



Code of Conduct of the Banco Sabadell Group

Grupo BancoSabadell

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What the Group expects from its members

You are currently reading the Code of Conduct of the Banco Sabadell Group, a compendium of general principles of conduct designed to help us carry out our daily work. The aim of this document is, firstly, to serve as an element for consultation in situations involving a conflict of values and, also, as an expression of the desire of all the members of our Group to uphold our ethical commitments.

In general, the principles of this Code of Conduct are to apply to all those people forming a direct part of the Group, whether in direct employment or as members of its governing bodies. They should also be made to apply to external collaborators in commercial and business operations carried out with any Group company.

Client Relationships

Honesty and professional responsibility

A high degree of professional honesty and responsibility must be maintained in all relations with the clientele, above and beyond the fulfilment of standard legal requirements.

Commitments made to clients must be respected, informing with due advance notice of any change in verbal or written agreements, promoting transparency in our client relationships and striving for integrity in all our professional actions.

Some action guidelines

a) **Personal benefit must not be obtained from clients deriving from** our work in the organisation.

b) Sales of products must be carried out having previously offered all relevant information to the client in order for the appropriate decision to be taken.

c) Information concerning client accounts and transactions must always be provided diligently and may not be withheld other than in situations involving a conflict of rights between the client and any Group organisation, and always with the appropriate guarantees being provided.

c) Corporate decisions must be assumed as our own and the spreading of any comments on the internal aspects of our organisation must be avoided.

d) The obtainment of income deriving from transactions the legality of which has not been established is not justified under any circumstances. In case of doubt, it is advisable to refer to the internal regulations on the prevention of money laundering or to consult the Group Compliance Department.

Confidentiality and privacy

Both personal client information and that concerning their transactions must be treated with the strictest confidence and may be disclosed solely to legitimate holders or in response to official requirements, and always with the appropriate legal guarantees being provided. Client data may only be accessed for professional purposes only. In the collection, safekeeping, use and updating of this information all data protection laws and regulations must be scrupulously adhered to.

When deemed necessary, business transactions with clients must be carried out in an environment that guarantees privacy for the conversations held and documentation used.

Some action guidelines

- a) Family or business links between clients cannot justify a breach of the principle of confidentiality when information refers to accounts where there exists no direct relationship such as account holder or legal representative.
- b) The conditions concerning the use of data of a personal nature are subject to significant legal restrictions and the corresponding penalties for infringement. Before carrying out any large or unusual collection of client or non-client personal data, the internal regulations regarding personal data protection should be checked or the Group Compliance Department consulted.
- c) Information on Group employee accounts must only be used for normal banking transactions or within the framework of disciplinary actions, as established by the work regulations. The consultation of employee account data outside these circumstances is considered reprehensible practice.

Conflicts of interest

Business links, family relationships or friendship with clients can affect due independence in decision making and constitute a potential risk of disloyal behaviour in a situation of conflict between personal interests and those of the Group. Consequently, this kind of situation should be avoided and, when this is not possible, the Corporate Ethics Committee must be notified of the corresponding conflict.

Some action guidelines

a) In taking decisions, and when there exists doubt regarding the interpretation of a recommendation that has been made, it is always advisable to refer the case to a higher decision making body of the Group.

b) In general, acting as a proxy, trustee, by appointment or any other form of representation of client interest should not be accepted, except in those cases where Group operational norms require this. In all other cases, when this representation is absolutely essential, the Corporate Ethics Committee must be informed.

c) All behaviour which may compromise our independence such as the acceptance of personal favours, gifts or personal loans from clients, must be avoided.

Dealing with clients and error management

Clients must be attended in a friendly, respectful and diligent manner, without any distinction being made for race, sex, religion or any other characteristic of the person concerned. Our attitude and manners should be adapted to the profile of each client within the framework of a professional relationship, without being servile or arrogant.

Correction from others should be welcomed, since this helps to guide us in making the right decision. Every client who complains, believes he or she has a valid reason to do so and, if the client's expectations are wrong, it may be due to the fact that something has not been explained sufficiently well.

Client Relationships

Supplier Relationships

Responsible management

The new challenges in competitiveness, demand cooperative behaviour between the Group and its suppliers and for the suppliers to be viewed as collaborators by the Group. In order for this collaboration to operate on a long term basis, we need to maintain a spirit of communication based on mutual trust, a desire to fulfil commitments and a concern for the problems and requirements of the other parties.

We should try to understand our suppliers' needs and objectives and make them compatible with our own requirements. This will help us overcome the traditional price driven view in order to achieve a broader concept that incorporates all the different elements of a transaction.

Some action guidelines

- a) We should require from our suppliers a suitable degree of commitment to socially responsible practice, that is compatible with our own code of conduct.
- b) The right to legitimate profit of the supplier must be respected, while avoiding the opportunism of disloyal suppliers which, in the long term, leads to control costs and increases uncertainty.
- c) The selection process for new suppliers of materials and services must be transparent and open, providing all participants with reliable information and giving opportunities to alternative suppliers.

