



BANCO SABADELL
NON-FINANCIAL DISCLOSURES REPORT
2020

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1. INTRODUCTION

Banco Sabadell, S.A. (hereinafter, “Banco Sabadell”, “the Bank” or “the Institution”) is the parent company of a group of entities which it controls directly and indirectly and which, together with the Bank, form Banco Sabadell Group (hereinafter, “the Group”). Banco Sabadell is comprised of different financial institutions, brands, subsidiaries and investees that cover all aspects of financial business. It operates mainly in Spain, the United Kingdom and Mexico. The corporate information, subsidiaries forming part of the Group and the Group’s business model are provided in the Directors’ Report. TSB (TSB Banking Group PLC) is a bank that operates nationwide throughout the United Kingdom and represents a substantial portion of the Group’s business. The Banco Sabadell Foundation (*Fundación Banco Sabadell*) steers part of Banco Sabadell Group’s commitment to society.

The Bank’s development objectives are focused on profitable growth and the generation of shareholder value through a strategy of business diversification based on high returns, 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 management model is focused on long-term customer retention, through ongoing efforts designed to build customer loyalty based on a resourceful and proactive approach to customer relationships. The Bank offers a comprehensive range of products and services, competent, highly qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Banco Sabadell has an internal governance framework, reviewed in December 2020, which sets out in detail the following aspects:

- Shareholder structure
- Group structure
- Composition and operation of the Management Body
- Matrix of skills and diversity of members of the Board of Directors
- Corporate governance structure
- Organisational structure
- Internal control functions
- Key function
- Risk management framework
- Policy map

Information on the organisation, markets, objectives and strategies, as well as the principal factors and trends which can impact on business performance, are described in detail in the annual Directors’ Report.

This Non-Financial Disclosures Report for the present financial year, which forms part of the Banco Sabadell Group consolidated Directors’ Report for 2020, and which is annexed to that report as a separate document, complies with the general provisions published in Law 11/2018 of 28 December, amending Articles 44 and 49 of the Code of Commerce in relation to non-financial disclosures and diversity, using the Global Reporting Initiative standards set out in Annex 2 of this report as a framework of reference.

This report details the actions implemented in relation to the Sustainable Finance Plan, incorporating relevant aspects in terms of business continuity, the ESG commitments (Principles for Responsible Banking, Climate Action and the Task Force on Climate-related Financial Disclosures (TCFD) model) undertaken and other material issues for the Bank in accordance with the Law, as well as the response to the impacts arising from COVID-19, focused on the needs of stakeholders, as well as the Institution’s activities.

1.1. Vision

The transformation carried out by the Institution in recent years, a process focused on digitisation and new technologies, has been accompanied by initiatives geared towards the transition to sustainable development and a sustainable economy. In this respect, sustainability has become part of the Group’s business purpose and strategy, being understood as development that meets the needs of the present without compromising the capacity of future generations, ensuring a balance between economic growth, environmental care and social welfare.

Thus, since 2019, a series of initiatives have been carried out that have represented a turning point in the Bank's commitment to a more sustainable economy, including the following milestones:

- The creation of the Sustainability Division, which replaces the CSR Division and offers a broader cross-cutting approach through its actions and skills in Environmental, Social and Governance (ESG) areas.
- The incorporation of the Sustainable Development Goals (SDGs) into corporate strategy, identifying those considered a priority and those considered additional, according to the stakeholders and business activity concerned.
- The adoption of new commitments, such as signing up 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, and the ratification of the Collective Commitment to Climate Action, which reinforce the Bank's alignment with the SDGs in relation to the Paris Agreement.

This stage culminates with the launch, this year, of the Sustainable Finance Plan approved by the Board of Directors, which establishes the key guidelines and the programmes and actions in the area of sustainability, aimed at achieving four main objectives:

- Support customers in the transition to a more sustainable model, offering sustainable products and services for all segments and incorporating ESG criteria in risk management and control through stock mapping, the creation of a Sustainability Indicator for companies, analysis of exposures based on NACE industry classification, and physical risk estimation. In this regard, an Eligibility Guide has been prepared, as well as Sectoral Standards that establish the criteria for approval and restriction.
- Enable investors to contribute to sustainability through the issuance and offering of sustainable products, whilst also establishing a Framework for the Issuance of Sustainability Bonds intended for the same purpose.
- Adapt the organisation to this new paradigm through a range of actions, such as reducing emissions, setting diversity targets, establishing a governance framework and developing a communication plan appropriate to the new environment, adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) model for these purposes.
- Contribute to the transition to a more sustainable society through partnerships and social programmes that promote inclusive education and champion the fight against poverty and inequality.



1.2. Sustainable Finance Plan

Over the course of 2019 and 2020, the priorities of the Sustainable Finance Plan were established, taking into account the SDGs considered priorities by the Bank, the ESG environment (both in terms of national and international initiatives and commitments), as well as global trends and practices in the banking sector. Additionally, regulatory considerations stemming from the European Commission's Action Plan on Financing Sustainable Growth (2018), to which the Bank is subject, were integrated, as well as the needs of stakeholders identified across the various communication channels. To this end and in more detail:

- **Integration of the SDGs in strategy**

In 2019, the Bank's priority and additional SDGs were determined and projections of their future evolution were included in the Sustainable Finance Plan. To that end, the Institution made use of the roadmap followed to develop the Corporate Social Responsibility programmes structured around four key pillars (Responsible Banking, Commitment to Employees, Commitment to the Environment, and Commitment to Society) as well benchmarking against most of the world's financial institutions, and the main Spanish banks.



- **Integration of developments in the ESG environment and adherence to international initiatives**

In a year that has been marked by the health crisis and its socio-economic implications, as part of its Plan the Bank has deployed programmes to respond to the extreme vulnerability and emerging needs of society, as detailed in "Banco Sabadell's Response to the COVID-19 health crisis" in the Consolidated Directors' Report. On this point, the efforts made by the Banco Sabadell Foundation and Sogeviso (manager of the social housing fund) to contribute to society are key.

