives or updates to the regulatory, supervisory environment, etc. It is made up of 14 members (ensuring the representation of, among other areas, Sustainability, Risks, Finance, Businesses, Technology and Operations, Communication, Analysis Service) and it meets once a month. This composition of the Committee covers all the functional areas, which enables the cross-cutting implementation of the Sustainable Finance Plan and, therefore, the execution of the Institution's ESG strategy. The Sustainability Committee met ten times in 2021.

Organisation

The organisational structure based on the three lines of defence has been adapted to include the new areas of responsibility in ESG matters, strengthening the business, macroeconomic, financial, risk and control areas, among others.

The Sustainability Division, specifically created in 2021, is the area responsible for the definition and management of Banco Sabadell Group's responsible banking strategy, including the cross-cutting deployment of ESG criteria to all the Bank's business units and its subsidiaries abroad. The Head of the Sustainability Division is Deputy Director-General, is part of the Institution's Management Committee and reports directly to the Chief Executive Officer.

Moreover, the Sustainability Rating and Outreach Division was created to ensure an enhanced reporting and communication on sustainability matters to stakeholders[3].

3. Those groups that can influence the achievement of the organisation's objectives or that may be impacted by its activities (e.g., employees, customers, suppliers, investors, governments or society).

3. Sabadell's Commitment to Sustainability

Through its Sustainability Policy, Banco Sabadell gears and frames the Group's activity and organisation within ESG parameters.

In addition, Banco Sabadell, TSB and Banco Sabadell Mexico have incorporated these parameters into their own commitments.

3.1 From vision to Commitment to Sustainability: transforming and promoting

In 2020, the Group defined its vision on Sustainability and determined the parameters of the governance framework on this topic through the approval of the corresponding Policy. Now, in 2021, this vision has materialised in the form of a Commitment to Sustainability.

Banco Sabadell continues to steer its activity, organisation and procedures in order to make a solid contribution to sustainability and the fight against climate change. Therefore, it aligns its sustainability strategy and business model with frameworks of reference, such as the Sustainable Development Goals (SDGs), and it revisits them periodically so as to bring itself closer in line with, and expedite its achievement of, the Paris Agreement and the 2030 Agenda.

The Bank sees sustainability as an element of transformation, increasing competitiveness across companies and generating positive social and environmental impact for people and the planet. In its role as a key agent to promote the transition towards a more sustainable economy, the Bank has included sustainability in the contents of the 360[4] Visit and the conversation between customers and relationship managers. Furthermore, understanding that sustainability in addition to being a challenge, it also presents a series of opportunities for the customers the Bank aims to support, a specific webinar on how companies can be more sustainable has been released through the Companies Hub platform, obtaining a score of 8.92 out of 10 among participants.

Moreover, during the past year, the Sustainable Finance Plan has become part of a new ESG roadmap, which reinforces material aspects whilst also including actions and broadening the aspirations of the alliances and commitments by signing new initiatives such as the Net-Zero Banking Alliance[5] (NZBA) that strengthen the climate risk strategy (more details in section 4. Climate and environmental commitment).

The roadmap for Banco Sabadell's Commitment to Sustainability becomes the sustainability framework for delivering the Group's transformation and generating momentum. The achievement of its objectives will be published in a separate report in 2022.

The Sustainable Finance Plan has become part of a new ESG roadmap by signing new initiatives such as the Net-Zero Banking Alliance (NZBA) that strengthen the climate risk strategy.

4. The 360 Visit is the instrument used to foster relationships with companies, to support them and ascertain their current and future needs, so that the Bank may become their main financial partner.

5. Convened by the United Nations Environment Programme Finance Initiative (UNEPFI).

A synthetic sustainability indicator was established in 2020 and includes KPIs for ESG matters and is linked to the variable remuneration of employees.

Remuneration linked to Sustainability

In relation to the achievement of objectives, a synthetic sustainability indicator (SSI) was established in 2020 and includes KPIs for ESG matters and is linked to the variable remuneration of employees, forming part of the Group objectives with a weight of 10%. This indicator is regularly monitored by the Sustainability Committee. The metrics that comprise this indicator include:

— **Environment:** sustainable financing (aligned with the EU Taxonomy), the target for the business network of identifying customers and green activities in the portfolio, the degree of implementation of the Eligibility Guide on processes and systems, and the reduction of the Bank's CO_2 emissions.
— **Social:** increase the number of people in talent programmes and social financing.
— **Diversity:** increase the number of women in various management positions and reduce the pay gap.

It is also worth noting that TSB and Banco Sabadell Mexico have developed their own sustainability commitments in line with those of Banco Sabadell:

TSB's Do What Matters Plan

TSB has always been committed to its wider role in society to help communities thrive. In July 2020, the Bank took this commitment further with the launch of its first responsible business strategy - the Do What Matters Plan. A long-term programme that aligns to TSB's purpose of 'Money confidence. "For everyone. Every day." This programme focuses on doing what matters for customers, businesses, employees, communities and the environment. Each pillar of this programme is sponsored by a member of the TSB's Executive Committee, and its key goals are as follows:

a. "*Doing what matters for customers*":
Help people have money confidence;
b. "*Doing what matters for businesses*":
Treat businesses fairly and helping them grow;
c. "*Doing what matters for colleagues*":
Create a truly inclusive workplace;
d. "*Doing what matters for communities*":
Work locally with communities to help them thrive; and
e. "*Doing what matters for the environment*":
Reduce the impact on the environment while helping customers and employees do the same.



Now in its second year, the programme is firmly established in its delivery phase.

TSB started from a relatively strong position and has continued to take leading actions on tackling fraud, paying small suppliers promptly, hiring and promoting women into senior roles and protecting victims of domestic abuse. In 2021, more initiatives have been launched to help vulnerable customers, support SMEs (Small and mid-size enterprises), promote diversity and inclusion in our workforce, support communities and reduce the impact on the environment.

Banco Sabadell México

As part of Banco Sabadell Group, Banco Sabadell Mexico has developed its business ethically and responsibly, gearing its commitment to the environment and society so that its activities positively impact on people and avoid negatively affecting the natural environment. Therefore, since 2021, there is a Social and Environmental Policy in place, a Sustainability Committee and a Sustainability Division. As signatory of the Sustainability Protocol of the Association of Mexican Banks (ABM, for its acronym in Spanish), Banco Sabadell Mexico has signed a voluntary agreement in which it commits itself to fulfil various principles in terms of sustainable development in Mexico.

3.2 Initiatives and Alliances

Cross-cuttingly and in line with its Commitment to Sustainability, Banco Sabadell continues to forge alliances with other sectors and is part of the most relevant international initiatives to combat climate change and promote social development, such as:

United Nations Global Compact	Since 2005, with the signature of the adherence to the corporate responsibility initiative of the **United Nations Global Compact** and the ten principles in the areas of human rights, labour, environment and anti-corruption.
EQUATOR PRINCIPLES	The signature of the **Equator Principles**, since 2011, which incorporate social and environmental criteria in the funding of large-scale projects and corporate loans.
SUSTAINABLE DEVELOPMENT GOALS	Adherence to the **United Nations Principles for Responsible Banking**, the first global framework defining the role and responsibilities of the banking sector to ensure a sustainable future, thus reinforcing the Bank's alignment with the SDGs in relation to the Paris Agreement.
Ratification of the Collective Commitment to Climate Action	Ratification of the **Collective Commitment to Climate Action**, which aims to reduce the carbon footprint of balance sheets.
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	Adherence to the **Task Force on Climate-related Financial Disclosure (TCFD)** for disclosure of risks and opportunities related to climate change.
CDP DRIVING SUSTAINABLE ECONOMIES	**Signatory of the Carbon Disclosure Project (CDP)** for action against climate change
UN-Convened, Industry-led Net-Zero Banking Alliance	Adherence in October 2021 to the **Net-Zero Banking Alliance**, an international alliance promoted by the United Nations Environment Programme Finance Initiative (UNEPFI), through which the Bank commits to making all its loan portfolios greenhouse gas neutral by 2050, in line with the objectives of the Paris Agreement.

These commitments and the set of actions developed by the Group are aligned with the SDGs and are our response to them. During this financial year, they have been ratified in order to expedite actions in terms of the green transition and the fight against climate change, thus reinforcing the priority matters arising from the materiality described in its own section of this report.

Although the goal of this Institution also involves the contribution to all the SDGs[6] due to their systemic interrelationships, type of activity and impact capacity, the following SDGs have been prioritised:



Affordable and clean energy



Decent work and economic growth



Industry, innovation and infrastructure



Climate action



Peace, justice and strong institutions

6. More details on the contribution to all the SDGs in section Annex 5 – SDG alignment.

3.3 Materiality

In 2021, a materiality analysis was carried out, with the aim of listening to stakeholders and adapting to the increasingly demanding regulatory and market environment in this regard.

In 2021, a materiality analysis was carried out, updating the list of material issues for the Group as set out in the 2020 Non-Financial Disclosures Report, with the aim of listening to stakeholders and adapting to the increasingly demanding regulatory and market environment in this regard.

The objective of this analysis is to identify and prioritise ESG aspects[7] of relevance to the Group and its stakeholders, with three aims:

— Recognise the ESG priorities on which Banco Sabadell Group should focus its attention, taking into consideration risks, opportunities, impacts and trends.
— Strengthen the relationship with the different stakeholders and outline the impacts and expectations with regard to ESG.
— Address the reporting needs arising from legal requirements and from analysts and indexes, as well as the demands of shareholders, investors and other stakeholders, with a common and simple language.

Methodology

Banco Sabadell has prepared its materiality analysis, in accordance with the GRI disclosure standards and with the regulators' current recommendations, incorporating the double materiality perspective:

— Non-financial Reporting Directive (NFRD) and its transposition to Spanish law (Law 11/2018 on Non-Financial Information and Diversity).
— The requirements of the EU's Corporate Sustainability Reporting Directive (CSRD) have also been taken into account.
— Report on CNMV oversight of the annual financial statements for 2019 and main areas for review in the financial statements for the following year of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores* or CNMV).
— Considerations of materiality in financial reporting of the European Securities and Markets Authority (ESMA) .

This analysis has been developed for that purpose, beginning with the identification of stakeholders and the main sources of information. The aim at this stage is to specify and validate the list of priority stakeholders, whose demands and requirements must be incorporated in the materiality analysis, in accordance with best practice in the sector and the recommendations of the aforementioned bodies. To this end, the following were considered:

— **Regulators and supervisory authorities:** responding to legislative consultations and regulatory drafts, collaborating with the Spanish Banking Association (AEB), the European Banking Federation (EBF), the European Banking Authority (EBA), the European Central Bank (ECB), the European Securities and Markets Authority (ESMA), among others.
— **Economic agents (General Government, Public Bodies, and Associations):** maintaining an active relationship through participation in joint public-private and industry webinars, attending events, and participating or presenting in workshops, academic forums and business schools.
— **Investors and rating agencies:** holding virtual conferences, one-to-one meetings, quarterly roadshows following presentation of results and specific roadshows (strategic plans, fixed income issues), as well as participation in rating agency questionnaires that allow the Bank to identify gaps in areas such as cybersecurity, data protection, and ESG requirements related to sustainable investment and financing.
— **Customers:** visiting companies, conducting customer surveys, interacting on social networks and through an active relationship with economic agents such as Professional and Industry Associations, Chambers of Commerce and Statutory Professional Associations.
— **Employees:** through the InSabadell and Sabadell Life platforms, the ongoing relationship with the Employee Assistance Office (EAO), holding internal forums for employee innovation (BS Idea, Qualis Awards) and internal and external dissemination of information (Sabadell Forum), to identify new opportunities for collaboration and to further progress the transformation of the organisation and the business.
— **Society:** through the Bank's interactions with the media (through interviews, press articles and

7. Relevant aspects: those that can reasonably be considered important when it comes to reflecting organisations' economic, environmental, and social impacts, or influencing the decisions of stakeholders. (GRI Standards).

conferences), via Sabadell Life (a platform for health and solidarity initiatives), participation in social networks (with 20 profiles nationwide) and through an active and direct relationship with think-tanks, foundations and NGOs.

— **Suppliers:** through analysis of the commitments undertaken by Banco Sabadell in its corporate policies in relation to suppliers, as well as the specific requirements that suppliers must meet for ESG-approval in the procurement process and through the Code of Conduct for Suppliers.

Following this interaction with different stakeholders, the relevance of all matters related to ESG has been analysed, from the perspective either of stakeholders or of the Group; as a result of that analysis, the most relevant issues have been prioritised.

A Materiality Matrix was produced as a result of this analysis (set out below), as well as the double materiality breakdown presented further on in this section. As a result of this exercise, three priority levels have been established, with level 1 being that of greatest relevance to the Group. Level 1 encompasses (i) Ethics and Integrity, (ii) Value Creation and Solvency, (iii) Climate Change and Environmental Risks, (iv) Customer Satisfaction and Digitisation, (v) Risk Management and Cybersecurity.

Note: material issues obtained in compliance with the Non-Financial Information Law can be consulted in Annex 2 - Table of Non-Financial Information Law.

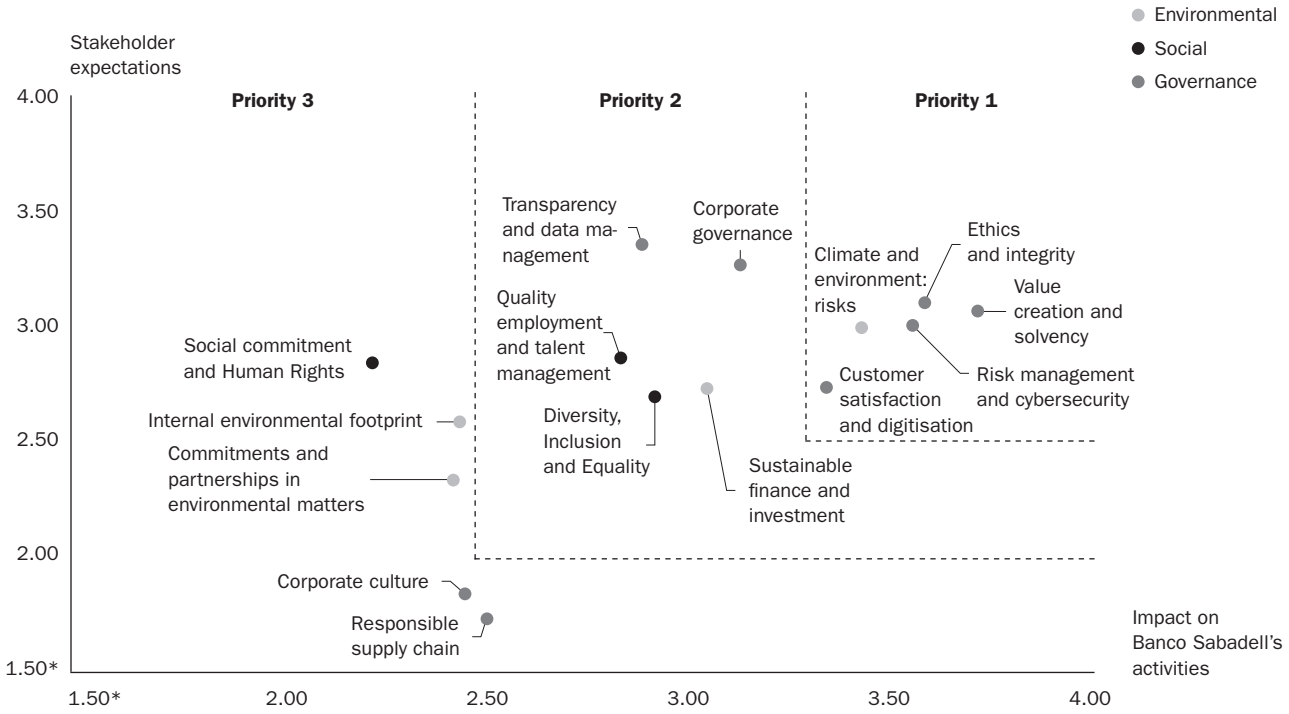
3.3.1 Definition of Material Aspects

The relevant aspects are defined below:

Material Aspects	Definition
Governance	
Corporate governance	Compliance with best practice in Good Corporate Governance and ESG Governance. Among other aspects, including: structure and diversity of governing bodies, their evaluation and remuneration, functions in terms of ESG (setting non-financial targets, oversight, establishing commitments, etc.).
Transparency and data management	Mechanisms to ensure effective and transparent communication with stakeholders to enable expectations to be managed and to identify and address their requirements through established dialogue mechanisms, as well as reporting of financial and non-financial information.
Risk management and cybersecurity	Identification, evaluation and management of the operational risks to which the Group is exposed. Includes financial risks (credit, market, liquidity and structural) and non-financial risks (cybersecurity, reputation, health and safety, among others)
Customer satisfaction and digitisation	Operations implemented to achieve the highest possible quality and attain excellence in the provision of services (meeting customer expectations) and improvement of the customer experience (digitisation, special and adapted advisory measures, etc.), based on responsible and transparent marketing.
Corporate culture	Corporate principles and actions aimed at improving the Group's image and business trajectory, which is reflected in employees' pride in belonging to the Group, and in the corporate reputation as perceived by stakeholders.
Ethics and integrity	Compliance with national and international legislation in force in all countries in which the Group operates, as well as the specific commitments undertaken by the organisation in its corporate policies and in its Code of Conduct.
Responsible supply chain	Extension to the supply chain of the Group's own commitment to socially responsible practices and the undertaking to uphold workers' rights, freedom of association and environmental rights.

Value creation and solvency	Maintaining good economic performance to ensure profitability and value creation for shareholders and investors.
Environmental	
Sustainable finance and investment	Identification and development of a range of financial products and services that consider ESG aspects in their design, management and marketing.
Climate and environment: risks	Identification and management of risks associated with climate change and the environment, in compliance with best practice, the regulations in force and supervisory expectations.
Internal environmental footprint	Impact on the environment stemming from the Group's activity, and eco-efficiency initiatives and own emissions management that the company has implemented to reduce it.
Commitments and partnerships in environmental matters	Initiatives, certifications and commitments subscribed with the aim of improving environmental management. Includes awareness activities and training in environmental topics carried out by the Bank.
Social	
Diversity, Inclusion and Equality	Actions and initiatives proposed to eliminate discrimination in the workplace on the basis of gender, race, age, ethnicity, religion, disability or for any other reason. These include: reducing the gender pay gap, producing plans and protocols to foster diversity and equality (work-life balance, flexibility of working hours, working from home and the right to disconnect), and the inclusion of vulnerable groups, among other things.
Quality employment and talent management	Promotion of quality employment, fostering professional development and attraction and retention of talent. This aspect includes: training plans, promotion of wellbeing, employees' health and safety and all initiatives geared towards these aims (performance appraisal, pay and promotion, internal mobility, etc.).
Social commitment and Human Rights	Commitment to develop local communities through corporate volunteering activities, collaboration with voluntary sector projects and/or direct donations. This aspect includes Banco Sabadell Group commitments and actions related to protecting Human Rights.

3.3.2 Materiality Matrix



* The range of permitted values in both axes is from 0 to 4. In this graph, only figures of 1.5 or higher are shown, for better visualisation.

3.3.3 Double Materiality

To ensure that the materiality analysis is comprehensive, it was proposed that the main impacts be identified from the dual perspective of the impact of the environment on the Group and that of the Group on its stakeholders, for the Level 1 aspects, in line with the guidelines of the main bodies that regulate in this regard (refer to EU, CNMV and ESMA).

	Social and environmental impact on Banco Sabadell	**Impact of Banco Sabadell on its stakeholders**
Climate and environment: Risks	The correct management of this aspect allows the Group to reduce its exposure to climate and environment-related risks in the future, improving Banco Sabadell Group's reputation and its relationship with its stakeholders, and allowing it to maintain its alignment with the regulatory requirements in this regard. The management of this aspect requires continuous investment by Banco Sabadell Group to continue to develop a high level of market monitoring, constant improvements in information systems, specialised training plans for employees and the hiring of qualified profiles.	This aspect involves incentivising investment in sectors and products that are aligned with ecological transition, introducing new sustainable products for customers and generating greater confidence among investors and in society. The management of Climate Change and environmental risks may involve greater control and tougher funding conditions for those activities that carry a higher risk.

Risk management and cybersecurity	The management of risks and cybersecurity enable compliance with the Group's business objectives, maintaining its position in terms of solvency, liquidity, profitability and asset quality. Furthermore, management of these aspects generates confidence among regulators, investors, customers and society. Conversely, if any risk event not considered or managed materialise it may have a direct impact on the Group's financial performance. Therefore, continuous investment in employee training is required to help prevent such risks.	A proper risk and cybersecurity management has a direct impact on stakeholders confidence and security (capital protection). Data protection is an important aspect for customers, suppliers and other stakeholders, as it may have a financial impact on them or impinge on their rights of privacy.
Value creation and solvency	The attainment of solvency objectives has an impact on the Group's market positioning, allowing it to attract and retain capital and generate greater confidence among stakeholders, reducing its vulnerability to risks that could affect the Group's ability to achieve its objectives.	Proper management of this aspect has a positive impact on all stakeholders, generating wealth and social value, as well as security and confidence in capital protection, for both investors and customers.
Customer satisfaction and digitisation	Maintaining a high level of customer satisfaction builds customer loyalty and attracts new customers, whilst promoting long-standing and trusting relationships and increasing the Group's profitability. The digitisation process is also intended to enable the Group to be more efficient and reduce the environmental impact of its activities. To meet customers' expectations, these aspects require continuous investment in innovation, the development of new solutions underpinned by employee training, new technologies and the digitisation of services.	The management of this aspect has a direct impact on customers, who see their demands for financial products and services met with an accessible and specialised service. Digital solutions also offer them tailored and personalised services, with greater availability. That being said, certain groups that are not familiar with the digital environment may find it hard to access. Among other stakeholder groups, the positive impact for investors stands out, where customer satisfaction and digitisation translate into a higher return on their investments. Keeping up a good performance in this respect impacts on employees and suppliers, who are held to exacting standards and a high level of specialisation.
Ethics and integrity	Ensuring ethical conduct and compliance with regulations has an impact on the Group's reputation and on its stakeholder relationships, underpinned by an ethical and fair approach to business that is also respectful of legal considerations.	Ethical conduct on the part of Banco Sabadell and compliance with the regulations in force generates a sense of pride in belonging among employees and customers. Moreover, ethical conduct enhances the reputation of Banco Sabadell Group and builds trust among regulators, investors and society.

4. Climate and environmental commitment



One of the biggest challenges facing the financial sector today is successfully implementing the transition towards a more sustainable model and a low carbon emission economy.

To deal with this situation, Banco Sabadell Group has placed the fight against climate change as one of the core pillars of its corporate strategy.

4.1 Climate and environmental strategy

The Group tackles climate and environmental matters from a double standpoint (internal and external), taking into account:

1. The potential impacts of climate related and environmental risk on financial activity. The strategy is based on:

a. Identifying and managing climate related and environmental risk.

In 2021, the Climate Risk Policy was approved to establish the general guidelines for the management and control of climate risk, specifying principles and applicable critical parameters and addressing the significant components for the management and control of associated risks (physical or transition risks).

The impact of these climate risks is supplementary and cross-cutting to the risks already identified and managed by the Institution (credit, operational, market, etc.). Therefore, where appropriate, the current climate risk acts as a driver for other risks. These include:

— **Physical risks** - related to adverse weather events (such as floods or heat waves) or chronic events (long-term changes in the weather such as rising sea levels). Section 4.2.1 Climate risks offers a more comprehensive view on this matter.

— **Transition risks** - arising from the transition processes towards a low-emission economy (such as regulatory changes, the emergence of disruptive technologies, market trends, etc.). Section 4.2.1 Climate risks offers a more comprehensive view on this matter.

In line with these two risks, in 2021, a first assessment of the Group's exposure to climate change-related risks has been carried out in accordance with the scenarios of the Network for Greening the Financial System (NFGS) and the analysis published by the Bank of England and the European Central Bank.

b. Identifying and taking advantage of the opportunities arising from the transition towards a sustainable economy thanks to:

— **Advising** customers in their transition to more sustainable models that enable to meet, at portfolios level, the international decarbonisation and circular economy targets.

The Institution is aware that the environmental situation is very different depending on the sector. Hence, certain companies will require greater efforts to adapt to this new paradigm in the timeframe established.

— **Increasing** exposure to green financial assets – one of the key factors to meet the decarbonisation targets.

Section 5. Commitment to sustainable financing offers a more comprehensive view on this matter.

This approach is necessary to reach net carbon neutral emissions. In 2021, Banco Sabadell joined the Net Zero Banking Alliance (NZBA) initiative to strengthen the

strategy against climate change; therefore, the Bank commits[8] to making all its loan and investment portfolios neutral in their net greenhouse gas emissions by 2050, in line with the more ambitious targets of the Paris Agreement.

These commitments involve setting targets for 2030 (or before) and for 2050, with intermediate targets every five years for the most GHG intensive sectors, leveraged in the analysis of customers' carbon footprints and sector decarbonisation paths based on scientific criteria from internationally recognised bodies.

This new initiative reinforces the changes that were made in previous sectoral frameworks such as the Collective Commitment to Climate Action of the AEB (Spanish Banking Association), CECA (Spanish Confederation of Savings Banks) and the ICO (Spanish Official Credit Institute) ratified in 2019 during COP25, whose objective is to reduce the carbon footprint of balance sheets.

2. The impacts the Group directly causes through its facilities and the use of resources on the environment in which it operates. The strategy is based on:

a. Reducing emissions of greenhouse gas (GHG) and other ways of polluting;
b. Offsetting its own emissions.

The Bank approved the offsetting of emissions through the investment in forestry projects in Spain, certified by MITECO (Ministry for Ecological Transition), which will be materialised in 1Q22.

In addition, one of the offsetting initiatives in 2021 was joining MasterCard's global project, Priceless Planet Coalition, the main goal of which is to plant 100,000 trees by 2025.

Meanwhile, TSB offset its Scope 1 and 2 emissions through reforestation projects in Bolivia and will invest in forests in the United Kingdom to offset its future emissions.

Section 4.3 Environmental management of this document offers a more comprehensive view on this matter.

4.2 Climate risk management

Throughout 2021, the Bank has continued to develop further its climate risk identification processes and the assessment of its potential impact.

Furthermore, an internal classification of eligible activities was developed in line with the European Union's taxonomy, and the set of sectoral standards was broadened to limit financing to customers or projects that, from the Institution's perspective, are deemed to go against the transition towards a sustainable economy or are not aligned with international regulations or best practices of the sector. Finally, progress has been made in the integration into management procedures and initiatives to improve reporting.

4.2.1 Climate risks

The climate risks that can be associated with two types of factors: "physical environmental factors" and "environmental transition factors" are set out below.

Physical risks

Physical risks could generate, inter alia, the destruction or rendering unusable of physical assets, as well as business disruption. This entails a risk of borrowers failing to meet their payment obligations. It is worth taking into account the destruction of commercial or residential buildings that are collateral for loans or the rendering unusable of assets or disruption to manufacture and supply activities of companies that generate income with which to meet payment obligations on unsecured loans. In parallel, it should be considered the emergence of potentially significant effects of climate change on various socio-economic variables, including mortality, migrations, job offers or productivity (and therefore on GDP). Therefore, physical environmental factors or physical risks identify the following types of risks (non-comprehensive list):

8. To guarantee the individual and collective responsibility of each bank, progress in the implementation of this agreement is reported on a regular basis.

—Acute (extreme weather events such as storms, hurricanes, floods, etc.).
—Chronic (gradual weather trends such as desertification, rising sea levels, water shortage, heat waves, etc.).

In both cases, different weather events are identified depending on whether they are related to water masses, temperature variations, wind flows or related to solid masses.

Following this definition, during 2021, Banco Sabadell Group conducted a preliminary estimation of the impacts arising from these events on its loan portfolio taking into account:
—the probability of occurrence of physical risks (in which, through event risk maps, a degree of probability was assigned);
—the severity of the risks if they were to materialise (understood as the impact if the physical risk materialises. It is estimated at sector level for the business risk portfolio and at the collateral location level for the mortgage portfolio).

Thus and in keeping with the foregoing, for physical risks, the Group differentiated events between acute and chronic and assessed those that could significantly impact its portfolio, depending on customers' location and activities. Using this data, the Group identified a total of 16 events (8 acute and 8 chronic) that could affect the loan portfolio –a preliminary impact assessment of 11 of them was carried out on the Spanish portfolio: **Floods, Fires, Rising sea levels, Droughts, Hot spots, Landslides, Maximum temperatures, Minimum temperatures, Rainfall and thaws, Fog and dust, Storms, winds and gales**. The most relevant, for the time being, are forest fires, floods resulting from severe storms, as well as coastal floods and rising sea levels in Spain and the United Kingdom, while hurricanes are added to the list in Mexico's case.

In relation to TSB, taking into account that the loan portfolio is comprised mainly of mortgage assets, the main physical risks (in the medium- and long-term) are floods, subsidence and coastal erosion.

Transition risks

Transition risks are those arising from the financial impact on companies of activity decarbonisation processes, which can be materialised in:
— **Regulatory environment:** due to the effect of announced or approved climate regulations and policies that cause breaches of borrowers' payment obligations. This could happen, by way of illustration, in the case of borrowers with non-performing assets or assets belonging to sectors especially exposed to transition risks, such as the primary sector, fossil fuels, intensive industry, energy generation, construction, automotive or transport, etc. It could also affect households if regulations or policies clearly distinguish the type of residential asset depending on its energy efficiency or consumption.
— **Technology:** when companies are left behind by the lack of innovation or the adoption of technologies that promote the green transition compared to competitors who, by incorporating these improvements, reduce the obsolescence of their assets and gain market share, as well as improve their capacity to meet their payment obligations.
— **Market:** changes in consumers' preferences or tastes in relation to the transition towards a more sustainable economy that could have an impact on market share, turnover or product appeal and to companies whose transition speed does not match the speed of these changes.

Following this definition, Banco Sabadell Group has internally developed subsector-level heat maps, aligned with the three scenarios of orderly transition, disorderly transition and hot house world and the UNEPFI's recommendations. These scenarios were adapted to a 30-year time horizon. The scenarios used are detailed below:
— **Orderly transition:** Under the orderly transition scenario (RCP scenario[9] 2.6), an early and decisive action is taken to reach carbon neutrality by 2070, so that the average planet temperature does not increase more than 2ºC in 2100 compared to the pre-industrial period. To this end, the climate scenario "Immediate 2 degrees" of the NGFS (Network for Greening the Financial System) is considered for transition risks, forecasted under Remind and Magpie models.
— **Disorderly transition:** Under the narrative of the disorderly transition scenario (RCP scenario 4.5), the action to combat climate change is delayed by 10 years. This involves a more severe shock between 2030 and 2050 to reach carbon neutrality by 2070. To this end, the climate scenario "Delayed 2 degrees" of the NGFS is considered for transition risks, forecasted under the Remind and Magpie models.
— **Hot House World:** In the Hot House World (RCP scenario 6.0) scenario, no action policies in addition to the ones in place are established to combat climate change. Emissions continue to increase according to the current pace and the target <= 2ºC by 2100 is not met. The impact due to transition risk is zero (current Policies of the NGFS).

Based on these, all the activities of the loan portfolio have been classified according to their sensitivity to transition risk taking into account the impacts forecasted for each scenario and in terms of income, expenses and low-carbon capex. Impacts are classified as "positive" for those activities where the transition may indeed positively affect some parameter, "No risk", "Low", "Moderately low",

9. Representative Concentration Pathways

"Moderate", "Moderately high" or "High" which includes, for instance, the activities most affected by transition risk such as coking plants. The portfolios most affected at the NACE (National Classification of Economic Activities) level include the following subsectors: aviation, maritime transport, land transport, automotive, steelmaking, cement, coal mining, non-renewable energies and utilities (especially oil). This has enabled the Institution to make progress on a first bottom-up quantitative estimation with a 30-year time horizon through a structural model that allows the expected loss impairment in the portfolio to be quantitative calculated.

This exercise also highlighted the limited weight of sectors with higher transition risk (aviation, marine, mining, automotive, oil and extractive industries), which play a secondary role in terms of exposure within the Institution's portfolio, and the high percentage of exposure classified as green in the electricity sector, which demonstrates the efforts made by the Institution to be a leader in the renewable energy sector.

High percentage of exposure classified as green in the electricity sector, which demonstrates the efforts made by the Institution to be a leader in the renewable energy sector.

The identification of these risks will entail the integration of climate risks into frameworks, governance arrangements and processes.

As regards TSB, the main transition risks stem from the low energy performance of the properties on which the mortgage loans are secured and the cost of improving the energy rating of the properties (in the short-, medium- and long-term).

4.2.2 Taxonomy

Banco Sabadell Group developed in 2020 its own Eligibility Guide in accordance with the EU Taxonomy.

The European Union took a further step as promoter of the energy transformation and the decarbonisation of the economy. In line with the objectives of the fight against climate change, it established the so-called Taxonomy Regulation, EU Regulation 2020/852, which was the first step towards the obligation of enterprises to disclose the manner and extent to which their activities are associated with ESG-related matters.

This regulation, which establishes requirements for the classification and reporting of sustainable activities, represents a key aspect for the integration of ESG aspects into the Group's ordinary activity. This is why Banco Sabadell Group developed in 2020 its own Eligibility Guide in accordance with the EU Taxonomy of green activities and based on the Social Bond Principles in relation to social matters pending the EU's social taxonomy.

The first implementation phase of the taxonomy is an internal eligibility guide developed in 2020, which allows the identification of activities potentially eligible based on this guide, as well as those activities and financing transactions deemed taxonomy compliant. On the back of this, the Group has already incorporated into its systems a marking for those priority green products that allows tracing the entire product management cycle and ensure their alignment with the taxonomy's requirements. It is a strategic aspect for the Group that is regularly monitored by the Technical Risk Committee and the Sustainability Committee.

The second implementation phase consists of updating the Eligibility Guide according to the latest delegated taxonomy act of July 2021. In addition, the Bank has started to work on aligning the guide on eligible activities with the first draft of the social taxonomy.

In June 2021, the feature to mark a sustainable transaction on corporate systems was deployed[10], not only so that it can be identified, but also it is duly justified in

10. In addition to sustainability training, which is detailed on the relevant section, the Bank has launched a specific training course focused on promoting the identification and documentation of transactions that meet the criteria of Banco Sabadell's Eligibility Guide. To reinforce training activities, several communications have been sent to the branch network explaining the benefits of sustainable financing and the sustainable financing solutions available for customers through the corporate intranet.

accordance with the Bank's Eligibility Guide and, therefore, aligned with EU Taxonomy criteria.

Thanks to this work, the following information is shown below, in accordance with the disclosure requirements established by the Delegated Regulation (EU) 2021/2178 of the European Commission, of 6 July 2021, as at 2021 year-end:

Among the obligations of Article 10.2 is to report, within the Non-Financial Disclosures Report of financial institutions, the proportion in terms of total assets of exposures to those activities eligible and non-eligible according to the EU Taxonomy.

Based on the current EU Taxonomy, Banco Sabadell Group has an eligible portfolio of 41,1% of total assets at year-end 2021.

Eligible portfolio

41.1%

In order to identify and segment exposures deemed "eligible" within the Group's exposures, the following eligibility criteria for its performing loans is applied to the corporate and retail portfolio:

— **Business risk:** Exposures to companies with (NACE) activities included in the Sabadell Eligibility Guide (activities for which there are technical criteria defined in the EU Taxonomy to determine if they can be considered sustainable) are deemed eligible. There are two criteria whereby a NACE code is included in the Sabadell Eligibility Guide, the main one being the inclusion of the same in the NACE list proposed by the European Commission in its EU Taxonomy Compass document - Annex 1: List of activities and NACE codes assigned. In addition, there is an additional criteria which is an activity that is not listed by the EC, but it is included in Annex 1 of the Delegated Taxonomy Act.

— **Retail mortgage risk:** All exposures to individuals with first or second property collateral are deemed eligible, as the purpose for these loans is included within the EU Taxonomy. Therefore, exposure to individuals with other types of assets (garages, cellars, etc.) as mortgage collateral is not included.

— **Vehicle financing risk:** All exposures to vehicle financing is deemed eligible, as this purpose is included within the EU Taxonomy.

Compliance with any of the three criteria described above results in the classification of the exposure as "eligible". Complementarily, the remaining exposures that do not meet any of the above criteria are considered "ineligible".

In addition, the remaining information to be disclosed are included in Annex 4.

4.2.3 Sectoral standards

Banco Sabadell Group has sectoral standards that aim to limit financing to customers or projects that, from the Institution's perspective, are deemed to go against the transition towards a sustainable economy or are not aligned with international regulations or best practices of the sector.

Sectoral standards are developed in stages in order to adapt them or broaden them out according to the trends of the various sectors, the regulatory and economic environment and the Group's performance. Currently, the Bank has a first set of standards approved and implemented and has approved a second set of standards that will be implemented in 2022.