Supplier
Relationships

Conflicts of interest

The purchase of goods or the hiring of services at any level within the Group must be carried out with a total freedom of choice in decisions. Consequently, the decision should be made avoiding any links with the supplier contracted due to family, friendship or for business reasons.

Benefits gained from any promotional activity provided by our suppliers are for the Group and are not personal. Offers of free or low-cost services must be declined in a friendly manner so as not to upset the relationship with the supplier. However, if this refusal might compromise our position, these offers could be accepted provided the Corporate Ethics Committee is informed.

Some action guidelines

d) In taking decisions, and when there exists doubt regarding the interpretation of a recommendation that has been made, it is always advisable to refer the case to a higher decision making body of the Group.

a) Personal interests or preferential treatment must not be allowed to interfere in the decision-making process concerning suppliers.

c) Gifts received from Group clients and suppliers will be dealt with according to what has been established at any time by the internal regulations.

Employees

Professional development

The Banco Sabadell Group aims to attract, motivate and retain competent, professional staff, by providing them, through its human resource policies, with appropriate, overall compensation based fundamentally on fair, competitive salaries, accurate, transparent information, a respect for individual human dignity and lasting cooperation.

The Group will strive for the greatest possible professional development of its employees, guaranteeing equal opportunities in recruitment, promotion and training, offering a working environment free from any kind of discrimination or harassment. It will foster a spirit of achievement among employees through moral and material recognition of their personal efforts in contributing to the Group's success.

Some action guidelines

a) Personal merit and qualifications, management capacity and other similar characteristics must be the criteria used in decisions regarding the recruitment or promotion of employees. Aspects such as race, colour, sex, disability or any other personal situation must be disregarded.

b) Training aimed at improving performance is an opportunity to improve and enriches the possibility of alternatives. Training must never be viewed as a form of internal competition but as a means to achieve the best results possible from the intellectual capital possessed by the organisation.

Employees

Professional behaviour

Professional conduct must be guided by honesty, mutual respect and the joining of individual efforts in pursuit of a common goal. Each member of the organisation, and especially those management positions, must assume full responsibility for their actions and also for those of their collaborators. Information must flow freely and transparently among all those involved in the decision-making processes, both in terms of the action and its effects. Any errors or chronic violations must be disclosed.

Responsibilities and decision-making powers will be clearly defined within each level, encouraging among collaborators the contribution of new ideas, stimulating as much as possible individual initiative and freedom of action. All contributions will be fairly evaluated and rewarded according to the results of their efforts.

This involvement of employees will not solve all the problems in an organisation but it will certainly make the problem-solving process more flexible and more efficient thanks to the greater speed in decision making. Setting an example in our daily behaviour and actions is the most effective way to develop corporate cohesion and to gain confidence and respect in the working environment.

Some action guidelines

a) The Banco Sabadell Group keeps open a channel of communication for any conflict of values regarding this Code of Conduct by means of the Corporate Ethics Committee, ensuring communication is confidential and avoiding consequent reprisals.

Employees

Private Life

The Banco Sabadell Group respects the private lives of its employees and will not interfere with the activities or behaviour observed outside the work environment provided these activities or behaviour do not affect the good name of the Group, the legitimate interests of the Group, or the professional performance of the employee's duties.

It is advisable to use the Group entities as the main suppliers of financial services, to comply strictly with contractual obligations in all cases and to avoid situations of unduly heavy debt that may affect our professional actions.

The image of the Banco Sabadell Group also depends on the actions of its employees. Consequently, the Corporate Ethics Committee must be informed when activities that are carried out in the exercise of individual liberty have public repercussions. The nature of these activities and any possible incompatibilities that may exist between them and the duties to be carried out within the organisation must be communicated to the Corporate Ethics Committee.

Employees

Relations with Government and Local Authorities

Relations with the different government and local authorities must be guided by institutional respect and scrupulous compliance with their decisions. Administrative communications received from the different government and local authorities must be addressed to, and registered by, those in charge of this area, always within the required periods of time.

In relations with civil servants, any conduct that may be wrongly interpreted as an attempt to obtain undue reward, thus compromising the reputation of the Banco Sabadell Group must always be avoided.

Relations with Government and Local Authorities

Shareholders. Protecting Group Assets.

Legal framework

The aim of the Banco Sabadell Group is to project the image of an institution committed to providing the best solutions for the banking and financial needs of its clients, while safeguarding its reputation for actively respecting the set of regulations which dictates our professional activities.

The achievement of our business objectives, including the earning of greater returns on our shareholders' investments, must be carried out at all times, in compliance with established mandatory and legal regulations.

In particular, we must always be alert to any attempts to use our network for laundering capital proceeding from criminal activities, and actively collaborate in the detection and monitoring of possible cases, as laid down in the relevant internal regulations.

Shareholders.
Protecting Group
Assets.

Use of resources

All employees must use the Group's material resources responsibly, taking care to safeguard them and attempting to use them to their maximum advantage. When using assets and incurring expenses on behalf of the Group, employees must restrict themselves to the principles of need and restraint in their operations.