In addition, the requirements related to the new commitments adopted during this period, such as the United Nations Principles for Responsible Banking and the Collective Commitment to Climate Action promoted by the Spanish Banking Association (AEB), have been incorporated into the Sustainable Finance Plan.

- **Regulatory environment and supervisory expectations**

Within the framework of the regulatory environment stemming from the European Commission's Action Plan on Financing Sustainable Growth (2018), a Project Management Office (PMO) for Sustainable Regulation has been created to ensure the tactical implementation of related regulations (SFDR, Supervisory Expectations, ECB) and of the Task Force on Climate-related Financial Disclosures (TCFD) model, recently signed up to by the Bank, which have been incorporated into the Sustainable Finance Plan along with an outline of the next steps to be taken.

- **Integration and consideration of communication channels**

Through the various communication channels, the Bank identifies the needs of stakeholders and reflects them in the ESG aspects of the Sustainable Finance Plan, focusing its main areas of action on supporting economic agents, customers and businesses in the transition to a sustainable economy with sustainable products and services, enabling investors to contribute to sustainability, identifying opportunities for collaboration and progress in terms of diversity, work-life balance, transparency, emissions reduction and governance, as well as further progressing the Bank's own transformation process, and promoting programmes and partnerships that contribute to a more sustainable society.

1.3. Materiality

The Bank has undertaken a materiality analysis to identify and prioritise relevant sustainability issues, from a strategic point of view and from the perspective of its stakeholders. This included an analysis of the body of regulations and major trends in sustainability, the expectations of ESG analysts and investors and the Bank's ESG strategy. This process is set in motion through the actions undertaken by the Institution within the framework of its commitments in this area, and through dialogue with stakeholders via the relevant channels. 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, 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 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 questionnaires, interacting on social networks and through an active relationship with economic agents such as Professional and Industry Associations, Chambers of Commerce and Professional Associations.
- **Employees:** through the IN Sabadell and Sabadell Life platforms, the ongoing relationship with the Employee Assistance Office (EAO), holding internal forums for employee innovation (Banco Sabadell 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 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 General Government, public bodies, associations, think-tanks, foundations and NGOs.

The results of this analysis have been used to draw up a list of significant issues, some of which are reflected in the Sustainable Finance Plan, the backbone of the Institution's sustainability strategy. Other matters, due to their cross-cutting nature, are integrated into the Bank's operations and stem from the action principles and commitments adopted by the Bank.

The significant issues not directly associated with the Sustainable Finance Plan are the following:

- Transparency
- Consumer protection and safety, including cybersecurity and data protection.
- Professional development and talent management
- Diversity, especially of gender
- Financial education and volunteering programmes

Note: significant matters obtained in compliance with the Non-Financial Information Law can be consulted in the Non-Financial Information Law Table.

1.4. Governance

Both the governance system and the organisation of the Bank's different decision-making levels have also been adapted to the needs of the new environment generated by sustainability. In this respect:

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. To ensure better and more diligent performance of its general supervisory duties, the Board is directly responsible for approval of the Bank'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 in the Institution's strategy.

In 2020, the Board of Directors approved its new Sustainability Policy, which aims to provide a framework for all of the Institution's activities within ESG parameters, which incorporate environmental, social and corporate 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.

Board Committees

The Appointments Committee has the functions attributed to it by the Sustainability Policy in relation to the monitoring and control of the various initiatives and procedures related to said Policy and the rules on environmental, social and corporate governance matters, in accordance with recommendations 53, 54 and 55 of the CNMV's Good Governance Code of Listed Companies revised in June 2020, except for those functions that correspond to the Audit and Control Committee and the Risk Committee in accordance with the Articles of Association, the Board Regulations, its own terms of reference or those deriving from a policy approved by the Board of Directors.

Committees

In addition, the Sustainability Committee, established in 2020, is the body in charge of establishing the Bank's Sustainable Finance Plan and monitoring its execution, as well as defining and disseminating the general principles of action in the area of sustainability and promoting the development of projects and initiatives.

It is composed of 15 members, 3 of whom are executive directors on the Board of Directors, is chaired by the CEO and meets once a month. In relation to the achievement of objectives, a synthetic sustainability indicator (SSI) is established, 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%.

In addition, a Project Management Office (PMO) has been created for the Sustainable Finance Plan to ensure the timely implementation of the Sustainable Finance Plan programmes, as well as a Project Management Office (PMO) for Sustainable Regulation to ensure the tactical implementation of related regulations (SFDR, Supervisory Expectations, ECB) and of the Task Force on Climate-related Financial Disclosures (TCFD) model, recently signed by the Institution.

2 RESPONSIBLE BUSINESS

Banco Sabadell has incorporated sustainability, in a cross-functional way, into its business model, risk assessment and management, and into its relationships with stakeholders to thus step up its contribution to sustainable development. This is a dual approach: on one hand, it requires adapting the organisation and its activities to sustainable practices and, on the other, it involves focusing squarely on the customer, which also entails adapting the Institution's business and its teams to this new vision, seeking financing solutions, savings products and sustainable investment mechanisms, whilst paying special attention to people in vulnerable circumstances. In risk assessment and management, which is key to all of the Institution's activities, the transformation process has already begun to incorporate Environmental, Social and Governance (ESG) criteria and the fight against climate change. In this respect the Bank values its role as a financial institution to serve as a key agent in the mobilisation of resources to move forward in social and environmental areas.

In 2020, through the Sustainable Finance Plan, the progress made on commitments to combat climate change and new commitments adopted, such as the Bank's adherence to the TCFD (Task Force on Climate-related Financial Disclosures), indicate the momentum of this new stage.



[SDG 1, SDG 9, SDG 10, SDG 11, SDG 13]

2.1 Sustainable finance

Environmental, Social and Governance (ESG) criteria have become increasingly important, not only because of the attention paid to them by regulators and supervisors, but also because of their impact on the decisions of customers, investors and shareholders globally. Similarly, world authorities, to a greater or lesser extent, have been committed to ensuring that economic recovery is green and linked to sustainability objectives.