The first set of the Group's sectoral standards particularly affected the energy and mining sectors. They were validated by the Sustainability Committee in 2020 and approved by the Group's Risk Operations Committee and implemented in the Institution's systems during 2021. The scope of these standards included the funding of new credit granting transactions to companies with a 50 million euro or more turnover for the following types of projects[11]:

11. The Group, in addition to the activities impacting the environmental transition, abstains from establishing trade relations related to the so-called "controversial weapons" or with "countries subject to arms embargoes" that avoid the potential use of these weapons for the commission of crimes or serious Human Rights violations. This is described in Section 9. Commitment to Human Rights.

a. Coal mining (new and expansion)
b. Asbestos mining, processing and marketing
c. New coal-fired power plants
d. New nuclear power plants
e. Arctic oil, gas exploration and production
f. Oil sands exploration and production

The second set of standards was approved in December 2021, involving an extension to the standards that will affect new loan granting transactions for Groups or Enterprises with a turnover of over 200 million euros. More than 40 new standards have been introduced, distinguishing between general exclusions at customer level and sectoral exclusions at either customer or project level.

— The standards that apply at general level, cross-cuttingly impacting all sectors, and that were included in the second set follow international standards such as the Global Compact or the principles of the International Labour Organisation (ILO), among others.
— Sectoral exclusions (with standards at customer and project level), on one hand, include additional standards for sectors already considered in the first set (i.e. mining and energy) and, on the other hand, introduce standards for new sectors such as defence, infrastructure and agriculture.

The effective implementation of the standards is based on the inclusion of the analysis of the standards in regular customer onboarding processes, acceptance of transactions and approval of new products. The Group is working on embedding these standards into its operational processes.

In the specific case of Banco Sabadell Mexico, as part of the Environmental and Social Policy, the Institution developed the Environmental and Social Risk Management System (ESRMS), which acts as a guide to promote sustainable economic growth through the identification, assessment and management of environmental and social risks arising from the activities and projects financed by the Bank. This system is fully aligned with the operational and credit processes of Banco Sabadell Group, national laws and international standards.

The ESRMS process is mandatory for infrastructure projects of the various sectors financed by Banco Sabadell Mexico with traditional loans, syndicated loans and financial intermediaries amounting to 5 million US dollars or more.

4.2.4 Carbon footprint of the financed portfolio

Financed emissions entail a considerable portion of the Group's Scope 3 emissions. Therefore, during 2021, Banco Sabadell Group worked on obtaining a first approximation of the calculation of the carbon footprint of its financed portfolio using the Platform Carbon Accounting Financials (PCAF) methodology. PCAF is a global alliance of financial institutions that work together to develop and implement a consistent global approach to measure and report emissions associated with their loans and investments.

As part of this alliance, 16 institutions established the design of the Global GHG Accounting and Reporting Standard for the Financial Industry, which aims to harmonise the accounting of greenhouse gas emissions. The measurement of financed emissions using this standard is a key step for financial institutions to assess the transition risks associated with climate change, set objectives aligned with the Paris Agreement and develop effective strategies to decarbonise the economy. It is worth pointing out that in pursuing this objective, Banco Sabadell Group joined the NZBA[12] during 2021.

As regards the PCAF methodology, Banco Sabadell Group has applied the standard methodology described above, which has been devised mainly for financial institutions that want to measure and share their GHG emissions financed through their loans and investments, and which allows measuring the following asset classes:

— Listed equities and corporate bonds
— Corporate loans and unlisted equities
— Project Finance
— Commercial real estate
— Mortgages
— Consumer loans for car purchase

Additionally, the Bank has estimated the emissions of sovereign wealth funds.

Taking all this into account and on an aggregate basis, the Group was able to calculate a first approximation of its carbon footprint of c.85% of its financed portfolio. The remaining percentage or without an assigned figure are portfolios for which there are still no calculation or estimation methodologies or standards such as finance granted to the public sector, consumer loans for purposes other than car purchase, etc. Most emissions are concentrated in the corporate finance portfolio.

12 Section 3.2. Initiatives and Alliances gives more details on the adherence to the NZBA.

4.2.5 Integration into management procedures

Questionnaire - ESG indicator

In line with the goal of advising customers in their transition towards more sustainable models and of increasing exposure to green financial assets, the Bank devised a questionnaire that is used during the onboarding process of corporate customers.

Using the results of the questionnaire as a basis, an indicator was developed that allows identifying the degree of sensitivity of customers to sustainability as the indicator enables the classification of companies according to ESG criteria. As at year-end, 97.2% of the customers of the business network already have this indicator in place.

Customers of the business network

97.2%

Credit rating models

Currently, the credit rating model for large enterprises and groups[13] already includes an environmental risk factor. The Project Finance credit rating model also collects information on environmental risk.

4.2.6 Initiatives to improve the quality of information (energy certification/ emissions)

Access to the best ESG data is essential for the identification, management, classification and monitoring of risks associated with climate change.

Given the limited level of reporting and disclosure by companies on ESG information as well as the lack of historical data and standardisation between the information reported and the monitoring metrics for these risks, access to the best ESG data is essential for the identification, management, classification and monitoring of risks associated with climate change.

Therefore, Banco Sabadell Group has launched various actions to increase the quantity and quality of customers' ESG data. These include:

a. Real estate: Of particular relevance is the energy performance certificate information, for which the Group has carried out, with the help of an external supplier, a process of mass uploading of the energy label information corresponding to the residential properties in its portfolio. Finally, it should be noted that from the second quarter of 2020, the Group is already capturing this information when approving new mortgages.

b. Business risk: The Group has launched an environmental data collection process for its customers (ESG KYC - Know Your Customer). A first pilot of this questionnaire was developed in the fourth quarter of 2021 for the CO_2 emission-intensive portfolio that includes, e.g., the reporting of actual emissions (Scope 1, 2 and 3) for the risk groups that report this data, as well as additional data including energy consumption, percentage of renewable energy consumption, avoided emissions (if applicable), external ESG ratings, environmental targets or sectoral KRIs (Key Risk Indicators) of emissions intensity.

4.2.7 Equator Principles

Since 2011, the Group has adopted the Equator Principles, an international voluntary policy, standard and guide framework, coordinated by the International Finance Corporation (IFC), a sister organisation of the World Bank, which aims to identify, assess and manage environmental and social risks relating to project finance of 10 million US dollars or more and corporate loans related to projects of more than 50 million US dollars. Through the Equator Principles standards, a social and environmental assessment of the potential impacts of the project is carried out by an independent expert.

13. Enterprises whose individual balance sheet shows sales of more than 200 million and consolidating groups with sales of more than 200 million and loans granted by Sabadell of more than 25 million.

During 2021, a total of 31 structured finance projects incorporating the Equator Principles were signed, 97% of which are renewable energy projects.

Sector	Number of projects	Category[14]	Country	Region	Designated country	Independent review
Renewable energies	1	B	Mexico*	Americas	No	Yes
	4	B	USA	Americas	Yes	Yes
	1	A	Panama	Americas	No	Yes
	1	B	Portugal	Europe	Yes	Yes
	22	B	Spain	Europe	Yes	Yes
Infrastructure	1	B	Spain	Europe	Yes	Yes

*The company that owns the transaction is the subsidiary of Banco de Sabadell in Mexico (SABCAPITAL S.A. DE C.V., SOFOM, E.R.), Banco de Sabadell, S.A. being the signatory of the Equator Principles.

A review of one transaction is underway to see if it is eligible for inclusion.

Note: The information included in the 2020 Statement of Financial Information relating to the Equator Principles was amended during the first quarter of 2021 in the 2020 Banco Sabadell Group Equator Principles Report, which shall prevail for reporting purposes.

4.3. Environmental management

Banco Sabadell Group, through the Sustainability Policy approved by the Board of Directors, lays down, inter alia, its commitment to the environment and the fight against climate change.

In addition, the management model (targeting its activity, organisation and processes) based on the transition towards a sustainable economy and the achievement of sustainable development, taking the 2015 Paris Agreement and the United Nations Sustainable Development Goals as a basis, has been modified.

In addition to incorporating sustainability in a cross-functional way into its business model and strategy, the Group ensures the minimisation of its impact on the environment through its processes and facilities, and sustainability is the pillar on which the Environmental Management System (EMS) implemented in 2006 is based, following the ISO 14001 global standard and with which six corporate headquarters have been certified in Spain.

Corporate headquarters in Spain ISO 14001 certified

6

As at 2021 year-end, 18.70% of the workforce in Spain worked in one of these certified buildings (16.93% in 2019). In parallel, the Environmental Management System is being progressively rolled out to other work centres.

Workforce in Sapin working in corporate headquerters

18.70%

14. The social and environmental categorisation system of the Equator Principles (EP) reflects the magnitude of the impacts of projects.
The EP categories are C, B or A, with Category C being for projects with minimal or no social or environmental impact, Category B for projects with potential limited adverse social or environmental impacts that are few in number, generally location-specific, largely reversible and easily managed through mitigation measures, and Category A for projects with potential significant adverse social or environmental impacts that are diverse, irreversible or unprecedented.

In accordance with the commitments acquired relating to the environment (more details on section 3.2 Initiatives and Alliances), specific ESG and EMS training has been developed, which is detailed in section 6.4 Training.

In addition, Banco Sabadell's Annual General Meeting held on 26 March 2021 has been certified by the company Esferia 54, S.L. (Neozink) as sustainable, considering that it meets sustainability criteria throughout the entire life cycle of the Annual General Meeting (this certificate was also obtained in 2020).

4.3.1 Carbon footprint

The Group's CO_2 emissions[15] in Spain and the UK amounted to 7,260 tonnes, compared to 8,906 tonnes in 2020 and 20,124 tonnes in 2019 –a reduction of 18% and 64%, respectively.

CO_2 Reduction

▼64%

CO_2 emissions in tonnes ($t.CO_2$)

	2021	2020	2019
Scope 1: Direct activities	4,973	5,464	6,123
Scope 2: Indirect activities	10	26	5,292
Scope 3: Other indirect activities	2,276	3,416	8,708
Total emissions generated by the Group (Spain & UK)	**7,260**	**8,906**	**20,124**
Total emissions generated per employee	**0.38**	**0.40**	**0.86**

Data for 2020 and 2021 includes the effects of COVID-19. In 2020, corporate buildings and branches were closed for three months, with employees working from home. For the remaining part of 2020 and 2021, corporate buildings were occupied alternating shifts with 50% capacity and periods of voluntary presence with an average occupancy reduction of 80%. This has resulted in reduced consumption and waste production.

As a new feature in this report, CO_2 emissions for 2019 and 2020 have been recalculated unifying conversion factors. For more information on emissions, see section 4.3.3. Details of emissions and sustainable use of resources.

CO_2 emissions in tonnes ($t.CO_2$)

CO_2 emission reduction targets 2019-2025	Alcance 1+2	Alcance 3	Total emisiones
Spain	-14.2%	-48.3%	-36.1%

In its commitment against climate change, Banco Sabadell has set a new target for 2025 of reduction in Scope 1 and 2 emissions of 14.2%, taking 2019 as the base year[16], and of 36.1% of total emissions.

15. Information about Banco Sabadell Mexico is currently not included in this section, as criteria for its disclosure are currently being aligned.

16. 2019 is considered the base year because it is the last year without COVID-19 restrictions.

4.3.2 Offsetting

In their commitment to the environment, Banco Sabadell and TSB have pledged to be carbon neutral in their operations by joining the Net Zero Banking Alliance.

In this regard, Banco Sabadell has approved the offsetting of 3,632 t.CO_2 corresponding to its Scope 1 and 2 emissions, as well as that of business trips corresponding to 2021 through the investment in forestry projects in Spain, certified by MITECO, which will be materialised in 1Q22.

tCO_2 Offsetting

3,632

In addition, in 2021 the Institution joined MasterCard's global project, Priceless Planet Coalition, whose goal is to plant 100,000 trees by 2025, becoming the first Spanish bank in joining this undertaking launched in 2020 and which has the backing of expert organisations on forest management and climate change, such as Conservation International (CI) and the World Resources Institute (WRI). This initiative brings together companies, financial institutions, local authorities and consumers from around the world with the common goal of helping to plant 100 million trees by 2025 and implement actions that contribute to safeguarding the planet and combat climate change.

Meanwhile, TSB has offset its 2020 and 2021 Scope 1 and 2 emissions through reforestation projects in Bolivia and will invest in forests in the United Kingdom to offset its future emissions.

Trees until 2025

100,000

4.3.3 Details of emissions and sustainable use of resources

Further details on CO_2 emissions for each region are included below, as well as the resource management carried out:

Report on Banco Sabadell Spain's greenhouse gases ($t.CO_2$)

	2021	2020	2019
Scope 1 emissions:	**2,802**	**2,703**	**3,113**
Consumption of gases[17]	787	630	872
Leaks of refrigerated gases[18]	1,984	2,031	2,091
Fleet of company vehicles[19]	31	42	150
Scope 2 emissions:	**10**	**26**	**18**
Electricity – market-based[20]	10	26	18
Scope 1 and 2	**2,812**	**2,729**	**3,132**
Scope 3 emissions:	**1,537**	**1,940**	**5,607**
Water[21]	156	125	157
Paper[22]	473	482	818
Plastic[23]	14	40	221
Waste[24]	75	67	81
Business travel[25]	820	1,227	4,330
Travel by airplane	245	410	2,150
Travel by train	14	38	249
Travel by car	561	779	1,931
Total emissions (Scope 1, 2 & 3)	**4,349**	**4,669**	**8,739**

Data for 2020 and 2021 includes the effects of COVID-19. In 2020, corporate buildings and branches were closed for three months, with employees working from home. For the remaining part of 2020 and 2021, corporate buildings were occupied alternating shifts with 50% capacity and periods of voluntary presence with an average occupancy reduction of 80%. This has resulted in reduced consumption and waste production.

17. Conversion factors: Diesel, Propane Gas and Natural Gas based on GHG Inventories Report 1990-2019, and GHG 1990-2018 Spain. Version according to year.
18. Conversion factors: Leaks of fluorinated gases based on the practical guide for the calculation of greenhouse gas (GHG) emissions of the Catalan Office for Climate Change. Version according to year.
19. Data refer to business trips and do not include travel from home to the workplace.
Conversion factors: Fleet of vehicles based on DEFRA (Government GHG Conversion Factors for Company Reporting). Version according to year.
20. An estimate is made for December based on actual data from the previous year.
Conversion factors: 99.94% electricity based on certificates with a 100% renewable origin guarantee. 0.06% electricity based on the Spanish National Energy Commission, Electricity Labelling and Guarantees Report, "Guarantee of Origin and Electricity Labelling System". Version according to year.
21. Conversion factors: Water consumption based on the practical guide for the calculation of greenhouse gas (GHG) emissions of the Catalan Office for Climate Change. Version according to year.
22. Conversion factors: Paper consumption based on DEFRA. Version according to year.
23. Conversion factors: Plastic consumption based on DEFRA. Version according to year.
24. Conversion factors: Waste based on DEFRA. With the exception of paper and cardboard, glass and organic waste, which have been calculated based on the Calculation of GHG Emissions from Municipal Waste Management (OECC). Version according to year.
25. Data refer to business trips and do not include travel from home to the workplace.
Conversion factors: Travel by airplane, train and car based on DEFRA. Version according to year.

Report on TSB's greenhouse gases ($t.CO_2$)[26]

	2021	2020	2019
Scope 1 emissions:	**2,171**	**2,761**	**3,010**
Gases	2,025	2,662	2,699
Leaks of refrigerated gases	140	66	147
Fleet of company vehicles	6	33	164
Scope 2 emissions:	**0**	**0**	**5,274**
Electricity – market-based[27]	0	0	5,274
Scope 1 and 2	**2,171**	**2,761**	**8,284**
Scope 3 emissions:	**739**	**1,476**	**3,101**
Water	20	71	91
Paper	536	905	1,318
Waste	27	39	24
Business travel	156	461	1,668
Travel by airplane	87	207	818
Travel by train	21	33	203
Travel by car[28]	48	221	647
Total emissions (Scope 1, 2 & 3)	**2,910**	**4,237**	**11,385**

In 2021, TSB has detailed the information related to Scope 3 water, paper and waste consumption. Scope 2 emissions (for SECR) include only direct commercial electricity supplies and are location-based. A small amount of domestic or cross charged consumption from landlords is not included, but TSB is working on improvements for the next reporting period.

Scope 1 - Direct activities:

This scope includes emissions generated by facilities through the use of fuel such as diesel (including that used by mobile branches in Spain), propane gas, natural gas, as well as leaks of fluorinated greenhouse gases and the fleet of company vehicles (excluding travel between home and the work centre).

Gases

Data relating to gases correspond to the use of fuel such as propane gas, natural gas and diesel (including that used by mobile branches in Spain).

In 2021, propane gas consumption in Spain amounted to 682 m3, compared to 693 m3 in 2020 and 486 m3 in 2019 –a 1.6% reduction compared to 2020 and a 40.2% increase compared to 2019. Propane gas is only used to bolster heating at branches. The increase when compared to 2019 is due to the fact that in that year, due to weather conditions, the heating bolster system was not used significantly, thus reducing the consumption of propane gas.

Meanwhile, natural gas consumption in Spain amounted to 233,467 m3, compared to 189,423 m3 in 2020 and 257,920 m3 in 2019 –a 23.3% increase compared to 2020 and a 9.5% reduction compared to 2019. While in the UK, consumption of natural gas amounted to 11,004 MWh in 2021 compared to 14,145 MWh in 2020 and 14,386 MWh in 2019 –a reduction of 22.2% and 23.5%, respectively.

Natural gas reduction in Spain

▼9.5%

Natural gas reduction in UK

▼23.5%

During 2021, a decarbonisation and energy efficiency programme was implemented in the United Kingdom in order to achieve carbon neutrality for Scopes 1 and 2 by 2030.

Finally, consumption of diesel in Spain amounted to 13,016 l, compared to 7,625 l in 2020 and 14,246 l in 2019 –a 70.7% increase compared to 2020 and an 8.6% reduction compared to 2019. While in the UK, consumption of diesel amounted to 37 MWh in 2021 compared to 237 MWh in 2020 and 211 MWh in 2019 –a reduction of 84.4% and 82.5%, respectively.

Diesel reduction in Spain

▼8.6%

Diesel reduction in UK

▼82.5%

During 2021, diesel consumption has been reduced in Spain by 8.6% compared to 2019, due to less journeys by the mobile branches.

By 2025, the solutions available on the market will be analysed to thus assess the replacement of the fuel used by mobile branches with clean alternative energy sources. A 58% reduction in emissions is estimated for 2025, compared to 2019.

26. The conversion factors have been calculated based on DEFRA. Version according to year.

27. Market-based emissions are those associated with renewable energy supplies which carry a zero-rated emission.

28. Emissions from rental cars and employee-owned vehicles where TSB is responsible for purchasing the fuel.

In the UK, consumption of diesel is mainly used in generators of corporate buildings, as well as in heating systems in some remote island locations. Greener alternatives are being considered.

Fluorinated gases

The figures relating to fluorinated greenhouse gases correspond to leaks of F-gases due to breakdowns of HVAC systems in corporate buildings and branches. In 2021, leaks of F-gases in Spain amounted to 934 kg, compared to 1,083 kg in 2020 and 1,144 kg in 2019 –a 13.8% and 18.3% reduction respectively. While in the UK, leaks of fluorinated gases amounted to 68 kg in 2021 compared to 31 kg in 2020 and 71 kg in 2019 –an increase of 119.4% in 2020 and a reduction of 4.2% in 2019.

To reduce these leaks, every year the Bank renovates its air conditioning systems, introducing more efficient equipment (thus also reducing Scope 2 emissions) that uses gas with a lower environmental impact. Each year, approximately 8% of the equipment is replaced.

New equipment

8%

In 2022, the Bank will continue to identify the machines with more breakdowns to include them in the replacement project. This analysis also enables the detection of those models with more faults to influence the purchase of new equipment.

During 2022–2025, the regular inspection of facilities in terms of both equipment and other fixtures (pipes, connections, stopcocks) will be enhanced to detect possible deficiencies. An annual 2% reduction in emissions is estimated by 2025.

Company vehicles

In Spain, total thousands of km of business journeys in 2021 amounted to 178 compared to 241 in 2020 and 832 in 2019 –a 26% and 78% reduction, respectively.

Journeys km reduction

▼78%

In the UK, TSB launched in March 2021 an electric company car programme for management employees. As at 2021 year-end, the fleet of electric cars stood at 67% of the total fleet, compared to 6% the previous year. The roll out to more professional categories will be assessed during 2022.

TSB's fleet of electric cars

67%

Scope 2 - Indirect activities:

This scope includes emissions generated by the consumption of electricity.

Electricity consumption

The consumption of electricity in Spain in 2021 amounted to 66,213 MWh, compared to 67,993 MWh in 2020 and 78,533 MWh in 2019 –reduction of 2.61% and 15.68%, respectively. 99.93% of the energy used in 2021 is of 100% renewable origin. While in the UK, electricity consumption amounted to 20,094 MWh in 2021 compared to 23,851 MWh in 2020 and 27,930 MWh in 2019 –a reduction of 16% and 28%, respectively.

Electricity reduction in Spain

▼15.68%

Electricity used in 2021 of 100% renewable origin guarantee in Spain

99.93%

Electricity reduction in UK

▼28%

In Spain, 99.14% of the electricity used has been supplied by Cepsa, with a certificate of 100% renewable origin guarantee, while 0.79% corresponds to energy generated for self-consumption.

As a new initiative in 2021, the installation of photovoltaic panels began in one of the main corporate buildings (CBS Sant Cugat with 50,000 m^2), to generate energy for self-consumption in various areas of the building.

This initiative, which is aligned with the Bank's sustainability strategy and the adaptation of the organisation, allows, on the one hand, the reduction of the CO_2 footprint by decreasing emissions by 364 tonnes per year, which is equivalent to the CO_2 that 18,200 trees can filter in a year, and on the other hand, the reduction of energy dependence on third parties by being able to produce 5.1% of the energy that this centre needs to operate by its own means.

In addition, in order to reduce its energy consumption, Banco Sabadell continues its ongoing consumption assessment programme at its branches and corporate buildings to detect changes and actions that help improve consumption efficiency:

— As indicated in Scope 1, every year the Bank replaces 8% of its HVAC equipment with more energy-efficient models.
— The project to replace the lighting at branches with LED (Light Emitting Diode) technology continues at pace to ensure that all branches are equipped with LEDs and thus reduce consumption (corporate buildings are already 100% equipped with LED lighting).
— The majority of the branch network is equipped with a centralised low energy consumption HVAC and lighting system, as well as light activation systems for billboard advertising adapted to daylight hours.
— Corporate buildings are equipped with motion-sensitive lighting systems and LED lights. In these corporate buildings and larger offices, HVAC installations are equipped with energy recovery systems.

In the UK, the supply of electricity with 100% renewable origin has been an important milestone in the strategy towards carbon neutrality by not generating Scope 2 emissions.

Furthermore, TSB continues to develop efficiency measures to reduce electricity consumption such as the installation of a LED lighting system.

Total electricity consumption (in Spain and UK)

	2021	2020	2019
Total electricity consumption (MWh) in Spain and UK	94,143	96,844	98,627
Self-consumption (% of total electricity) in Spain	0.79%	0.00%	0.00%
Consumption of electricity provided by Cepsa and Nexus Renovables, 100% REGO (% supplied out of total electricity in Spain)	99.14%	99.92%	99.96%

The Bank is assessing the installation of a photovoltaic self-generation plant at its logistics hub in Polinya before the end of 2025. An annual 1% reduction in consumption is estimated by 2025.

Scope 3 - Other indirect activities:

This scope includes other indirect activities in which emissions from the consumption of water, paper, plastic and waste management are quantified, as well as travel by airplane, train and car (except company vehicles).

Water

Water consumption includes water for sanitary use, irrigation and catering at corporate centres. In 2021, water consumption in Spain amounted to 395,036 m3, compared to 315,656 m3 in 2020 and 396,260 m3 in 2019 –a 25% increase and a 0.3% decrease, respectively. While in the UK, water consumption amounted to 47,238 m3 in 2021, compared to 67,409 m3 in 2020 and 86,469 m3 in 2019 –a reduction of 30% and 45%, respectively.

Water reduction in Spain

▼0.3%

Water reduction in UK

▼45%

The reduction in consumption in Spain is not significant, since special cleaning programmes have been implemented to avoid the spread of COVID-19.

100% of the water used comes from the supply network. The Group's headquarters are located in urban areas where the water collected and discharged is done so through the urban network.

With regard to eco-efficiency, bathroom facilities and taps are fitted with water-saving mechanisms. The headquarters in Sant Cugat have a device that collects rainwater and greywater to reuse it as irrigation water. At the same time, the landscaped areas are comprised of native plants with low irrigation needs.

By 2022, a 1% reduction in consumption is forecasted thanks to the branch consolidation process and the use of rainwater to water trees at the Sant Cugat headquarters.

For the period 2022-2025, a gradual replacement of the WC discharge system with dual flush toilets will be carried out to reduce the consumption of water for sanitary use. An annual 1% reduction in emissions is estimated by 2025.

Paper

The Bank's daily activities require the regular use of paper. Paper consumption in Spain in 2021 amounted to 640 tonnes, compared to 652 tonnes in 2020 and 1,030 tonnes in 2019 –a reduction of 1% and 37%, respectively. While in the UK, paper consumption amounted to 583 tonnes in 2021 compared to 984 tonnes in 2020 and 1,439 tonnes in 2019 –a reduction of 41% and 59%, respectively.

Paper reduction in Spain

▼37%

Paper reduction in UK

▼59%

In order to reduce paper consumption, a series of measures were implemented, such as (i) the set-up of a 24-hour service for customers through remote channels and digital platforms; (ii) the use of tablets and digital systems in branches, which allow customers to sign documents digitally and thus eliminate the use of pre-printed documents; in addition to (iii) the change of printing settings in the Bank's printers so that the default option is for double-sided printing. In 2019, the exclusive use of recycled paper was implemented across the Group and in 2020, a project was rolled out to reduce the number of printers at corporate buildings, achieving a reduction of around 50% in the number of printers.

Banco Sabadell also continued with the programme to reduce and streamline correspondence, helping to reduce paper consumption. This programme started in 2019. The progressive digitisation of customer profiles and the consolidation of the model of a single monthly account statement have enabled a reduction of 42% compared to 2019.

The conventional paper used by the Bank is certified to international standards ISO 9001 and ISO 14001 on quality and environmental management systems, and its production is chlorine-free under the criteria of the FSC (Forest Stewardship Council), with a Blue Angel certification and an EU Ecolabel.

In the UK, TSB had set the target of reducing paper consumption by 25% by 2022 year-end compared to 2019. Therefore, several initiatives have been launched to digitise processes and brochures, reduce snail mail to customers and printouts. A 60% reduction in paper consumption has been achieved as at 2021 year-end compared to 2019.

Paper consumption (in Spain and UK)

	2021	2020	2019
Volume of paper (DIN A4 format) used during the year (tonnes)	1,223	1,636	2,469
Recycled paper used in branches and corporate buildings in relation to total paper consumption (white and recycled) in Spain (%)	100%	100%	99.98%
Recycled paper used in corporate buildings in Spain with a postal service (courier) in relation to total paper consumption (white and recycled) (%)	100%	100%	99.98%

During 2022, the zero paper project will continue to be promoted across the organisation. This project seeks to digitise all of the Bank's processes to reduce paper consumption to zero. An annual 2% reduction in emissions is estimated by 2025.

Plastic

Plastic consumption is due to materials purchased for various uses. Plastic consumption in Spain in 2021 amounted to 4.47 tonnes, compared to 12.77 tonnes in 2020 and 71.06 tonnes in 2019 –a reduction of 65% and 94%, respectively.

Plastics reduction in Spain

▼94%

In order to reduce plastic consumption, a series of measures were implemented to eliminate plastic in the products the Bank purchases for various uses. During 2020 and 2021, various plastic elimination or reduction programmes were carried out.

— Elimination of plastic in certain desk or common use materials
— Elimination of coin blister packs
— Elimination of blue bag for documents requiring urgent digitisation
— Elimination of bankbooks covers
— Replacement of the plastic film in event blue bags with brown kraft paper
— Replacement of plastic coffee spoons with wooden spoons
— Replacement of the plastic window in envelopes with a transparent paper window
— Manufacture of cash transfer bags with a mixture of recycled (80%) and virgin (20%) plastic
— Manufacture of shrink film from 56% sugar cane (bio-based material)
— Replacement of corporate pens (100% plastic) with an alternative manufactured with kraft paper and wheatpaste

During the 2022-2025 period, a gradual analysis of the various materials used by the Bank that contain plastic will be carried out to replace with sustainable materials. An annual 2% reduction in emissions is estimated.

Waste management

Waste can be classified as non-hazardous waste and hazardous waste. Non-hazardous waste includes: scrap metal, inert plastic, bulky general waste, incandescent light bulbs, paper and cardboard, glass, organic waste, grease trap and wood. Hazardous waste includes: chemical containers, absorbents (filters), lead batteries, oils, fluorescent lamps, electronic equipment, batteries and aerosols.

Section 4.3.4 Circular economy and waste management includes more details on waste management and emissions.

Business travel

Business travel includes journeys by airplane, train and car.

In Spain, total thousands of km of business journeys in 2021 amounted to 6,058 compared to 9,266 in 2020 and 34,586 in 2019 –a 35% and 82% reduction, respectively.

Km reduction in Spain

▼82%

At the start of 2020, before the declaration of the State of Emergency in Spain, the Bank reviewed its business travel policy, including new guidelines to limit travel only to those strictly necessary trips as a result of business needs and to prevent travel for internal meetings, encouraging the use of the remote solutions available.

In this regard and considering the gradual ease of restrictions, a decrease in business trips is expected to reduce emissions by 40% in 2022 compared to 2019 (2020 and 2021 cannot be used as reference as they were atypical years affected by the pandemic).

As regards whilst commuting journeys, a sustainable mobility model will continue to be promoted with the creation of new parking spaces at corporate buildings for private electric vehicles, bikes, scooters, etc.

In the United Kingdom, TSB set during 2020 a 2021 target to reduce 50% of business trips compared to 2019.

The COVID-19 pandemic has largely contributed to the reduction of 92% of emissions compared to 2019. In addition, TSB committed itself to promoting new alternative transport methods, such as the inclusion in company benefits of an additional grant for the purchase of electric bikes and for new ways of working to keep reducing emissions.

For the 2022-2025 period, an annual 5% reduction in emissions is expected in Spain by 2025 with the implementation of new measures every year that enable the Bank to establish and achieve ongoing emission reduction targets.

Other actions

In Spain, the Bank is expected to certify during 2022 its Hub Barcelona branch with the Spanish Green Building Council seal.

Moreover, to mitigate the environmental impact of its suppliers, it will encourage the use of electric vehicles for the various logistics services and the use of ecological ink among the printing companies that collaborate with the Bank.

In the UK, TSB has been identifying the potential reduction in CO_2 emissions for third-party products and services.

Furthermore, in 2021, TSB modified its procurement processes to include new sustainability requirements.

4.3.4 Circular economy and waste management

Waste management in Spain in 2021 amounted to 1,192 tonnes, compared to 1,171 tonnes in 2020 and 1,353 tonnes in 2019 –an increase of 2% and a reduction of 12%, respectively.

Waste management reduction in Spain

▼12%

In the UK, waste management amounted to 1,200 tonnes in 2021 compared to 1,452 tonnes in 2020 and 1,036 tonnes in 2019 –a reduction of 17% and an increase of 16%, respectively. The increase in 2020 was due to the increase in the volume of waste managed.

Banco Sabadell Group has internal procedures in place to ensure that 100% of paper and plastic is removed and recycled by authorised waste management firms. Corporate buildings and branches are equipped with facilities for the collection of packaging, organic waste and batteries.

Specific control mechanisms exist for waste management in branches due to be closed or merged. Surplus computer equipment and furniture in good condition at branches or work centres due to be closed or merged are donated by the Bank to NGOs and local non-profit organisations.

Among the actions taken by the Bank to reduce the waste it generates, the programmes to reduce paper consumption and associated waste (the largest volume of waste) stand out.

Breakdown of waste (W) in Spain and UK[29]

	2021		2020		2019	
	Waste t.	Emissions t.CO_2	Waste t.	Emissions t.CO_2	Waste t.	Emissions t.CO_2
Total non-hazardous waste[30]	2,377	101	1,170	67	1,351	81
Total hazardous waste[31]	15.3	0.2	1.2	0.0	1.8	0.0
Total waste	**2,392**	**102**	**2,623**	**106**	**2,389**	**105**

In the UK, a breakdown of hazardous and non-hazardous waste for 2019 and 2020 is not available and thus data only includes total waste.

For 2022-2025, the Bank will continue to reduce paper waste based on reduced usage.

In addition, by 2025, the creation of a new centralised waste room is planned to reduce waste generation, as well as the installation of an organic matter composting plant at the main Sant Cugat headquarters to reduce all organic waste. A 9% reduction is estimated for 2025, compared to 2019.

29. Conversion factors used for waste based on DEFRA 2021 (Waste Disposal), with the exception of paper, glass and organic waste in Spain, which are based on the Calculation of GHG Emissions from Municipal Waste Management (OECC).
30. In Spain non-hazardous waste includes: scrap metal, inert plastic, bulky general waste, incandescent light bulbs, paper and cardboard, glass, organic waste, grease trap and wood. The top 3 waste products in 2021 were paper and cardboard with waste of 1,009 t (56.94 t.CO_2), bulky general waste with waste of 51.13 t (0.45 t.CO_2) and organic waste with waste of 44.02 t (15.58 t.CO_2).
31. In Spain hazardous waste includes: chemical containers, absorbents (filters), lead batteries, oils, fluorescent lamps, electronic equipment, batteries and aerosols. The two biggest waste products were electronic equipment with waste of 3.48 t and emissions of 0.03 t.CO_2 and absorbent filters with waste of 1.47 t and emissions of 0.01 t.CO_2.

5. Commitment to sustainable financing



Banco Sabadell Group's strategy consists of successfully carrying through the transition towards a more sustainable model and a low-carbon economy, offering customers and investors the best possible solutions.

Through:
— Issuance of sustainability bonds
— Investment in renewable energies and the sustainability business through the subsidiary Sinia Renovables
— Project Finance
— Financing solutions in the different businesses, through:

  — **Green or Social Loans** ("GSL"), in which the use of the funds is the main criterion for determining the green, social or sustainable nature
  — **Sustainability-Linked Loans** ("SLL"), relating to the type of financing that incentivises the achievement of sustainability targets
— Solutions for sustainable savings and responsible investment

5.1 Issuance of sustainability bonds

Since 2020, Banco Sabadell has adopted a framework for the issuance of bonds linked to the Sustainable Development Goals (SDGs), which considers three types of bonds: green bonds, social bonds and sustainability bonds.
— **Green bonds** – these finance eligible green project categories, focusing on projects with environmental benefits, such as reduction of greenhouse gas emissions, pollution prevention and climate change adaptation.
— **Social bonds** – these finance eligible social project categories, focusing on the generation of social benefits by providing access to essential services, facilitating social inclusion and promoting the generation and maintenance of employment.
— **Sustainability bonds** – these finance a combination of green and social projects.

All of the proceeds obtained by issuing these types of bonds will be used to fully or partially finance or re-finance new, existing or future loans or projects that meet the eligibility criteria established in the Framework, which is based on the European Union Taxonomy and the Green Bond Principles issued by ICMA (International Capital Market Association).

In 2021, Banco Sabadell has returned to the green bonds market with one issuance, in June, of 500 million euros with a legal maturity of 7 years and an option to call early in the 6th year, as well as a coupon rate of 0.875%. On this occasion, it was an inaugural green issuance of Senior Non-Preferred debt. This third issuance brings the Bank's green issuance volume over the past two years to 1,120 million euros.

Million euros in green issuance

1,120

In relation to green bonds issued in 2020, and as envisaged in the Framework for the issuance of bonds linked to Sustainable Development Goals (SDGs), a report has been drawn up, reviewed by an independent expert, on the allocation of the proceeds obtained from the aforesaid bonds, called the "Green Bonds Report 2021", which is available on the corporate website and which also shows the environmental impact generated by the bonds.

Furthermore, in September 2021, Banco Sabadell Mexico has prepared the *Marco de Financiamento Sostenible* (Sustainable Financing Framework), which is aligned with the 2021 Sustainability Bond Guidelines, the 2021 Green Bond Principles, the 2021 Social Bond Principles and the 2021 Green Loan Principles. Sabadell Mexico seeks to ensure that, in the near future, funds are used to place green bonds in eligible categories such as Green buildings, Renewable energy, Energy efficiency, Clean transportation, Efficient and climate-resilient water

management, Environmentally sustainable agriculture, SMEs, Social infrastructure and Social housing.

5.2 Sinia Renovables

As at year-end 2021, Sinia Renovables, Banco Sabadell's division for investment in renewable energies and sustainability, has investments in operation, construction and development projects with an overall installed capacity of 1,031.9 MW, of which the portion attributable to Sinia through its direct shareholding is 303 MW, equivalent to the generation of 716.6 GWh of sustainable electricity every year. This generation, if all projects had been in operation, would be enough to satisfy the average annual consumption of approximately 219,000 households.