Without the necessary authorisation, no transfer of knowledge will be made to third parties regarding products, technology or processes, all of which are considered fruits of a common effort, over and above the necessary protection of intellectual copyright.

Any reports, documents, back-up materials and other similar compilations drawn up while any Group unit is engaged on a particular operation, must remain in the area for which they were collected so that the people coming after us may use them to carry out their responsibilities to greater effect.

Shareholders.
Protecting Group
Assets.

Transparency

The Banco Sabadell Group is truly committed to transparency in its relations with its shareholders and places all information, not merely financial but also corporate at their disposal.

The Group promotes the Internet as a vehicle of communication for its shareholders and other groups of interest and has designed its corporate website as a basic channel of access to corporate information.

The Group has already undertaken the publication of an annual report on Corporate Governance including information on its ownership structure, its administration, its related and intragroup transactions, its risk management systems and the proceedings at General Shareholders' Meetings.

Shareholders.
Protecting Group
Assets.

The context and the Corporate Social Responsibility.

The context and the Corporate Social Responsibility.

As a provider of services we essentially look after the needs of others. This cannot be done by imposing our own demands but by helping others to grow according to their own desires and plans. Achieving our objectives at the cost of the community in which we operate is not sustainable in the long term, as it is that very community that produces the business activities in which we are engaged.

The recent publication of the annual report on corporate governance, the promotion of our corporate website on the Internet and the initiative represented by this Code of Conduct are all clear evidence of our ongoing concern for different areas such as employment and labour conditions, consumer protection, the protection of the environment and cooperation with developing countries in all our activities.

The Banco Sabadell Group believes that the exercise of corporate social responsibility, in as much as it promotes a better quality of life in our social environment, is a key element in guaranteeing long-term survival in the market.

Stock market operations

Requirements concerning participation in the stock market

Grupo Banco Sabadell provides all types of services associated with operations on the stock markets and Banco Sabadell, the lead company of the Group, is a company whose shares have been listed on the Spanish market since April 2001. Participation in the stock markets also entails the commitment to safeguard its transparency, correct pricing and protection of the investor.

Operations with listed securities

Stock market operations

Market Abuse

The directors and employees shall not conduct themselves, nor foster any such conduct involving improper use or communication of privileged information.

The three characteristics which must coincide for information to be classed as privileged are as follows:

- The information refers to a security or issuer of securities which are listed on an organized stock market. The security may be fixed, variable income or a financial instrument.
- The information is still not in the public domain
- It is information which, were it to be made public, could affect the security's market price.

Several guidelines

a) One case of privileged information consists of knowledge of client's orders relating to a listed security which, if made public, could affect its market price.

b) If a person is aware of information which could be deemed privileged in the above sense, an e-mail must be sent immediately to describing same. If no corporate e-mail box is available, it is necessary to contact the Compliance Department, but never using an e-mail program other than the Group's. In both cases, the Compliance Department shall issue instructions regarding the procedure to be followed. Notwithstanding the above, and in general:

- Securities affected by privileged information shall be classed as prohibited, meaning that the parties affected may not operate with them on the market, nor recommend third parties to do so.

Privileged information should not be communicated to any person, unless absolutely necessary in order to discharge the duties assigned to him within the Group.

Corporate Ethics Committee

A tool for long-term sustainability

All the internal duties of a deontological nature have been incorporated into the Code of Conduct of Grupo Banco Sabadell in order to bring them together in a single collection of standards under the direct supervision of the Board of Directors of Banco Sabadell. The Corporate Ethics Committee is the body responsible for advising the Board on the adoption of policies which foster the ethical conduct of the Group.

Corporate Ethics Committee

Corporate Ethics Committee

Structure and duties

The Corporate Ethics Committee comprises 1 Chairman, 4 members, all appointed by the Bank's Board of Directors

The proposals of the Corporate Ethics Committee shall at all times be subject to the final approval of the Board of Directors of Banco Sabadell, which assigns it the following duties:

- To create, publish and regularly update this Code of Conduct of Grupo Banco Sabadell.
- To advise and submit proposals both to the Board and to the corporate and business units in making decisions involving aspects which may give rise to a conflict of values.
- To foster the development of ethical conduct across the entire organization.
- To supervise the fulfillment of the self-imposed obligations of the Group, its employees and external suppliers of goods and services.
- To deal with queries, concerns and disputes which may arise in relation with the fulfillment of the principles of this Code of Conduct, guaranteeing due confidentiality and the absence of reprisals for this reason.
- To alert those affected of potential non-fulfillment via:

a) The Human Resources Management Department, in the case of Group employees.

b) The Secretary of the Board of Directors of Banco Sabadell should refer it to members of the Board or Top Management.

Communication channel

The Corporate Ethics Committee has an electronic voice mail to enable any Group employee to make queries relating to the Code of Conduct or to express any concern regarding ethical fulfillment in his area of work.

The Corporate Ethics Committee guarantees the confidentiality of any communications received and the absence of any resulting reprisals.

Corporate Ethics
Committee