In this context, the transition to a sustainable economy involves a transformation that is just as significant and cross-cutting as digitisation, if not more so. As a financial institution, this situation implies a triple responsibility. On one hand, the Bank must attend to all that sustainability implies in its organisation and, on the other hand, it must be a lever for transition, assisting and financing the efforts of other economic agents in the process. In addition, the Bank should counterbalance systemic risks with appropriate management of exposure to economic sectors during the transition to a more resilient and sustainable economy.

In this regard, the most significant sustainability commitments to which the Bank adheres or has subscribed are as follows:

- The United Nations Principles for Responsible Investment in the asset management category.
- Since 2005, adherence to the corporate responsibility initiative of the United Nations Global Compact and its principles in the areas of human rights, labour, environment and anti-corruption.
- Signatory of the Equator Principles, since 2011, which incorporate social and environmental criteria in the funding of large-scale projects and corporate loans.
- Signatory of the Carbon Disclosure Project (CDP).
- 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, and the ratification of the Collective Commitment to Climate Action, which reinforce the Bank's alignment with the SDGs in relation to the Paris Agreement. In this regard, as an institution committed to the goal of achieving a low-carbon economy, in November 2020, the Bank joined the TCFD (Task Force on Climate-related Financial Disclosures) for the disclosure of risks and opportunities related to climate change in accordance with TCFD recommendations.

In these areas, over the last few years, the Institution has adhered to and committed itself to the various initiatives that have been developed and embodied in the new Sustainable Finance Plan explained in detail in the previous section.

In addition, and in response to this situation, in 2020 the Sustainable Finance Plan was reinforced with the alignment of the Bank's actions around macroeconomic trends and regulatory issues, whilst paying special attention to the possible impacts arising from COVID-19, placing greater focus on social matters, which impact both the needs of stakeholders and the Bank's activity.

In relation to communication and within the framework of this Plan, the Bank is strengthening its transparency in sustainability matters with the launch of the "Commitment to Sustainability" brand label. This label identifying the Bank's commitment to sustainability is applied to all communication and marketing of services and products with environmental and social content.

At the Governance level, in 2020 the Sustainability Committee was established as the body responsible for establishing and promoting the Sustainable Finance Plan and monitoring its execution, as well as defining and disseminating the general principles of action in the area of Sustainability and promoting the development of related projects and initiatives. This Committee is composed of 15 members, 3 of whom are executive directors of the Board of Directors, and it is chaired by the CEO. At the operational level, it regularly reports to the Management Committee and at least once a year to the Delegated Committee on the progress of the Sustainable Finance Plan. To this end, the evolution of the Synthetic Sustainability Indicator (SSI), created in 2020, and the incorporation of ESG KPIs linked to employees' variable remuneration are also monitored on a monthly basis as part of the Group's objectives. The metrics that comprise this indicator include:

- Environment: Definition of the Bond Issuance Framework and Governance thereof; increased investment in Renewable Energy Project Finance for 2020; Definition of a Sustainable Activities Guide; 9.9% reduction of CO2 Emissions (tonnes) for 2020 relative to 2019.
- Social: Increase the number of people in talent programmes.
- Diversity: Increase the percentage of women in senior management positions: General Management; Corporate Directors/Top Management and Board members; Increase diversity in TSB.

2.1.1. Sustainable investment

Through its subsidiary Sinia Renovables, Banco Sabadell continues to implement its investment cycle, initiated in 2016, with capital of 150 million euros earmarked for investments in this area, encompassing both wind farms and photovoltaic plants. This cycle builds on the Bank's sustainability and internationalisation strategy, which includes investments in Spain, Europe, Mexico and other Latin American countries. Sinia has undertaken capital investments in Mexico, where it has interests in wind farms with 247 MW installed capacity in operation in the Tamaulipas and Baja California regions. In Peru it has an equity interest in two wind farms in the north-east region with a combined 37 MW installed capacity, and in Chile it has invested in a 103 MWp photovoltaic plant in the northern region. The projects in Mexico, Chile and Peru commenced operations in 2020. Additionally, in the Iberian Peninsula, of particular note is the Bank's investment, through subordinated debt, in two wind farms in Navarre with a combined 94 MW capacity, which became operational in 2020. With regard to investment in assets for development and construction, Sinia, together with a local developer, is developing around 241 MWp in Catalonia and a 49.5 MW wind farm in Galicia, where construction will begin in 2021.

At the end of 2020, wind and photovoltaic assets of 71 MW and 3 MW respectively were divested from the Spanish portfolio, and a 47.5% stake was maintained in a 22.5 MW biomass-hybridised solar thermal plant operation in Catalonia. In relation to the only project in operation, the renewable electric energy attributable to Banco Sabadell in Spain at the end of 2020 is 40 GWh. This renewable energy prevents the emission of around 7,600 metric tonnes of CO2 equivalent per year, equivalent to the average consumption of approximately 11,500 Spanish households.

At a global level, Sinia Renovables has an equity interest in renewable energy projects with a combined installed capacity of 503 MW, of which 57 MW is attributable to its investments, both in facilities in operation and under construction, corresponding to the sustainable generation of around 206 GWh of electricity annually, equivalent to the average consumption of approximately 59,000 Spanish households. These figures position the Group as one of the leaders within the financial sector in equity investment in renewable energy projects.

2.1.2. Sustainability bonds issuance

In July 2020 Banco Sabadell launched its Sustainable Bond Framework for the issuance of bonds linked to the Sustainable Development Goals (SDGs). It identifies sustainable goals that Banco Sabadell is currently promoting, as well as those that it aims to promote in the future. This framework defines the priority areas of action and identifies the criteria that will serve as the basis for Banco Sabadell's promotion of its green, social and sustainability bond issuance.

In this respect, green bonds target projects with environmental benefits, such as the reduction of greenhouse gas emissions, pollution prevention and climate change adaptation. Green project categories prioritise renewable energy, pollution prevention and control, sustainable water management, clean transportation, energy efficiency and green buildings. Social bonds, on the other hand, focus on the generation of benefits that provide access to essential services, facilitate social inclusion and promote the generation and maintenance of employment. Sustainability bonds finance a combination of green and social activities. The proceeds obtained from issuing these types of bonds will be used to fully or partially finance or re-finance new, existing or future loans or projects for the purposes set out in the framework governing the issuance of SDG bonds.