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in which it holds a direct equity interest, is 163.7 GWh/year. This renewable energy prevents the emission of around 22,922 tonnes of CO_2 equivalent per year, equivalent to the average annual consumption of approximately 50,039 households.

Renewable electricity GWh/year

163.7

Emissions prevented (t.CO_2)

22,922

Emissions prevented (households)

50,039

These figures position the Group as one of the financial sector's top investors in renewable energy projects.

In addition, the main actions taken during the year are set out below:

— Sinia currently holds investments in wind energy projects in Mexico equivalent to 247.3 MW installed capacity in operation in the Tamaulipas and Baja California regions. In Peru, it holds investments in the northeast of the country in two wind farms with total installed capacity of 36.8 MW. In Chile, it continues to hold its investment in a 103.5 MWp photovoltaic plant in the north of the country.

— With regard to assets in operation in the Spanish market, Sinia has maintained its investment made in 2020 in two wind farms in Navarre, with total installed capacity of 93.6 MW, and it has added to this by investing in a 3.0 MW wind farm in Tarragona in 2021. In 2021, it also made another investment in an 18 MW wind farm under construction in Castilla y Leon.

— With regard to assets under development as at year-end 2021, Sinia holds investments in assets with total installed capacity of 509.1 MW located throughout Catalonia, Galicia and Castilla y Leon, including both photovoltaic plants and wind farms.

— In October 2021, it acquired 25% of the first franchiser of engineering firms engaging in photovoltaic self-consumption and electric vehicle charging points in Spain, called Doctor Energy, in order to help the company accelerate its growth.

— In December 2021, it made its first investment in the industrial self-consumption sector, through the provision of finance and the acquisition of a 25% stake in 18 installations with an overall volume of 20.46 MW.

5.3 Project Finance

Banco Sabadell has positioned itself once more as a leading bank in renewable financing in the form of Project Finance GWh/year.

Continuing with the trend of recent years, this year Banco Sabadell has positioned itself once more as a leading bank in renewable financing in the form of Project Finance. This has also taken place against a backdrop of more ambitious targets in Europe in relation to fighting climate change and improving energy efficiency. As a result of the approval of the European Commission's package of measures known as "Fit for 55", the targets for increasing renewable installed capacity across the EU have approximately doubled compared to what they were initially. Banco Sabadell is recognised as a fundamental driver of the change required to achieve not only these targets, but also those established at the domestic level by the Plan Nacional Integrado de Energía y Clima (National Integrated Energy and Climate Plan). For this reason, in 2021, it has mobilised 1,107.6 million euros through a total of 48 transactions. In terms of renewable projects executed in the geographical regions in which the Institution operates, throughout 2021, there have been four in the United States (173.9 million euros), one in Mexico (15.9 million euros), one in Portugal (23 million euros) and 42 in Spain (894 million euros).

Project Finance total amount

1,107.6MM€

Project Finance number of operations

48

Data in millions of euros.

Country	Amount	%
Spain	894.8	80.8%
Mexico	15.9	1.4%
Portugal	23.0	2.1%
USA	173.9	15.7%
TOTAL	**1,107.6**	

With regard to the technology financed, the number of photovoltaic and wind energy projects is particularly noteworthy.

The amount of financing provided for photovoltaic projects amounted to a total of 531.4 million euros (48% of the projects). The amount of financing provided for wind energy projects amounted to a total of 496.4 million euros (45% of the total), while the amount provided for solar thermal power plants amounted to 79.8 million euros.

Data in millions of euros.

Technology	Amount	%
Wind	496.4	44.8%
Photovoltaic	531.4	48.0%
Solar thermal	79.8	7.2%
TOTAL	**1,107.6**	

Lastly, in relation to transactions in Spain and Portugal, this year Banco Sabadell has once again positioned itself as a leader in the sector and it has set the benchmark in terms of the execution of Project Finance transactions. In 2021, the Institution has been particularly active in financing new construction projects (known as 'greenfield projects'), which accounted for 61% of total financing. In terms of their breakdown, financing has been provided for three projects through auctions in 2020 (3% of the total), for 12 projects whose income structure includes Power Purchase Agreements or PPAs (38% of the total), as well as 11 projects whose income is obtained exclusively through the wholesale market (20% of the total). Overall, it has contributed by financing 1,250 MW of attributable renewable installed capacity in the system, which will produce sufficient electricity to satisfy the demand of approximately 841,559 households in Spain and will prevent emissions equivalent to 385,501 tonnes of CO_2 during each of their years in operation. Lastly, in 2021, the Institution has restructured 16 brownfield projects with total attributable capacity of 173 MW and 354.7 million euros.

Data in millions of euros

Type	Amount	%
FIT Peninsula	354.7	38.6%
PPA Spanish Government	31.2	3.4%
Merchant with PPA	346.4	37.7%
Merchant without PPA	185.5	20.2%
TOTAL	**917.8**	

5.4 Financing solutions for the CIB business, Companies and Individuals

To bring processes for loan approval, portfolio management and reporting tasks in line with international standards on sustainable financing ("Green Loan Principles" and "Sustainability-Linked Loan Principles" issued by the Loan Market Association and the "Green Bond Principles" and "Sustainability-Linked Bond Principles" issued by ICMA), in 2020 the following types of financing were defined, according to the intended use of the funds:

— **Green and Social Loans** ("GSL"), in which the use of the funds is the main criterion for determining the green, social or sustainable nature. In general, this type of financing is preferable as it generates a positive direct impact on the environment and/or society. This type of financing is closely related to Banco Sabadell's Eligibility Guide, whose main reference is the EU Taxonomy, and to the green bonds issued by the Bank in recent years under the SDG Bond Framework. This category includes all Project Finance transactions related to renewable energy, given their inherent nature, as well as all bond issuances and private placements intended to fund a specific green and/or social project (further details provided in the corresponding sections).

  To promote GSL transactions, the Bank has approved discounts that allow it to offer better prices to customers.

— **Sustainability-Linked Loans** ("SLL"), relating to the type of financing that incentivises the achievement of sustainability targets, linking the transaction price to the development of one or more KPIs. This category does not require the funds to be used for any specific purpose. It is considered essential for the selected indicators to be relevant and central for customers, as this enables their sustainability strategy to gain more traction.

The volume of GSL is expected to steadily increase as regulatory developments on this topic are incorporated. The rollout of the Next Generation EU Recovery Fund will significantly boost this type of financing (section 5.4.3 Next Generation EU provides more details on the actions that the Bank is taking in relation to the aforesaid funds).

5.4.1 Financing solutions for the Corporate & Investment Banking business

As at year-end 2021, 26 sustainable financing transactions were executed, enabling the mobilisation of more than 10 billion euros in the area of Corporate & Investment Banking (CIB) (which includes corporate business transactions and the placement of bonds), increasing the sustainable financing portfolio by over 1,595 million euros[32]. A significant part of this work has continued to be carried out in Spain, complemented by work carried out in other geographical regions where the Institution is present: United Kingdom, France, Portugal, United States and Mexico.

CIB number of operations

26

CIB total amount

12,200MM€

	No. of Transactions	Total Volume	Bank Participation
Corporate Banking	21	8,575	1,695
Capital Markets	5	3,625[33]	n.a.
Total CIB[34]	**26**	**12,200**	**1,695**

The information shown in the table is explained here below:

Corporate Banking

Within the corporate banking business, 21 transactions were signed, mainly SLL transactions, amounting to over 1,695 million euros, double the financing volume of 2020. Around 20% of this amount corresponds to guarantee lines. Some of the most noteworthy transactions include:

— **Puig Beauty & Fashion:** The Catalan fashion and fragrance group signed its first sustainable loan, amounting to 200 million euros. The bilateral transaction links the margin to the group's progress with two environmental indicators, in this case, the volume of its direct emissions and the volume of its indirect emissions generated by the electricity consumed and purchased. These indicators have been defined in accordance with the "GHG Protocol" and the measurement methodology is compliant with the criteria of the SBTi ("Science-Based Target initiative").

32. This amount does not include refinancing.
33. The amount corresponds to total green bonds and sustainability bonds, not including securitisation funds or commercial papers.
34. Not including amount corresponding to Project Finance, as that is given in section 5.3 *Project Finance*.

— **Roca Grup:** A 350 million euro syndicated loan in which Banco Sabadell has acted as sustainability co-coordinator. The margin was linked to two environmental targets: reduction of emission intensity ($t.CO_2eq$ / sales) and reduction of water use intensity (m3 water / sales). It is worth noting that margin adjustments, both positive with the corresponding savings, and negative with an equivalent premium, will go to the "We Are Water" Foundation, which supports projects that provide access to water for those living in areas where water is scarce, mainly in Africa.
— It is also important to highlight the execution of the first sustainable loan in Portugal. The transaction was structured by linking the margin to an environmental aspect, as the reduction of Scope 1 and 2 emissions, and a social aspect, the promotion of women's access to positions of leadership in the company.

Sustainable financing is being prioritised as a way of supporting customers.

Custom proposals are being formulated according to customers' needs, their sustainability strategy and factors specific to their industry.

Over the year, a large proportion of the commercial teams within CIB have received specific training on sustainable financing, thus improving interactions with customers on these topics.

At the same time, sectoral specialists have joined the sustainable financing task force in Corporate Banking in order to improve the content and reach of the proposals.

Capital Markets

In 2021, Banco Sabadell acted as underwriter of green bonds and sustainability bonds in capital markets, participating with a total of 3,625 million euros.

The main actions taken during the year are set out below:
— It acted as Joint Lead Manager in the public issuance of the Madrid Autonomous Community (1 billion euro sustainability bond maturing after 10 years with a 0.42% coupon) and as passive bookrunner in the issuance of Via Celere (300 million euro green bond issuance maturing after 5 years with a 5.25% coupon), both of which took place in March 2021.
— It acted as Co-manager in an issuance by Aedas Homes in May 2021 (325 million euro green bond issuance maturing after 5 years with a 4% coupon).
— In November 2021, Banco Sabadell acted as Joint Lead Manager in the issuance by Telefónica of 750 million euros of sustainability bonds with a 2.88% coupon, and as Co-manager in the issuance by Faurecia of 1,250 million euros of sustainability-linked bonds with a 2.75% coupon.

In addition to public bond issuances, Banco Sabadell has also arranged green securitisation funds and a green commercial paper programme.
— The first securitisation fund for the securitisation of future-flow receivables (Elecnor Eficiencia Energética 2020, FT), arranged by Banco Sabadell, whose purpose is to purchase receivables arising from long-term contracts awarded to Elecnor for energy services and the maintenance of street lighting fixtures at government facilities (mainly town halls). The purchase of receivables has been financed with an issuance of 50 million euros of long-term bonds maturing after 7 years with a 2.00% coupon, which was listed on the Spanish Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija*, MARF). **The issuance has been given an A+ rating by Axesor and is rated as a "green bond" in the Second Opinion by G Advisory.**
— Banco Sabadell has also arranged a securitisation fund (Sacyr Green Energy Management, FT) for Sacyr Industrial Operación y Mantenimiento (SIOM), for the purchase of receivables arising from long-term contracts in which SIOM provides operational and maintenance services in nine plants (five cogeneration plants, two biomass power plants and two olive pomace oil extraction plants), all located in Andalusia. The purchase of receivables has been financed with an issuance of 104 million euros of long-term bonds maturing after 10 years with a 3.25% coupon, which was listed on the

Spanish Alternative Fixed-Income Market (Mercado Alternativo de Renta Fija, MARF). **The issuance has been given an A- rating by Axesor and is rated as a "green bond" in the Second Opinion by G Advisory.**

— In September 2021, Grenergy registered a commercial paper programme with MARF with a limit of 100 million euros under which to issue green commercial paper. This is the first commercial paper programme of its kind in MARF and it was rated in a Second Opinion by Sustainalytics.

5.4.2 Financing solutions for companies and individuals

In the case of individuals and SMEs, Banco Sabadell puts a series of solutions at the disposal of its customers, which are geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems.

Information is provided hereafter about:
a. The main green products offered
b. All other green products
c. Sustainable mobility solutions through Sabadell Renting
d. Social financing

Sustainable financing is one of the main tools used to promote a clean and circular economic model, which allows CO_2 emissions to be reduced and which contributes to environmental protection.

Main green products offered

Green Mortgage

Since October 2020, with the creation of the fixed-rate Green Mortgage, a discounted price has been offered for the purchase of homes with an energy performance certificate (EPC) rating of B or higher. As at year-end 2021, the cumulative volume of mortgages certified as sustainable (mortgages for homes with an EPC rating of A or B) amounted to over 700 million euros.

Green mortgage

+700MM€

Sustainable rental

10,9MM€

Sustainable rental of capital goods

Banco Sabadell upholds the sustainable approach of the activity involving the rental of capital goods, with an offering that includes sustainable products, such as:
— photovoltaic panels,
— electric vehicle charging stations,
— LED lighting, etc.

It also adapts its offering to social sustainability, with products such as Learning Renting (to help modernise educational centres) and SaniRenting (to rent out technology and equipment to hospitals, clinics, care homes and sports centres). Similarly, partnerships are interweaved and synergies are created with some of the Bank's segments, such as Professional Groups, the Agricultural Sector, Franchises and the Tourism Industry, applying specific products and offers for the customers of each sector.

In 2021, 111 sustainable rental transactions have been carried out (boilers, photovoltaic systems, low consumption lighting, etc.), amounting to a total of 10.9 million euros.

Sustainable leasing

In 2021, Banco Sabadell has increased its offering of sustainable leasing products, including '*Eco Leasing Inmobiliario*' (real estate), to provide finance for properties with an EPC rating of A or B, '*Leasing Autoconsumo*' (self-consumption) leases to provide finance for photovoltaic installations, and '*Eco Leasing Vehículos*' (vehicles), for vehicles with ECO or zero emissions labels.

In terms of the volume of finance provided through sustainable leasing in 2021, 93 transactions have taken place, amounting to 35.9 million euros, representing 5.4% of the total volume of new leases (657 million euros).

Operations 2021	Sustainable leasing
93	**35,9MM€**

All other green products

Furthermore, other products have been created in line with emerging needs and the opportunities arising from the fiscal stimulus measures put in place by the Government:

'*Préstamo Expansión ECO-Reformas*' (home ECO-improvements loan)

The aim of this product is to incentivise upgrades and/or acquisitions that improve sustainability and energy saving in primary residences or second homes. The Bank offers financing, with attractive conditions, for improvements of openings (windows and doors), upgrades of heating or cooling systems to make them more efficient, and purchases of household appliances with energy efficiency ratings of A or higher.

'*Préstamo de Amortización Constante* (PAC) ECO' (ECO constant amortisation loan)

In the case of companies, we continue to offer the ECO constant amortisation loan, known by its Spanish acronym 'PAC', which is also aimed at incentivising the renovation of premises, offices, warehouses, etc. in order to reduce energy consumption and CO_2 emissions by replacing or retrofitting buildings' power systems, heating systems or recycling systems with more efficient and sustainable ones, and by replacing fleets of commercial or industrial vehicles.

'*Préstamo Comunidades de Propietarios*' (homeowners' association loan)

There is currently a need to promote energy efficiency in the construction and building sector, due to its high volume of emissions and energy consumption. The Next Generation EU Fund will no doubt pay particular attention to this aspect (more details in section 5.4.3 Next Generation EU). For this reason, the conditions of the homeowners' association loan, to provide financing for energy efficiency and renewable energy, have been improved.

'*Préstamo Eco Agro*' (ECO agro loan)

In the realm of solutions for agricultural activities, Banco Sabadell offers its customers the '*Préstamo Eco Agro*' (ECO agro loan), intended for agricultural and livestock farmers who wish to transform their production methods to adapt them to current EC regulations on organic farming.

'*Préstamo Coche ECO*' (ECO car loan)

The Bank offers the '*Préstamo Coche ECO*' (ECO car loan), aimed at retail customers, which enables the purchase of 'zero emissions' or 'ECO' labelled vehicles, under very attractive conditions, thereby encouraging consumer uptake of vehicles that are less polluting and suited to the new low-emissions zones in larger cities.

It is also worth noting that TSB and Banco Sabadell Mexico have developed an offering of sustainable products, including:

Green Additional Borrowing

In June 2021, TSB launched the Green Additional Borrowing product to support customers looking to retrofit their homes, for example with solar panels or insulation, to make them more energy efficient, reducing environmental impact and utilities costs for the homeowner.

In November 2021, TSB piloted a mortgage for new build homes, which are more energy efficient. TSB is now looking at how it can roll this out in the second half of 2022.

Sustainable loans in Mexico

Banco Sabadell Mexico has accumulated approximately 650 million dollars of sustainable loans in 2021, and aims to increase that volume of green loans in 2022. At the end of 2021, the Renewable Energy and Real Estate sectors accounted for approximately 80% of green loans. Furthermore, there has been an increase in working capital loans used for the acquisition of sustainable technology, such as photovoltaic cells that will be used in the agricultural industry.

Sustainable mobility solutions

In 2021, the Bank, through its vehicle rental subsidiary Sabadell Renting, has once again expanded its fleet of ECO vehicles (those with an ECO or "0" emissions label) by 14% compared to 2020.

In 2021, the Bank, through its vehicle rental subsidiary Sabadell Renting, has once again expanded its fleet of ECO vehicles (those with an ECO or "0" emissions label) by 14% compared to 2020. These vehicles already represent 18.43% of its total fleet. This is due to the competitive offers and campaigns launched in relation to this type of vehicle, the continued prominence of these mobility options in rental brochures (ECO vehicles consistently account for over 25% of the overall offering), as well as the awareness-raising actions taken with employees and customers.

ECO vehicles

18.43%

In terms of vehicles with lower emissions of CO_2 per kilometre, the number of vehicles with a 'zero emissions' label (plug-in hybrids and 100% electric vehicles) has jumped, entailing 5.3 million euros of sustainable investment in 2021 (49% more than in the previous year), with 2.5 times the number of units of this type of vehicle brought to market.

In 2022, through a new strategic partner, the goal is to continue expanding the available range of ECO vehicles to make them more accessible to different customer segments, through more competitive offers in the market and through new mobility solutions that are more flexible, sustainable and customised.

Social financing

Financing granted to micro-entities for the purpose of promoting and maintaining employment.

In the area of social financing, it is worth highlighting the financing granted to micro-entities for the purpose of promoting and maintaining employment. In 2021, 3,417 million euros of financing has been granted to micro-entities for this purpose.

Micro-entities funding

3,417MM€

In another area of social financing, due to the economic impact caused by the volcano eruption on the island of La Palma, Banco Sabadell has granted payment holidays on revolving and instalment loans to both natural persons (41) and legal entities (30), in order to help minimise the economic damage of this phenomenon.

Banco Sabadell has also granted 27,080 financing transactions through ICO lines in 2021, amounting to 2,072 million euros.

5.4.3 Next Generation EU

In line with the EU's climate Action Plan, the volume of investment required to achieve the targeted reduction of emissions by 2030 amply exceeds the public sector's investment capacity, making it necessary to contribute private funds to the economic activities defined therein.

Taking up this baton, financial institutions have the responsibility to complement the funds made available by European institutions in order to repair the damage caused by the pandemic as much as possible and achieve the greatest possible progress towards a more sustainable economy. In addition to this, it is essential to provide the maximum possible capillarity to the programme of European funds in order to ensure that it is rolled out to the entire business world, including SMEs.

These funds seek to promote the following aspects of the economic transition:

— **Digitisation:** To promote the digitisation of SMEs and self-employed professionals, approximately 4,066 million euros will be used to carry out actions in relation to digital marketing, e-commerce, companies' digital management and cybersecurity, among other things.
— **Sustainable mobility:** 13,203 million euros will be invested in sustainable, safe and connected mobility. Part of these funds will go towards helping companies and self-employed professionals renew their commercial and transportation vehicles, and towards setting up charging points for electric vehicles.
— **Energy efficiency and renewable energy:** In order to reduce the demand for energy consumption, over 6.8 billion euros will go towards the renovation of Spanish homes, while more than 3.1 billion will be put towards renewable energies. Companies and self-employed professionals will be able to benefit from this financial assistance for the installation of photovoltaic panels, the acquisition of efficient household appliances, LED and low-consumption lighting, thermal insulation and windows.

To this end, the various specific products are made available to companies so that they can receive an advance on subsidies, complement subsidies where these do not cover the full amount of the investment, or provide any guarantees required by the government.

Banco Sabadell aims to be by the side of companies as they make this journey.

Solid market penetration in the companies segment. Es and companies will receive a significant proportion of the Next Generation EU funds. The Bank has a solid market share and market penetration in these segments, which will enable it to play a key role in providing additional funds to carry out the projects related to the Funds.

Extensive presence among professional groups. . The Institution has signed over 3,000 agreements with professional groups, business and professional associations and chambers of commerce, allowing us to better serve the sectors most impacted by the subsidies.

Specialised team. Aware of the increasing importance of sustainability, a team of specialists in European Funds and Sustainability has been trained and deployed to offer support to the branch network in the development of sustainable operations. These specialists are present in all geographical regions and they also work together with specialists in other areas, such as the tourism industry, the agricultural industry and the public sector.

Value proposition. Banco Sabadell supports its existing and potential customers throughout the entire process, offering a comprehensive solution. To this end, a series of initiatives have been launched:

— **Identification of subsidies:** through business intelligence algorithms provided by TuFinanziacion, a consultancy firm with over 15 years' experience in public subsidies (both European and domestic).
— **Most suitable subsidies in the *Visita 360* (360 Visit) relationship model and through digital channels, where each customer will receive the subsidies considered to be most appropriate on the basis of their sector, location, activity and other commercial criteria.**
— **Financing solutions:** these relate to three types of business solutions (advances, co-financing and guarantees), as well as turnkey agreements.
— **Subsidies management platform,** provided by PwC, with a specialist team of more than 50 advisers and consultants, designed exclusively for Banco Sabadell customers with competitive prices.

5.5 Sustainable savings and responsible investment solutions

In the area of investment, both pension fund manager BanSabadell Pensiones EGFP S.A. in 2012 and, since 2016, Aurica Capital, a venture capital enterprise that invests in Spanish companies with plans to expand in foreign markets, have adopted the United Nations Principles for Responsible Investment (PRI) in the investment manager category. Pension funds individually subscribed to the PRIs by BanSabadell Pensiones EGFP S.A. include BanSabadell Pentapensión Empresa FP, the Banco Sabadell Employees' Pension Fund MF2000, the Banco Sabadell Employees' Pension Fund GM, BanSabadell 18 FP, and the Pension Fund of Compañía de Servicios de Bebidas Refrescantes, a soft drinks company in Spain.

In relation to investment funds, throughout 2021, four Sabadell Asset Management funds were recognised as being sustainable according to Article 8[35] of the European

SFDR (Sustainable Finance Disclosure Regulation) by the Spanish regulator: Sabadell Inversión Ética y Solidaria, FI (€112.8m), Sabadell Acumula Sostenible, FI (€117.5m), Sabadell Crece Sostenible, FI (€172.4m), Sabadell EEUU Bolsa, FI (€210.4m) and Sabadell Interés Euro, FI (€644.8m). This, together with the Amundi funds distributed by Banco Sabadell among its customers and recognised as sustainable according to Article 8 (€2,626.6m), have brought the volume of assets under management qualifying as sustainable according to Articles 8 and 9 to a total of 3,884.6 million euros (22.5%) as at year-end 2021.

Sustainable funds

3,884.6MM€

With regard to the United Nations criteria in relation to the Principles for Responsible Investment, it is worth mentioning that the Bank's strategic partner, Amundi, has been a signatory of these Principles since they were created in 2006. In this regard, Banco Sabadell customers have 18 billion euros' worth of investment funds managed by the different management companies of the Amundi group under the UN Principles for Responsible Investment.

Aases under PRI principles

18,000MM€

In 2022, the offering of savings/investment products that meet sustainability criteria will continue to be expanded. The main actions taken will centre around investment funds, as these are the products most held and most frequently acquired by customers, driven by the strong commitment to sustainability undertaken by Amundi, Europe's leading management company in terms of asset volume. Based on the 15% target set for this year, the aim is for the volume of assets under management that meet ESG criteria to reach 75%, which would entail increasing the number of Sabadell Asset Management funds meeting the criteria of Article 8 or 9 from 4 to 29.

Banco Sabadell recognises the importance of the industry of investment products and services in financing a more sustainable economy. Within this commitment, and in order to foster best practices in relation to investment in 2021, specific training sessions on ESG investment have been held for all those in customer-facing roles who may engage in the provision of advice. In the same vein, there are plans to enhance this training content in 2022, with a course aimed at those in more specialist roles in relation to Savings/Investment, in order to further explore ESG investment, with topics such as the integration of ESG criteria, financial profitability and regulation.

In 2021, the Banco Sabadell Policy on Integrating ESG Risks in Savings/Investment Products has been completed. This policy is enshrined within Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector. The process consists of four stages. The first stage corresponds to the analysis of evidence submitted by the companies or partners to which the Institution has delegated tasks related to the management of products of which the Institution is a Financial Market Participant, or to the selection of products that it offers in its capacity as Financial Advisor. The second stage involves reviewing the offering defined for the different segments, including sustainability risks within the decision-making variables, to be submitted to the Working Group of the Advisory Offering. The third stage entails the ratification of the decisions taken by the Technical Product Committee. Lastly, the fourth stage involves monitoring the information to be disclosed in accordance with Regulation 2019/2088.

With regard to BanSabadell Pensiones, in recent years various actions have been carried out to foster the development of socially responsible investment among its pension plans, and it was one of the first institutions to offer an ethical and charitable pension plan which, in addition to investing according to socially responsible criteria, also donates a portion of the management fee to Oxfam Intermón to fund selected projects. In 2018, BanSabadell Pensiones, together with Banco Sabadell and Comisiones Obreras (CCOO), signed an agreement in relation to the socially responsible investment (SRI) clause, to include it in the statements of investment policy principles of occupational pension funds. BanSabadell Pensiones currently manages nine pension funds that explicitly incorporate a socially responsible investment (SRI) mandate in their investment policy, with assets of 1,068 million euros as at year-end.

In terms of the integration of ESG sustainability risks in investment-related decisions at Sabadell Seguros, the asset management process integrates quantitative and qualitative ESG criteria. To this end, ESG ratings issued by specialised ESG rating agencies are used. These allow the risks and opportunities associated with short- and long-term investments to be identified. Certain tools are also used in the process that detect reputational alerts related to the companies and assets that form part of its investments. It is also worth noting that exclusion policies are applied, which dictate that no investments should be made in controversial sectors (weapons, thermal coal, etc.). To analyse sustainability risk controls in investment portfolios, the ESG Footprint Committee was created,

35. Articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as SFDR), which govern transparency of the promotion of environmental or social characteristics in pre- contractual disclosures and transparency of sustainable investments in pre- contractual disclosures, respectively.

which is responsible for supervising sustainability risks and checking the correct implementation of the sustainability risk policy by each investment manager.

Similarly, Sabadell Seguros has been a participant of the Q-impact fund since July, in order to contribute to the global challenge of energy transition and create professional opportunities for vulnerable groups.

Q-Impact invests in companies in growth and expansion stages that mitigate problems of both social inclusion and ecological transition in Spain. In the social sphere, the fund primarily focuses on companies which promote the employability of young people and reduce youth unemployment, which work towards the inclusion of those with different abilities and vulnerable groups, and which improve the lives of people with different abilities and the elderly through adapted products and remote assistance services.

With regard to ecological transition, the fund focuses on catalysing investment in underserved markets, as well as on organic agriculture, sustainable technology and related sectors: renewable generation on islands and financing of self-consumption and energy efficiency.

In terms of protection insurance, the aim of companies is to promote the development of products and services that create social value and foster environmental protection.

The Bank wants to offer insurance products that help it honour its commitment and fulfil its responsibility to the environment. To this end, a number of its products include services and benefits that promote the fight against climate change.

Travel has become less frequent, consequently reducing greenhouse gas emissions, thanks to video valuations in Auto Protection and Home Protection insurance and 24-hour video consultations in Health Protection provided by Sanitas.

Home Insurance also takes into account the needs of customers concerned about climate change, offering coverage for accidental breakages of the sheets of glass of any solar panels that they have installed and which are fixed to the fabric of the building of their homes and for their exclusive use. Any charging points for electric vehicles installed and fixed in their (owned) garage are also considered part of the fabric of the building.

On the other hand, Auto Insurance offers special coverage for electric vehicles, such as roadside assistance in the event of a breakdown, accident or low battery; coverage for the theft of the charging cable or plug; as well as coverage for damages to third parties caused by faults when charging the vehicle (with the Civil Liability coverage).

5.6 Lines of credit with multilateral development banks in Mexico

International Finance Corporation (IFC), a member of the World Bank Group, to promote the development of sustainable tourism and construction in Mexico. These funds are granted to customers seeking to promote the development of sustainable projects.

This partnership with the IFC has boosted sustainable financing, with loans being granted to the hotel industry to promote sustainable tourism in the country. These projects meet over 90% of the environmental requirements of the Rainforest Alliance, which bases its certification criteria on energy efficiency, reduced water consumption and control of greenhouse gas emissions.

Sabadell Mexico also has an 8-year line of credit of 50 million dollars with the German Development Finance Institution (DEG), which aims to promote sustainable projects aimed at environmental protection, including investments in energy efficiency, measures to reduce greenhouse gas emissions, and devices for facilities and equipment for the rational management of water and waste, among others.

Since July 2021, all infrastructure projects that have received 5 million US dollars or more in funds from the IFC and the DEG are evaluated by Banco Sabadell Mexico's SARAS system, which identifies the environmental and social impacts and risks associated with customers' activities. At the end of these evaluations, an Action Plan is drawn up designed to help mitigate the identified impacts and risks, which the customer undertakes to carry out.

6. Commitment to people



6.1 Workforce information

Banco Sabadell has a committed and professional workforce geared towards helping people and companies make the best economic decisions.

Banco Sabadell has policies and procedures in place aimed at developing talent, fostering the commitment of its workforce and encouraging diversity and inclusion.

As at year-end 2021, Banco Sabadell Group has 20,070 employees distributed across the various regions in which it operates, practically all of whom have permanent contracts. This workforce is diverse in terms of both its geographical distribution (32.9% are in international locations) and gender (55.7% are women).

Professionals

20,070

International workforce

32.9%

Women

▲55.7%

Banco Sabadell Group employees: Breakdown by professional category, age and country

	2021			2020		
Senior management	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Middle management	515	214	729	516	180	696
Specialist staff	1,988	1,281	3,269	2,422	1,324	3,746
Administrative staff	5,663	7,766	13,429	6,855	8,970	15,825
Administrativos/as	724	1,919	2,643	738	2,453	3,191
Total	**8,890**	**11,180**	**20,070**	**10,531**	**12,927**	**23,458**

Group data as at 31/12/2021. 'Senior management' includes executive directors, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for Private Banks.

	2021			2020		
Age range	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Under 31	1,113	1,245	2,358	991	1,258	2,249
Between 31 and 49	5,093	7,012	12,105	5,486	7,636	13,122
Over 49	2,684	2,923	5,607	4,054	4,033	8,087
Total	**8,890**	**11,180**	**20,070**	**10,531**	**12,927**	**23,458**

Group data as at 31/12/2021.

	2021			2020		
Country	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Spain	6,157	7,310	13,467	7,571	8,141	15,712
United Kingdom	2,291	3,507	5,798	2,408	4,343	6,751
Mexico	278	185	463	306	192	498
Other regions	164	178	342	246	251	497
Total	**8,890**	**11,180**	**20,070**	**10,531**	**12,927**	**23,458**

Group data as at 31/12/2021. Workforce in United Kingdom includes employees at TSB and at Banco Sabadell's foreign branch.

In 2021, the Group's workforce has been reduced by 14.4%, going from 23,458 to the current 20,070 employees. This reduction includes some of the departures envisaged in the Restructuring Plan 2021, incorporated in the commitment to efficiency of the strategic plan and embodied in the collective dismissal agreement reached between the Bank and 100% of workers' legal representatives. The goal is to adapt the Bank to the transformation of the environment (customer digitisation, new ways of working, disruptive technology, etc.) and to build the best possible future for the workforce, customers and other stakeholders.

The Restructuring Plan 2021 envisages the phased departure of 1,605 Banco Sabadell employees until 31 March 2022. In accordance with legal requirements, but with conditions far superior to those provided in law, all of these employees have been offered the option to be enrolled in the different schemes included in a Social Plan, which has a dual commitment: to find a new job for all those affected and who wish to find alternative employment, and to provide effective guidance and emotional support to those who need it during this personal and professional transition.

Types of contracts in the Group[36]

Practically all Group employment contracts (99.0%) are permanent contracts, and only 192 are temporary (of which 18 are in Spain).

Number of contracts, by type:

	2021			2020		
Type of contract and gender	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Permanent	8,817	11,061	19,878	10,474	12,875	23,349
Temporary	73	119	192	57	52	109
Total	**8,890**	**11,180**	**20,070**	**10,531**	**12,927**	**23,458**

Group data as at 31/12/2021.

Number of contracts, by type:

	2021			2020		
Type of contract and professional category	**Permanent**	**Temporary**	**Total**	**Permanent**	**Temporary**	**Total**
Senior management	727	2	729	693	3	696
Middle management	3,258	11	3,269	3,739	7	3,746
Specialist staff	13,337	92	13,429	15,746	79	15,825
Administrative staff	2,556	87	2,643	3,171	20	3,191
Total	**19,878**	**192**	**20,070**	**23,349**	**109**	**23,458**

Group data as at 31/12/2021.

Number of contracts, by type:

	2021			2020		
Type of contract and age range	**Permanent**	**Temporary**	**Total**	**Permanent**	**Temporary**	**Total**
Under 31	2,306	52	2,358	2,197	52	2,249
Between 31 and 49	12,009	96	12,105	13,076	46	13,122
Over 49	5,563	44	5,607	8,076	11	8,087
Total	**19,878**	**192**	**20,070**	**23,349**	**109**	**23,458**

Group data as at 31/12/2021.

36. No breakdown of part-time contracts is provided as the total of these contracts in Spain as at December 2021 was 14 (0.1% of domestic contracts) and this type of contract does not feature in the subsidiaries in the UK (TSB) or Mexico. Nor is there any breakdown of the annual average contracts as there is no obvious seasonality. Therefore, the gap between annual average data and final data, as at 31 December 2021, is less than 3%.

Breakdown of staff departures from the Group due to dismissal

The Group's Voluntary Turnover Rate (VTR) in 2021 was 5%, returning to a similar figure to the one recorded in 2019 (5.7%). In Spain, voluntary turnover was 1.1%, remaining stable with respect to previous years.

There have been 1,648 departures due to dismissal in 2021, 157.1% more than in 2020. These figures include departures taking place in December 2021 in connection with the Restructuring Plan 2021, which are scheduled to continue until March 2022.

	2021			2020		
Professional category	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Senior management	16	5	21	16	9	25
Middle management	70	24	94	27	19	46
Specialist staff	398	520	918	76	129	205
Administrative staff	66	549	615	35	330	365
Total	**550**	**1,098**	**1,648**	**154**	**487**	**641**

Group data as at 31/12/2021.

	2021			2020		
Age range	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Under 31	28	40	68	21	19	40
Between 31 and 49	108	259	367	76	126	202
Over 49	414	799	1,213	57	342	399
Total	**550**	**1,098**	**1,648**	**154**	**487**	**641**

Group data as at 31/12/2021.

6.2 SmartWork: moving towards a more agile organisation

Banco Sabadell has always been a bank that works through people for people. It is committed to being a bank that connects its teams more effectively, with professionals who are more closely coordinated and better informed; to having a work pattern that balances personal life with professional development.

Banco Sabadell has always been a bank that works through people for people. It is committed to being a bank that connects its teams more effectively, with professionals who are more closely coordinated and better informed; to having a work pattern that balances personal life with professional development; to offering flexible working hours and office space, adapted to the pace of change; to using technology as a way of being closer and more united than ever; and to prioritising the health and safety of every individual at Banco Sabadell.

After introducing the arrangements made necessary by the contingency situation caused by the health emergency in 2020, the idea of SmartWork has been further developed in 2021 to successfully promote a more agile organisation that continues to have employees at its core, endeavouring to ensure their wellbeing and creating more cohesive and focused teams, whilst also supporting the inexorable process of digitisation.

The SmartWork project takes the form of different pillars that define it in order to attain an agile organisation:

— **Communication** that goes both ways, that is constant, transparent, and segmented for different internal groups.
— **Workplace organisation:** establish criteria and support the teams so that they may define how they want to work and how they wish to be organised internally. This new workplace organisation is based on trust, individual accountability, joint planning and collaboration between the team and the manager.
— **Technology and tools** that make it increasingly possible to collaborate more closely (both synchronously and asynchronously) and to work more efficiently.
— Offering flexibility to employees, where possible, and improving their work-life balance.
— Establishing a system of more dynamic physical **office spaces** to enable improved interactions among different units.

The following sections summarise the various initiatives put in place in 2021:

6.2.1 Organisational measures

Branch network:

— Flexible staff management based on objective indicators of further outbreaks of the virus (ranging from closure to full occupancy).
— Implementation of new technological tools in the branch network, and assistance with their use.