To this end, Banco Sabadell has selected ten Sustainable Development Goals (SDGs) that will determine the eligibility of both loans and projects. Eligibility is based on the Bank's Eligibility Guide, which is in turn based on the European Union Taxonomy for Sustainable Activities and the ICMA (International Capital Market Association) Green Bond Principles. The SDGs are the goals that the Bank has identified as being important to promote. Specifically, these ten SDGs are: no poverty (SDG 1), good health and well-being (SDG 3), quality education (SDG 4), clean water and sanitation (SDG 6), affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), reduced inequalities (SDG 10), sustainable cities and communities (SDG 11), responsible consumption and production (SDG 12) and, finally, climate action (SDG 13).

In September 2020, having published its Framework for SDG Bond Issuances (SDG Framework) in July, Banco Sabadell carried out its inaugural green bond issuance of Senior Preferred debt in the amount of 500 million euros with a 6.5-year maturity and a call option at 5.5 years, with a coupon rate of 1.125%. Subsequently, the Bank carried out a second green issuance of Senior Preferred debt for 120 million euros with a legal maturity of 4.5 years and a call option after 3.5 years.

2.1.3. Sustainable financing - CIB (Corporate & Investment Banking)

To complement activities to finance renewable energy projects and in response to the demand from Corporate & Investment Banking, in 2020 governance was strengthened with the creation of its own division specialising in sustainability, which has defined two types of Sustainable Financing solutions:

- Financing with Sustainable Application ("SaF"), in which the use of the funds is the main criterion for determining their green, social or sustainable nature. This category would include the financing of activities included in the Eligibility Guide and those linked to the Sustainability Bonds Framework.
- Sustainability-related Financing ("SrF") refers to any type of financing that encourages the achievement of sustainability objectives, linking the transaction margin to the achievement of certain KPIs, such as, improvement of the customer's ESG rating (with performance measured according to its reduction of CO2 emissions and/or wage gap reduction, among other factors).

Overall in 2020, more than 50 sustainable financing transactions were arranged for a total value of more than 16.4 billion euros by Corporate & Investment Banking (which includes Project Finance transactions and bond placements), in addition to more than 300 million euros of sustainable financing arranged by Commercial Banking, increasing the overall sustainable financing portfolio by more than 2.1 billion euros. A significant part of this work was carried out in Spain, complemented by work carried out in other regions where the Bank is present: United Kingdom, France, Portugal, United States and Mexico.

Banco Sabadell has participated in more than 30 green loans for projects with a positive impact on the environment (mainly with a Project Finance structure for renewable energies) for more than 3.3 billion euros, with an increase in investment of more than 1 billion euros as a result.

Complementing the above, 14 transactions were arranged in the form of sustainability-related loans, in which the applicable interest rate varies according to the achievement of certain sustainability targets, for a total amount of 10 billion euros, including Banco Sabadell's participation of more than 800 million euros.

In the capital markets, Banco Sabadell has participated as bookrunner in seven issuances classified as green or sustainable, which has involved the placement of 3 billion euros. Investor appetite for these operations was very high, in line with growing interest in including assets of this kind in the formation of investment portfolios.

Furthermore, at a time when sustainable financing takes on particular importance as a factor in economic recovery, which requires the participation of everyone, not least the financial sector, Banco Sabadell has joined the Spanish Observatory for Sustainable Financing (*Observatorio Español de la Financiación Sostenible* or OFISO). This is a forum for discussion and information on sustainable financing for companies, financial institutions, investors, public administrations, advisors, rating and certification agencies, law firms and other agents of the financial industry to share ideas and promote best practices.

Financing renewable energies (Project Finance)

During the year and at Group level, Banco Sabadell also participated in the financing of renewable energies with more than 1.13 billion euros and 35 operations, including new lending, refinancing and restructuring projects. Of these, 35 operations and 930 million euros correspond to financing arranged in Spain, the remainder corresponding to the USA, in the amount of 173 million euros, and the United Kingdom with a total of 26 million euros.

In this respect, the Bank continues to lead in the Iberian Peninsula through the financing of new projects (with 15 projects across Spain and Portugal), which across all the banks participating in these financing operations represent a total of 3.3 GW and, considering those led by Banco Sabadell, a total of 1.2 GW. Most noteworthy among these are Enlight's 300 MW Alpha Project, which is the largest merchant wind farm in Spain (of those not receiving State aid), as well as the 250 MW Elawan wind farm; all of these financing operations were successfully syndicated.

Even though, compared to the previous year, there was a lower volume of operations, both in Spain and in other geographies; this was not reflected in financing amounts. The decreased volume was due to delays in granting licences for some projects at State level and the standstill of renewable energies in Mexico. In Spain, projects have not been affected by COVID-19, but rather, by the increase in the number of projects under way, which have brought about delays in the receipt of licences.

In addition, Banco Sabadell's leadership and contribution to renewable financing has also been reflected by its participation in more than 20 conferences, forums and podcasts on renewable financing in Spain organised by entities such as UNEF, AAE, Solar Market Parity Spain, Intersolar, PV Box, AleaSoft and Aurora Energy Research.

Sustainability bond placements

Additionally, in 2020, Banco Sabadell was the placement agent for green and sustainability bond issues in the capital markets, acting as Joint Lead Manager in public sector issues for the Comunidad de Madrid (for 1,250 million euros with a 10-year maturity), for the Xunta de Galicia (for 500 million euros with 7-year maturity) and for the Basque Government (for 600 million euros with a 10-year maturity). It was also Joint Lead Manager in the Green Project Bond for renewable energies (photovoltaic) of Quintas Energy, for 43 million euros with an 18-year maturity.

Of the public sector issues, the issue of the Basque Government's sustainability bond for an amount of 59 million euros, with 39-year maturity, was placed exclusively by Banco Sabadell acting in the role of Sole Lead Manager (sole placement agent of the bond/private placement).