Corporate centres:

— Implementation of new technological tools and assistance with their use.
— During lockdown easing in 2021: implementation of hybrid system of shift work with a maximum 50% of capacity at the centres.
— Implementation of definitive hybrid telecommuting model at Sabis and InnoCells (technology subsidiaries of Sabadell Group); design underway for a model for the rest of the Group.

In 2021, TSB has designed new ways of working to leverage and assure new approaches to work that support employee productivity and engagement. Furthermore, TSB is a participant of an external report, "Hybrid Work: The Inclusion Question", which makes it possible to proactively design the transition towards new ways of working.

6.2.2 Support measures

1. Intensive, clear and close communication: :
— Weekly newsletter (FlashIN) sent to all employees in Spain and regular communications sent to employees abroad, with information about all the Bank's initiatives and a strong message of unity and commitment.
— Fortnightly communication with managers (*Eres Manager*) to set criteria, promote cohesion and support them in team management.
— SmartSite portal: containing all the latest news about SmartWork and other useful resources:
— Guides and infographic materials.
— SmartWork manifesto.
— Information and latest news about SmartWork.
— Specific content on health and safety, work-life balance and flexibility, as well as technology to help employees organise their work more efficiently.
— News on corporate Intranet (IN Sabadell) and Employee Portal.
— Communication campaign about efficient work meetings, promoting shorter and less frequent meetings with fewer participants.

2. Support plan with open sessions and webinars (SmartBreaks) with informative, training and inspirational content for the entire workforce, focusing on collaboration between teams, efficiency, and on providing context and a variety of skills in relation to work.

3. Measurement of staff satisfaction and wellbeing, and of the progress achieved in terms of efficiency and productivity in the workforce through regular surveys.

6.2.3 Work-life balance and flexibility measures

Within this framework and given the ongoing health situation, the Bank continues to offer and promote access to different measures designed to improve employees' work-life balance. Some of these already existed previously while others were developed in 2020 and have remained in place throughout 2021:
— Faster and more straightforward processing of leaves of absence requested by staff.
— Option for reduced working hours.
— Enrolment in the MeCuida Plan promoted by the Spanish government, as one of the extraordinary urgent measures designed to address the economic and social impact of COVID-19, which recognises the right to flexible and/or reduced working hours for employees who provide proof that they are carers so that they may care for their loved ones in certain exceptional circumstances, in order to take the actions necessary to prevent the spread of COVID-19.
— Flexibility to adapt working hours (start and finish times) and digital disconnection (from 6pm to 8am).

All of these measures have been introduced under the supervision and guidance of the SmartWork Working Group, which coordinates all parties involved in the project.

Furthermore, coordination and dialogue has been maintained at all times with employees' legal representatives.

6.3 Commitment to talent

Banco Sabadell Group aspires to provide its employees with an ideal place for career development. Qualities that make this possible include a solid talent management model, a framework of professional opportunities within the Group (internal mobility, promotions and training) and the ability to attract the best external talent. To these must be added the professional development and skills of the management team.

6.3.1 Talent management model

Banco Sabadell's talent management model seeks to manage and retain talent.

These are key elements of the strategy of Human Resources, based on the principles of meritocracy, development of internal potential, and diversity. To prioritise the development of internal talent, the focus is placed on developing the potential of each person, and employees are offered the possibility of new career opportunities and professional advancement in Banco Sabadell Group.

In 2021, the main processes used to identify and develop talent have been consolidated and other processes have been introduced, which serve to strengthen the talent management model:

— **Annual appraisal of performance and potential:** structured process to identify internal talent and measure potential. This year, the measures introduced in 2020 have been enhanced. These measures include giving feedback, bringing forward the annual chat with line managers, measuring performance and promoting objectivity (basing appraisals on completion of all mandatory training, participation in volunteer schemes, good assessment of managers by their teams, etc.). Based on the results of the annual appraisal, actions are defined for employees with the best performance and greatest potential, providing them with professional opportunities, access to special training and events for their personal development throughout the year.

— **Employee Appraisal Committees:** a new model of Employee Appraisal Committees has been defined, adjusted to the new organisational structure, in order to identify needs related to the management of staff working in both central/corporate services and in the branch network, to consensually agree on promotions and specific actions (filling/appointing substitutes to roles, reviewing composition of Senior Management group, diversity, etc.), and to deal with the 'key roles' of the Key Function Holder Substitute Map and its substitute pool.

— **Key Function Holder Substitute Map:** the 'key roles' identified to date have been reviewed in light of the new organisational structure, and the substitute pool has been updated.

— **Annual appraisal of low-level managers:** new process that includes a self-assessment of targets and a manager evaluation which, in addition to assessing the achievement of targets, also appraises sustained performance over time and potential. An overall picture of this group will be obtained using a talent map and specific actions will be defined accordingly.

— **Senior manager appraisal and development process:** in 2021, a total of 109 senior managers have taken part in this process, carried out in collaboration with a specialist outside consultancy firm. The final stage of this process involves sending the conclusions to each General Division, in confidence, and informing senior managers of the results by giving them individual feedback, highlighting their strengths and areas for improvement.

The talent management processes listed above also apply to the subsidiary in Mexico, which carries out an annual appraisal of performance and potential and where the Employee Appraisal Committee meeting takes place every year, as does the review of the Key Function Holder Substitute Map, to align it with the Group's talent management model.

Promotions

Meritocracy is key to developing talent in a sustainable way in the long term.

The talent model prioritises the promotion of employees who achieve the expected results whilst putting the Bank's values into practice on a daily basis. Promotions to roles with greater responsibilities are approved by internal bodies, with the support of the Human Resources Division. In 2021, 1,074 members of staff were promoted to positions with increased responsibility in Spain.

Qualis Awards

These awards recognise merits and excellence on the basis of the work carried out by units and teams at Banco Sabadell and by the members of staff within those units and teams every year.

The 19th edition of the Qualis Awards (2021) considered several categories:

— Awards for Branch Network Excellence
— Banco Sabadell Idea Award
— Awards for Corporate Centre Excellence

In 2021, in the UK, TSB has continued to actively identify and develop talent, creating solid channels for talent management. It is worth noting the maintenance of the system of coaching for senior roles, as well as the proposal of schemes for all other employees relating to the development of specific skills designed to increase internal mobility. In the second quarter of 2021, a new mentoring programme was launched, which allows employees to build relationships, both internal and external, in the banking industry.

6.3.2 Attracting external talent

Talent incubators

Young talent programmes are a key vehicle to achieve business goals and to ensure the transformation of the Institution.

Young talent programmes are a key vehicle to incorporate the skills and knowledge necessary to achieve business goals and to ensure the transformation of the Institution. This year, two new programmes have been launched: Graduate Data Science and the Banking Sales Programme, with 24 and 210 new enrolments, respectively.

On one hand, enrolments in the Graduate Data Science programme include specialists in advanced data analytics, the use of modelling technology and cognitive systems, while on the other hand, enrolments in the Banking Sales Programme include business specialists focusing on commercial management and on the business segment. Both programmes have specific proposals and pathways for training and development, and they also aim to create a sense of belonging in the Institution.

Similarly, the Institution has promoted activities that centre on informal learning and the creation of interpersonal networks between participants, such as: Data Fridays, Meeting Points and support roles, such as mentors.

These talent programmes contribute to increasing gender diversity and they strengthen the Institution's commitment to young employees as they develop their talent and professional careers. They also help to convey an image of a winning bank with a clear course of action going forward.

Employer brand

Banco Sabadell has a staff selection process that ensures the application of objective criteria, assessing the professionalism of staff and the extent to which they are suited to their roles, as well as their potential for development in the company. Keeping a close relationship with universities continues to be a key factor in attracting talent and building a strong employer brand. This year, this has been achieved by participating in a variety of events at top universities. It is also worth mentioning the company page on LinkedIn, which has attracted more than 143,104 followers this year, a year-on-year increase of 15%. Banco Sabadell still ranks among the top 25 employers according to MercoTalento, a prestigious brand reputation monitor, moving up one spot in the ranking compared to the previous year (from no.25 to no.24).

Linkedin followers

143,104

▲15%

6.3.3 Leadership programmes

Managers are the backbone of the Group's development. The long-term future of the Group depends on their ability to take care of the people in their teams, create an efficient work environment, empower their teams and foster collaboration.

Corporate Management Programme

The Corporate Management Programme, for people promoted to the role of director or unit head with direct reports, continues to offer a training pathway for managers focusing on skills, collaboration and values. A total of 86 managers appointed in 2020 completed this pathway in early 2021 and a further 91 managers began it in September 2021 and are scheduled to complete it in early 2022. This new edition focuses on a different project and it has been aligned with the **Eres Manager** project, improving the networking sessions with HR.

Senior Manager Development Programme (SMDP)

Programmes for senior managers have continued in 2021, including the Senior Manager Development Programme, for those who attain the role of Top Manager or Corporate Director, in order to support them as they transition to their new role and to prepare them for the changing business environment, focusing particularly on the specific challenges of their new position.

The programme follows a 'learning by doing' approach and aims to build networks within senior management, offering networking opportunities and visibility.

It includes a 360º appraisal process and two group coaching sessions, with groups of 5/6 people, to complement the training sessions.

In 2021, the new edition of the programme took place virtually, in which 115 senior managers took part and rated the programme very highly.

Eres Manager (You are the Manager)

To ensure that managers are aligned with the corporate purpose of the Institution and embody its values, a performance and development programme called '**Eres Manager**' has been rolled out to recognise managers, supporting them as they enhance their capabilities, gearing these towards promoting a more agile, exciting and connected bank.

This is a cross-cutting programme that encompasses all divisions within the Bank, with a target number of 3,400 managers ranging from Unit Heads (>10 people in the team) to General Managers.

The programme is based on training and facilitation sessions, working with teams of managers from each division. The focus is on the role of manager and on how to reach systemic agreements to ensure that all divisions and managers are committed to seeing them through.

More than 400 training sessions have been held throughout 2021 for managers in both the branch network in Spain and in the corporate headquarters (sessions are pending for 14% of divisions at corporate headquarters). The programme is very well regarded, with 94% of those who attended the training sessions saying they would recommend them to others and with management indicators improving by 7 points.

Furthermore, periodically (every 2-3 weeks), all team leaders are sent a newsletter to give them key information, remind them of specific actions they should take with their teams, reinforce their role and support them with thought-leading content (news capsules, articles, podcasts, etc.) so that they may behave as team leaders should.

Leadership development at TSB

In 2021, the focus has been on working with hybrid teams and supporting the wellbeing of employees through specific resources. All team leaders have been given access to Leadership Essentials, an online leadership development tool and training plan. New leaders have accessed the content as a 'roadmap' to get a clear picture of all the key elements and guidelines of leadership. More experienced leaders have been given access to insights and comments from staff specialising in the world of business or sport.

The leadership programmes already in place have been expanded in 2021 to include specific programmes:

— TSB Manager – a programme developed in 2020 that trains team managers in the fundamentals of management. In 2021, a new learning module has been included, based on a virtual skills workshop.
— Online Talking Performance training – a programme, developed in 2020, that focuses on performance and has continued to take place in 2021.

— Leader as Coach – a programme developed in 2020 in online format that further deepens coaching skills. In 2021, the programme has been launched in full through blended learning and includes skills practice and mentoring by International Coaching Federation-certified professionals. In addition, a group of former students has been created to maintain and integrate learning in 2022.

Furthermore, in the Leadership Expectations programme, in order to accelerate the execution of TSB's strategic plan, guidelines have been defined that will be integrated in the leadership development proposal for 2022, which will in turn be aligned with recruitment and talent processes.

Moreover, all team leaders at TSB continue to receive Leadership Insights, a monthly newsletter that communicates current and future research-based concepts aligned with the strategic priorities of the Institution and the business.

Leadership development in Mexico

Banco Sabadell Mexico seeks to align the culture and skills of leaders on a global scale. To this end, it has partnered up with IPADE, Latin America's top business school. As part of its In-Company Business Management programme, it has developed a senior management training programme that aims to enhance and accelerate the development of skills to enable adequate decision-making. In this programme, training sessions are imparted that focus on Global perspective, leadership vision, functional vision performance, cross-cutting vision, and Common ethical dilemmas of the director.

In 2021, a training programme had been implemented for new leaders and partners who have switched to a role with direct reports. It aims to provide them with key information about their role and to help them master the Bank's internal operational processes. The course is imparted by experts in each subject matter, such as: entitlements and benefits, social welfare and regulations, recruitment, talent attraction process, performance appraisal (targets and competencies), technological processes and documentary methodology.

There is also an annual mentoring scheme provided by experts from Great Place to Work, in which top-performing leaders are selected to mentor upcoming leaders. The aim of this scheme is to build on existing strengths, identify opportunities and put forward suggestions on how to improve the work environment. It also considers commitments and actions that will help them become leaders who exert a positive influence within the organisational culture.

6.4 Formación

The training model of Banco Sabadell Group is built on the following pillars:

— **Offer training aligned with the business and the needs of staff members of Banco Sabadell Group.**
— **Improve the development of employees, as the drivers of change and transformation.**
— **Streamline the Institution's training budget so that more employees can receive training and to achieve greater transformation.**
— **Set an example within the financial sector in terms of innovation in staff training.**
— **Be leaders in terms of adjusting training schemes to the digital transformation of business lines.**

The goal is to train employees for the world of today and tomorrow, anticipating training needs using HR's strategic plan and business objectives, and developing a training model with customised, innovative and efficient solutions.

In addition, at TSB, training policies and activities, which are mandatory for all employees, provide information and guidance to employees in relation to the risks that should be taken into account in all stages of the business relationship with customers.

Key training-related data of the Group in 2021

The health-related restrictions resulting from the pandemic have continued to have an impact on training in 2021. To adapt to this situation, the business has continued to be supported to overcome challenges and achieve its targets, offering new training resources specifically designed for the strategic projects and priority projects of Banco Sabadell Group. The catalogue of online and virtual training sessions has been further strengthened, to the detriment of face-to-face sessions, which have continued to imparted in live virtual format.

In relation to this support of the business, in Spain, it is worth highlighting programmes for new relationship managers within the **Cantera** project and the **Banking Sales Program**, two training schemes designed to support two separate groups of people.

The Cantera project aims to boost the attraction of talent, integrate new hires in the Institution's culture, facilitate the acquisition of knowledge, skills and regulatory certification to carry out business activities and generate specialist teams. The goal of the Banking Sales Programme is to establish initial training with basic content for relationship managers and to provide vital training for the attainment of regulatory certifications.

Also worthy of note are the various training actions for specialists: the programme for Personal Banking Directors, training sessions for SME Directors, the launch of pathways for Business Directors, as well as the spaces that have been created for teams of the Direct Branch and SARA (new assistance service to help branches and other

colleagues resolve queries about products, procedures or specific issues).

In addition, training sessions have been imparted for specialists in European funds, as this is a technical field that requires much expertise, and training in relation to Next Generation EU and sustainability has also been provided for all employees.

Regulatory training in Spain has been very intensive in 2021, accounting for 76% of total training hours recorded up to year-end. This percentage of hours includes training on mandatory subject matters, such as the new Code of Conduct, Anti-Money Laundering, Safety and Security, Workplace Hazard Prevention, etc., in addition to ongoing training in relation to the three certifications required to sell banking products (MiFID, IDD and LCCI (Spanish real estate credit law)). The time dedicated to accumulating training hours required for certification renewal represented more than 87% of the total regulatory training.

In 2021, the subsidiary TSB has developed Money Confidence, a training programme accredited by the Chartered Banker Institute for all customer-facing employees consisting of two key elements: understanding what is expected of them, and what makes a highly engaging customer conversation.

Practically all employees (98%) have received training in 2021, with 781,899 total hours of training completed at the Group level (equivalent to an average of 40 hours per employee), which has improved both the professional skills of our staff and their future employability within the organisation. In Spain, 24% of the training received was voluntary and 85% took place online.

	2021	2020
Employees who have received training (%)	98.2%	98.0%

Serving employees as at 31/12/2021. Training data refers to the entire Group.

2021

98.2%

Training

	2021		2020	
	Hours of training	**Average hours**	**Hours of training**	**Average hours**
Senior management	28,969	40.9	25,862	39.7
Middle management	149,818	46.6	197,194	53.6
Specialist staff	549,691	41.8	727,833	47.0
Administrative staff	53,420	20.3	74,713	23.6
Total	**781,899**	**39.7**	**1,025,602**	**44.6**

Serving employees as at 31/12/2021 who have received training.

Total and average hours of training of each professional category

Average hours

39.7

In-house trainers

In-house trainers has been recognised by the Bank's Qualis Awards as having the best Corporate Headquarters project, based on the transformation of the training model to prioritise the role of trainers, bringing it in line with the needs of the Institution and the business reality.

In Spain, it is worth highlighting the ongoing contribution of in-house trainers, who are a key piece in the transmission of the knowledge and culture of Banco Sabadell, which in 2021 has been recognised by the Bank's Qualis Awards as having the best Corporate Headquarters project, based on the transformation of the training model to prioritise the role of trainers, bringing it in line with the needs of the Institution and the business reality. The project's implementation has resulted in higher quality of training, promoting a true culture of in-house expertise, contributing to an improved working environment and to the transformation of the Bank's values, and streamlining investment in training.

A total of 681 members of staff have shared their expertise with colleagues, contributing 26% of the training hours recorded.

The activities of in-house trainers notably include giving continuity to the WhatsNext project, where they have supported colleagues, helping them to adopt the new digital tools of the Microsoft Office365 suite. In 2021, 'buddies' (in-house trainers acting as tutors) have clocked more than 5,900 hours dedicated to helping colleagues make efficient use of the new tools that make it easier to work in a blended environment.

The team of in-house trainers has a specific training space within Sabadell Campus.

Sabadell Campus

Sabadell Campus is the training platform used by the Bank in Spain and it is so much more than a mere training environment. The schools, as the spaces designed to enable training and development in relation to a particular topic, are the mainstay of the Campus. They provide the Bank's employees with access to certification pathways, participatory forums, self-guided training content and content to use as reference.

There are currently six separate schools:

— **Business School**
— **Regulatory School**
— **Management School**
— **Digital School**
— **Financial School**
— **Language School**

All of these development spaces and their content are intended to provide guidance and support for commercial and business activities, provide information that is quick and easy to 'digest' and help employees make use of this information in their day-to-day activities.

The most noteworthy training projects at the Campus in 2021 are:

— **Ongoing training at the Business School.** This is a space that organises and provides specific training resources that employees can use to update their knowledge of the three regulatory certifications that affect the possibility to sell financial products: MiFID, IDD and LCCI (Spanish real estate credit law).

New audiovisual content is posted every month, so that employees can stay up to date with the latest developments whilst at the same time accumulating the hours needed to renew their certification. This is the most frequently visited space of the Campus, with more than 101,000 visits in the past 12 months.

Visits

101,000

— **Training for specialists at the Business School.** Collaborative groups have been designed for the various specialist functions within Business Banking. In this case, in relation to 2021, particular note should be taken of the space for Personal Banking Directors, which contains different training pathways depending on the stage of their career, as well as a News section and a Community where in-house trainers act as facilitators to share good practices.

On the other hand, the space for the Direct Branch has recorded around 35,000 visits (cumulative over the past 12 months) and provides all of the training available for this specialised profile. Spaces for specialists in SMEs and Businesses are also under development.

Recorded visits

35,000

— **Training at the Regulatory School.** Employees can find all regulatory courses, along with a wide range of other content, in innovative formats provided by Norma, an assistant that helps branch employees apply what they have learned in training to their day-to-day activities.

Furthermore, the Regulatory School aims to support members of staff at the Bank, generating a culture of compliance with an in-house blog written in a way that makes it relatable and laid-back, as well as comic strips and infographics.

— **Smartsite.** This space provides information about all the different projects related to SmartWork, as well as the new ways of working that are being promoted by the Bank, in a single place. It also includes recommended training and access to periodic audiovisual content. So far, it has received more than 47,500 visits (cumulative over the past 12 months).

Visits

47,500

— **Legal Classroom.** This is a private group on Campus that can only be accessed by members of the Legal Advice Division. It is designed to be a learning space

for exclusive use by legal professionals, which contains all the specialist training in the field of legal advice and law, and where news of regulatory developments can be shared with all of the intended recipients. It currently has 125 members.

Sustainability training

The area of sustainability also has its own specific space on Campus with training, which is mandatory for all employees.

The area of sustainability also has its own specific space on Campus. Here it is worth highlighting the introductory infographic and the **Introduction to Sustainability** course, developed together with EADA Business School, which takes one hour and is provided in audiovisual format. With this training, which is mandatory for all employees, staff can get acquainted with the new sustainable paradigm, have a conceptual framework about this topic, explain the triple bottom line, the ESG framework, the Sustainable Development Goals (SDGs) and what is meant by the circular economy, and they can also become familiar with the Bank's Sustainability Plan.

As at year-end 2021, 93.4% of employees had completed this course.

Introduction to Sustainability course completed

93.4%

A further two courses have been developed in relation to this same topic:

— **Sustainability** is a one-hour training course designed to allow employees to become familiar with the key aspects of sustainability and to prepare for the Visita 360 (360 Visit) so that they may also support customers in this regard.

— **Environmental Management System** is a two-hour training course intended to ensure that employees understand the importance of implementing an environmental management system at the Bank and are able to collaborate in the implementation of the system based on Standard ISO 14001.

Lastly, work is now starting to get underway to allow all of the Bank's employees to attain a sustainability certification. This will be implemented in the first quarter of next year.

6.5 Diversity

The Group views diversity as a valuable source of corporate wealth and promotes actions to cultivate it.

To this end, Banco Sabadell is committed to fostering workplace environments in which people are treated with respect and dignity, seeking to further the professional development of its workforce and ensuring equal opportunities in its candidate selection, staff training and promotion processes, offering a workplace environment that is free from any form of discrimination based on gender, age, sexual orientation, religion, ethnicity or any other personal or social circumstance.

This commitment is exemplified by the inclusion, since 2020, of a diversity indicator in the sustainability goal that is part of the Group's corporate objectives.

6.5.1 Gender

The Bank's workforce is diverse in terms of gender, with women making up 55.7% of its total staff.

In the senior management group, women represent 29.4%, with an increase of 3.5 points in 2021, continuing with the steady trend of improvement of recent years. Nevertheless, the commitment to continue increasing diversity at the management levels remains in place. It is therefore vital to drive forward the diversity agenda in middle management roles, over 39% of which were held by women in 2021.

In Spain, the proportion of women in management positions has increased from 25.6% to 29.1% (+3.5 points) of senior managers and from 34.7% to 38.8% (+4.1 points) of middle managers, in line with the trend observed in previous years. The ratio of promotions given to women remains steady (55.3% in 2021 compared to 55.6% in 2020), which demonstrates the commitment to improving gender diversity and the results obtained with the measures that have been put in place.

Breakdown of Group employees

By gender	2021	2020
Men	8,890	10,531
Women	11,180	12,927
Total	**20,070**	**23,458**

By professional category (%)	2021	2020
Senior management	29.4%	25.9%
Middle management	39.2%	35.3%
Specialist staff	57.8%	56.7%
Administrative staff	72.6%	76.9%
Women promoted out of total number of promotions during the year	55.3%	55.6%

Group data as at 31/12/2021, with the exception of promotion figures, which relate to Spain only.

Senior management

2021

29.4%

2020

25.9%

Middle management

2021

39.2%

2020

35.3%

Women promoted

2021

55.3%

The positive performance of the indicators in Spain is the result of the launch of various measures, including:

— Talent management:

- — Participation in professional development and leadership programmes. It is worth noting the increased participation of women in High Potential programmes, designed to foster the development of the talent pool for upcoming senior managers (55% of participants in the first edition were women).
- — Monitoring of promotions given to women and of gender diversity in the workforce, carried out by Employee Appraisal Committees and Managerial Performance Evaluation Committees (with particular emphasis on senior managers and upcoming senior managers), with specific actions designed to promote each area.
- — Monitoring and tracking of results of the workplace environment survey "*El Banco que queremos ser*" (The Bank we aim to be), together with the corresponding follow-up actions.

— Internal regulations and labour relations:

- — Group Code of Conduct 2021, which promotes equal opportunities in terms of accessing work and career promotions, ensuring the absence of discrimination.

— Plan for Effective Equality between Women and Men.
— 24th Collective Bargaining Agreement for Banks, which promotes equal opportunities.

— Recruitment and Selection:

— Presence of women in all three-person lists of candidates for senior management positions.
— Monitoring and analysis of new hires, by gender and Division. Inclusion of individual KPIs relating to gender in internal audits of the Recruitment and Selection process.
— Use of inclusive language in internal and external job postings, including a final non-discrimination clause.
— Use of inclusive and diverse images in talent attraction campaigns.
— Incentive for external partners to be inclusive in their selection processes.

— Training:

— Gender equality course (mandatory for all employees with direct reports). It has been completed by more than 4,000 employees.
— New courses in training catalogue on diversity and inclusion. Launched at the end of 2021.

— Remuneration:

— One of the key indicators of diversity within the corporate sustainability objectives is the reduction of the pay gap.

In 2021, Banco Sabadell has remained committed to the internal communication and dissemination of all the measures taken by the Bank in terms of diversity.

SWING (Sabadell Women Inspiration Group), an initiative promoted by female senior managers at the Bank which seeks to empower women in Banco Sabadell and emphasise the value of diversity and its benefits, has continued its activities throughout 2021, with monthly meetings.

In addition, the wider network called *SWING&Co*, which is open to anyone interested in diversity issues and which has 300 member employees, has also continued to take action and send internal communications.

Diversity Week took place in the first week of March 2021. A number of communication actions were taken, which included sending messages internally to employees and externally on social media.

That week, *SWING* held a major event open to the entire workforce as part of its series "Conversations about Diversity", whose participants included Miguel Montes (General Manager, Organisation and Resources Director and Retail Banking Director) and Carlos Ventura (General Manager and Business Banking Director). The main aim of the event was to convey the message that diversity concerns every single person who forms part of the Bank.

Furthermore, to celebrate the International Day of Women and Girls in Science, the team of the internal initiative Data Pills prepared an infographic, to be distributed internally, on the role of women in science, with testimonies of female employees of the Bank who work in STEM (Science, Technology, Engineering and Mathematics).
At an external level, Banco Sabadell is part of the group behind the project Women in Banking, an initiative to share best practices among banks in Spain and promote a network of women within the banking industry. In July 2021, this initiative was formally endorsed by the Spanish Banking Association (Asociación Española de Banca, AEB) and backed by Banco Sabadell.

In 2021, women's participation in different forums and external events has been particularly fostered. It is worth highlighting the Bank's participation as partner and speaker at the Women Economic Forum in January.

It has also received the Equality Employer (*Empresa Igualitaria*) award from Asturia's Federation of Female Entrepreneurs and Managers (Federación de Empresarias y Directivas de Asturias, FEDA), for its policies developed in support of equal professional opportunities for men and women.

As an external action, Banco Sabadell sponsors gender equality initiatives in different media. In 2021, the Bank sponsored a section of the *Liderazgos* (Leadership) radio programme on Onda Cero, where female management staff of the Group speak about finance and discuss a different topic every month. It also sponsored a feature in the Diario Sport newspaper called *50 mujeres, 50 causas* (50 women, 50 causes), dedicated to increasing visibility and empowering women in sport.

This has long been a commitment of Banco Sabadell, which in 2018 received the Spanish Government's Equality in the Workplace (*Igualdad en la Empresa*) Seal of Distinction and, in March 2021, it presented the Seal of Distinction Annual Report, thus reaffirming its commitment. Furthermore, Banco Sabadell's Chief Executive Officer, César González-Bueno, signed an initiative launched by the Adecco Foundation and the Spanish Confederation of Employers' Organisations (Confederación Española de Organizaciones Empresariales, CEOE) called "CEOs supporting diversity" ("*CEO por la diversidad*").

Diversity is also a key pillar at TSB, which in 2021 has made good progress, increasing female representation by 1 point to 41%, above the industry average of 34%, while the representation of people of colour, Asian people and ethnic minorities also increased by 2 points to 9%; the target is for this to rise to at least 10% by 2025.

TSB's business plan includes a strategic component in the form of its Do What Matters Plan, which aims to achieve an inclusive culture by:

— Creating a TSB for all through behaviour and ways of working.
— Building a diverse and balanced workforce that mirrors customers in the United Kingdom.
— Making accessibility a key part of inclusion, generating trust to discuss mental health both internally and with customers.
— Supporting social mobility in local communities.

Diversity in the Board of Directors

The Board of Directors and the Appointments and Corporate Governance Committee of Banco Sabadell, in accordance with the recommendations of the CNMV's

Good Governance Code revised in June 2020, and with the Banco Sabadell Director Candidate Selection Policy approved by the Board of Directors at its meeting of 25 February 2016 and most recently amended on 30 September 2021, endeavour to ensure a suitably balanced and diverse selection of candidates to sit on the Board which, as a whole, enriches decision-making and contributes diverse points of view to discussions about the matters within its remit. In particular, they ensure that the procedures facilitate the selection of female Board members and that they are generally free from implicit bias that could result in discrimination.

Since 2019, Banco Sabadell has had a competency and diversity matrix in place, which is reviewed annually by the Board of Directors and which was last reviewed on 18 November 2021, as a result of the changes that took place within the Board of Directors.

Furthermore, the Bank has adopted policies and established measures to increase the number of female Board members over the last few years. The Appointments and Corporate Governance Committee has prioritised gender diversity, promoting the selection of independent directors of the under-represented gender in order to increase equality on the Board.

At the end of 2021, four of the fifteen members on Banco Sabadell's Board of Directors were women; three of these were Independent Directors and one was an Other External Director. Of the six Board Committees, the Audit and Control Committee and the Remuneration Committee are chaired by women (Independent Directors). Women are also present in all Board Committees, accounting for 50% of the members of the Board Risk Committee and of the Appointments and Corporate Governance Committee.

The composition of the Board of Directors is diverse and efficient.

It is of the appropriate size to perform its duties effectively by drawing on a depth and diversity of opinions, enabling it to operate with a level of quality and effectiveness and in a participatory way. Its members are suitably diverse in terms of competencies, professional background, origin and gender, and they have extensive experience in banking, finance, insurance, risk and auditing, in regulatory affairs and the law, as well as in academia, human resources and consulting, digital technology and IT (digital transformation), and in international business.

Diversity in the Board of Directors

	2021	2020
Men	11	11
Women	4	4
Total	**15**	**15**

Data as at 31/12/2021. In 2021, the proportion of women on the Board of Directors has remained steady at 27%.

6.5.2 Functional diversity

The Group establishes measures for the adjustment of workstations where required by those with different abilities, in line with the occupational health and safety service's procedures relating to particularly sensitive individuals. The Institution also assists employees with paperwork and formalities at the municipality, autonomous community and State level that help to improve these employees' wellbeing beyond a strictly professional sense. Pursuant to the General Disability Law (*Ley General de Discapacidad*), it implements alternative supported employment measures by hiring services and supplies from special employment centres.

As at December 2021, 344 of the Group's employees had some form of disability.

	2021			2020		
Professional category	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Senior management	7	4	11	8	3	11
Middle management	16	14	30	26	11	37
Specialist staff	100	114	214	144	148	292
Administrative staff	20	69	89	27	115	142
Total	**143**	**201**	**344**	**205**	**277**	**482**

Group data as at 31/12/2021.

In 2021, the Bank has supported and collaborated with the Eurofirms Foundation in its campaign "#IgualdeDiferentes #IgualdeProfesionales" (meaning 'just as different, just as professional') to mark the International Day of Persons with Disabilities (3 December), posting on the Institution's internal and external channels in order to generate a more inclusive culture and break the habit of bias and prejudice. In addition, that same week, it held an informative session on technological accessibility together with Microsoft, which was open to all employees, to explain the technological features available to employees to enable them to work in a way that is inclusive and accessible to all.

6.6 Remuneration policy

Banco Sabadell Group's remuneration policies are consistent with the goals of the risk and business strategy, the corporate culture, the protection of shareholders, investors and customers, the values and long-term interests of the Group, as well as with customer satisfaction and the measures taken to prevent conflicts of interest without providing incentives for excessive risk-taking.

Banco Sabadell Group's Remuneration Policy is based on the following principles:

- **Promote medium- and long-term business and social sustainability, as well as an alignment with Group values. This entails:**
  - Aligning remuneration with shareholders' interests and with the creation of long-term value.
  - Implementing rigorous risk management, considering measures to prevent conflicts of interest.
  - Ensuring an alignment with the Group's long-term business strategy, objectives, values and interests.

- **Reward performance in order to align remuneration with individual results and the level of risk taken::**
  - Finding an adequate balance between the various remuneration components.
  - Considering current and future risks and results, without providing incentives for excessive risk-taking beyond the Group's tolerated threshold.
  - Ensuring that the remuneration scheme is simple, transparent and clear, comprehensible, and that it can be easily communicated to all staff.

- **Ensure the existence of a competitive and fair remuneration system (external competitiveness and internal fairness) that:**
  - Is able to attract and retain the best talent.
  - Rewards professional experience and responsibility, irrespective of the employee's gender. Remuneration Policies are based on providing male and female employees with equal remuneration for the same work or for work of equal value.
  - Is aligned with market standards and flexible, so that it may be adapted to changes in the environment and in the sector's requirements.

In addition to the above principles, the following aspects are also taken into account:

- The Remuneration Policy and remuneration practices are in keeping with the Institution's credit risk management approach, as well as with its appetite and strategies in relation to this risk, and do not create any conflicts of interest. These practices also include measures to manage conflicts of interest, so as to protect consumers from any unwanted effects resulting from the remuneration of sales staff.
- There is consistency with the integration of sustainability risks and the related information is published on the Group's webpage.
- The Remuneration Policy and remuneration practices stimulate behaviour that is in keeping with the Group's approaches in relation to climate and the environment, as well as the commitments voluntarily undertaken by the Group. They promote a long-term approach to the management of climate-related and environmental risks.
- Remuneration components should contribute to promoting actions in relation to Environmental, Social and Governance (ESG) criteria, in order to make the business strategy sustainable and socially responsible.

All of the principles on which the Group's Remuneration Policy is based are compliant with European Directives and Regulations and with prevailing legislation.

Of the Group's Remuneration Policy is impartial when it comes to gender, in line with the principle of equal remuneration for the same work or for work of equal value, guiding decision-making towards the reduction of the gender pay gap.

In addition to ensuring equal remuneration for the same work or for work of equal value, equal opportunities are also guaranteed, as these are a prerequisite for long-term gender neutral remuneration. This includes, among other things, hiring policies, career development, succession plans, access to training and the possibility to fill internal vacancies.

Remuneration of the Board of Directors

With regard to average pay, all members of the Board of Directors, both male and female, are remunerated according to the same criterion, i.e. the number of Board or Board Committee meetings in which they participate or, if applicable, that they chair, without any variation among them for any other reason.

Average remuneration of the Board of Directors[37]

	2021		2020	
	Members	**Remuneration**	**Members**	**Remuneration**
Men	10	259,633	11	155,796
Women	4	164,390	2	132,917
Total	**14**	**232,421**	**13**	**152,277**

Average remuneration is calculated by considering Board members who have served as directors during the entire tax year, excluding Board members who have not served for the full year. Remuneration received for work carried out in the capacity of members of the Board of Directors is calculated excluding any amounts received for management functions and excluding any amounts received for work carried out as members of the Advisory Board. This remuneration includes, from 2021, an additional remuneration for the Non-executive Chairman for his functions as Chairman of the Institution, Chairman of the Board of Directors and Chairman of the General Meeting of Shareholders, as well as his functions as highest representative of the Bank and all other functions attributed to him by law, the Articles or the Board of Directors itself. 2021 average remuneration for men Members of the Board is 148,574 euros without considering the remuneration for the Non-executive Chairman.

Staff remuneration, by professional category, age and gender

Remuneration received for work carried out during the year is reported, broken down by geographical region.

Average total remuneration in Spain

	2021						2020					
	Employees			**Remuneration**			**Employees**			**Remuneration**		
Professional category	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**
Senior management	402	165	567	165.001	125.629	153.543	394	136	530	182.125	138.933	171.042
Middle management	1.618	1.027	2.645	72.565	60.951	68.055	2.025	1.077	3.102	73.341	62.398	69.542
Specialist staff	4.087	6.002	10.089	47.081	42.570	44.397	5.099	6.794	11.893	48.150	42.724	45.050
Administrative staff	50	116	166	27.580	25.988	26.468	52	134	186	27.382	26.191	26.524
Total	**6,157**	**7,310**	**13,467**	**61,319**	**46,764**	**53,418**	**7,570**	**8,141**	**15,711**	**61,719**	**46,662**	**53,917**

Data as at 31/12/2021. Average remuneration in euros.

	2021						2020					
	Employees			**Remuneration**			**Employees**			**Remuneration**		
Age range	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**
Under 31	367	256	623	35,596	34,524	35,156	246	227	473	37,461	33,924	35,763
Between 31 and 49	3,606	5,118	8,724	55,767	45,100	49,509	3,856	5,403	9,259	55,462	44,674	49,167
Over 49	2,184	1,936	4,120	74,807	52,782	64,457	3,468	2,511	5,979	70,396	52,092	62,709
Total	**6,157**	**7,310**	**13,467**	**61,319**	**46,764**	**53,418**	**7,570**	**8,141**	**15,711**	**61,719**	**46,662**	**53,917**

Data as at 31/12/2021. Average remuneration in euros.