Other financing mechanisms

- Syndicated Financing for Corporates

The total volume of Sustainable Financing granted by Banco Sabadell in syndicated financing operations amounts to just over 1.5 billion euros, distributed among 30 operations. Of these, three are green loans for more than 130 million euros and the remaining 27 are sustainability-related financing with 23 funding lines linked to sustainability indicators (both environmental and social KPIs, the ESG rating being the one used in 13 of these cases) and four of them linked to purely environmental indicators. Of the above, 15 new syndicated loans were arranged in 2020, the Bank's investment amounting to more than 800 million euros, the most noteworthy being those granted to El Corte Inglés, Colonial and Kinkardine Offshore Windfarm.

Through Banco Sabadell in Mexico, sustainable loans for 564 million US dollars have been provided, mainly in the Renewable Energy and Real Estate sectors, and 30% of the loan portfolio in the Energy and Infrastructure sector is dedicated to green projects. Additionally, 15% of the real estate portfolio has sustainable certification (Leed or Rainforest), meeting the required climate change mitigation criteria.

- Bilateral Finance

As a complement to syndicated financing, in the last four months of the year, we started working with our Corporate Banking customers to offer sustainable financing solutions on a bilateral basis, both in the form of loans and transactional banking products (factoring, reverse factoring).

2.1.4. Credit facilities with multilateral banks

Since 2019, Banco Sabadell Mexico has had a 100 million US dollars, 10-year credit facility granted by International Finance Corporation (IFC), a member of the World Bank Group, to boost the development of sustainable tourism and construction in Mexico; these funds are granted to customers seeking help to develop sustainable projects.

2.1.5. Funding solutions for SMEs and individuals

Energy efficiency

At present, the Bank offers its customers, both private and corporate, a set of solutions incentivising energy saving measures.

- **Expansión ECO-improvements loan:**

For individual customers, in September 2020, the ECO-improvements loan was launched to incentivise customers to install energy-saving measures, such as fitting or upgrading cladding, doors and windows, the installation of LED lighting systems or the replacement of household appliances with others of a higher energy category. At year-end, the volume of loans certified as sustainable (in force since October) was 363,934 euros.

- **ECO Mortgage**

In October 2020, the ECO fixed-rate mortgage was launched, offering a discounted rate for the purchase of a home with an energy certification of B or higher. At year-end, the volume of mortgages certified as sustainable (mortgage for a home with energy certification of A and B) was 217,328,157 euros.

- **ECO Constant Amortisation Loan (PAC)**

For business customers, we continue to offer the ECO Constant Amortisation Loan (PAC), which is also aimed at incentivising the refurbishment of premises, offices, warehouses, etc. in order to reduce energy consumption and CO2 emissions by replacing or upgrading power systems, heating or recycling systems with more efficient and sustainable ones, and by replacing fleets of commercial or industrial vehicles. At year-end, the volume of ECO PAC loans was 798,908 euros.

- **ECO Agro Loan**

In the field of solutions for agricultural activities, Banco Sabadell offers customers the ECO Agro Loan, intended for agricultural and livestock farmers who wish to transform their production methods to adapt to EC regulations on organic farming.

- **Sustainable capital goods leasing**

In the field of equipment leasing, Sabadell Renting backs up its sustainable focus with a range of leasing products for energy efficient installations, electric vehicle charging stations and LED lighting, among other things. In 2020, this range was complemented with specific campaigns that will be extended during the coming year, such as leasing of photovoltaic panels for power generation for companies and electric forklifts for markets.

Given the circumstances of the health crisis, the range on offer has been expanded with a number of new lines to respond to the needs of certain sectors:

- **Active Work (*Trabajo Activo*)** – leasing of IT equipment for on-site work and teleworking.
- **Safe Work (*Trabajo Seguro*)** – leasing of equipment to sanitise premises and stores, such as air purifiers, hydrogel dispensers, etc.
- **Leasing for Learning (*Learning Renting*)** – IT upgrades in schools and for teachers and students.

For both capital goods and vehicles, Sabadell Renting and Banco Sabadell have supported their customers in this difficult year, offering payment facilities, contract extensions, grace period renewals and liquidity financing, when necessary.

- **Sustainable property leasing**

In terms of property leasing, in 2020 the Bank has expanded the range of sustainable leasing products, with the incorporation of ECO Property Leasing (*ECO Leasing Inmobiliario*), aimed at financing the acquisition by companies of new industrial buildings and commercial premises with energy certification A or B, as well as pre-owned properties that involve a refurbishment and improvement project to reduce energy consumption, provide thermal insulation, improve enclosures, install photovoltaic panels for own use, etc.

As a result of COVID-19, Banco Sabadell has created a leasing product for deliveries (*Leasing Delivery*), for the purchase of transport means to facilitate home delivery work, which includes motorcycles, and a leasing product for protective equipment (*Leasing Equipos de Protección*) to enable businesses and companies to protect their employees and customers and prevent contagion. In addition, the Bank introduced an offer for customers, which remains available, to restructure and novate existing contracts to help them overcome the impact of the COVID-19 crisis.

Mobility solutions

In 2020, through Sabadell Renting, the Bank has focused its vehicle leasing activity on sustainability as a driver of change. The range of ECO-vehicles (hybrid and electric vehicles with the DGT (Spanish Driver and Vehicle Licensing Agency) 'ECO' or 'Zero Emissions' environmental label) has been extended to 25% of all models offered, with at least one sustainable vehicle model featured in the range all year round.

New contracts for ECO vehicles have increased year-on-year from 8.73% in 2018, to 10.91% in 2019 and 12.37% in 2020. Sustainable solutions have gained visibility through a massive radio campaign broadcast in Madrid and Barcelona, and through direct communications with Banco Sabadell customers throughout the year. ECO vehicles will continue to be promoted in 2021, with a special focus on the electric range.

In the context of the health crisis, new, more flexible forms of vehicle leasing have been created, incorporating grace periods, asymmetric instalments and per-kilometre leasing. It has thus been possible to respond to the demands of certain customers, for example, individuals and those working in essential sectors. After the standstill in overall activity during the spring lockdown period, it can be seen that commercial activity at year-end has returned to 2019 levels.