37. For further information on the remuneration of the members of the Board of Directors, see the Directors' Remuneration Policy, the Annual Report on Directors' Remuneration and the Annual Report on Corporate Governance published on the corporate website of Banco Sabadell Group (www.grupobancsabadell.com).

https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/director-remuneration-policy.html

https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/annual-report-on-remuneration-of-directors.html

https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/corporate-governance-annual-report.html

Average total remuneration in United Kingdom (TSB)

	2021						2020					
	Employees			Remuneration			Employees			Remuneration		
Professional category	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**
Senior management	94	46	140	272,790	256,255	267,357	99	40	139	276,653	258,053	271,300
Middle management	203	154	357	117,593	110,090	114,356	205	151	356	110,585	103,828	107,719
Specialist staff	1,302	1,486	2,788	55,223	47,163	50,927	1,411	1,831	3,242	52,085	43,931	47,480
Administrative staff	674	1,803	2,477	27,468	24,552	25,345	669	2,303	2,972	27,651	23,341	24,311
Total	**2,273**	**3,489**	**5,762**	**61,560**	**41,013**	**49,118**	**2,384**	**4,325**	**6,709**	**59,584**	**37,039**	**45,050**

Data as at 31/12/2021. Average remuneration in euros. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Exchange rate as at 31/12/2020: GBP 0.89903 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK.

	2021						2020					
	Employees			Remuneration			Employees			Remuneration		
Age range	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**
Under 31	686	939	1,625	34,204	30,116	31,842	649	959	1,608	34,699	30,700	32,314
Between 31 and 49	1,189	1,653	2,842	68,775	45,133	55,024	1,269	1,946	3,215	65,427	40,370	50,260
Over 49	398	897	1,295	87,159	44,826	57,836	466	1,420	1,886	78,333	36,754	47,028
Total	**2,273**	**3,489**	**5,762**	**61,560**	**41,013**	**49,118**	**2,384**	**4,325**	**6,709**	**59,584**	**37,039**	**45,050**

Data as at 31/12/2021. Average remuneration in euros. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Exchange rate as at 31/12/2020: GBP 0.89903 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK.

Average total remuneration in Mexico

	2021						2020					
	Employees			Remuneration			Employees			Remuneration		
Professional category	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**
Senior management	44	14	58	197,786	123,363	179,507	51	16	67	210,214	127,902	190,557
Middle management	162	114	276	50,882	46,965	49,258	178	121	299	50,757	44,988	48,414
Specialist staff	72	57	129	20,555	19,816	20,226	77	55	132	19,511	19,735	19,604
Administrative staff	—	—	—	—	—	—	—	—	—	—	—	—
Total	**278**	**185**	**463**	**66,023**	**44,382**	**57,319**	**306**	**192**	**498**	**69,532**	**44,663**	**59,925**

Data as at 31/12/2021. Average remuneration in euros. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Exchange rate as at 31/12/2020: MXN 24.416 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A.

	2021						2020					
	Employees			Remuneration			Employees			Remuneration		
Age range	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**	**M**	**W**	**Total**
Under 31	46	35	81	25,577	22,249	24,139	54	30	84	27,368	22,701	25,681
Between 31 and 49	201	141	342	68,543	48,825	60,342	215	148	363	68,482	48,693	60,468
Over 49	31	9	40	109,939	60,843	98,892	36	15	51	137,904	49,097	111,784
Total	**278**	**185**	**463**	**66,023**	**44,382**	**57,319**	**305**	**193**	**498**	**69,532**	**44,663**	**59,925**

Data as at 31/12/2021. Average remuneration in euros. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Exchange rate as at 31/12/2020: MXN 24.416 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A.

Note on calculation of total remuneration:
The calculation of average total remuneration takes into account: fixed remuneration at year-end, variable remuneration, salary and non-salary supplements and benefits, as well as annualised remuneration paid. This criterion has been applicable in all countries since 2021. Data for 2020 have been recalculated to ensure like-for-like comparison against data for 2021.

Banco Sabadell, when faced with the same roles and responsibilities, does not make any type of wage discrimination between genders, neither when recruiting staff nor during its employees' salary reviews, monitoring the impact that any actions taken in relation to discretionary pay may have on the pay gap.

The pay gap calculation compares total remuneration received by men against total remuneration received by women. To this end, it is calculated as the percentage arrived at by taking the difference between average and median remuneration received by men and average and median remuneration received by women and then dividing this by the average and median remuneration received by men. If the percentage is positive, this means that the average or median remuneration received by men is higher than that received by women. Conversely, if the percentage is negative, it means that women receive more average or median remuneration than men.

Similarly, the overall pay gap is calculated as the average pay gap of each country weighted according to the% that their workforce represents out of the total.

Pay gap based on average total remuneration

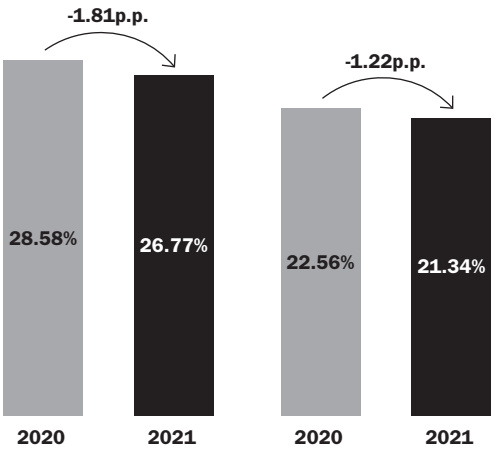
	2021	2020
Spain	23.74%	24.40%
United Kingdom (TSB)	33.38%	37.84%
Mexico	32.78%	35.77%
Total	**26.77%**	**28.58%**

Data as at 31/12/2021 and 31/12/2020.

Pay gap based on median total remuneration

	2021	2020
Spain	18.38%	19.37%
United Kingdom (TSB)	28.49%	30.17%
Mexico	18.72%	20.50%
Total	**21.34%**	**22.56%**

Data as at 31/12/2021 and 31/12/2020.



Pay gap based on average total remuneration

Pay gap based on median total remuneration

Note on calculation of pay gap:
The methodology used to calculate the overall pay gap in the various different countries has been unified in 2021. In addition, each country will use its own local criteria to meet the requirements laid down by applicable local legislation.

In the specific case of Spain, the indicator of the weighted average pay gap used until 2020 has continued to be monitored in 2021. According to this criterion, the pay gap as at year-end 2021 was 11.24%, compared to 11.79% as at year-end 2020.

In the United Kingdom, TSB remains committed to the Living Wage organisation, of which it has been a member since August 2016. TSB's commitment continues to be to address the causes of gender inequality and to carry on building a balanced workforce.

6.7 Working environment and organisation

Changes in the business, labour relations and society as a whole require the creation of more flexible and efficient working environments that integrate technology into the services provided by the Group and its employees.

6.7.1 Work-life balance

Staff at Banco Sabadell Group have access to a series of measures designed to improve their work-life balance, which have been agreed on with union representatives and are set out in the Plan for Effective Equality between Women and Men.

These measures seek to establish a framework for flexible working hours that can be used to improve the balance between personal and professional interests under equal terms for both men and women. The entire workforce has been informed of all the measures available, which are published on the employee intranet and are therefore well-known to all employees, who have been requesting and enjoying them for some time.

These measures include: reductions of working hours (paid, unpaid, to care for nursing children), extended leaves of absence (for childcare or to care for family members), special leave (for studies, personal reasons, for international adoption or due to an accident or severe illness of a family member), as well as flexible working hours.

In addition, Banco Sabadell gives its workforce access to a tool called "Mi Jornada", in order to comply with the provisions of Royal Decree-Law 8/2019 on keeping daily records of working hours, and with the Agreement on Keeping Working Time Records at Banco Sabadell, signed on 27/02/2020, where each worker is required to keep a record of the start and finish times of their working day, without prejudice to any flexitime arrangements and with mechanisms to compensate any surplus or shortfall of working hours that may arise.

The Group also offers a wide range of measures aimed at improving the work-life balance of its workforce, enabling them to arrange services and purchase products via the employee portal, which not only offers them a chance to save money, but also allows them to save time, as these are online purchases. They can also choose to have their purchases left at lockers installed in some of the corporate centres, so as to avoid having to make a specific trip to collect them or having to deal with the delivery outside of their working hours. In addition to these benefits, it is also worth mentioning the range of services available to staff working in corporate centres, which are designed to make it easier for them to run personal errands.

During the pandemic, some services have been temporarily unavailable but now, with the return to on-site work, they are gradually being resumed.

Employees continue to make use of the measures launched in previous years, such as the option to purchase additional annual leave and the advice offered by the work-life balance consultant ('*gestora de conciliación*'), which are unique aspects of our employee value proposition.

TSB has a flexitime policy that offers all employees the opportunity to request a temporary or permanent change in their way of working, at any stage of their careers and regardless of any personal reasons they might have. All requests are assessed in a fair and consistent manner in order to improve the work-life balance of employees. This makes it possible to improve employee retention and talent attraction.

6.7.2 Health and safety

The Bank has an occupational hazard prevention plan that includes all of the preventative activities carried out by the company, which are published annually in a report.

The Group applies a policy of hazard prevention and continuous improvement of the health and safety conditions of employees. In accordance with prevailing legislation, the Bank has an occupational hazard prevention plan that includes all of the preventative activities carried out by the company, which are published annually in a report that is available on the employee intranet and on the corporate website. Since 2020, with the outbreak of the SARS CoV-2 pandemic, this activity has become particularly important, ensuring the implementation of the guidelines issued by health authorities in each region and developing new protocols for action.

The guidelines followed by the Institution relate to the following:

- Distribution of the necessary safety equipment to all staff: face masks, hydroalcoholic gel, disposable paper towels and methacrylate screens for branches.
- Creation of a COVID-19 protocol for monitoring cases and close contacts of staff in keeping with the guidelines established by the health authorities.
- Suspension of face-to-face events and training sessions, as well as business trips, enhancing the use of digital channels to this end.
- Adaptation of spaces in branches and corporate centres to enable social distancing, and a clean desk policy:
  - Limits on maximum number of people allowed in branches at any one time.
  - Limits on maximum number of people allowed in meeting rooms of corporate centres at any one time and adapting these rooms to hold hybrid meetings.
  - Signage and posters with reminders of the safety instructions at various points both in the branch network and in corporate centres.
  - Appointment of centre managers to comprehensively monitor the measures put in place.
- More frequent cleaning of all facilities.
- Emotional support through a telephone service that is free to use, unlimited and anonymous, so that any employee who needs to can talk to a specialist.

Health surveillance is part of the wider field of occupational medicine that is integrated in the Occupational Hazard Prevention Plan and encompasses a series of activities related to workers on both an individual basis (individual surveillance) and on a group basis (collective surveillance) through medical check-ups.

Individual surveillance seeks to enable the early detection of any repercussions on an individual's health stemming from working conditions, the identification of individuals who are particularly sensitive to certain risks, and the adaptation of tasks to each individual.

Collective surveillance is based on the analysis and interpretation of the results obtained within the group of workers, in order to assess the state of health of the organisation, so as to establish priority areas of action in relation to prevention and to evaluate the effectiveness of the measures set out in the Occupational Hazard Prevention Plan.

Medical check-ups are carried out periodically (depending on the age of the worker). The check-ups are very thorough and they are completely voluntary. Nevertheless, every year, around 80% of employees accept their invitations to these check-ups. Other types of reviews are also established following a long absence from work.

All of the Group's existing staff and all new hires receive information on occupational hazard prevention and complete mandatory training relating to health and safety in the workplace through an online course. The training course is completed through publications, ergonomic handbooks and manuals on how to use work equipment, all of which relate to the risks inherent in the Bank's activity.

ASPY, a leading occupational hazard prevention company, gave out the Xcellens Awards in Madrid on 25 November. These awards recognise the top organisations for worker health and safety. Among them, Banco Sabadell was awarded for its psychosocial health project, which incorporates a methodology into its existing health surveillance process to assess pathological conditions potentially caused by stress and provides psychological support for employees going through emotionally charged situations, such as those resulting from the COVID-19 pandemic, these being aspects that affect the health and satisfaction of the Bank's workers.

Similarly, the priority continues to be the health and safety of all staff, responding at all times and in a coordinated way to the external situation, implementing a system to monitor and coordinate actions in all the regions in which the Bank operates, including monitoring the incidence rate in each country or region, as well as health recommendations and applicable health regulations and the incidence rate within our workforce.

In Spain, Banco Sabadell also carries out an initial occupational hazard assessment for each new work centre,

and whenever work centres are reformed or updated. Equally, when a certain period of time has elapsed since the initial assessment, subsequent assessments are carried out, in all of the facilities, of both individual workstations and common areas, along with the installations and technical aspects of the working environment (temperature, lighting, etc.).

In relation to the health crisis, a protocol has been established for implementation in the workplace to ensure people's health and prevent infections of COVID-19. Among the measures introduced is the requirement to take a PCR test for the detection of SARS CoV-2 to ensure that people who have been diagnosed with COVID-19 can return to work safely and without risk of infecting others.

In the United Kingdom, TSB is committed to maintaining the highest standards of health, safety and protection in all of its business activities. TSB has suitable training, capabilities and communications to enable all employees to collaborate with the measures introduced and to avoid taking unnecessary risks.

Indicators of absence from work

Indicators of absence from work in Spain

	2021	2020
Total hours (accidents and ill health)	702,547	918,666
Total hours (work-related ill health)	89,504	119,764

Data as at 31/12/2021.

Indicators of absence from work in TSB

	2021	2020
Total hours (accidents and ill health)	342,804	395,613
Total hours (work-related ill health)	56,626	110,907

Data as at 31/12/2021.

In Mexico, indicators of absence from work are recorded and reported as general ill health. As at year-end 2021, these resulted in a total of 592 days off work.

Work-related accidents

Work-related accidents

	2021			2020		
Types of accident in Spain	**M**	**W**	**Total**	**M**	**W**	**Total**
Work centre	20	45	65	22	39	61
Whilst commuting	25	43	68	25	45	70
Travel during workday	6	10	16	6	9	15
Other work centre	0	0	0	0	0	0
TOTAL	**51**	**98**	**149**	**53**	**93**	**146**

Data as at 31/12/2021.

Work-related accidents in Spain

	2021			2020		
Work-related accidents in Spain	**M**	**W**	**Total**	**M**	**W**	**Total**
Total hours	7,755	10,298	18,053	7,745	8,067	15,812
Frequency rate[38]	2.31	4.26	3.35	2.14	3.42	2.80
Severity rate[39]	0.07	0.08	0.07	0.06	0.06	0.06

Data as at 31/12/2021. Rate calculations exclude accidents occurring whilst commuting. Although all absences due to COVID-19 can be likened to work-related accidents for the purpose of claiming social security benefits, they are not included in the accident rates.

In terms of subsidiaries, TSB, in compliance with UK legislation, does not keep a record of accidents, while Mexico has not recorded any accidents in 2021.

38. (no. accidents (excluding those whilst commuting) / no. hours worked)*1,000,000

39. (working hours lost/ theoretical working hours (collective agreement) * 100)

6.7.3 Trade union rights and right of association

Banco Sabadell Group guarantees the basic rights of employees in relation to freedom of association and collective bargaining.

In Spain, this guarantee is always in compliance with Spanish legislation, and these rights in relation to freedom of association and collective bargaining are provided for in the Workers' Statute and in chapter 12 of the Collective Bargaining Agreement for Banks, Articles 62, 63 and 64.

At present, Banco Sabadell has a total of 10 trade union sections in Spain, including trade union sections at the State level and at the autonomous community level. In its subsidiaries in Spain, it has trade union representatives in Sabadell Information Systems, S.A., Business Services for Operational Support, S.A., Sabadell Consumer Finance S.A., and Fonomed Gestión Telefónica, where the number of trade union sections is smaller than in Banco de Sabadell.

Workers' representatives are voted in every four years, in accordance with the guidelines set forth in prevailing legislation and the implementing agreement enforced in the Spanish Banking Association (Asociación Española de Banca, or AEB), together with the most representative State union sections of the Spanish banking industry. The results of the union elections determine the composition of the different Works Councils, as well as staff delegates, who are the main points of contact representing the company and who take part in collective bargaining negotiations. If no specific negotiations are taking place, they meet as and when required.

The elected trade union representatives are allocated hours from their normal working hours to engage in their trade union activities. In Spain, 100% of employees are covered by the Collective Bargaining Agreement, while in all other countries, the prevailing legislation in each country is applied.

One of the main duties is to represent workers in occupational health and safety committees. In Spain the following committees currently exist:

— State Health and Safety committees:
  — Banco de Sabadell S.A.
  — Business Services for Operational Support, S.A.
  — Sabadell Information Systems, S.A.
  — Fonomed Gestión Telefónica, S.A.

In the United Kingdom, TSB continue to work closely with their recognised unions, Accord and Unite, to build strong relationships. This relationship has enabled union representatives to collaborate with TSB's Management in all aspects concerning the subsidiary's employees.

With regard to the subsidiary in Mexico, there is no relationship between employees and union representatives.

6.8 Dialogue with employees: more connected than ever

Banco Sabadell Group has various mechanisms in place for communicating with employees and listening to their concerns, which are key to anticipating their needs and building a great place in which to develop a professional career. 2021 has seen the consolidation of elements for both issuing and receiving communications, which have effectively supported the management and consequences of the health crisis and cultural development.

In relation to information resources, in Spain, it is worth mentioning FlashIN, which has continued to be issued on a weekly basis and which is sent to all employees to provide them with information, guidance and context. It has been consolidated as a crucial element of information and cohesion in the Bank, which provides key information to the workforce in complex situations brought about by the external environment and during complex restructuring processes within the organisation.

The quick surveys in the *FlashIN* newsletters and in the fortnightly publication **Eres Manager** have continued to be sent out. These surveys aim to periodically capture the mood in the Bank and they have served to verify the high level of commitment of employees at all times.

In relation to *El Banco que queremos ser* (The Bank we aim to be), the survey to ascertain, among other factors, the commitment of employees to the Institution's current and future course of action, the results were stable, in line with the good results of the previous year. 69% of the workforce rated the Bank's general performance as satisfactory or very satisfactory. Practically all of the other factors measured, such as the quality of management, meritocracy and internal cooperation, also obtained good ratings.

The Employee Assistance Office plays an essential role in resolving employee concerns. This year, a total of 56,446 queries have been submitted and the quality of service has been successfully maintained, with user satisfaction ratings of 4.4 out of 5.

TSB is committed to creating a positive and inclusive culture and supporting the wellbeing of each employee. Twice a year, a survey is sent out to all employees to understand how they feel and make sure they feel listened to, supported and have what they need to be at their best.

Link is TSB's forum for employees, created in 2013. Its members act as spokespersons for employees, with 40 representatives from all departments and levels within the Bank and they are appointed to consult with and represent all areas of the Institution. Every quarter, Link members meet with the Executive Committee to give their ideas, comments and recommendations. In 2021, Link has contributed to the development of hybrid ways of working, the development of digital products for customers and the creation of inclusion through staff policies, connectivity to TSB Blueprint and activities in the Do What Matters Plan.

7. Commitment to Society



Banco Sabadell Group mainly steers its commitment to society through the Banco Sabadell Private Foundation, in order to contribute to progress and social well-being, collaborating with leading institutions in the social sector and focusing on the areas of culture and talent.

In 2021, the Board of Trustees of the Banco Sabadell Private Foundation (hereinafter, Banco Sabadell Foundation) approved the allocation of 3,727,201 euros, in partnerships with other institutions, contributing towards actions that pursue the SDGs defined as being priority or additional by Banco Sabadell, thereby promoting work with organisations with extensive experience and broad social impact.

In addition to the Banco Sabadell Foundation, other divisions and subsidiaries of the Bank have also contributed to education and the fight against poverty, through initiatives including corporate volunteering, social housing management and charity fundraising.

7.1 Commitment to education

Financial education

Banco Sabadell continues to promote and take part in a number of financial education initiatives. By engaging in this type of activity, the Institution aims to not only meet the different training requirements of society in general, but also to be by their side to help them develop skills and decision-making abilities. Some of the initiatives undertaken are:

— The Financial Education for Schools in Catalonia (EFEC, by its acronym in Spanish) programme: Banco Sabadell continues to participate in this programme for the ninth consecutive year and since its inception. Thanks to the corporate volunteers of the participating institutions, more than 141,248 students have received training in basic finance. In this edition, which has continued to be run in hybrid form with face-to-face and virtual workshops, the programme has been taught in 397 educational centres. With the participation of 60 volunteers who have run a total of 647 workshops, Banco Sabadell together with all of the collaborating institutions, provided training for 19,250 young people in their fourth year of secondary school education. In terms of its version for adults, 14 of the Bank's volunteers have held 69 workshops in adult schools and correctional institutions. The estimated figures for the 'EFEC adultos' programme was 94 centres and 3,552 students.

Students

141.248

— 'Your finances, Your future' initiative (Tus Finanzas, Tu futuro) of the Spanish Banking Association (Asociación Española de Banca or AEB) and the Junior Achievement (JA) Foundation. In this year's online edition, 80 volunteers from the Bank took part through 40 programmes and 120 workshops delivered to 26 educational centres and 786 students. In 2021, the programme, which is nationwide in scope, was delivered to 113 centres and 4,448 students.

Banco Sabadell México, in partnership with the Mexican Banking Association (Asociación de Bancos de México or ABM), has designed infographic material to promote financial education and, consequently, nurture healthy financial activity.

Promoting talent

Another of the Institution's commitments to society involves supporting leading universities and educational institutions by offering financial aid and grants to give students access to more educational opportunities, to foster young talent through awards and support programmes, and contribute to excellent research with financial assistance for pre-doctoral students, which is supplementary to other grants. Some of the most noteworthy initiatives carried out in this field are:

— Competitions organised by Celera: Through the Banco Sabadell Foundation, young people who are outstanding in their respective disciplines take part in competitions organised by Celera, the only people accelerator that currently exists in Spain, which each year selects a number of exceptional young people and offers them resources, training and opportunities.
— Banco Sabadell Foundation Awards in Biomedical Research, Economic Research and Scientific Research, which aim to promote and recognise the careers of young Spanish researchers who stand out for their excellence and innovation in these three fields; these are recognised as the most important awards in their respective fields.
— Foundation research grants: Intended for aspiring pre-doctoral students who are carrying out their doctoral thesis, with the aim of promoting and developing scientific work or to fund placements at universities or research centres.
— Global Talent Programme: Launched by the Banco Sabadell Foundation and CIDOB (Centro de Información y Documentación Internacionales Barcelona), this programme involves a paid research placement and two awards for applied research, aimed at young researchers.
— Collaborative work to support universities with awards and scholarship programmes to promote young talent, for example at the Universities of León, Oviedo, San Jorge, Jaume I and Francisco Vitoria, and also to help university students find employment and provide training for innovation, such as the University of Murcia's TOOLBOX programme or the mentoring programme of the Centre for Technological Expertise in Alicante in which students have been assisted by Banco Sabadell mentors.
— Scholarship programmes with leading further education establishments, such as EDEM (*Escuela de Empresarios*), Esade, Fundación Dádoris, IBEI (*Institut Barcelona d'Estudis Internacionals*), and scholarships for young musicians with the ADDA Symphony Orchestra or the Reina Sofia School of Music, among others.

Business support and training

— The "Export to Grow" (*Exportar para crecer*) programme: As part of its commitment to provide training in internationalisation to small and medium-sized enterprises, Banco Sabadell, in collaboration with AENOR, AMEC, Arola, CESCE, Cofides, Esade and Garrigues, has been promoting the 'Export to Grow' (Exportar para crecer) programme since 2012. This programme supports SMEs in their internationalisation process, through online tools, specialised information services and the organisation of roundtables throughout the country. Under this programme, International Business Conferences (*Jornadas de Negocio Internacional*) have been held, most notably the conference on technical measures for customs and logistics in the context of Brexit, with the participation of more than 1,550 companies. In addition, a selection of news content concerning international business is offered through a newsletter that is sent to the Bank's business customers, with information about international markets and business sectors most likely to be concerned with internationalisation or export matters.
— Sabadell International Business Programme: The Institution has held the fourth edition of this university-certified training programme that offers advice to business customers, which has attracted the participation of more than 300 companies engaging in international business.
— Completion, on 31 December, of the first edition of the course entitled: 'Financial Advisor for religious bodies and voluntary sector organisations', resulting from an agreement reached at the end of 2020 with the University of Francisco de Vitoria. This is a specialised online advisory programme with university accreditation, aimed at both employees and customers. A total of 818 students (558 customers and 260 employees) signed up for this year's first edition, with 285 customers and 186 employees completing the course. The Bank offers this course to its customers free of charge, thus helping to provide access to qualified training for organisations with limited resources. The second edition is currently under consideration.

BStartup is the Banco Sabadell initiative to support young innovative technological companies to develop their projects with the best guarantee of success.

It has become a pioneering and leading service in Spanish banking for startups and scaleups, providing them with specialised banking and equity investment.

Among its activities, the following social impact actions stand out in particular:

— In 2021 it launched the first edition of BStartup Green to invest in startups that, through technology or digitisation, are able to facilitate the transition to a more sustainable world (from the perspectives of energy transition, industry 4.0, smart cities and the circular economy). A total of 136 companies put themselves forward at this first edition and from these, three were selected for investment.
— Fourth edition of BStartup Health, a programme designed to support health projects, in which invested funds are primarily used to validate technology, research and business. This year's edition ended with 121 enrolled startups, from which 3 projects were selected. Each of these will receive an investment of 100,000 euros and will benefit from a support and mentoring programme.
— Collaboration in the Ship2B Impact Forum, the annual congress of the Ship2B Foundation, creating an ecosystem of startups, companies and investors committed to improving their social and environmental impacts. In this online and face-to-face edition, Dive Medical, a recipient of BStartup equity investment, presented its project together with other outstanding national and international high-impact startups.
— Sponsorship of another edition of Climate Launchpad, the world's largest green business ideas competition, organised by EIT Climate-KIC and Avaesen, participating as a member of the panel to select the winning idea.

For its part, TSB carried out a programme of 30 events and initiatives, attracting the participation of more than 2,400 small companies, which dealt with topics such as access to finance, cash flow and the impact of COVID-19 on the SME sector. In addition, more than 20,000 female entrepreneurs took part in the 'Entrepreneurial Women' campaign, in partnership with 'Enterprise Nation', where they were given access to inspiring events and business support.

Promotion of culture

Bringing culture closer to people is another lever of social commitment, acted on through the joint promotion, together with flagship cultural centres, of exhibitions and performing arts productions with differential value that

contribute to a more informed society. The following activities are particularly noteworthy:

— *'Atempo, arts i formació'* A project supported by the Banco Sabadell Foundation, which aims to forge links between the educational world and the artistic world, training professionals from both sectors and making it easier for young people to take an active part in cultural life, as well as fostering innovative processes.
— *ConectArte* workshops: In collaboration with SONAR+D, to promote contact among the cultural organisations with which it works.
— The Entrepreneurship and Leadership Programme of the Reina Sofía School of Music for young classical musicians.
— Artistic project in partnership with the *Fundación Amigos del Teatro Real*: A Foundation collaboration aimed at offering professional opportunities to young students of the Reina Sofía School of Music.
— *'Dentro Cine'* (Inside Cinema) artistic education project: A project supported by the Foundation which is aimed at young people in vulnerable situations and which has a dual objective of training them in the craft and language of filmmaking and providing them with the tools of dialogue.
— Collaboration with training programmes for emerging artists, such as Eeemerging, a European training programme for young European artists to promote the emergence of young talent performing old music, and *'Encontro de artistas novos'* of the City of Culture of Galicia Foundation, among others.

Promotion of digital education

In 2021, the Banco Sabadell Foundation has promoted training programmes, remaining involved in its commitment to education and digitisation.

— The *'Reto Futuro'* (Future Challenge) project, together with the *Fundación Éxit* and Imagine, to close the digital gap faced by the most vulnerable groups of society.
— Programme for the Development of Innovation Management and Digital Skills Collaboration in the programme delivered by the University Foundation of Las Palmas (FULP by its Spanish acronym).
— Yob' Exit programme of intensive training based on the skills identification methodology.

Through the Bank's digital media, and during the course of 2021, the Institution has carried out 592 internal and external activities and events, including 209 delivered through open webinars. These mostly involved online support meetings through corporate social networks, informative videos and online sessions to deliver training (such as 111 online training webinars organised by Sabadell Hub Empresa and the 37 Sabadell Forums), assisting participants with content about cybersecurity and digitisation, as well as disseminating specific content related to the existing support for businesses, SMEs, self-employed professionals and individuals.

7.2 Social and Volunteering activities

Banco Sabadell puts the talent of its employees at the disposal of those who need it the most, thus reinforcing its commitment to building a better, more sustainable world, paying particular attention to vulnerable groups.

Corporate Volunteering Programme

This year, once again, the people who form Banco Sabadell have demonstrated their commitment to society, reaching beyond their professional duties, giving their time and sharing their talents to help people and organisations in need of them. More than 1,200 volunteers have taken part in social initiatives promoted by the Bank, its Foundation and other collaborating organisations, through the Bank's Corporate Volunteering Programme.

Volunteers

+1.200

In addition to the educational programmes described above, the initiatives and cooperation and solidarity programmes carried out by the Bank include, most notably:

— Supporting voluntary sector organisations taking part in the B-Value social innovation programme, which aims to help disadvantaged groups and those at risk of social exclusion.

  Since the first edition of B-Value in 2017, the Banco Sabadell Foundation and other organisations that promote the programme, have presented different awards to finalists among the participating entities. These awards help them to take their projects forward and give visibility to the causes that they support, putting the spotlight on talent and innovation. One of the keys to the programme's success is the participation of employees of the Bank as voluntary mentors. This year, 42 employees from different areas of the Bank and with different profiles, have supported those organisations in developing their social impact projects.

— The Banco Sabadell Foundation, together with the Imagine Creativity Centre and the Fundación Éxit, has also co-created the social entrepreneurship programme 'Reto Futuro', a programme aimed at vulnerable young people that gives them access to educational content, technology tools and support from mentors to allow them to have an experience that will prepare them for a future that they themselves have created. In the second edition of the programme, 26 volunteers from the Bank have dedicated a total of 520 hours as trainers, providing training to 78 young participants.

— With regard to programmes that leverage the knowledge and experience of the Bank's employees and that concern vulnerable sectors of society or those at risk of social exclusion, the 'Coach Project' run by Fundación Éxit is a corporate volunteering initiative that seeks to improve the future employability of young people who have had an unsuccessful academic experience. This year, 36 volunteers from the Bank took part and dedicated 540 hours of their time to 36 young people, to keep them in training.

— Together with Fundación Éxit, a new collaborative initiative was promoted in 2021, with the aim of promoting female talent, by helping women aged between 18 and 25 who are thinking of returning to education or who are actively seeking employment. To do so, 10 volunteers from managerial roles at Banco Sabadell and with prior experience in mentoring and coaching, assisted the young women through various workshops designed to help them develop soft skills, such as communication, initiative-taking, managing interpersonal relationships, etc... tools that will help them to enhance their self-knowledge and remove barriers limiting their future professional choices.

— Women are also the recipients of the following programmes: 'Ace your job interview' (Triunfa en tu entrevista de trabajo), 'Job search 2.0' (Búsqueda de empleo 2.0), 'Ready and able' (Capaces), or 'Emotional intelligence for the workplace' (Inteligencia emocional para el empleo), in which the Bank has been collaborating with the Fundación Quiero Trabajo since 2019. The aim is to empower people, particularly women, by enhancing their skills and attitudes, and by giving them the tools to manage the selection process and job interviews with success. This year, a total of 40 volunteers from the Bank mentored the participants in these programmes.

— Jointly with the Private Foundation for Self-employment in Catalonia (Fundación Privada para la Promoción de la Autocupación de Cataluña), and through its SOS Mentoring programme, 10 volunteers from the branch network worked with young entrepreneurs, self-employed professionals and micro-enterprises that have faced difficulties due to the social crisis caused by COVID-19. The Banco Sabadell mentors are delivering personalised support to help entrepreneurs diagnose their situation, evaluate alternative courses of action, identify the best decisions in different scenarios and implement them.

— Following last year's hiatus due to the restrictions related to COVID-19, In October the Oxfam Intermón Trailwalker took place once again, the charity sporting team event which, this year, involved 29 teams from the Bank. A total of 230 people, including walkers, personal helpers and volunteers raised 50,274 euros to contribute to Oxfam and to the work it carries out in more than 90 countries to combat poverty and hunger.

— Each year, to coincide with the Christmas festivities and in collaboration with the Fundación Magone - Salesianos Acción Social, through its corporate volunteering programme, the Bank runs the 'Be one of the Wise Men' (Conviértete en Rey Mago) programme, in which volunteers sponsor and deliver gifts in response to letters written by children under the care of the foundation. On the eve of the Epiphany, the volunteers distribute the gifts. During Christmas 2021, 634 Wise Men from Banco Sabadell took part in this project.

— In 2021, the Bank once again organised 'donor days' to make it easier for the Bank's volunteers to donate blood. In collaboration with Banc de Sang i Teixits, two blood donors' days were organised at the Banco Sabadell corporate centre in Sant Cugat with the participation of 80 employees.

Banco Sabadell promotes the wellbeing of its workers, social interaction between colleagues and involvement in charity and volunteering through Sabadell Life, an internal portal in place since 2016, which has more than 13,000 users among the Bank's employees.

Through Sabadell Life, the Bank and its employees have the opportunity to propose other charity and/or volunteering initiatives. In addition, thanks to the collaboration with the startup Worldcoo, employees can make direct donations to any of the causes supported by the Bank, via the Actitud Solidaria platform located in Sabadell Life. In most cases, these causes are selected by the employees themselves. In 2021, employees responded with vigour to several emergency appeals: one for Aldeas Infantiles to reinforce child and youth protection in view of the social consequences related to COVID-19, for which 5,010 euros was raised. Another for the Red Cross to help victims of the volcanic eruption in La Palma, for which employees raised a total of 15,136 euros.

Furthermore, in 2021, through its Ethics Committee, Sabadell Asset Management, whose CIU (Collective Investment Undertaking) that raises funds for charitable endeavours is the investment fund Sabadell Inversión Ética y Solidaria, FI, has selected a total of 29 humanitarian projects mostly aimed at addressing risks of social exclusion, improving the living conditions of people with disabilities and meeting their basic nutrition and healthcare needs. This year, 318,405 euros have been granted to different charitable organisations and projects.

In relation to charitable donations, 892 contactless donation boxes installed through the 'DONE' system, which integrate contactless technology and have helped to collect more than 2 million euros, have contributed to different charities and social entities, both religious and non-profit, channelling funds to meet the needs brought about by the effects of the pandemic.

Additionally, digitisation has been promoted among some of the most disadvantaged groups, through the donation of 50-60 computers.

In the case of the UK subsidiary, TSB, among its work to support local communities the following initiatives, in particular, are noteworthy:

— Support for 68 charitable organisations through the 'TSB Charity Partnership' Programme, which helps organisations across Britain to carry out crucial work in the communities supporting vulnerable people, mental health, cancer care, homelessness and helping the disadvantaged. Colleagues across the bank have now raised over £100k to support these causes since the start of the programme.
— A pilot scheme to access to banking services for homeless people in Scotland was launched in July 2021, delivered in partnership with the Simon Community Scotland, which seeks to address a key barrier for the homeless to secure a job and obtain other important support.
— Since August 2020, employees of TSB have carried out more than 9,000 hours of voluntary work, with more than a third of these hours delivered through the volunteering programme with Citizens Advice . This has seen TSB colleagues, with the right skills, spending some of those hours at Citizens Advice offices directly helping clients, and others sharing their knowledge through a series of masterclasses or taking part in a mentoring scheme. Outside of this, TSB colleagues have joined the NHS Jabs Army to help the fight against COVID-19, worked within their communities to clean up litter and support a range of local initiatives.
— During 2021, TSB became the first bank to offer a safe space to victims of domestic abuse under the charity Hestia's Safe Space initiative. More than 1,500 TSB branch colleagues have received specialist training to increase their confidence in responding to disclosures of domestic abuse and can provide victims with access to the Safe Space in their branch.

With regard to Mexico, the Mexican Banking Association (*Asociación de Bancos de México*) has a Foundation which coordinates, as a guild, an activity once a year. In the case of Banco Sabadell México, the '100 volunteers said' (*100 voluntarios dijeron*) initiative was organised, a competition in which employees of the Bank asked children benefiting from the event general knowledge questions and rewarded them with gifts.

40. Citizens Advice is an independent charitable organisation specialising in confidential information and advice to assist people with legal, debt, consumer, housing and other problems in the UK

Through Sabadell Seguros, in 2021 the Group has participated in various charitable initiatives, focussed on people, diseases, social exclusion and poverty.

In this respect, '*Life Care Mujer*' is a product aimed at addressing the specific needs of women. It is a life insurance product exclusively for women, which aims to protect the insured family's financial stability and economic needs in adversity, in the event of death, permanent disability or serious illness, such a female cancer diagnosis. In addition, for each customer that takes out *Life Care Mujer* insurance, Bansabadell Vida makes a donation of three euros to the Spanish Association Against Cancer (AECC by its Spanish acronym), to support research into women's cancers. In 2021, 30,000 euros was donated to the AECC and 12,000 euros to the Sant Joan de Déu hospital (Barcelona) to fund the Paediatric Cancer Centre, the largest paediatric oncology centre in Europe and one of the most important in the world. The donation will go towards the purchase of resources and funding the hospital's own research. Through corporate volunteering, donations amounting to a total of 97,799 euros have been collected.

Social integration

The Banco Sabadell Foundation collaborates on projects aimed at social integration, such as:

— The Balia Foundation's '*Conecta Mayores-Conecta Jóvenes*' (Connect the Elderly-Connect the Young), which brings two different generations together with the aim of breaking stereotypes and eliminating the digital divide that separates them.
— Artistic education projects: *Dentro Cine, Horagai* and *L'art taller de música*, all targeting vulnerable young people, with the aim of training them in the craft and language of art and filmmaking, providing them with the tools of dialogue and inclusion.

In the same vein, the Entrepreneurship and Leadership Programme of the Reina Sofía School of Music is also worth highlighting. Through it, young classical musicians create innovative projects, many of which are aimed at the social sector, in order to take classical music to groups at risk of social exclusion. Likewise, as mentioned previously, the Foundation has promoted the social entrepreneurship programme *Reto Futuro*, which aims to give vulnerable young people the opportunity to access training and experience personal growth, through educational content, accessible technology tools and the support of mentors.

To address the needs of the more vulnerable segments of society or those at risk of financial exclusion, products are marketed in a targeted manner, such as the 'basic payment account', an account suitable for asylum seekers or persons without a residence permit, or the debt restructuring actions on main residence mortgages, which are carried out to protect customers at risk of losing their home due to an inability to pay, in line with the provisions of the Spanish Regulation (Royal Decree Law 6/2021), which the Bank has voluntarily adhered to since it entered into force.

Medical research and health

In addition to the three Awards for Biomedical, Economic and Scientific Research, the Banco Sabadell Foundation also supports scientific research through programmes promoted by flagship institutions in the sector. For example, its membership of the Board of Trustees of BIST (Barcelona Institute of Science and Technology) has helped it to promote the Science and Engineering Award. Other noteworthy endeavours include programmes such as 'Intensifica't al Taulí' promoted with the *Parc Taulí* Hospital in Sabadell to give scientists the opportunity to dedicate 12 months of their time to their lines of research, and the research grants awarded to students at San Jorge University in Zaragoza, or support for activities of the Pasqual Maragall Foundation and the Institute for Research in Biomedicine (IRB by its Spanish acronym).

Another of the flagship research institutions with which the Banco Sabadell Foundation collaborates is the National Cancer Research Centre (CNIO, by its acronym in Spanish), which organises conferences to disclose the latest news about the most significant advances made in cancer research. Since 2018, the Banco Sabadell Foundation has been part of SciTech DiploHub, the Barcelona Science and Technology Diplomacy Hub, a non-profit, independent and non-partisan civil initiative led by an international team of scientists, engineers and professionals. The Foundation is committed to paving the way to make Barcelona the first city in the world to implement a science and technology diplomacy strategy.

Economic development

It is worth highlighting the 2021 Economic Research Award, given for research into the strategic decisions made by companies and how these contribute to their export performance and their capacity for innovation.

7.3 Social housing management

Through Sogeviso (the subsidiary and the institution which is wholly owned by the Bank), Banco Sabadell manages some of the complexities of social housing with the aim of responsibly addressing situations of social exclusion and the loss of usual home affecting its more vulnerable mortgage borrowers. This is carried out under the framework of the Bank's sustainability policies.

In its six years of activity, Sogeviso has managed over 23,300 contracts for social or affordable rent and it has helped over 8,500 families improve their social and economic situation through its programmes designed to offer social support and improve employment prospects (JoBS).

Contracts for social or affordable rent

+23,300

Helped families

+8,500

As at 31 December 2021, Sogeviso managed 2,493 properties under social and affordable rental arrangements specifically aimed at these vulnerable customers. In 21% of these cases the 'Social Contract' has remained in place.

The Social Contract is an innovative model for managing vulnerable customers. Specifically, it is a service for customers who rent a property under a social rental arrangement that is adapted to their income and that offers specific support provided by a social manager based on three independent lines of approach: connect these customers with the public services; support them with training to manage their household finances and to access public aid, and the JoBS programme.

The JoBS programme consists of a job placement service that aims to provide customers with the skills and tools to enable them to access the labour market, as well as market research to match profiles with existing job offers. Since the launch of the Social Contract in 2016, 2,341 people have found work with the help of the JoBS programme.

The Social Contract currently provides services to 534 families, including 209 individuals actively seeking employment through the JoBS programme.

Under the scope of action of the Social Contract, the 'Pathfinder' programme was launched in 2021, aimed at bridging the digital divide. This programme was set up with the collaboration of the Mobile World Capital Foundation, which provided technological devices for the participants and the Ayo (Accelerating Youth Opportunities) Foundation. In the programme's first phase, 33 training workshops and 21 group tutorials were given, attended by 21 users, of which 62% were women. Thanks to the Pathfinder programme, 62% of participants have improved their digital skills.

Since the beginning of Sogeviso's management, 4,623 families that are Banco Sabadell customers have improved their socio-economic situation.

In addition, Banco Sabadell has assigned 110 properties to 44 non-profit institutions and/or foundations, aimed at supporting the most disadvantaged social groups, and since 2013 it has been a member of the Social Housing Fund (FSV by its Spanish acronym), contributing 440 homes to it, mainly for customers following repossessions or foreclosures. Of the FSV housing stock, 89% is covered by social rental agreements currently in effect.

On 24 March 2021, Sogeviso became the first Spanish social housing management company to obtain the prestigious international B-Corp certification.

This certificate attests Sogeviso's social and environmental impact, and ratifies its high standards of ethics, transparency and social responsibility.

On 28 October 2021, on the strength of its Support Programme for the socio-economic improvement of vulnerable families, Sogeviso won the first prize in the Large Organisation category, awarded by Club Excelencia en Gestión, as part of the IVth edition of its Awards for Good Management Practices during its XXVIII Annual Forum.

7.4 Sponsorship

With regard to sponsorship, with an initial budget of 1,553,352 euros, a total of 1,553,261 euros have been invested, mainly in culture, entrepreneurship and sport. In 2021, an approach continuing along pre-pandemic lines was followed, as the cycling tours of Valencia, Murcia and the Basque Country were able to take place. In addition, and to coincide with Jacobean Year, the Bank sponsored various events related to Holy Year, amounting to 250,000 euros overall.
In addition to the Sponsorship described above, in the case of the Barcelona Open Banc Sabadell – Conde de Godó Trophy, the Bank has kept up its collaboration with this tennis tournament in 2021, as a manifestation of its engagement and support for the city of Barcelona, in a clear commitment to the city's economic and business activity. The investment[41] in this tournament was 1,565,664 euros related to sponsorship and 350,000 euros related to promotion.

7.5 Patronage

The Banco Sabadell Private Foundation, through its patronage actions, carries out the majority of its activities in collaboration with the leading institutions in the sector in order to achieve its objectives in both the cultural and talent spheres, whilst at the same time highlighting the work of other institutions with extensive experience and impact.

In 2021, the Banco Sabadell Private Foundation received 4.5 million euros from Banco Sabadell, including 3,727,201 euros used to fund its activities. The contributions allocated to each area of activity, and the number of events/initiatives in which it was a collaborating partner, compared with those in 2020, are shown below:

Area and sub-area	No. collaborations 2021	Amount allocated 2021	No. collaborations 2020	Amount allocated 2020
Culture	**83**	**€1,933,063**	**82**	**€1,616,725**
Visual arts and design	32	€563,361	29	€450,096
Literature and performing arts	16	€499,000	17	€400,000
Music and festivals	22	€686,000	23	€560,629
Heritage	10	€168,500	12	€193,500
Society	3	€16,202	1	€12,500
Talent	**86**	**€1,794,138**	**83**	**€1,808,135**
Culture	8	€80,900	17	€271,414
Training	56	€846,738	46	€787,571
Innovation	11	€300,500	7	€122,000
Research	11	€566,000	13	€627,150
Overall total	**169**	**€3,727,201**	**165**	**€3,424,860**

Every year, the Banco Sabadell Private Foundation publishes its annual report on https://www.fundacionbancosabadell.com[42]

41. The total figure shown in the first paragraph does not include investment in the Barcelona Open Banc Sabadell - Trofeo Conde de Godó.

42. More information on www.fundacionbancosabadell.com > Foundation > Report

7.6 Institutional relations

The Bank takes part in different alliances, forums and initiatives related to the financial sector and in areas that contribute to economic development and society in general, such as research, sustainability, innovation and digital transformation, among others.

In 2021, the amount invested in institutional representation, including the main partnership actions related to sectoral representation, business associations, chambers of commerce and institutions of economic interest, amounted to 2,085,215 euros at year-end.

7.7 Consumers

Banco Sabadell adheres to the Code of Good Practice whose main objective is to arrange the viable restructuring of debt on main residence mortgages.

Banco Sabadell adheres to the Code of Good Practice (CBP by its Spanish acronym) enacted by Royal Decree Law 6/2012, of 9 March, and subsequent modifications thereto, whose main objective is to arrange the viable restructuring of debt on main residence mortgages, which is available to families experiencing extraordinary difficulties in meeting their mortgage payments because they are on the 'exclusion threshold'. This Bank reiterated its commitment to the CBP in 2021, with 80 debt restructuring operations carried out under its auspices.

Operations 2021

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With regard to Spain, in accordance with the provisions of Order ECO 734/2004 of 11 March, Banco Sabadell has a Customer Care Service (SAC by its Spanish acronym) which handles complaints and claims. Customers and users may also appeal to the Customer Ombudsman, an independent body of the Institution that has the authority to resolve any issues referred to it, both in the first and second instances. Decisions by the Customer Care Service or the Ombudsman are binding on all the Bank's units.

In accordance with its Regulations, the SAC handles and resolves complaints and claims from customers and users of Banco de Sabadell, S.A., as well as those deriving from other entities associated with it: BanSabadell Financiación, E.F.C., S.A., Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal, Urquijo Gestión, S.G.I.I.C, S.A. and Sabadell Consumer Finance, S.A.U.

The SAC and its head, who is appointed by the Board of Directors, report directly to the Compliance Division and is independent of the Bank's business and operational lines. Its main function is to handle and resolve complaints and claims brought forward by customers and users of the financial services of the Bank and its associated entities, under the principles of transparency, impartiality, effectiveness, coordination, speed and security.

During 2021 the following cases were received and managed:

Cases received	Volume	Percentage
Complaints received in 2021	2,489	5.01%
Claims received in 2021	47,231	94.99%
Total received in 2021	**49,720**	**100 %**
Cases pending from 2020	**1,143**	**—**

Cases managed	Volume
Cases accepted and resolved	34,701
Cases not admitted for processing	15,248
Total managed in 2021	**49,949**
Cases pending at year-end 2021	**914**

In the case of TSB, if we use the figure for the year up to December 2021, the number of recorded complaints, claims and other communications was 73,614. The volume recorded during the same period in 2020 is 75,326 and, therefore, 2021 represents a 2% reduction (1,712) on these figures. The decrease is primarily related to improvements made to customer journeys and improvements to system stability. Of the total number of complaints, claims and other communications recorded in 2021, a total of 72,705 (99%) were resolved before the end of the year, 31 December 2021.

In addition, TSB have begun a multi-skill programme for colleagues in branch banking and the contact centre with a view to enabling colleagues to deal with more types of customer enquiries at first point of contact.

TSB is the first retail bank accredited by the Good Business Charter, a national accreditation scheme that recognises businesses that behave responsibly, and measuring behaviour over 10 components: real living wage, fairer hours and contracts, employee well-being, employee representation, diversity and inclusion, environmental responsibility, paying fair tax, commitment to customers, ethical sourcing, and prompt payment.

With regard to Mexico, in 2021 they received a total of 17 complaints and no claims.

For more details, see Note 42 to the consolidated annual financial statements for 2021 and the SAC section of the Directors' Report.

7.8 Outsourcing and suppliers

The new challenges of competition require cooperative behaviour between the Group and its suppliers, the latter being viewed as strategic partners and collaborators through which the Group interacts within and outside the regions in which it operates.

In order to establish this long-term cooperation, it is necessary to understand the needs and goals of suppliers, maintaining a willingness to honour commitments and making them compatible with the Group's requirements and vision. Based on this principle, the Group has an Outsourcing Policy and is developing a Procurement Policy, which will be approved at the beginning of 2022, as well as several protocols and standards through which it extends to the supply chain both its own commitment to socially responsible practices and the explicit advocacy of human rights, workers' rights, freedom of association and environmental rights.

In 2021, the top 20 suppliers represented 51.49% of all supplier invoicing. Other noteworthy aspects are included in the following table:

	2021	2020	2019
Total number of suppliers who have invoiced more than 100,000 euros at year-end	558	557	520
% of suppliers of essential services (out of total suppliers)	7.5%	5%	2.11%
Total number of approved suppliers	1,279	1,043	831
Amount invoiced by Special Employment Centres (CEEs)	2.8 M €	2.9 M €	2.8 M €
Average time taken to pay suppliers (days payable outstanding)[43]	27.3	30.13	37.28

These figures exclude those relating to brokerage, securities firms, subsidiaries, duties and taxes, pension funds, homeowners' associations, SOCIMIs (REITs) and rental of premises.

Registration and approval of suppliers

The Group has an online portal where suppliers who wish to register must accept the General Contract Conditions, as well as the Code of Conduct for Suppliers, which includes:

— The United Nations Universal Declaration of Human Rights.
— International Labour Organisation (ILO) conventions.
— United Nations Convention on the Rights of the Child.
— The principles of the United Nations Global Compact, subscribed by the Group in February 2005, in the areas of human rights, labour, environment and freedom of association.

In order to proceed with the approval process, suppliers must provide their legal documentation, financial information, quality certificates, proof that they are up to date with their social security payments and tax obligations, as well as their Corporate Social Responsibility (CSR) and/or sustainability policy. Accordingly, ISO certifications (ISO 9001, ISO 14001 and other certificates related to quality, environmental management, labour relations and occupational hazard prevention or similar) are requested, as well as disclosures of information related to the company's CSR and/or sustainability. In addition, details of the characteristics of the products made available to the Bank by the supplier (recycled, ecological and reusable products) may also be requested.

Banco Sabadell carries out supplier validation exercises, periodically checking that the documentation provided by suppliers is fully up-to-date to ensure compliance with supplier approval criteria, and establishing mechanisms for sending periodic alerts. In relation to information security, specific monitoring is carried out depending on the level of risk inherent to the supplier, which include social and environmental aspects.

Additionally, at the beginning of 2022 a supplier approval platform will be rolled out so that they may be evaluated in ESG terms and this will, in turn, allow for approval at Bank level.

Contracts and supervision

The basic contract with suppliers includes clauses on safeguarding human rights and abiding by the ten principles of the United Nations Global Compact with regard to human rights, labour, the environment and anti-corruption. Where required due to the activity involved, contracts also include environmental clauses.

In addition, the Group maintains final control over the activities carried out by suppliers, ensuring that outsourcing does not entail any obstacle or impediment to the implementation of internal control models or the intervention by the supervisor or any other competent supervisory authority or body.

Furthermore, the Group ensures compliance with the laws and regulations applicable at any given time. Contracts should stipulate the ability to require suppliers to adapt their activities and service level agreements to these regulations.

Supplier recruitment in the international network is decentralised, hiring only local suppliers and affecting only products for sole use by the relevant branch or office in its daily activities. The hiring of local suppliers (those whose tax identification number coincides with the country of the company receiving the goods or services) contributes to the economic and social development of the regions in which the Group operates.

Moreover, in relation to the supplier approval process, the Group carries out its overall supplier due diligence as part of its selection process and before contractual terms are agreed. Supplier due diligence checks include financial due diligence, policy due diligence, subcontractors' management and financial crime. A supplier's corporate social responsibility is assessed as part of the policy due diligence process. The Group assesses suppliers' CSR as part of the supplier approval process. Three key areas can be distinguished in the evaluation:

— Responsible company: it assesses whether the supplier has a documented CSR policy, a community engagement policy and what kind of charitable and volunteer activities are carried out.
— Labour standards: it assesses whether the supplier has a labour standards policy which includes slavery,

43. Average time taken to pay suppliers (days payable outstanding), based on consolidated entities located in Spain. Information included in Note 21 "Other financial liabilities" to the consolidated Annual Financial Statements for 2021.

whistleblowing and internal audits.
— Quality and environment: it assesses whether the supplier has quality environmental policies, including ISO 9001 and 14001 certification.

In line with this, the Group has procurement policies that allow it to ensure that its suppliers know its values and apply them to their own activities: Supplier Code of Conduct, Sustainability Policy, Restrictions on Financing and Investment in activities associated with the arms industry Policy, Anti-Corruption Policy, Human Rights Policy, Human Rights Due Diligence Procedure and Equality Plan.

The Group has continued to monitor its supply chain closely during the COVID-19 pandemic. Regular reporting on its higher risk suppliers is carried out and the supplier management teams remain alert with their supplier portfolios, particularly those whose industries, countries and regions are more exposed to COVID-19 risks and impacts.

7.9 Tax information

Banco Sabadell Group's commitment with regard to sustainability finds one of its manifestations in the promotion and development of responsible fiscal management, allied to the United Nations' Sustainable Development Goals (SDGs).

Tax Strategy

The principles governing the Group's actions are set out and developed in the Tax Strategy, approved by the Board of Directors and reviewed annually, which can be found on the Group's corporate website[44].

The Tax Strategy is applicable to all companies controlled by the Group, regardless of their geographic location. The Group also undertakes to ensure that the tax practices of those entities that are not part of the Group, but in which it has a significant shareholding or whose control is shared with partners outside the Group, follow principles of action aligned with those set out in Banco Sabadell Group's Tax Strategy.

In the same vein, the Group's Code of Conduct establishes compliance with tax obligations as one of the fundamental elements underpinning the commitment to the economic development of the companies in all jurisdictions in which it operates, as well as acting in accordance with the principles set out in the Tax Strategy.

These principles include the principles of efficiency, prudence, transparency and minimisation of tax risk, with the aim of ensuring compliance with current tax legislation, by promoting responsible and transparent actions with regard to tax, in accordance with the requirements of its customers, shareholders, the tax authorities and other stakeholders.

The guiding principles of the Group's actions in relation to tax, on which the Tax Strategy is based, are the following:

a. Guarantee compliance with and respect for the tax regulations in force in all countries and territories in which the Group operates and/or in which it is present, as well as observance of the international principles and recommendations on tax matters issued by the Organisation for Economic Co-operation and Development (OECD).
b. Determine the tax criteria to be applied by adopting the interpretation of the regulations most suited to its purpose, in light of existing judicial and legal opinion, as well as the applicable international guidelines and standards.
c. Carry out a prior analysis of the tax implications of any transaction and verify that they are based on commercial and business reasons.
d. Configure the banking products marketed by the Group, assessing their tax implications, and convey these clearly and transparently to customers.
e. Assess related party transactions under the arm's length principle, in accordance with the terms established by the OECD, and following the recommendations stipulated by that organisation.
f. Refrain from using opaque vehicles or entities, or those resident in tax havens, in order to reduce the Group's tax burden.
g. Promote a relationship of collaboration and cooperation with the tax authorities, based on good faith and transparency, seeking mutually agreed solutions in the event of discrepancies, with the aim of minimising tax disputes.

44. https://www.grupbancsabadell.com/corp/es/sostenibilidad/fiscalidad-responsable.html

The attainment of the objectives set out in the Tax Strategy and compliance with the fundamental principles governing it are ensured through the establishment of tax risk management systems, under the framework of the Group's risk management programme.

The tax risk policies of Banco Sabadell Group aim to ensure that any tax risks that could have an impact on the Tax Strategy are systematically identified, assessed and managed.

The governance structure for tax risk management is underpinned by the direct involvement of the Institution's governing and management bodies following the corporate model of three lines of defence, with a clear-cut allocation of roles and responsibilities.

To this end, the Audit and Control Committee oversees the effectiveness of the risk management systems.

It should be noted that in 2021 the Audit and Control Committee supervised the Group's tax management, monitoring, in particular, the implementation of the Tax Strategy and its guiding principles, and it carried out a review of actions taken to ensure a sound analysis of tax issues in the Group.

Collaborative relationship with the State Tax Agency, Good Tax Practices and Transparency

Banco Sabadell adheres to the Code of Good Tax Practices (CBPT by its Spanish acronym), approved by the Large Company Forum (*Foro de Grandes Empresas*), of which it is a member, and acts in accordance with the recommendations contained therein. In this regard, Banco Sabadell voluntarily submitted the 'Annual Tax Transparency Report' for 2020 to the State Tax Agency (*Agencia Estatal de Administración Tributaria* or AEAT).

Additionally, through its subsidiary in the United Kingdom, it follows the Code of Practice on Taxation for Banks, promoted by the UK tax authorities, and is in compliance with its contents.

In line with the principle of transparency, the Group conveys relevant tax information directly, clearly and transparently to its different stakeholders, and includes this information in the various documents accessible on its corporate website (Tax Strategy, annual financial statements, Audit and Control Committee report, tax liability and Good Taxation Practices documentation, etc.).

The Group conveys relevant tax information directly, clearly and transparently to its different stakeholders.

Presence in tax havens / non-cooperative jurisdictions

In accordance with the corporate principles governing its Tax Strategy and the CBPT to which it adheres, the Group has adopted a commitment to refrain from using entities resident in tax havens, unless their presence or operations are justified on economic or business grounds.
Pursuant to this commitment, Banco Sabadell does not include in its Group any subsidiary that is resident in a territory considered to be a tax haven/non-cooperative jurisdiction, in accordance with the applicable regulations in Spain, the OECD guidelines and the position of the European Union. This is reflected in the 'Declaration of presence in territories classified as tax havens', published on Banco Sabadell's website.

Breakdown of profit and tax by country

Consolidated pre-tax profit, and details of corporation 'tax paid and accrued, by country[45], are set out below.

45. For the purpose of determining the countries and magnitudes included in the following table, the constituent entities included in the Banco Sabadell Group at year-end are considered, therefore, there may be differences with respect to other information included in the Consolidated annual financial statements, basically caused by entities that have been sold during the year or by the results contributed by the companies consolidated by the equity method.

Data in thousand euros.

	Consolidated pre-tax profit		Corporation tax paid[46]		Corporation tax accrued	
Country	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Spain	377,746	99,828	-116,636	-3,651	-39,762	83,228
United Kingdom	166,090	-287,727	19,996	6,071	-31,084	55,198
USA	66,432	63,126	17,910	19,825	-13,084	-15,874
France	15,622	-8,280	-1,608	0	-2,893	224
Portugal	5,854	-1,136	91	26	-1,538	77
Morocco	2,389	1,479	0	814	-902	-7
Bahamas	-25	-80	0	0	0	0
Mexico	-14,119	1,317	5,941	4,578	7,981	1,614
Brazil	0	0	3	9	0	0
Luxembourg	0	-110	0	0	0	0
Andorra	0	10,752	0	124	0	-621
Total	**619,989**	**-120,831**	**-74,303**	**27,796**	**-81,282**	**123,839**

Other contributions

In addition to corporation tax, the Bank contributes to the deposit guarantee funds in place in each geography and to the European Single Resolution Fund, which have a positive impact on citizens' economic and financial security. The table below sets out information corresponding to Note 32 – Other operating expenses of the consolidated Annual Financial Statements.

Data in thousand euros

	2021	2020
Contribution to deposit guarantee funds	-128,883	-123,437
Banco Sabadell	-116,341	-110,587
TSB	-879	-166
BS IBM Mexico	-11,663	-12,684
Contribution to Single Resolution Fund	-87,977	-78,388
Other items	-250,502	-307,268
Total	**-467,362**	**-509,093**

"Other items" includes expenses corresponding to Tax on Deposits of Credit Institutions, amounting to 33,438 thousand euros in 2021 (32,369 thousand euros in 2020), as well as expenses associated with non-financial activities (mostly operating leases).

Public subsidies received

Subsidies received in Spain in 2021 (training) of 764,283.09 euros.

46. This amount usually differs from accrued corporation tax, as the first is determined on a cash basis (net difference between amounts of tax paid - which essentially correspond to instalment payments - and amounts collected as refunds when the amount paid is higher than the resulting tax liability for the year) and in accordance with the payment schedule established by the tax legislation in force in each country, while the latter corresponds to corporation tax accrued in accordance with the applicable accounting legislation.

7.10 Money Laundering and Terrorism Financing

Both Banco de Sabadell, S.A. and Banco Sabadell Group have a series of Anti-Money Laundering and Counter-Terrorist Financing Policies in place, approved by the Board of Directors, which establish the principles, critical management parameters, governance structure, roles and responsibilities, procedures, tools and controls applicable in relation to Anti-Money Laundering and Counter-Terrorist Financing (hereinafter, AML/CTF) and which describe the main procedures through which AML/CTF risks should be identified and managed at all levels of the Bank or of the Group.

These policies incorporate some basic principles:

— Promotion and supervision of the adaptation and execution of the AML/CTF model by the Board of Directors.
— Promotion and direction of the execution and development of the model by Senior Management.
— Independence in the performance of the AML/CTF function.
— Effectiveness in the management and control of MLTF risk.
— Assurance of regulatory compliance
— Proactive collaboration with the competent authorities and coordination and cooperation with other units of the Institution

Among other things, they establish certain critical management parameters:

— Designation of a representative to the competent authorities.
— Establishment of a risk appetite specific to AML/CTF.
— Establishment of criteria and control systems for the approval of customers and correspondent banks.
— Identification controls and customer knowledge.
— Application of due diligence, according to risk, to customer and transactions.
— Continuous monitoring of business relationships using tracking systems.
— Controls on the detection and blocking of terrorism financing, and international sanctions.
— Examination and reporting of suspicious transactions.
— Specific training plans related to AML/CTF.

The Bank always follows a policy of strict compliance with AML/CTF regulations, going beyond the requirements of legal standards.

As such, in addition to the policies described above, it also has manuals with internal regulations to which all employees are subject, which relate not only to anti-money laundering and counter-terrorist financing, but also to the application of international sanctions, establishing three lines of defence (business and management units, Compliance and Risk Control, and Internal Audit), with a control structure in place comprising an Internal Control Body for matters related to AML/CTF and a technical AML/CTF unit that executes second line of defence controls.

It should also be noted that the Institution has a communication channel that can be easily accessed by all employees, where they can submit different queries, suggestions or complaints, even anonymously. They can also report breaches, with the assurance that the information they provide will be kept in confidence and that no retaliation will be taken, provided the channel is used in good faith. The Institution's Internal Control Body for matters related to AML/CTF is informed of the management and/or resolution of all of them.

Furthermore, in light of the exceptional health emergency generated by COVID-19, it is worth noting that the Institution has deemed it essential to extend its control framework in those areas where there has been a perceived increase in risk due to the pandemic. Thus, control plans have been reviewed, strengthened measures have been implemented and training activities have been stepped up.

TSB also has procedures and controls in place in relation to anti-money laundering and counter-terrorist financing, including customer due diligence measures, applicable to different types of customers and in consideration of the geographical, industry and product risk associated with each relationship; enhanced due diligence measures applicable in higher risk situations; and ongoing monitoring controls to ensure that TSB knows and understands its customers throughout the life cycle of the relationship.

TSB designates a Nominated Officer in charge of receiving and submitting suspicious activity reports to the National Crime Agency (NCA) and of ensuring that appropriate controls have been implemented to monitor and manage the investigation into reports of these activities.

With regard to financial sanctions, TSB is fully aligned with the obligations under the United Nations and the United Kingdom sanctions regimes, and thus ensures compliance therewith. Other countries also

have sanctions regimes which may apply to TSB. US and EU Sanctions are examples where the nature of TSB's relationship with Sabadell means these regimes are also applicable to TSB. TSB takes a prohibitive stance towards transactions and relationships with customers in countries subject to comprehensive international financial sanctions, or of ownership or control by individuals located in such countries.

Partners, customers, suppliers and transactions are screened regularly against relevant sanctions lists and investigated accordingly.

For its part, the subsidiary in Mexico has a Manual on the Prevention of Money Laundering and Terrorism Financing, whose main objective is to establish measures and procedures to prevent, detect and report acts, omissions or transactions that could favour, aid, assist or cooperate in any way in the commission of offences set forth in the Federal Criminal Code. It also defines policies and establishes the criteria, procedures and standards that must be complied with by all senior managers, representatives, officers and employees of the Bank, as well as all third parties authorised and involved in the customer identification process. The Policies and Procedures are aimed at protecting the Bank and its staff against any attempt to be used for money laundering or terrorism financing.

8. Commitment against corruption and bribery



The Group undertakes to safeguard integrity and promote a culture of zero-tolerance towards corruption, expressly prohibiting any and all actions of this kind.

Similarly, as a signatory of the United Nations Global Compact, it is committed to complying with the ten principles established therein, among them that of working to combat corruption in all its forms, including extortion and bribery.

One of the basic elements for consolidating a corporate culture is the existence of a set of regulations that reflects the firm commitment of all units to comply with legislation, starting with the Management Body.

Furthermore, the Bank has a Code of Conduct and Policies on Compliance, Conflicts of Interest, Anti Money Laundering & Counter Terrorist Financing, Corporate Crime Prevention and Anti-Corruption, which are applicable to the entire Group.

The Anti-Corruption Policy defines all those actions included in the concept of corruption, as well as related actions that are prohibited. Both the Code of Conduct and the Policies detailed above are regularly reviewed and, where appropriate, updated.

As regards the Group's Code of Conduct, its latest update included specific sections on the fight against corruption and bribery. The Code of Conduct explicitly provides for the non-acceptance of gifts from customers, as well as the obligation to comply with the provisions of internal regulations with regard to gifts from suppliers, in order to avoid this limiting or otherwise affecting the ability to make decisions.

In relation to the identification and control of corruption-related risks, it is worth highlighting that the Institution has a Corporate Crime Prevention Programme, which has a specific section on the fight against corruption. Furthermore, its training programme includes a specific course on anti-corruption, which all employees are required to complete. As a result of the activities carried out as part of the aforesaid Corporate Crime Prevention Programme and the management of the whistleblowing channel, which is described later on in this document, it is also worth noting that no risks related to corruption have materialised in 2021 or in 2020.

The Bank also pays particular attention to the oversight of loans and accounts held by political parties, by following a very rigorous customer onboarding protocol, and to the controls over any donations and contributions received from third parties. Similarly, the Bank does not make contributions of any kind to political parties, politically exposed persons or related institutions. Likewise, in terms of transparency, all donations to NGOs and foundations are analysed and assessed by the Bank's

Sponsorship Committee or by the Board of Trustees of the Foundation. The accounts of the Banco Sabadell Foundation are also duly audited. In light of the exceptional health emergency caused by COVID-19, it is worth noting that the Institution has continued with the actions carried out during 2020 relating to the extension of the control framework in all of the affected areas and to the additional identification of crimes that are considered more likely to be committed as a result of the pandemic. Thus the enhanced measures implemented have been kept, as well as the Regulatory School's initiatives to strengthen the Bank's compliance culture.

With regard to TSB, conduct risk is also a key part of TSB's strategic planning, decision-making, proposition development and performance management processes. Throughout the end-to-end customer journey, it is key to ensure a fair treatment, the delivery of fair outcomes and to seek to avoid customer harm.

TSB has Anti-Money Laundering, Anti-Bribery and Corruption and Financial Sanctions Policies in place. The identification, assessment, management and reporting of conduct risks is the responsibility of each member of the Executive Committee, with respect to their relevant business areas, as set out in its Statement of Responsibility (SOR) under the United Kingdom's Senior Managers and Certification Regime (SMCR).

TSB promotes an environment of zero tolerance to illegal activities to safeguard its employees, customers and communities against financial crimes. This culture is set out through policies and annual training courses to guarantee that due diligence and risk assessment practices have been implemented to assess exposure to bribes or corruption through relationships with related parties, sponsorship of events and charitable donations.

The offer and acceptance of gifts, entertainment and hospitality is permitted, provided these are not seen to be improper or excessive and provided they cannot be viewed as a bribe or potential bribe and as long as they are approved and recorded in accordance with TSB's Gifts, Entertainment and Hospitality Policy. TSB prohibits all activities considered as facilitation payments, political donations or actions which could facilitate tax evasion.

TSB's compliance with requirements of the financial crime framework is monitored via ongoing control testing, assurance, audits, the provision of management information and senior governance committees.

In relation to fraud, TSB continues to be the only bank in the United Kingdom that undertakes a commitment to refund every TSB customer who has been an innocent victim of fraud, reimbursing over 97% of all fraud cases, compared to the industry-wide rate of 42%.

In relation to the approach followed to manage the health crisis, TSB has continued to monitor the COVID-19 impact on financial crime prevention policies and procedures throughout 2021, using analytical reports purposely prepared in 2020 after the onset of the pandemic. In 2020, alternative arrangements were agreed to ensure customers could continue to securely provide identification documents to TSB without the need to visit branches. These arrangements were kept in place until the second half of 2021, when the COVID-19-related restrictions were eased.

With regard to the Bank's subsidiary in Mexico, it also has the following initiatives in place to combat corruption and bribery:

— Its own Corporate Crime Prevention Programme, which follows the Group model but has been adapted to its own activities and applicable legislation. The aforesaid Programme also identifies corruption-related crimes, for the purpose of their prevention, mitigation and management, and it also provides mandatory training on this subject matter for all staff.
— It also defines policies and establishes the criteria, procedures and standards that must be complied with by all senior managers, representatives, officers and employees of the Bank.

9. Commitment to Human Rights



9.1 Information regarding Human Rights

In carrying out its activities, Banco Sabadell Group respects, upholds and protects internationally recognised fundamental human rights in all territories in which it is present, taking into consideration the internal and external relationships it develops with all of its stakeholders: employees, customers, suppliers and the communities and environment in which it operates.

Its commitment is underpinned by the Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

In addition, it has signed up to some important national and international agreements on human rights, including: the United Nations Global Compact, which encompasses human rights and labour rights in its first and second set of principles, undertaking to incorporate into its activities the Global Compact's ten principles of conduct and action in this regard, such as non-discrimination in employment, the elimination of forced or compulsory labour, and the abolition of child labour; the Equator Principles, which it signed up to in 2011 and which form a framework for the assessment and management of social and environmental risks, encompassing respect for human rights, and the performance of due diligence to prevent, mitigate and manage adverse impacts; and the Principles for Responsible Banking, among which, the principles of commercial alignment, the principle of impacts and those related to customers and users, as well as the principle of transparency and accountability are particularly relevant to human rights.

The Group has a Sustainability Policy, ratified by the Board of Directors in 2021, which includes a specific principle concerning respect for internationally recognised fundamental human rights.

Through the publication of its Human Rights Policy and the related due diligence procedure, both approved in 2021 and applicable to all Group companies, Banco Sabadell Group establishes its basic principles of action, as well as the mechanisms required to identify, prevent, mitigate and/or remedy any potential negative impacts on human rights that its activities and procedures may entail, in particular, with regard to granting finance to companies, or issues involved in its human resources management model or its supplier contracting processes; the need for training in all of these areas is also established.

In 2021, the Board of Directors approved a new version of the Group's Code of Conduct.

In addition, in 2021, the Board of Directors approved a new version of the Group's Code of Conduct, which was thoroughly revised and updated in order to align it with regulatory requirements, supervisory guidelines and reports, and market standards. In short, to ensure it complies with the expectations and objectives of different stakeholders. The issue of the new version of the Group's Code of Conduct requires express acceptance of it by every member of the Group's workforce.

As a direct result of updating the Group's Code of Conduct, the Code of Conduct for Suppliers was also reviewed, incorporating aspects related to the model for the organisation and management of criminal risk, the Corporate Ethics Committee as the highest supervisory body, and control of the whistleblowing channel.

Each year, in accordance with the UK Modern Slavery Act[47], TSB publishes a statement setting out the actions carried out with the aim of identifying any risk of modern slavery that may be related to the performance of its work, and describing the measures taken to prevent situations of slavery or human trafficking in the development of its activity and in its supply chains.

The Modern Slavery Statement is reviewed and updated each year. The current statement makes reference to the actions and activities carried out in 2021, and is published on TSB's public website and on the UK Government's Register of Modern Slavery Statements.

With regard to its employees, the Group fosters and maintains an environment in which the entire workforce is treated with dignity and respect, fairly, with no discrimination based on gender, ethnicity, age, social background, religion, nationality, sexual orientation, political leaning or disability of any kind, promoting equal opportunities and inclusion in the workplace and in work settings, and prohibiting any form of forced or child labour. In the same vein, the Institution does not hire any minors under the legal working age and in no case under the age of 15.