Even though the full lockdown period in the spring generated a standstill in overall activity (sales, production, vehicle deliveries or collections, etc.), and the number of new contracts will be lower in 2020 than in the previous year, it can be seen that commercial activity at year-end has returned to pre-COVID-19 levels.

During this unusual year, emphasis has been placed on the digital offer, both through Banco Sabadell's own channels and through external distribution and dissemination channels. The remote sales circuit, in which customers can choose their vehicle and sign up for a leasing contract without having to visit a branch, has been consolidated.

There has also been a significant increase in sales of used vehicles, especially small and medium-sized vehicles. This offer consists of vehicles less than four years old that contribute to the renewal of the vehicle fleet and to the environmental improvement of urban environments.

With regard to leasing, 140 ECO commercial vehicles were financed in the year, through ECO Leasing of "A" label vehicles, launched at the end of 2019.

The Bank also offers an ECO Car Loan. This solution, aimed at retail customers, enables the purchase of a "Zero emissions" or "ECO" labelled vehicle, under attractive conditions, thereby encouraging consumer uptake of vehicles that are less polluting and suited to the new low-emissions zones in larger cities.

2.1.6. Support for corporates and SMEs

As part of its commitment to support ecological transition, Banco Sabadell has included the first sustainability questionnaire in its routine visits to companies. This questionnaire involves managers having a conversation with customers to learn more about their company's sensitivity to SDGs and about their plans to invest in becoming more sustainable. In addition, the input received from the customer contributes, together with other markers, to the creation of its first sustainability indicator in the customer portfolio that will evolve over time.

To generate appropriate advice for the Bank's network and hold an appropriate conversation about sustainability during the annual visit to customers (360-degree vision programme), an online course on sustainability has been developed to allow the branch network to understand the concept and context of sustainable finance and solutions for customers. This course explains:

- What the SDGs are.
- How a business can get started on the road to a green transition.
- What the EC taxonomy is and what purposes it serves.
- What financing solutions can be applied in each case; and
- How to hold a conversation with the customer to identify their level of sensitivity to sustainability.

The development of the customer questionnaire and the branch network training both required a trial with a group of companies and managers in order to generate the best possible set of questions. For this reason, from May to July 2020, several visits were made to customers to validate the questions in the questionnaire.

This questionnaire should evolve over time to become a sustainability rating tool that will enable the Bank to identify customers who need more specific support and financing to become a sustainable company.

2.1.7. Sustainable savings and responsible investment solutions

In the area of investment, both pension fund manager BanSabadell Pensiones EGFP SA 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. In 2020, pension funds individually subscribed to the PRIs by BanSabadell Pensiones EGFP SA include BanSabadell Pentapension Empresa FP, the Banco Sabadell Employees' Pension Fund MF2000, the Banco Sabadell Employees' Pension Fund GM (in 2020) and the Coca-Cola Employees' Soft Drinks Company fund in Spain. These principles cover social, environmental and governance criteria in management policies and practices.

With regard to investment funds, throughout 2020, the range of products that follow sustainability criteria has increased thanks to the strategic alliance signed with Amundi, Europe's largest investment fund manager. As of 30 June, Sabadell Asset Management became a wholly-owned subsidiary of Amundi, offering a unique and exclusive service to Banco Sabadell.

At the offering level, two multi-asset investment funds were developed in 2020 (Sabadell Crece Sostenible, FI and Sabadell Acumula Sostenible, FI) that complement traditional financial analysis with rigorous quantitative and qualitative ESG criteria, with combined assets of 117.91 million euros as at 31 December, in addition to Sabadell Economía Verde, launched in 2019, with assets of 92.9 million euros at year-end 2020, which invests mainly in shares of companies that promote actions related to improvement of the environment and reduction of environmental risks, regardless of the sector. Furthermore, the Amundi Cash Institution fund has been added to the range of liquidity solutions for companies. In addition to financial criteria, this fund applies ESG criteria in the selection of its investments, thus complying with the French SRI rating.

In 2021, we intend to increase the range of products that follow sustainable criteria, to encompass all the main asset categories. Two new equity funds, with launches already in the pipeline, which will follow ESG criteria will be added: Sabadell Estados Unidos Bolsa, FI and Sabadell Europa Valor, FI. Lastly, and pursuant to application of the European SFDR (Sustainable Finance Disclosure Regulation), Sabam/Amundi are committed to integrating sustainability criteria into most of their funds during the coming year.

Banco Sabadell encourages responsible investing through its range of savings and investment products for customers, complemented by specific products that also contribute to charitable projects. Products in this area include Sabadell Inversión Ética y Solidaria F.I., BS Ético y Solidario, P.P. (pension plan) and BanSabadell 21 F.P. (pension fund), as well as G.M. PENSIONES, F.P., (pension fund) intended for the Bank's employees.

In 2020, the Sabadell Ethics Committee, which raises funds for charitable endeavours through the investment fund Sabadell Inversión Ética y Solidaria, F.I., selected a total of 28 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, 351,309 euros have been granted to different charitable organisations and projects.

With regard to BanSabadell Pensiones, in recent years various actions have been carried out to encourage the development of socially responsible investment among its pension plans, and it was one of the first in the sector 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 jointly with Banco Sabadell and the Spanish Workers' Commission (CCOO) signed an agreement on a socially responsible investment (SRI) clause for inclusion in the Statement of investment policy principles of workplace pension funds. BanSabadell Pensiones currently manages ten pension funds that explicitly incorporate a socially responsible investment (SRI) mandate in their investment policy, with assets of 1,030 million euros as at year-end.

COVID-19 has had an impact both in terms of BanSabadell Pensiones' platforms for employees and in terms of benefits for customers, with a further increase in digitisation. Additional coverages have also been incorporated in some products to cover possible COVID-19 related benefits. The Institution has contributed financially to the creation of a "health sector" policy, with the participation of the entire insurance sector, to provide coverage for all healthcare personnel by offering free life insurance for all of them. In this respect, the contribution of BanSabadell Vida and of BanSabadell Seguros Generales was 1,359,284 euros. In addition, various contributions have been made to fund research into COVID-19, such as the donation of 75,000 euros to finance part of the technological infrastructure of 9 biobanks required to conduct scientific research into vaccines against COVID-19.