With regard to customers and society in general, the Group strives to offer products and services that contribute, through responsible business, to generating a positive impact on the communities which it serves, whether through the analysis and prevention of potential breaches of human rights in its business activities and services, or through social housing management or its collaboration in various charitable projects.

The Group does not establish any commercial relationships related to "controversial weapons" or with "countries subject to an arms embargo", according to the definitions of those terms set out in existing United Nations treaties and conventions, limiting its investment in international trade activities involving countries and/or persons affected by international sanctions, and preventing certain weapons from being used to commit crimes under international law or serious human rights violations.

With regard to suppliers or other commercial partners, the Group has the necessary procedures in place to ensure transparency and respect for human rights at every stage of the supplier approval and contracting process, and when evaluating their corresponding supply chains. Suppliers are required to make a commitment to respect human rights in the performance of their business activity and observe current labour legislation, maintaining a work environment free of any abuse, in accordance with the Group's Code of Conduct for Suppliers, which they are expressly requested to comply with and to which they must formally adhere.

The tender process for suppliers seeking to establish a commercial relationship with the Group incorporates compliance with specific clauses related to oversight, including clauses on the protection of the environment or respect for human rights related to their business activity; the process also sets out the possibility of carrying out supplier reviews when deemed necessary or appropriate.

Training and awareness

In terms of training, the Group promotes awareness and a culture of upholding human rights by providing employees with the necessary information to raise awareness about the importance of observing the procedures developed to ensure maximum respect for human rights, and specific training activities are carried out, aimed at the early detection and reporting of any conduct that may be in violation of these international principles. The objective is to reduce any potential breach of human rights.

To this end, staff are offered a series of training activities that are related to and have an impact on the main human rights directly or indirectly involved for their team or the activity they carry out. These training activities include courses on prevention of occupational risks, prevention of money laundering and financing of terrorism, data protection or human trafficking.

In particular, in the last quarter of 2021, the Bank launched a new course, which is mandatory for all employees, with the aim of raising awareness of the basic aspects of the Group's Code of Conduct, and facilitating an inherent understanding and belief in the key principles on which our corporate culture is based, encompassing specific issues related to human rights.

47. Designed to prevent people from being forced to work, exploited, trafficked, including being purchased or sold as 'property', or controlled with mental or physical threats.

9.2 Whistleblowing Channel



Banco Sabadell Group has incorporated the internal resources required for effective management of aspects related to human rights. Accordingly, to make it possible to report any incident in this regard, the Group has set up, both externally and internally, and in all the countries where it is present, the necessary communication tools to enable participation and dialogue with its various stakeholders.

Banco Sabadell Group has a whistleblowing channel used to report both breaches of the Code of Conduct and any other corporate crime or potentially criminal act committed by the person(s) concerned, in other words by any employee, partner, supplier or third party in the course of their relationship with the Group.

In this regard, Banco Sabadell Group has a whistleblowing channel used to report both breaches of the Code of Conduct and any other corporate crime or potentially criminal act committed by the person(s) concerned, in other words by any employee, partner, supplier or third party in the course of their relationship with the Group. The competent body responsible for resolving and responding to reports or communications received through this channel is the Corporate Ethics Committee of Banco Sabadell Group, which includes the Chief Risk Officer (CRO) among its members.

In 2021, as in the previous year, no report of any breach of human rights was received through this channel.

Other reports received in 2021 were duly handled and managed, in accordance with the internal procedure on Whistleblowing Management. This procedure sets out all potential stages of the whistleblowing management process, such as:

— Receipt, acknowledgement of receipt and, as applicable, request for additional information.
— Preliminary assessment.
— Opening an investigation case file.
— Conclusion of the procedure.
— Sanctions or archiving the case file.

At every stage of the procedure, the protection and confidentiality of participants' data is guaranteed, as well as the absence of reprisals against them when the data is used in good faith.

Additionally, staff have access to the whistleblowing channel of the Equality Plan in force in each territory, through which, in the event of a possible situation of workplace discrimination, workplace and/or sexual harassment or gender-based discrimination, a case file is opened by the person instructing the Investigating Committee, who forwards information received and processed to the Equality Plan Monitoring Committee. The Equality Plan Monitoring Committee comprises one employee representative or union delegate for each of the trade union representatives who signed the Equality Plan, and an equal number of representatives of the Institution.

10. Commitment to information



In line with the Group's Strategic Plan, the priorities in relation to digital transformation are set out in section "1.5 Customers - Digital transformation and customer experience" of the Banco Sabadell Group Consolidated Directors' Report.

10.1 Transparency

Banco Sabadell Group establishes, through the Sustainability Policy and the Code of Conduct, a series of principles in order to adapt the organisation so that it may be in line with best practices in relation to transparency. In this regard, the Institution promotes transparent information and responsible, simple and close communication with all stakeholders aiming, in particular, to:

— **Promote clear, balanced, objective and transparent communication** about financial products and services, as established in the Commercial Communication Policy.
— **Ensure maximum transparency in the supplier tender process.** Similarly, the Bank ensures that suppliers are selected in line with the internal regulations in place at any given time and, in particular, with the principles of the Group's Code of Conduct, which are set out, in in this particular case, in the Supplier Code of Conduct[48].
— **It offers complete, clear and truthful information** to all analysts, investors and shareholders through the different communication channels available to the Group, which are published in the Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors, available on the corporate website.
— **The Tax Strategy** is based on principles of transparency, in accordance with prevailing legislation[49].

In addition, the Bank fosters transparency in the disclosure of information, at all times adopting responsible communication practices that prevent the manipulation of information and protect the company's integrity and honour, in accordance with the recommendations of the Good Governance Code of Listed Companies of the Spanish National Securities Market Commission (CNMV).

Furthermore, with the entry into force of MiFID II (Markets in Financial Instruments Directive) in 2018, Banco Sabadell prioritises the provision of advice as the service model for the distribution of financial instruments. The Institution has a tool called "Sabadell Inversor", which serves as a guide for relationship managers to recommend the products most suited to the characteristics and needs of customers, by analysing their preferences, experience and knowledge. At present, Banco Sabadell is working on developing the aforesaid advice model to incorporate customers' preferences in relation to ESG. It is expected to be available in the second half of 2022, coinciding with the review of MiFID II.

The information provided to customers, following the guidelines of this Directive, is always impartial, clear and unambiguous. Furthermore, since March 2021, Banco Sabadell has been complying with obligations on sustainability disclosures in relation to products affected by Regulation (EU) 2019/2088, also known as the SFDR (Sustainable Finance Disclosure Regulation). In addition, with the health crisis, more customer interactions have been handled remotely. These have been subject to constant scrutiny to ensure maximum transparency in the formulation of proposals.

In accordance with its policies and procedures, the Bank has mechanisms in place to ensure that all information provided to customers is transparent and that all of the products and services which it offers are suited to their needs at all times.

48. The scope, principles and measures provided in this Code are indicated in section 9. Commitment to Human Rights.

49. The principles on which the Tax Strategy is based are indicated in section 7.9 Tax Information.

To this end, before marketing a new product or service, an internal workflow ("Product Workflow") is followed, where the relevant areas in the Bank review the various aspects to ensure they conform to the established standards. The subsequent validation by the areas involved is ultimately ratified by a high-level committee (Technical Product Committee) whose members include, among others, the Chief Operations and Technology Officer.

In the branch network, relationship managers have access to different items of information about products and services, which enable them to provide the necessary explanations so that customers and consumers may understand their characteristics and risks. This information is complemented with the corresponding pre-contractual information documents delivered to customers.

It is also worth noting that since 2010, the Bank has been a member of the Asociación para la Autorregulación de la Comunicación Comercial (the independent advertising self-regulatory organisation in Spain, more commonly known as 'Autocontrol'), and through this membership, it undertakes the commitment to deliver responsible advertising that ensures the accuracy of the information and the adequacy of the acquisition process and operational characteristics of the advertised products.

Mortgages Campaign: "*Lo Firmo*"

In 2021, Banco de Sabadell, S.A. launched a mortgage lending campaign that focused particularly on transparency.

Focus groups were held with customers, through which it was determined that their main concerns when choosing a mortgage included a lack of knowledge about the product and the insecurity (felt by customers) when taking out a mortgage. In order to support customers and help them overcome these obstacles, the Bank launched a campaign called "*Lo Firmo*" (meaning 'I'll sign it'), with the following value proposition:

"*En Sabadell te entendemos y queremos que entiendas la hipoteca. Entiende la hipoteca con Sabadell, contrátala con quien quieras.*"

Which roughly translates as:

'At Sabadell we understand you, and we want you to understand mortgages. Understand mortgages with Sabadell, arrange one with whomever you like.'

With this goal in mind, the Bank offers customers the option to seek advice from a specialised relationship manager to help them understand mortgages through the '10 keys to understanding mortgages', without any type of commitment, so that they may learn about:

1. The associated costs
2. How much money the Bank will lend them
3. What a mortgage is
4. The differences between mortgages and other loans
5. The interest rates on mortgages
6. The term or length of a mortgage
7. How much they will pay for a mortgage
8. How to compare mortgages
9. FIPRE (Pre-Contractual Information Sheet) and ESIS (European Standardised Information Sheet)
10. How long the Bank takes to approve a mortgage

Banco Sabadell Mexico, on the other hand, in accordance with Mexican banking regulations, is transparent when it publishes its products through the following:

— Official webpage of Banco Sabadell Mexico:
  — The section on financial products shows the Bank's offering of products, which are aimed at two groups: natural persons and companies. It also contains prevailing standard form contracts and product information sheets, which specify the terms, conditions, requirements and fees associated with the products.
  — Costs and Fees Document, which sets out the costs, returns and fees of the products. The total annual rate of return (Ganancia Anual Total, GAT) of investment products is also shown, in accordance with the provisions of the Bank of Mexico.
— Record of Standard Form Contracts, on the web portal of the National Commission for the Protection and Defence of Users of Financial Services (Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros, CONDUSEF), a record that contains the standard form contracts of financial institutions. Regulations establish which products and services should be arranged under this type of contract.
— Bureau of financial institutions, a consultation and disclosure tool with information about the Bank's products.
— Logo and links to access the Institute for the Protection of Bank Savings (Instituto para la Protección al Ahorro Bancario, IPAB), which guarantees savings of up to 400,000 UDIs (inflation-linked investment units) per customer, per bank.

10.2 Data protection



To ensure that personal data are processed pursuant to applicable data protection regulations, the Institution has a mechanism that comprises three lines of defence, through which all members of the organisation, from all areas, in line with their authority and discretions, actively take part in the management, control and supervision of the Institution's data processing.

Banco Sabadell has a Data Protection Officer (DPO) who has been duly entered in the register of the Spanish Data Protection Agency (Agencia Española de Protección de Datos, AEPD), and who advises the different areas of the Bank in order to ensure compliance with regulations.

In keeping with the management model of three lines of defence, the Bank also has a Chief Data Officer (CDO) who is responsible for data governance and for the identification and record-keeping of all data processing activities carried out, with the following teams:

— Information Security – takes part in the evaluation, analysis and implementation of the necessary security measures.
— Compliance Control – carries out an Annual Control Plan to periodically identify and rectify weaknesses or vulnerabilities.
— Audit – takes on a supervisory role and verifies compliance with policies, controls and procedures.

The Institution has its own Personal Data Protection and Privacy Policy that it uses as an instrument to ensure the protection of natural persons in relation to personal data processing.

The Institution has its own Personal Data Protection and Privacy Policy that it uses as an instrument to ensure the protection of natural persons in relation to personal data processing, which mentions different procedures and controls, and which provides an appropriate definition of the management model for data protection.

All of the Bank's employees complete, as general mandatory training, a course on personal data protection and, depending on the professional duties of each employee, they also receive specific training imparted by the Data Protection Officer.

In the section on customer information, the Bank publishes up-to-date mandatory information about the different data processing activities that it carries out in the document "Annex: Detailed information on personal data protection"[50].

In addition, Banco Sabadell Mexico, in accordance with Mexican personal data protection legislation, complies with the following:

— Legal Framework, comprising:
  — Federal Law on Protection of Personal Data Held by Individuals (Ley Federal de Protección de Datos Personales en Posesión de los Particulares, LFPDPPP).
  — LFPDPPP Regulation.
  — Provisions or guidelines issued by Mexico's National Institute for Transparency, Access to Information and Personal Data Protection (Instituto Nacional de Transparencia, acceso a la Información y Protección de Datos Personales, INAI), the body responsible for ensuring personal data protection.
— Data Protection Officer (DPO).
— Manual and Policies in effect at Banco Sabadell Mexico:
  — Personal Data Privacy Manual
  — Policy on Sending and Transferring Personal Data
  — Policy on Assistance with INAI Procedures
  — Policy on Personal Data Protection Training
  — Policy on Handling Personal Data Breaches
  — Process for Upholding Rights of Access, Rectification, Objection and Erasure/Right to be Forgotten
— Rights of Access, Rectification, Objection and Erasure/Right to be Forgotten

In the United Kingdom, TSB has a Privacy and Data Protection Policy that requires personal data to be collected correctly and legally and used only for specific purposes. It also ensures that where information is transferred to external suppliers, or processed on their behalf, that information is subject to a suitable due diligence process and is only transferred for legitimate operational or business purposes. The management staff of each business

50. https://www.bancsabadell.com/cs/Satellite/SabAtl/Customer-information/GBS_Generico_FA/1183016790073/1191332198208/en/ > Other relevant information > Annex - Detailed information on personal data protection

area are responsible for the development, implementation, operation and maintenance of controls that meet the requirements established in the aforesaid policy.

Effective management and protection of personal data, in addition to being a legal and regulatory requirement, is also a key aspect for the commercial success of TSB. For this reason, the subsidiary has its own Data Protection Officer (DPO) who is responsible for coordinating with regulators and customers.

Furthermore, TSB carries out annual training dedicated exclusively to privacy and data protection, which all employees are required to complete every year. TSB's DPO reviews the content to ensure it addresses all the required topics before approving it.

10.3 Cybersecurity



Banco Sabadell Group has established a control framework for the security of its information systems and the protection of corporate, customer and employee information.

In light of the importance of cybersecurity risks in recent years, Banco Sabadell Group has established a control framework for the security of its information systems and the protection of corporate, customer and employee information. This control framework includes the Information Systems Security Policy, the definition of cybersecurity responsibilities across the three lines of defence and in the governing bodies, and the need to protect corporate, customer and employee information and systems, including payment systems.

Furthermore, Banco Sabadell Group has an in-house team of over 100 cybersecurity specialists dedicated to ensuring that protection measures are adequate in relation to the existing cybersecurity risks. To this end, the following activities are carried out on a regular basis:

— Continuous review and assessment of information systems and security controls.
— Incident preparedness through drills.
— Training and awareness-raising among staff and customers.

In this regard, the various Banco Sabadell Group entities have launched multiple awareness-raising initiatives for customers on cybersecurity risks and digital fraud, sending information via email and through social media campaigns. Annual training sessions are also in place in relation to data protection and cybersecurity, which are mandatory for all employees and are complemented with drills that simulate cyberattacks.

Through the Information Systems Security function, Banco Sabadell Group entities establish measures for the protection of information systems, which are set out in policies and procedures, to guarantee secure access to systems and to deal with new cyber threats. These measures include:

— Role-based access control and periodic recertification of these permissions.
— Two-factor authentication for remote access.
— Malware protection systems.
— 24x7 security incident response team recognised as an official Computer Emergency Response Team (CERT).

In addition, a continuous evaluation is carried out of systems' security, using renowned tools that simulate multiple cyberattacks, and monitoring the main external cybersecurity ratings (Bitsight, RiskRecon, Security Scorecard), where Banco Sabadell Group has been ranked in the top positions in terms of its results compared to the rest of the sector.

Efforts are also made to ensure the availability of redundant infrastructures and regularly tested recovery procedures in order to guarantee the continuity of technological services in the event an incident occurs, such a disaster affecting the facilities or a cyber heist.

Furthermore, an annual external audit takes place, carried out following the main information security standards, with partial coverage of the aforesaid standards.

Security in Digital Transformation initiatives

Banco Sabadell Group's cybersecurity specialists participate in business initiatives and technological projects by helping in the assessment of security risks, defining the security controls and measures to be incorporated and carrying out technical security tests to check that no vulnerabilities are introduced.

Annex 1.



Beyond the actions and initiatives summarised in this Non-Financial Disclosures Report, Banco Sabadell has a series of codes, policies and standards in place which determine its commitment to the Group's corporate purpose, and it is also a signatory of various national and international agreements which in turn enshrine this commitment. The policies and commitments listed below are those corresponding to the Institution's non-financial areas.

Key non-financial documents[51]

Policies

— Banco Sabadell Group Sustainability Policy.
— Banco Sabadell Mexico Environmental and Social Policy.
— Banco Sabadell Climate Risk Policy.
— Banco Sabadell Policy on Integrating ESG Risks in Savings/Investment Products.
— Banco Sabadell Director Candidate Selection Policy.
— Banco Sabadell Group Remuneration Policy.
— Banco Sabadell Director Remuneration Policy.
— Banco Sabadell Group Policy on Outsourcing of Functions.
— Banco Sabadell Group Anti-Money Laundering and Counter-Terrorist Financing Policy.
— Banco Sabadell Group Anti-Corruption Policy.
— TSB Gifts, Entertainment and Hospitality Policy.
— Banco Sabadell Group Human Rights Policy.
— Banco Sabadell Commercial Communication Policy.
— Banco Sabadell Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors.
— Banco Sabadell Personal Data Protection and Privacy Policy.
— Banco Sabadell Mexico Policy on Sending and Transferring Personal Data.
— Banco Sabadell Mexico Policy on Assistance with INAI Procedures.
— Banco Sabadell Mexico Policy on Personal Data Protection Training.
— Banco Sabadell Mexico Policy on Handling Personal Data Breaches.
— TSB Data Protection and Privacy Policy.
— Banco Sabadell Group Information Systems Security Policy.
— Banco Sabadell Group Policy on Restrictions on Financing and Investment in activities associated with the arms industry.
— Banco Sabadell Customer Classification and Assessment Policy.

Other documents

— Banco Sabadell Group Code of Conduct.
— Internal Code of Conduct relating to the securities market.
— Banco Sabadell Group Supplier Code of Conduct.
— Banco Sabadell Group Plan for Effective Equality between Women and Men.
— Green Bonds Report 2021.
— Banco Sabadell Mexico Sustainable Financing Framework.
— Banco Sabadell Mexico Personal Data Privacy Manual.
— TSB Do What Matters Plan.
— Banco Sabadell Group Tax Strategy.
— Social Media Code of Conduct.
— Human Rights Due Diligence Procedure

Pacts, agreements and commitments

— Signatory of the United Nations Global Compact on human rights, labour, the environment and anti-corruption.
— Founding signatory of the UNEP Finance Initiative (UNEP FI) Principles for Responsible Banking, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change.
— Adherence to Collective Commitment to Climate Action of AEB, CECA and ICO, with the aim of reducing the carbon footprint on balance sheets.
— Signatory of the Equator Principles since 2011.
— Membership of Task Force on Climate-related Financial Disclosures (TCFD).
— Membership of Net-Zero Banking Alliance (NZBA).
— Approval of offsetting of emissions through investment in forestry projects in Spain, certified by MITECO (Ministry for Ecological Transition).
— Adherence to MasterCard Priceless Planet Coalition project.
— TSB offsetting of Scope 1 and 2 emissions through reforestation projects in Bolivia.
— Signatory of the Sustainability Protocol of the Association of Mexican Banks (ABM).
— Enrolment in the MeCuida Plan promoted by the Spanish Government.
— Membership of the Spanish Observatory of Sustainable Financing (OFISO).
— Renewed membership of the agreement signed between the Spanish Banking Association (AEB), the

51. Includes documents not directly mentioned in the Non-Financial Disclosures Report.

Spanish Securities Market Commission (CNMV) and the Bank of Spain for the pursuit of courses of action within the framework of the National Plan for Financial Education.
— Adherence to the Code of Good Banking Practices.
— Adherence to the Code of Good Tax Practices.
— Membership of Autocontrol (independent advertising self-regulatory organisation in Spain).
— Gold Seal of Excellence from the European Foundation for Quality Management (EFQM).
— ISO 14001 Certification for the six corporate buildings.
— Signatory of the Carbon Disclosure Project (CDP) for action against climate change.
— Awarded the "Equality in the Workplace" ("*Igualdad en la Empresa*") Seal of Distinction by the Ministry of the Presidency, Relations with the Courts and Equality.

Annex 2. Table of contents Law 11/2018

There are references to the Consollidated Directors' Report (DR) for its acronym and the Annual Accounts. If there aren't these references, it corresponds to the sections of this document.

General Disclosures

		Response/page	GRI Disclosure Number	GRI Description
Business model	Brief description of the Group's business model	DR 1 – BANCO SABADELL GROUP (Introduction) DR 1.1 Mission, values and business model	GRI 102-2 GRI 102-7	Activities, brands, products and services Scale of the organisation
	Markets in which it operates	DR 1 – GRUPO BANCO SABADELL (Introduction) 1. Introduction	GRI 102-3 GRI 102-4 GRI 102-6	Location of headquarters Location of operations Markets served
	Organisation's objectives and strategies	DR 1 – GRUPO BANCO SABADELL (Introduction) DR 1.1 Mission, values and business model 2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly 4.1 Climate and environmental strategy) 4.3. Environmental management 5. Commitment to sustainable finance 6.2 SmartWork: moving towards a more agile organisation 6.3 Commitment to talent 6.4 Training 6.5 Diversity 6.6 Remuneration policy 6.7 Working environment and organisation 6.8 Dialogue with employees: more connected than ever 7. Commitment to Society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	GRI 103-2	The management approach and its components
	Key factors and trends that could affect its future performance	3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly 4.1 Climate and environmental strategy) 4.3. Environmental management 5. Commitment to sustainable financing	GRI 102-15	Key impacts, risks and opportunities
General	Reporting framework	1. Introduction	GRI 102-54	Claims of reporting in accordance with the GRI Standards
	Materiality principle	1. Introduction 3.3 Materiality	GRI 102-46 GRI 102-47	Defining report content and topic boundaries List of material topics

General Disclosures

		Response/page	GRI Disclosure Number	GRI Description
Management approach	Description of applicable policies	DR 1 – GRUPO BANCO SABADELL (Introduction) DR 1.1 Mission, values and business model 2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly 4.1 Climate and environmental strategy) 4.3. Environmental management 5. Commitment to sustainable financing 6.2 SmartWork: moving towards a more agile organisation 6.3 Commitment to talent 6.4 Training 6.5 Diversity 6.6 Remuneration policy 6.7 Working environment and organisation 6.8 Dialogue with employees: more connected than ever 7. Commitment to Society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	GRI 103-2	The management approach and its components
	Results of those policies	2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly 4.1 Climate and environmental strategy) 4.3. Environmental management 5. Commitment to sustainable financing 6.2 SmartWork: moving towards a more agile organisation 6.3 Commitment to talent 6.4 Training 6.5 Diversity 6.6 Remuneration policy 6.7 Working environment and organisation 6.8 Dialogue with employees: more connected than ever 7. Commitment to Society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	GRI 103-2	The management approach and its components
	The main risks related to these matters linked to the Group's activities	4.2 Climate risk management 8. Commitment against corruption and bribery 9. Commitment to Human Rights DR.5 Risks	GRI 102-15	Key impacts, risks and opportunities

Environmental matters

		Response/page	GRI Disclosure Number	GRI Description
Environmental management	Detailed information about the current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	3.3 Materiality 4.2 Climate risk management 4.3. Environmental management	GRI 102-15	Key impacts, risks and opportunities
	Environmental assessment or certification procedures	4.3. Environmental management	GRI 103-2	The management approach and its components
	Resources dedicated to environmental risk prevention	2. Governance 4.2 Climate risk management 4.3. Environmental management Annual Accounts Note 4.4.1.4 Environmental and climate risk	GRI 103-2	The management approach and its components
	Application of the precautionary principle	4.2 Climate risk management 4.3. Environmental management	GRI 102-11	Precautionary principle or approach
	Amount of provisions and guarantees for environmental risks	4.2 Climate risk management Annual Accounts Note 4.4.1.4 Environmental and climate risk	GRI 103-2	The management approach and its components
Pollution	Measures to prevent, reduce or be mindful of carbon emissions that severely affect the environment; taking into account any form of atmospheric pollution caused by a specific activity, including noise and light pollution.	4.3. Environmental management 5. Commitment to sustainable financing In relation to its indirect contribution through financing and investment.	GRI 103-2	El enfoque de gestión y sus componentes
Circular economy and waste prevention and management	Measures on the prevention, recycling, reuse and other forms of recovery and disposal of waste	4.3.4 ´Circular economy and waste management	GRI 103-2 GRI 306-2 (2020) in relation to generation of hazardous and non-hazardous waste	The management approach and its components Management of significant waste-related impacts
	Actions to combat food waste	Banco Sabadell does not consider this topic to be material in relation to its activity	GRI 103-2	The management approach and its components
Sustainable use of resources	Water consumption and water supply in accordance with local restrictions	4.3. Environmental management	GRI 303-5 (2018) in relation to total water consumption	Water consumption
	Consumption of raw materials and measures adopted to make their use more efficient	4.3. Environmental management	GRI 301-1	Materials used by weight or volume
	Direct and indirect energy consumption	4.3. Environmental management	GRI 302 -1 in relation to consumption of energy from non-renewable sources	Energy consumption within the organisation
	Measures taken to improve energy efficiency	4.3. Environmental management	GRI 103-2 GRI 302-4	The management approach and its components Reduction of energy consumption
	Use of renewable energies	4.3. Environmental management	GRI 302-1 in relation to consumption of energy from renewable sources	Energy consumption within the organisation

Environmental matters

		Response/page	GRI Disclosure Number	GRI Description
Climate change	Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods it produces and the services it provides	4.3. Environmental management	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Direct (Scope 1) GHG emissions Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions GHG emissions intensity
	Measures adopted to adapt to the consequences of climate change	4. Climate and environmental commitment	GRI 103-2 GRI 201-2	The management approach and its components Financial implications and other risks and opportunities due to climate change
	Voluntary reduction targets established for the medium and long term to reduce greenhouse gas emissions and the measures implemented for such purposes	4.3. Environmental management	GRI 305-5 in relation to Greenhouse Gas emissions	Reduction of GHG emissions
Protection of biodiversity	Measures taken to preserve or restore biodiversity	Banco Sabadell considers this to be a material topic purely because of its indirect contribution through finance. 4.2.7 Equator Principles	GRI 103-2	Habitats protected or restored
	Impacts caused by activities or operations in protected areas	Banco Sabadell considers this to be a material topic purely because of its indirect contribution through finance. 4.2.9 Equator Principles	GRI 103-02 GRI 304-2	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity

Corporate and staff-related matters

		Response/page	GRI Disclosure Number	GRI Description
Employment	Total number and breakdown of employees by country, sex, age and professional category	6.1 Workforce information 6.5.1 Gender	GRI 102-8 GRI 405-1	Information on employees and other workers Diversity of governance bodies and employees
	Total number and breakdown of types of employment contract	6.1 Workforce information	GRI 102-8	Information on employees and other workers
	Annual average by type of contract (permanent, temporary or part-time) and by sex, age and professional category	Banco Sabadell's activities are not linked to any significant seasonal variation. For this reason, the changes between data as at 31 December and data averages are not material.	GRI 102-8	Information on employees and other workers
	Number and breakdown of dismissals by sex, age and professional category	6.1 Workforce information	GRI 103-2	The management approach and its components
	Average remuneration and its evolution, broken down by sex, age and professional category or its equivalent	6.6 Remuneration policy	GRI 103-2 GRI 405-2 in relation to ratio of remuneration of women to men, by professional category	The management approach and its components Ratio of basic salary and remuneration of women to men
	Average remuneration of directors and senior managers, including variable pay, subsistence allowances, severance pay, payments into long-term retirement plans or any other amounts received, broken down by sex	6.6 Remuneration policy	GRI 103-2 GRI 405-2 in relation to ratio of remuneration of women to men, by professional category	The management approach and its components Ratio of basic salary and remuneration of women to men
	Pay gap	6.6 Remuneration policy (Pay Gap)	GRI 103-2	The management approach and its components
	Implementation of policies safeguarding employees' right to disconnect	6.2.3 Work-life balance and flexibility measures	GRI 103-2	The management approach and its components
	Employees with disabilities	6.5.2 Functional diversity	GRI 405-1	Diversity of governance bodies and employees
Workplace organisation	Organisation of working hours	6.2 SmartWork: moving towards a more agile organisation 6.7 Working environment and organisation	GRI 103-2	The management approach and its components
	Number of hours of employee absence	6.7.2 Health and safety	403-9 (2018) in relation to absentee hours	Work-related injuries
	Measures aimed at facilitating the achievement of a work-life balance and encouraging the equal enjoyment of such measures by both parents	6.7.1 Work-life balance	GRI 103-2	The management approach and its components

Corporate and staff-related matters

		Response/page	GRI Disclosure Number	GRI Description
Health and safety	Health and safety conditions in the workplace	6.2 SmartWork: moving towards a more agile organisation	GRI 103-2	The management approach and its components
		6.7.2 Health and safety	GRI 403-1 (2018)	Occupational health and safety management system
		6.7.2 Health and safety	GRI 403-2 (2018)	Hazard identification, risk assessment and incident investigation
		6.7.2 Health and safety	GRI 403-3 (2018)	Occupational health services
	Workplace accidents, in particular their frequency and severity, broken down by sex	6.7.2 Health and safety	GRI 403-9 (2018) in relation to work-related injuries	Work-related injuries
	Occupational illnesses, broken down by sex	Social Security does not define any occupational illnesses in the banking sector.	GRI 403-10 (2018) in relation to work-related ill health	Work-related ill health
Workplace relations	Organisation of social dialogue, including procedures for informing and consulting with staff and for negotiating with them	6.7.3 Trade union rights and right of association	GRI 103-2	The management approach and its components
	Percentage of employees covered by a collective bargaining agreement, by country	6.7.3 Trade union rights and right of association	GRI 102-41	Collective bargaining agreements
	Status of collective bargaining agreements, particularly in relation to occupational health and safety	6.7.3 Trade union rights and right of association	GRI 403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety
Training	Policies implemented in relation to training	6.3 Commitment to talent	GRI 103-2	The management approach and its components
		6.4 Training	GRI 404-2	Programs for upgrading employee skills and transition assistance programs
	Total hours of training, broken down by professional category	6.4 Training	GRI 404-1 in relation to average hours of training, by employee category	Average hours of training per year per employee
Accessibility	Integration and universal accessibility for people with disabilities	6.5.2 Functional diversity	GRI 103-2	The management approach and its components
Equality	Measures adopted to promote equal treatment and opportunities between men and women	6.5. Diversity 6.5.1 Gender	GRI 103-2	The management approach and its components
	Equality Plans (Chapter III of Organic Law 3/2007, of 22 March, on effective equality between men and women)	6.5.1 Gender	GRI 103-2	The management approach and its components
	Measures adopted to promote employment, protocols against sexual abuse and sexual harassment.	6.5. Diversity 6.5.1 Gender	GRI 103-2	The management approach and its components
	Policy against all forms of discrimination and, where applicable, gender diversity management	6.5. Diversity 6.5.1 Gender	GRI 103-2	The management approach and its components

Disclosures on respecting human rights

		Response/page	GRI Disclosure Number	GRI Description
Human rights	Application of due diligence procedures in relation to human rights, prevention of risks of human rights violations and, where applicable, measures to mitigate, manage and redress any such violations	9.1 Information regarding Human Rights 9.2 Whistleblowing channel	GRI 102-16 GRI 102-17	Values, principles, standards and norms of behaviour Mechanisms for advice and concerns about ethics
	Reported human rights violations	No reports have been made in relation to human rights in 2021. 9.2 Whistleblowing channel	GRI 103-2 GRI 406-1	The management approach and its components Incidents of discrimination and corrective actions taken
	Advocacy of, and compliance with, the provisions of fundamental conventions of the International Labour Organisation related to safeguarding the freedom of association and the right to collective bargaining; elimination of workplace discrimination and job discrimination; elimination of forced or compulsory labour; effective abolition of child labour	9. Commitment to Human Rights	GRI 103-2 GRI 407-1 GRI 408-1 GRI 409-1	The management approach and its components Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk Operations and suppliers at significant risk for incidents of child labour Operations and suppliers at significant risk for incidents of forced or compulsory labour

Information regarding the fight against corruption and bribery

		Response/page	GRI Disclosure Number	GRI Description
Corruption and bribery	Measures adopted to prevent corruption and bribery	8. Commitment against corruption and bribery	GRI 103-2	The management approach and its components
			GRI 102-16	Values, principles, standards and norms of behaviour
			GRI 102-17	Mechanisms for advice and concerns about ethics
			GRI 205-2	Communication and training about anti-corruption policies and procedures
			GRI 205-3	Confirmed incidents of corruption and actions taken
	Measures to combat money laundering	8. Commitment against corruption and bribery	GRI 103-2	The management approach and its components
			GRI 102-16	Values, principles, standards and norms of behaviour
			GRI 102-17	Mechanisms for advice and concerns about ethics
			GRI 205-2	Communication and training about anti-corruption policies and procedures
			GRI 205-3	Confirmed incidents of corruption and actions taken
	Contributions to foundations and non-profit organisations	7.6 Institutional relations	GRI 102-13	Membership of associations
		7.3 Social housing management	GRI 201-1 in relation to community investments	Direct economic value generated and distributed
		8. Commitment against corruption and bribery	GRI 415-1	Political contributions

Information regarding society

		Response/page	GRI Disclosure Number	GRI Description
The company's commitments to sustainable development	The impact of the company's activities on local employment and development	7. Commitment to Society	GRI 103-2 GRI 203-2 in relation to significant indirect economic impacts	The management approach and its components Significant indirect economic impacts
	Impact of the company's activities on local communities and in the area	7.1 Commitment to education 7.2 Social and volunteering activities 7.3 Social housing management	GRI 413-1	Operations with local community engagement, impact assessments, and development programs
	Relationships with key members of local communities and the different forms of dialogue with the same	7.1 Compromiso con la educación 7.2 Acciones sociales y Voluntariado 7.3 Gestión social de la vivienda	GRI 102-43 GRI 413-1	Approach to stakeholder engagement Operations with local community engagement, impact assessments, and development programs
	Association and sponsorship activities	7.1 Commitment to education 7.4 Sponsorship 7.5 Patronage 7.2 Social and volunteering activities	GRI 103-2 GRI 201-1 in relation to community investments	The management approach and its components Direct economic value generated and distributed
Outsourcing and suppliers	Inclusion in the procurement policy of social, gender equality and environmental matters	7.8 Outsourcing and suppliers	GRI 103-2	The management approach and its components
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibilities	7.8 Outsourcing and suppliers	GRI 102-9 GRI 308-1 GRI 414-1	Supply chain New suppliers that were screened using environmental criteria New suppliers that were screened using social criteria
	Supervision and audit systems and their results	7.8 Outsourcing and suppliers	GRI 102-9 GRI 308-1	Supply chain New suppliers that were screened using environmental criteria
Consumers	Consumer health and safety measures	10. Commitment to information 6.7.2 Health and safety	GRI 103-2	The management approach and its components
	Whistleblowing systems, complaints received and their resolution	7.7 Consumers DR - 1.5. Customers Consolidated annual accounts, Note 42 – Other information	GRI 103-2	The management approach and its components
Tax information	Country-by-country earnings obtained	7.9 Tax information	GRI 103-2 GRI 201-1 in relation to pre-tax profit received	The management approach and its components Direct economic value generated and distributed
	Corporation tax paid	7.9 Tax information	GRI 103-2 GRI 201-1 in relation to corporation tax paid	The management approach and its components Direct economic value generated and distributed
	Public subsidies received	7.9 Tax information Annual accounts - Schedule VII Annual banking report	GRI 201-4	Financial assistance received from government

Regulation (UE) 2020/852- Taxonomy

		Response/page	GRI Disclosure Number
	Requirements of the Regulation	4.1 Climate and environmental strategy 4.2.2 Taxonomy 5. Commitment to sustainable finance	Criterio com-pañía

GRI content index

GRI index	GRI Description	Boundary 2021
102-1	Name of the organisation	1. Introduction
102-2	Activities, brands, products and services	DR 1 – Banco Sabadell Group 1. Introduction
102-3	Location of headquarters	DR 1 – Banco Sabadell Group
102-4	Location of operations	DR 1 – Banco Sabadell Group 1. Introduction
102-5	Ownership and legal form	DR 1 – Banco Sabadell Group
102-6	Markets served	DR 1 – Banco Sabadell Group
102-7	Scale of the organisation	DR 1 – Banco Sabadell Group DR 3.1 Key figures in 2021 6.1 Workforce information
102-8	Information on employees and other workers	6.1 Workforce information
102-9	Supply chain	7.8 Outsourcing and suppliers DR 1.1 Mission, values and business model
102-10	Significant changes to the organisation and its supply chain	2. Governance 6.1 Workforce information DR 1 – BANCO SABADELL GROUP Annual Accounts Note 2 – Banco Sabadell Group
102-11	Precautionary principle or approach	DR 5 - RISKS 4. Climate and environmental commitment
102-12	External initiatives	3.2 Initiatives and alliances
102-13	Membership of associations	7.6 Institutional relations 3.2 Initiatives and alliances
102-14	Statement from senior decision-maker	https://www.grupbancsabadell.com/memoria2021/en (Chairman's Message)
102-16	Values, principles, standards and norms of behaviour	8. Corruption and bribery
102-18	Governance structure	2. Governance
102-40	List of stakeholder groups	3.3 Materiality
102-41	Collective bargaining agreements	6.7.3 Trade union rights and right of association
102-42	Identifying and selecting stakeholders	3.3 Materiality
102-43	Approach to stakeholder engagement	3.3 Materiality
102-44	Key topics and concerns raised	3.3 Materiality
102-45	Entities included in the consolidated financial statements	1. Introduction Annual Accounts Note 2 – Banco Sabadell Group
102-46	Defining report content and topic boundaries	1. Introduction 3.3 Materiality
102-47	List of material topics	3.3 Materiality
102-48	Restatements of information	4.2.9 Equator Principles 6.6 Remuneration policy (Pay Gap) 4.3 Commitment to the environment
102-49	Changes in reporting	1. Introduction
102-50	Reporting period	2021
102-51	Date of most recent report	2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	https://www.grupbancsabadell.com/memoria2021/en/
102-54	Claims of reporting in accordance with the GRI Standards	1. Introduction
102-55	GRI content index	Annex II - GRI content index
102-56	External assurance	Independent Assurance Report

GRI content index for material topic

GRI Topic	GRI	GRI Description	Boundary 2021
Responsible supply chain			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects 7.8 Outsourcing and suppliers 7.8 Outsourcing and suppliers
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	7.8 Outsourcing and suppliers
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	9. Human rights
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	7.8 Outsourcing and suppliers
Profile of the organisation	102-10 102-9	Significant changes to the organisation and its supply chain Supply chain	2. Governance 6.1 Workforce information Annual Accounts Note 2 – Banco Sabadell Group DR 1.1 Mission, values and business model 7.8 Outsourcing and suppliers
Climate and environment: risks			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects 4. Climate and environmental commitment 4. Climate and environmental commitment
Economic performance	201-2	Financial implications and other risks and opportunities due to climate change	4. Climate and environmental commitment
Social commitment and Human Rights			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects 9. Commitment to Human Rights 7. Commitment to Society 9. Commitment to Human Rights 7. Commitment to Society
Indirect economic impacts	203-1 203-2	IInfrastructure investments and services supported Significant indirect economic impacts	5. Commitment to sustainable financing 7. Commitment to Society
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	7.1 Commitment to education 7.2 Social and volunteering activities 7.3 Social housing management
Human Rights Assessment	412-2 412-3	Employee training on human rights policies or procedures Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	9.1 Information regarding Human Rights 4.2.9 Equator Principles
Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	9.1 Information regarding Human Rights
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	9.1 Information regarding Human Rights
Commitments and partnerships in environmental matters			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects 1. Introduction 3.2 Initiatives and alliances 4.3 Environmental management 1. Introduction 3.2 Initiatives and alliances 4.3 Environmental management
Profile of the organisation	102-12	External initiatives	1. Introduction 3.2 Initiatives and alliances 4.3 Environmental management

GRI Topic	GRI	GRI Description	Boundary 2021
Value creation and solvency			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects DR 1 – Banco Sabadell Group DR 1 – Banco Sabadell Group
Economic performance	201-1	Direct economic value generated and distributed	7.2 Acciones sociales y Voluntariado 7.3 Gestión social de la vivienda 7.9 Información fiscal
Profile of the organisation	102-2	Activities, brands, products and services	DR 1 – Banco Sabadell Group
Diversity, Inclusion and Equality			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects 6.5 Diversity 6.5 Diversity
Diversity and equal opportunities	405-2	Ratio of basic salary and remuneration of women to men	6.6 Remuneration policy
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	No reports have been made in relation to human rights in 2021. 9.1 Information regarding Human Rights
Quality employment and talent management			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects 6. Commitment to people 6.3 Commitment to talent 6.4 Training 6. Commitment to people 6.3 Commitment to talent 6.4 Training
Training and education	404-1 404-2	Average hours of training per year per employee Programs for upgrading employee skills and transition assistance programs	6.3.1 Talent management model 6.3. Commitment to talent
Governance	102-35 102-36	Remuneration policies Process for determining remuneration	6.6 Remuneration policy 6.6 Remuneration policy
Profile of the organisation	102-8	Information on employees and other workers	6.1 Workforce information
Occupational health and safety	403-1 403-2 403-3 403-4 403-9	Occupational health and safety management system Hazard identification, risk assessment and incident investigation Occupational health services Worker participation, consultation, and communication on occupational health and safety Work-related injuries	6.7.2 Health and safety 6.7.2 Health and safety 6.7.2 Health and safety 6.7.3 Trade union rights and right of association 6.7.2 Health and safety
Ethics and integrity			
Management approach	103-1 103-2 103-3	Explanation of the material topic and its boundary The management approach and its components Evaluation of the management approach	3.3.1 Definition of Material Aspects 8. Commitment against corruption and bribery 8. Commitment against corruption and bribery
Anti-corruption	205-2 205-3	Communication and training about anti-corruption policies and procedures Confirmed incidents of corruption and actions taken	8. Commitment against corruption and bribery 8. Commitment against corruption and bribery
Ethics and integrity	102-17	Mechanisms for advice and concerns about ethics	8. Commitment against corruption and bribery
Governance	102-25	Conflicts of interest	8. Commitment against corruption and bribery 6.9 Remuneration policy
Public policy	415-1	Political contributions	8. Commitment against corruption and bribery
Ethics and integrity	102-16	Values, principles, standards and norms of behaviour	8. Commitment against corruption and bribery

GRI Topic	GRI	GRI Description	Boundary 2021
Risk management and cybersecurity			
Management approach	103-1	Explanation of the material topic and its boundary	3.3.1 Definition of Material Aspects
	103-2	The management approach and its components	DR 5 - RISKS 10.3. Cybersecurity
	103-3	Evaluation of the management approach	DR 5 - RISKS 10.3. Cybersecurity
Strategy	102-15	Key impacts, risks and opportunities	DR 5 - RISKS
Governance	102-29	Identifying and managing economic, environmental and social impacts	DR 5 - RISKS 10.3. Cybersecurity
Profile of the organisation	102-11	Precautionary principle or approach	DR 5 - RISKS 10.3. Cybersecurity
Corporate governance			
Management approach	103-1	Explanation of the material topic and its boundary	3.3.1 Definition of Material Aspects
	103-2	The management approach and its components	2. Governance
	103-3	Evaluation of the management approach	2. Governance
Diversity and equal opportunities	405-1	Diversity of governance bodies and employees	2. Governance 6.1. Workforce information 6.5. Diversity
Strategy	102-14	Statement from senior decision-maker	https://www.grupbancsabadell.com/memoria2021/en (Chairman's Message)
Governance	102-18	Governance structure	2. Governance
	102-20	Executive-level responsibility for economic, environmental and social topics	2. Governance
	102-28	Evaluating the highest governance body's performance	3.1 From vision to Commitment to Sustainability: transforming and promoting (Sustainability-linked remuneration)
	102-35	Remuneration policies	6.6 Remuneration policy
Internal environmental footprint			
Management approach	103-1	Explanation of the material topic and its boundary	3.3.1 Definition of Material Aspects
	103-2	The management approach and its components	4.3. Environmental management
	103-3	Evaluation of the management approach	4.3. Environmental management
Water and Effluents	303-5	Water consumption	4.3.3 Details of emissions and sustainable use of resources
Emissions	305-1	Direct (Scope 1) GHG emissions	4.3.1 Carbon footprint 4.3.3 Details of emissions and sustainable use of resources
	305-2	Energy indirect (Scope 2) GHG emissions	4.3.1 Carbon footprint 4.3.3 Details of emissions and sustainable use of resources
	305-3	Other indirect (Scope 3) GHG emissions	4.3.1 Carbon footprint 4.3.3 Details of emissions and sustainable use of resources
	305-4	GHG emissions intensity	4.3.1 Carbon footprint 4.3.3 Details of emissions and sustainable use of resources
	305-5	Reduction of GHG emissions	4.3.1 Carbon footprint 4.3.3 Details of emissions and sustainable use of resources
Energy	302-1	Energy consumption within the organisation	4.3.3 Details of emissions and sustainable use of resources
Materials	301-1	Materials used by weight or volume	4.3.3 Details of emissions and sustainable use of resources
Waste	306-2	Management of significant waste-related impacts	4.3.4 Circular economy and waste management
	306-3	Waste generated	4.3.4 Circular economy and waste management

GRI Topic	GRI	GRI Description	Boundary 2021
Customer satisfaction and digitisation			
Management approach	103-1	Explanation of the material topic and its boundary	3.3.1 Definition of Material Aspects
	103-2	The management approach and its components	DR 1.5 Customers
	103-3	Evaluation of the management approach	DR 1.5 Customers Note 42 – Other information (SAC)
		Claims and complaints, by product	Note 42 – Other information (SAC)
Transparency and data management			
Management approach	103-1	Explanation of the material topic and its boundary	3.3.1 Definition of Material Aspects
	103-2	The management approach and its components	3.3 Materiality 7.9 Tax information
	103-3	Evaluation of the management approach	3.3 Materiality 7.9 Tax information
Economic performance	201-4	Financial assistance received from government	7.9 Tax information
Tax	207-01	Approach to tax	7.9 Tax information
	207-02	Tax governance, control, and risk management	7.9 Tax information
Governance	102-21	Consulting stakeholders on economic, environmental and social topics	3.3 Materiality
Stakeholder engagement	102-41	Collective bargaining agreements	6.7.3 Trade union rights and right of association
	102-42	Identifying and selecting stakeholders	3.3 Materiality
	102-43	Approach to stakeholder engagement	3.3 Materiality
	102-44	Key topics and concerns raised	3.3 Materiality
Profile of the organisation	102-12	External initiatives	3.2 Initiatives and Alliances
	102-13	Membership of associations	7.6 Institutional relations
Reporting practice	102-47	List of material topics	3.3 Materiality
	102-51	Date of most recent report	2020
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	https://www.grupbancsabadell.com/memoria2021/en/
	102-54	Claims of reporting in accordance with the GRI Standards	1. Introduction
	102-55	GRI content index	Annex II - GRI content index
	102-56	External assurance	Independent Assurance Report
Sustainable finance and investment			
Management approach	103-1	Explanation of the material topic and its boundary	3.3.1 Definition of Material Aspects
	103-2	The management approach and its components	5. Commitment to sustainable financing
	103-3	Evaluation of the management approach	5. Commitment to sustainable financing
		Volumes of sustainable financing	5. Commitment to sustainable financing
Corporate culture			
Management approach	103-1	Explanation of the material topic and its boundary	3.3.1 Definition of Material Aspects
	103-2	The management approach and its components	DR 1.1 Mission, values and business model 6. Commitment to people
	103-3	Evaluation of the management approach	DR 1.1 Mission, values and business model 6. Commitment to people
Profile of the organisation	102-16	Values, principles, standards and norms of behaviour	6. Commitment to people

Task Force on Climate-related Financial Disclosures (TCFD)

In November 2020 Banco Sabadell adhered the Task Force on Climate-related Financial Disclosures (TCFD) and, subsequently, it is executing a roadmap to align with these disclosure standards.

See below the references to sections in the document where the information to meet TCFD recommendations is detailed:

TCFD Recommendation		Banco de Sabadell NFDR Section	Reference
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	2. Governance	— Board of Directors; Board committees
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	2. Governance 4. Climate and environmental commitment	— Organisation; Internal committees; Remuneration linked to Sustainability — 4.2.2 Taxonomy;4.2.3 Sectoral standards; 4.2.5 Integration into management procedures; 4.2.6 Initiatives to improve the quality of information; 4.2.7 Equator Principles
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4. Climate and environmental commitment 5. Commitment to sustainable financing	— 4.1 Climate and environmental strategy; 4.2.1 Climate risks (regarding risks) — 5. Commitment to sustainable financing (regarding opportunities)
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4. Climate and environmental commitment (regarding risks) 5. Commitment to sustainable financing (regarding opportunities)	— 4.2.1 Climate risks — 5.1 Issuance of sustainability bonds; 5.2 Sinia Renovables; 5.3 Project Finance; 5.4 Financing solutions for the CIB business, Companies and Individuals; 5.5 Sustainable savings and responsible investment solutions ; 5.6 Lines of credit with multilateral development banks in Mexico
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	4. Climate and environmental commitment	— 4.2.1 Climate risks (Transition risks)
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	4. Climate and environmental commitment	— 4.2.1 Climate risks
	b) Describe the organization's processes for managing climate-related risks.	4. Climate and environmental commitment	— 4.1 Climate and environmental strategy; 4.2.2 Taxonomy; 4.2.3 Sectoral standards; 4.2.5 Integration into management procedures; 4.2.6 Initiatives to improve the quality of information; 4.2.7 Equator Principles
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4. Climate and environmental commitment	— 4.1 Climate and environmental strategy; 4.2.2 Taxonomy; 4.2.3 Sectoral standards; 4.2.5 Integration into management procedures; 4.2.6 Initiatives to improve the quality of information; 4.2.7 Equator Principles

TCFD Recommendation		Banco de Sabadell NFDR Section	Reference
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4. Climate and environmental commitment 5. Commitment to sustainable financing	— 4.2.2 Taxonomy; 4.2.3 Sectoral standards; 4.2.4 Carbon footprint of the financed portfolio; 4.2.7 Equator Principles — 5. Commitment to sustainable financing; 5.1 Issuance of sustainability bonds; 5.2 Sinia Renovables ; 5.3 Project Finance; 5.4 Financing solutions for the CIB business, Companies and Individuals ; 5.5 Sustainable savings and responsible investment solutions ; 5.6 Lines of credit with multilateral development banks in Mexico
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	4. Climate and environmental commitment	— 4.2.4 Carbon footprint of the financed portfolio; 4.3.1 Carbon footprint
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	3. Sabadell's Commitment to Sustainability 4. Climate and environmental commitment	— 3. Sabadell's Commitment to Sustainability (objectives will be published in a separate report in 2022.) — 4.1 Climate and environmental strategy; 4.2.1 Climate risks; 4.3. Environmental management

Annex 3. Self-Assessment Principles for Responsible Banking

The content included in Annex 3 on Principles for Responsible Banking has been verified as part of the process to review the content of the Non-Financial Disclosures Law, pursuant to the Table provided in that Law included in Annex 2.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
Principle 1 Alignment		
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.		
1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	The Bank's business model is geared towards profitable growth that generates value for shareholders. This is achieved through a strategy of business diversification based on high returns, sustainability, efficiency and quality of service, together with a conservative risk profile, while maintaining high standards of ethics and professional conduct combined with sensitivity to stakeholders' interests. The Bank's management model focuses on a long-term vision of customers, through constant efforts to promote customer loyalty by adopting an initiative-based and proactive approach. The Bank offers a comprehensive range of products and services, qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality. Over the last ten years, Banco Sabadell has expanded its geographical footprint and increased its market share in Spain through a number of acquisitions and organic growth. Banco Sabadell has a market share of 8% in lending and 7% in deposits at the domestic level. Banco Sabadell also has a good market share in other products, including 9% in trade credit, 10% in business lending, 6% in mutual funds, 4% in securities trading and 16% in POS turnover. Banco Sabadell still occupies a leading position in the sector when it comes to quality, positioning itself as leader among its peers in terms of customer experience (based on the Net Promoter Score) in the SME and Corporate Banking segments. The Group has become one of the largest banks in Spain's financial system. It has a geographically diverse business (70% in Spain, 28% in the UK and 2% in Mexico) and its customer base is now six times larger than it was in 2008. It has achieved all of this while safeguarding its solvency and liquidity.	Directors' Report: 1.1 Mission, values and business model Business model, main objectives achieved and actions implemented
1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	The Strategy and Sustainability Committee was created in 2021, and it enables the Board to enhance the monitoring of the Strategic Plan and to prioritise and promote sustainability and the commitment to ESG aspects. Banco Sabadell continues to steer its activity, organisation and procedures in order to make a solid contribution to sustainability and the fight against climate change. Therefore, it aligns its sustainability strategy and business model with frameworks of reference, such as the Sustainable Development Goals (SDGs), and it revisits them periodically so as to bring itself closer in line with, and expedite its achievement of, the Paris Agreement and the 2030 Agenda. In addition, during the past year, the Sustainable Finance Plan has become part of a new ESG roadmap, which reinforces material aspects whilst also including actions and broadening the aspirations of the alliances and commitments by signing new initiatives such as the Net-Zero Banking Alliance (NZBA) that strengthen the climate risk strategy.	2. Governance 3.1 From vision to Commitment to Sustainability: transforming and promoting 4.1 Climate and environmental strategy 5. Commitment to sustainable financing

The Group tackles climate and environmental matters from a double standpoint (internal and external), taking into account, on one hand, the potential impacts of climate related and, on the other hand, the impacts he Group directly causes through its facilities and the use of resources on the environment in which it operates.

Banco Sabadell's strategy of advising its customers during the transition and increasing the weight of financial assets is carried out through the issuance of sustainability bonds, investment in renewable energies and the sustainability business through the subsidiary Sinia Renovables, Project Finance, financing solutions for different businesses, and solutions for sustainable savings and responsible investment.

Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact analysis:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfils the following elements:

a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.

b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.

c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.

d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))

Show that building on this analysis, the bank has:

— Identified and disclosed its areas of most significant (potential) positive and negative impact.

— Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative.

In 2021, a materiality analysis process has been carried out with three aims: (i) Recognise the ESG priorities on which Banco Sabadell Group should focus its attention, taking into consideration risks, opportunities, impacts and trends, (ii) Strengthen the relationship with the different stakeholders and outline the impacts and expectations with regard to ESG, and (iii) Address the reporting needs arising from legal requirements and from analysts and indexes, as well as the demands of shareholders, investors and other stakeholders, with a common and a simple language.

A Materiality Matrix was produced as a result of this analysis (identifying the material topics most relevant to the Group) as well as the 'double materiality' approach, identifying the main impacts according to this dual perspective approach (the impact of the environment on the Group and the impact of the Group on its stakeholders), as well as the positive and negative impacts of the most important topics:

— Climate and Environment: Risks
— Risk Management and Cybersecurity
— Value Creation and Solvency
— Customer Satisfaction and Digitisation
— Ethics and Integrity

On the other hand, it has advised customers in their transition to more sustainable models that enable to meet, at portfolios levels, the international decarbonisation and circular economy targets. It has also increased its exposure to green financial assets, one of the key factors to meet the decarbonisation targets.

In addition, Banco Sabadell Group developed in 2020 its own Eligibility Guide in accordance with the EU Taxonomy of green activities and based on the Social Bond Principles in relation to social matters pending the EU's social taxonomy. The first implementation phase of the taxonomy in an internal eligibility guide developed in 2020, which allows the identification of activities potentially eligible based on this guide, as well as those activities and financing transactions deemed taxonomy compliant. On the back of this, the Group has already incorporated into its systems a marking for those priority green products that allows tracing the entire product management cycle and ensure their alignment with the taxonomy's requirements. The second implementation phase consists of updating the Eligibility Guide according to the latest delegated taxonomy act of July 2021. In addition, the Bank has started to work on aligning the guide on eligible activities with the first draft of the social taxonomy.

3.3 Materiality
4.1 Climate and environmental strategy
4.2.2 Taxonomy

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.

The Group has conducted an impact analysis in which it has identified the positive and negative impacts of the most relevant aspects.

2.2 Target Setting **Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.** **Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.** **Show that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.**	In 2020, the Bank established a synthetic sustainability indicator (SSI), which includes KPIs for ESG matters and is linked to the variable remuneration of employees, forming part of the Group objectives with a weight of 10%. The metrics that comprise this indicator include: — **Environment:** reduction of the Bank's CO_2 emissions. — **Social:** increase in the number of people in talent programmes and social financing. — **Diversity:** increase in the number of women in various management positions and reduce the pay gap. Furthermore, Banco Sabadell joined the Net-Zero Banking Alliance (NZBA) initiative to strength the strategy against climate change, and it has approved the offsetting of emissions through the investment in forestry projects in Spain, certified by MITECO (Ministry for Ecological Transition), which will materialise in 1Q22.	3.1 From vision to commitment to sustainability: transforming and promoting 4.1 Climate and environmental strategy

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.
The Group has established qualitative and quantitative targets for its priority ESG aspects and it has attained a high level of achievement of those targets.

2.3 Plans for Target Implementation and Monitoring **Show that your bank has defined actions and milestones to meet the set targets.** **Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.**	The synthetic sustainability indicator (SSI) is regularly monitored by the Sustainability Committee. In addition, the Strategy and Sustainability Committee has been created, which enables the Board to enhance the monitoring of the Strategic Plan and to prioritise and promote sustainability and the commitment to ESG aspects.	2. Governance 3.1 From vision to commitment to sustainability: transforming and promoting

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.

The Group has made its governance more robust in order to monitor progress made in relation to sustainability on a more continuous basis and in more detail.

2.4 Progress on Implementing Targets
For each target separately:
Show that your bank has implemented the actions it had previously defined to meet the set target.
Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.
Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (Were feasible and appropriate, banks should include quantitative disclosures).

In 2021, the Group has achieved a high level of compliance with the metrics related to the synthetic sustainability indicator.

In relation to the environment, the Group's CO_2 emissions in Spain and the UK amounted to 7,259 tonnes, compared to 7,651 tonnes in 2020 and 17,670 tonnes in 2019 – a reduction of 5% and 59%, respectively.

In terms of social matters, more than 1,200 volunteers have taken part in social initiatives promoted by the Bank, its Foundation and other collaborating organisations, through the Bank's Corporate Volunteering Programme, with double the number of volunteers compared to the previous year.

With regard to diversity, women represent 29.4% of the senior management group, with an increase of 3.5 points in 2021, continuing with the steady trend of improvement of recent years.

Furthermore, the indicator of the weighted average pay gap used until 2020 has continued to be monitored in 2021. According to this criterion, the pay gap as at year-end 2021 was 11.24%, compared to 11.79% as at year-end 2020.

4.3.1 Carbon footprint
6.5.1 Gender
6.6 Remuneration policy
7.2 Social and volunteering activities

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets

In 2021 the Group has attained a high level of achievement of its different objectives.

Principle 3: Clients and Customers

We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.

Banco Sabadell adheres to the Code of Good Practice (CBP by its Spanish acronym), whose main objective is to arrange the viable restructuring of debt on main residence mortgages. This Bank reiterated its commitment to the CBP in 2021, with 80 debt restructuring operations carried out under its auspices.

Banco Sabadell Group establishes, through the Sustainability Policy and the Code of Conduct, a series of principles in order to adapt the organisation so that it may be in line with best practices in relation to transparency. In this regard, the Institution promotes transparent information and responsible, simple and close communication with all stakeholders. The Bank fosters transparency in the disclosure of information, at all times adopting responsible communication practices that prevent the manipulation of information and protect the company's integrity and honour.

The Institution has its own Personal Data Protection and Privacy Policy that it uses as an instrument to ensure the protection of natural persons in relation to personal data processing, which mentions different procedures and controls, and which provides an appropriate definition of the management model for data protection.

Furthermore, through the publication of its Human Rights Policy in 2021, it establishes its basic principles of action, as well as the mechanisms required to identify, prevent, mitigate and/or remedy any potential negative impacts on human rights that its activities and procedures may entail, in particular, with regard to granting finance to companies, or issues involved in its human resources management model or its supplier contracting processes; the need for training in all of these areas is also established.

7.7 Consumers
9.1 Information regarding Human Rights
10.1 Transparency
10.3 Data protection

3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned/ implemented, products and services developed, and, where possible, the impacts achieved.	The Bank sees sustainability as an element of transformation, increasing competitiveness across companies and generating a positive social and environmental impact for people and the planet. In its role as a key agent to promote the transition towards a more sustainable economy, the Bank has included sustainability in the contents of the 360 Visit and the conversation between customers and relationship managers. Furthermore, aware that sustainability, in addition to being a challenge, also presents a series of opportunities for the customers for whom the Bank aims to support, a specific webinar on how companies can be more sustainable has been released through the Companies Hub platform, obtaining a score of 8.92 out of 10 among participants. In addition, a team of specialists in European Funds and Sustainability has been trained and deployed to offer support to the branch network in the development of sustainable operations. Customers have also been advised in their transition to more sustainable models which that enable to meet, at portfolios level, the international decarbonisation and circular economy targets. Furthermore, Banco Sabadell puts a series of solutions at the disposal of its customers, which are geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems, which are described in section 5.4.2. Financing solutions for companies and individuals.	3.1 From vision to commitment to sustainability: transforming and promoting 4.1 Climate and environmental strategy 5.4.2 Financing solutions for companies and individuals 5.4.3 Next Generation EU

Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Describe which stakeholders (or groups/ types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.	In 2021, a materiality analysis process has been carried out in order to listen to stakeholders and adapt to the regulatory and market environment. To this end, the first step involved the identification of stakeholders and the main sources of information, considering: — Regulators and supervisory authorities: responding to legislative consultations and regulatory drafts. — Economic agents (General Government, Public Bodies, Associations): maintaining an active relationship through participation in joint public-private and industry webinars, attending events, and participating or presenting in workshops, academic forums and business schools. — Investors and rating agencies: holding virtual meetings, one-to-one meetings, quarterly roadshows following presentation of results and specific roadshows (strategic plans, fixed income issues), as well as participation in rating agency questionnaires. — Customers: visiting companies, conducting customer surveys, interacting on social networks and through an active relationship with economic agents. — Employees: through the InSabadell and Sabadell Life platforms, the ongoing relationship with the Employee Assistance Office (EAO), holding internal forums for employee innovation (BS Idea, Qualis Awards) and internal and external dissemination of information (Sabadell Forum). — Society: through the Bank's interactions with the media (through interviews, press articles and conferences), via the platform for health and solidarity initiatives for employees (Sabadell Life), participation in social networks (with 20 profiles nationwide) and through an active and direct relationship with think-tanks, foundations and NGOs. — Suppliers: through analysis of the commitments undertaken by Banco Sabadell in its corporate policies in relation to suppliers, as well as the specific requirements that suppliers must meet for ESG-approval in the procurement process and through the Code of Conduct for Suppliers.	3.3 Materialidad

Principle 5: Governance & Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	In 2021, the Board of Directors updated the Sustainability Policy, which sets out the core principles on which Banco Sabadell Group bases its approach to tackle the challenges posed by sustainability, defines the management parameters, as well as the organisation and governance structure necessary for its optimal implementation. It also approved the new version of the Code of Conduct, the Human Rights Policy and the Climate Risk Policy. The Strategy and Sustainability Committee was created in 2021, which enables the Board to enhance the monitoring of the Strategic Plan and to prioritise and promote sustainability and the commitment to ESG aspects. The Sustainability Committee, created in 2020, is the body responsible for the establishment of the Bank's Sustainable Finance Plan and for monitoring its execution, the definition and dissemination of the general action principles in the area of sustainability and the promotion of projects and initiatives, as well as the management of alerts that may arise in the scope of ongoing initiatives or updates to the regulatory, supervisory environment, etc. The Sustainability Division, specifically created in 2021, is the area responsible for the definition and management of Banco Sabadell Group's responsible banking strategy. In addition, the Sustainability Rating and Outreach Division was created to ensure enhanced reporting and communication on sustainability matters to stakeholders.	2. Governance 9.1 Information regarding Human Rights
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	Banco Sabadell Group's remuneration policies are consistent with the goals of the risk and business strategy, the corporate culture, the protection of shareholders, investors and customers, the values and long-term interests of the Group, as well as with customer satisfaction and the measures taken to prevent conflicts of interest without providing incentives for excessive risk-taking. In addition, the synthetic sustainability indicator (SSI), established in 2020, is linked to the variable remuneration of employees, forming part of the Group objectives with a weight of 10%. Furthermore, all employees are required to complete mandatory training, including the Introduction to Sustainability course, where they can get acquainted with the new sustainable paradigm, have a conceptual framework about this topic, explain the triple bottom line, the ESG framework, the Sustainable Development Goals (SDGs) and what is meant by the circular economy, and they can also become familiar with the Bank's Sustainability Plan. In relation to this same topic, a further two courses have been developed: the Sustainability course and the Environmental Management System course. Work is also now starting to get underway to allow all of the Bank's employees to attain a sustainability certification. This will be implemented in the first quarter of next year.	3.1 From vision to commitment to sustainability: transforming and promoting 6.4. Training 6.6. Remuneration Policy
5.3 Governance Structure for Implementation of the Principles **Show that your bank has a governance structure in place for the implementation of the PRB, including:** **a) target-setting and actions to achieve targets set** **b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.**	The Board of Directors of Banco Sabadell is the highest decision-making body and is basically configured as an instrument of supervision and control. It is directly responsible for approval of the Institution's general strategies, It also approves the Bank's policies, and is therefore responsible for establishing principles, commitments and objectives in the area of sustainability, as well as their integration into the Institution's strategy. The Strategy and Sustainability Committee enables the Board to enhance the monitoring of the Strategic Plan and to prioritise and promote sustainability and the commitment to ESG aspects. The Sustainability Committee is the body responsible for establishing the Bank's Sustainable Finance Plan and for monitoring its execution, the definition and dissemination of the general action principles in the area of sustainability and the promotion of projects and initiatives, as well as the management of alerts that may arise in the scope of ongoing initiatives or updates to the regulatory, supervisory environment, etc Lastly, the Sustainability Division is the area responsible for the definition and management the Banco Sabadell Group's responsible banking strategy.	2. Governance

Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.

The Group has a governance structure for the implementation of the Principles for Responsible Banking, which it has strengthened with the creation of the Strategy and Sustainability Committee.

Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1. Progress on Implementing the Principles for Responsible Banking.

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.

The Non-Financial Disclosures Report, which forms part of the Banco Sabadell Group consolidated Directors' Report for 2021, and which is annexed to that report as a separate document, complies with the general provisions published in Law 11/2018 of 28 December, and information relating to taxonomically eligible exposures in compliance with the Taxonomy Regulation (EU Regulation 2020/852), which came into effect in January 2022. In addition, the non-binding guidelines published by the European Commission on its Guidelines on Non-Financial Reporting (2017/C 215/01) are considered, as well as its supplementary document on climate change related information (2019/C 209/01) and the Global Reporting Initiative (GRI) reference framework. This report has been prepared in accordance with the core option of the GRI Standards.

Banco Sabadell continues to forge alliances with other sectors and is part of the most relevant international initiatives in the fight against climate change and in favour of social development, such as:

— Since 2005, with the signature of the adherence to the corporate responsibility initiative of the United Nations Global Compact and the ten principles in the areas of human rights, labour, environment and anti-corruption.
— The signature of the Equator Principles, since 2011, which incorporate social and environmental criteria in the funding of large-scale projects and corporate loans.
— Adherence to the United Nations Principles for Responsible Banking, the first global framework defining the role and responsibilities of the banking sector to ensure a sustainable future, thus reinforcing the Bank's alignment with the SDGs in relation to the Paris Agreement.
— Ratification of the Collective Commitment to Climate Action, which aims to reduce the carbon footprint of balance sheets.
— Adherence to the Task Force on Climate-related Financial Disclosure (TCFD) for disclosure of risks and opportunities related to climate change.
— Signatory of the Carbon Disclosure Project (CDP) for action against climate change
— Adherence in October 2021 to the Net-Zero Banking Alliance, an international alliance promoted by the United Nations Environment Programme Finance Initiative (UNEPFI), through which the Bank commits to making all its loan portfolios greenhouse gas neutral by 2050, in line with the objectives of the Paris Agreement.

1. Introduction
3.2. Initiatives and Partnerships
Annex 2: Table of contents Law 11/2018, GRI and TCFD content index.

Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking.

The Group has made progress in the implementation of the Principles for Responsible Banking and is part of the most important international initiatives.

Annex 4. Taxonomy Indicators

Indicator

	2021
1. Proportion in their total assets of exposures to Taxonomy-eligible economic activities	41,1%
2. Proportion in their total assets of exposures to central governments, central banks and supranational issuers	31.3%
3. Proportion in their total assets of derivatives exposures	0.8%
4. Proportion in their total assets of exposures to companies not obliged to report non-financial information pursuant to Article 19 bis or 29 bis of Directive 2013/34/EU	10.7%
5. Proportion in their total assets of Trading book and interbank sight loans	3.5%

The components of the indicators, taking into account that indicators 1 and 4 have been derived from robust data sources and the remaining indicators from the Group's consolidated balance sheets, are set out in more detail below:

1. More details on the calculation of this indicator in section 4.2.2 Taxonomy.

2. Exposure to central governments, central banks and supranational issuers is 31.3% of total assets at year-end 2021.

This indicator is calculated taking into consideration cash balances in central banks and loans, advances and debt securities of central banks and general government, relative to the Group's total assets.

3. Derivatives exposure is 0.8% of total assets at year-end 2021.

This indicator is calculated taking into consideration total derivative assets, relative to the Group's total assets.

4. Exposure to companies not obliged to report non-financial information pursuant to Article 19 bis or 29 bis of Directive 2013/34/EU is 10.7% of total assets at year-end 2021.

This indicator is calculated[52] taking into account the exposure[53] to companies with 500 employees or less and, according to the latest available information, with assets of 20 million euros or less and turnover of 40 million euros or less.

5. Trading book and interbank sight loans are 3.5% of total assets at year-end 2021.

This indicator is calculated taking into consideration cash balances in credit institutions, loans and advances to credit institutions and total financial assets held for trading, relative to the Group's total assets.

In addition, in accordance with Annex XI of Delegated Regulation (EU) 2021/2178, the information of the strategy is presented in section 3. Sabadell's Commitment to Sustainability and 4.1 Climate and environmental strategy. As for the product part and the weight of financing, the information is presented in section 5. Commitment to sustainable financing.

52. Companies for which all information is not available are excluded from the calculation.

53. Risk drawn down.

Annex 5. SDG alignment

	1. Introduction	2. Governance	3. Sabadell's Commitment to Sustainability	4. Climate and environmental commitment	5. Commitment to sustainable financing	6. Commitment to people	7. Commitment to Society	8. Commitment against corruption and bribery	9. Commitment to Human Rights	10. Commitment to information	Annex 1
1 NO POVERTY					●		●				
2 ZERO HUNGER							●				
3 GOOD HEALTH AND WELL-BEING						●	●				
4 QUALITY EDUCATION							●				
5 GENDER EQUALITY						●	●				
6 CLEAN WATER AND SANITATION				●							
7 AFFORDABLE AND CLEAN ENERGY				●	●						
8 DECENT WORK AND ECONOMIC GROWTH					●	●	●		●		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE					●						
10 REDUCED INEQUALITIES						●	●	●	●		
11 SUSTAINABLE CITIES AND COMMUNITIES				●	●		●				
12 RESPONSIBLE CONSUMPTION AND PRODUCTION				●							
13 CLIMATE ACTION				●	●	●					
14 LIFE BELOW WATER				●							
15 LIFE ON LAND				●							
16 PEACE, JUSTICE AND STRONG INSTITUTIONS					●		●	●	●	●	
17 PARTNERSHIPS FOR THE GOALS											●

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Independent Assurance Report on the Consolidated Non-Financial Disclosures Report for Banco de Sabadell, S.A. and subsidiaries for 2021

(Translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Banco de Sabadell, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Non-Financial Information Statement Consolidated (hereinafter NFIS) for the year ended 31 December 2021, of Banco de Sabadell, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the Group's 2021 consolidated Directors' Report.

The NFIS includes additional information to that required by prevailing mercantile legislation governing non-financial information, which has not been the subject of our assurance work. Our assurance work was limited only to providing assurance on the information contained in table "Table of contents Law 11/2018" included in the annex 2 of the NFIS.

Directors' responsibility

The Directors of the Parent are responsible for the contents and the authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and based on the content indicated for each subject area in "Table of contents Law 11/2018" included in the annex 2 of the aforementioned NFIS.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Parent's directors are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the NFIS.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the Internal Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

KPMG Asesores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
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N.I.F. B-82498650

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team comprised professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management and of the different units and areas responsible of the Parent that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS based on the materiality analysis performed by the Parent and described in the section "3.3 Materiality" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2021.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2021.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2021 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Banco de Sabadell, S.A. and subsidiaries for the year ended 31 December 2021 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the GRI Standards selected and based on the content indicated for each subject area in "Table of contents Law 11/2018" included in the annex 2 of the aforementioned NFIS.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the institution's investments are associated with economic activities eligible under the Taxonomy for the first time for the 2021 fiscal year, provided that the Non-Financial Information Statement is published from 1 January 2022 onwards. Consequently, the attached NFIS does not contain comparative information on this matter. Additionally, certain information has been included in respect of which the Directors of the Parent have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation, and which are those defined in paragraph "4.2.2 Taxonomy" and annex 4 "Taxonomy Indicators" in the accompanying NFIS. Our conclusion is not modified in respect of this matter.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on the original in Spanish)

Patricia Reverter Guillot

17 February 2022

Sabadell