2.1.8. Social housing management

Through Sogeviso, an 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 affecting its more vulnerable mortgage borrowers. This is carried out under the framework of the Bank's ESG policies, specifically its commitment to contribute, through its activity, to the transition towards a fairer society. Sogeviso's activities aim to fight against poverty and inequality.

As at 31 December 2020, Sogeviso managed 2,751 properties under social and affordable rental arrangements specifically aimed at these vulnerable customers. In 27% of these cases the "Social Contract" has been incorporated. 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, in which specific support is provided by a social manager based on three independent lines of approach: connect these customers with the public services; collaborate with public or private companies and, in particular, with the voluntary sector; and, the JoBS programme. The JoBS programme offers an employability service which aims to empower these customers, through training, coaching or interview preparation, so that they may succeed in finding work. Since the launch of the Social Contract in 2016, 4,509 families who are customers of Banco Sabadell have improved their situation and 2,250 people have found work thanks to the JoBS programme. It should also be noted that, of those who have found work, more than 53 % were hired for more than 100 days during this period and more than 21% were hired for over a year, a fact which increases the chances of improvement in the long term.

The Social Contract currently provides services to 738 families, including 313 individuals actively seeking employment through the JoBS programme.

Also during 2020, in order to limit the effects of over-indebtedness and facilitate the recovery of debts owed by debtors at risk of social exclusion, the Bank has reiterated its commitment to the Code of Good Banking Practice, approving 47 mortgage loan restructuring operations.

Since 2013, Banco Sabadell has been a participant of the Social Housing Fund (*Fondo Social de la Vivienda*, or FSV) and has contributed 400 properties to this initiative, primarily aimed at customers who have had to surrender their properties to settle their debt or who have lost their properties through foreclosure proceedings since January 2008. Of this housing stock, 78% is covered by social rental agreements currently in effect.

Furthermore, the Bank has assigned 110 properties to 44 non-profit institutions and foundations, intended to lend support to disadvantaged social groups.

As a result of the sale of real estate portfolios, Sogeviso coordinated, on behalf of Banco Sabadell, the exercise of the right of first refusal contemplated in the regional regulations of Catalonia, Valencia and the Balearic Islands, which resulted in the sale to these administrations of 273 properties (62 in Catalonia and 211 in Valencia).

Sogeviso is the first Spanish social housing management company to obtain the necessary score to obtain the prestigious international B-Corp certification. This certificate certifies Sogeviso's social and environmental impact, and ratifies its high standards of ethics, transparency and social responsibility.

During 2020, the COVID-19 pandemic has had a particular impact on the most vulnerable groups, worsening their socio-economic situation. To mitigate these effects, and pursuant to Decree Law 11/2020, which included measures such as payment holidays on rentals or the extension of contracts expiring during the state of emergency, Sogeviso managed and approved 384 rent payment holidays and 59 contract extensions on social or affordable contracts associated with vulnerable families.

2.2. Risk assessment with ESG criteria



[SDG 1, SDG 9, SDG 11, SDG 13]

Within the framework of the Sustainable Finance Plan, several initiatives were identified in 2020 and are being developed with a specific focus on risks associated with climate change and global warming, transition risks and physical risks, with a commitment to transition our balance sheet and support our customers in progressing towards a more sustainable and low-carbon economy, and to meet the different future regulatory expectations.

To that end, in March 2020 Banco Sabadell created its internal Eligibility Guide, which defines sustainable financing actions across the entire Group. The Eligibility Guide establishes criteria and the supporting documents required for 99 activities to qualify as sustainable. Of these, 74 are green and 25 are social. The technical eligibility criteria are based on the EU Taxonomy, the International Capital Markets Association (ICMA) Green Bond Principles and Social Bond Principles, and best practices in the market.

Through these actions, the Bank has:

- Obtained a list of finance activities that can be considered sustainable if they meet a pre-defined series of criteria.
- Calculated the volume of sustainable financing that the Bank has in its portfolio that meets the established requirements and has the necessary documentation, as well as its exposures that could potentially be considered sustainable based on specific requirements concerning the information to be included in supporting documents, and at a sectoral level. Analysed its different portfolios, particularly those that have a high impact on climate change.
- Analysed its different portfolios, particularly those that have a high impact on climate change.
- Identified, in the acceptance process and in systems, the necessary modifications to record/store sustainable transactions with the supporting information required to consider a financing transaction as sustainable. In 2020, the process to implement the Eligibility Guide in systems began with a schedule planned for implementation in phases during 2021.

In relation to activities with the highest environmental impact, the Bank began to assess the carbon-related assets metric and aims to consolidate this work in 2021.

In relation to the policy framework, the Bank has prepared an ESG Risk Integration Policy for savings and investment products, with approval expected during the first quarter of 2021, which aims to describe the Bank's policy on integrating sustainability risks in investment decision-making and on providing advice on Banco Sabadell savings and investment products, in compliance with the provisions 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. This regulation is part of the actions developed by the European Commission's Sustainable Finance Action Plan to direct private capital flows towards sustainable investments, integrate sustainability into financial management and promote transparency.

The scope of this policy focuses on the functions performed by the Institution in accordance with Article 2, paragraphs 1 and 11 of Regulation (EU) 2019/2088 and affects the following products and/or services: Discretionary Fund Management, UCITS funds, and Alternative Investment Funds.

The Bank has also created its first sustainability indicator to assess companies' sensitivity to sustainability. To this end, it has created a questionnaire for small and medium-sized enterprises and also for large corporations, designed to gather information about their ESG initiatives and indicators and identify possible financial solutions that they may require to improve their energy efficiency and mitigate their environmental impact. The indicator takes into account the company's activity, the company's score based on its answers to the questionnaire, as well as information about ESG topics and from external sources.

In addition, the Bank is also defining sectoral standards, which will establish the defining framework for a limited number of activities considered unsustainable (“brown” activities) whose financing it has decided to restrict or prohibit. The sectoral standards currently being defined include the restriction of financing to certain sectors, such as energy, mining, infrastructure and agriculture, as well as high environmental impact activities, including coal-related activities, such as new coal mines or coal-fired power plants.

The Bank is also working on defining a methodology to assess the impact of physical risks. The first stage will focus on the risk to collateral, particularly in its mortgage, real estate development and CRE (Commercial Real Estate) portfolio. In 2021, it plans to evaluate this first stage relating to physical risk and hopes to have an initial idea of Banco Sabadell’s transition risk.

2.2.1. Equator Principles

Since 2011, Banco Sabadell has adopted the Equator Principles, an international voluntary credit risk management 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 the structured finance projects of 10 million US dollars or more and corporate loans from 50 million US dollars upwards. With these principles, a social and environmental assessment is made of the possible impacts, covering in certain cases their appropriate minimisation, mitigation and offsetting, which is then reviewed by an independent expert. Every year, Banco Sabadell publishes a report on its corporate website which gives full details of each of each and every project associated with the Equator Principles.

In 2020, Banco Sabadell signed a total of 30 projects which incorporate the Equator Principles, 80% of which relate to renewable energy projects.

Sector	Number of projects	Category	Country	Region	Designated country	Independent Review
Renewable	1	B	Chile	Americas	Yes	Yes
Energies	5	B	USA	Americas	Yes	Yes
	1	B	Mexico	Americas	No	Yes
	1	B	Portugal	Europe	Yes	Yes
	4	A	Spain	Europe	Yes	Yes
	11	B	Spain	Europe	Yes	Yes
	1	C	United Kingdom	Europe	Yes	Yes
Oil and gas	1	B	USA	Americas	Yes	Yes
Infrastructure	4	A	France	Europe	Yes	Yes
Commercial Real Estate (CRE)	1	NA	Spain	Europe	Yes	NA

2.2.2. Task Force on Climate-related Financial Disclosures (TCFD)

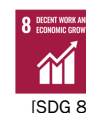
In November 2020, Banco Sabadell joined the Task Force on Climate-related Financial Disclosures (TCFD) and is implementing a work plan to align with these disclosure standards and supervisory expectations.

The Institution's actions in relation to each strand of TCFD guidance are set out in detail below.

<p>Governance</p>	<ul style="list-style-type: none"> A) In December 2020, the Sustainability Policy was approved by the Board of Directors of Banco Sabadell Group, which is ultimately responsible for this Policy. This document defines Banco Sabadell's approach to sustainability, as well as the responsibility of the various divisions involved and the governance structure in relation to Environmental, Social and Governance (ESG) matters. Additionally, the Appointments Committee is responsible for monitoring and controlling the various initiatives and procedures related to the Sustainability Policy and the rules on environmental, social and corporate governance matters. B) The Sustainability Committee was set up in 2020 as the body responsible for establishing and promoting the Sustainable Finance Plan and monitoring its execution, as well as defining and disclosing the general action principles related to sustainability and promoting the development of related projects and initiatives. At the operational level, it regularly reports to the Management Committee and at least once a year to the Delegated Committee on the progress of the Sustainable Finance Plan. C) A Sustainability Division has been created, which replaces the CSR Division and offers a broader cross-cutting approach through its actions and skills in ESG areas. D) A Policy on Integration of Sustainability Risks is being drafted, to provide guidance for making investment decisions and advising on Banco Sabadell's investment and savings products, which is expected to be approved in the first quarter of 2021. E) Objectives linked to a sustainability indicator (SI), including ESG KPIs, have been defined for the Bank's employees.
<p>Strategy</p>	<ul style="list-style-type: none"> A) The Sustainable Finance Plan has been defined, which is a cross-cutting framework that establishes the actions in the area of Sustainability, determining, in turn, a new roadmap to transform the organisation based on ESG criteria, which will form part of the Institution's Strategic Plan for the coming years. To that end, the plan has been structured around four pillars: <ul style="list-style-type: none"> 1) Assist customers in the transition to a sustainable economy through a range of sustainable financial products for all segments, with the incorporation of sustainability criteria in approval flows and in our engagement with customers and companies as they transition to more sustainable activity. 2) Enable investors to contribute to sustainability with responsible investment formulas and ESG criteria, in addition to promoting the issuance of sustainable investment products both by the Bank itself and by customers. 3) Move forward, at the organisational level, with the incorporation of ESG criteria in the analysis, management and control of risks, identifying exposure to climate change and promoting environmentally and socially responsible policies and practices. Other actions included are the development of programmes in line with the Principles for Responsible Banking and the SDGs, the promotion of transparency and the incorporation of sustainability in governance. 4) Contribute to the transition to a sustainable society through social programmes and the promotion of partnerships to meet the challenges involved in the fight against poverty and vulnerability, as in the case of social housing. B) Transparency in terms of sustainability has been reinforced with the launch of the "Commitment to Sustainability" label, which applies to all communication and marketing of services and products with environmental and social content. C) A roadmap has been defined for 2021 and 2022, to comply with the recommendations of the TCFD, as well as the expectations of the ECB, with the aim of achieving compliance therewith in 2021 and 2022.

	<p>D) In July 2020, Banco Sabadell's Framework for SDG Bond Issuances was approved, which complies with the voluntary guidelines of the Green Bond Principles, the Social Bond Principles and the ICMA (International Capital Markets Association) Sustainability Bond Guidelines.</p>
Risk management	<p>Within the framework of the Sustainable Finance Plan, several initiatives have been identified and are being developed, among the most significant:</p> <p>A) The internal Eligibility Guide, created in March 2020, which defines sustainable financing activities across the Group based on the technical eligibility criteria of the EU taxonomy, the ICMA Green and Social Bond Principles and best market practices.</p> <p>B) Sectoral standards are being defined to restrict financing to those sectors with the greatest environmental impact: energy, mining, infrastructure and agriculture.</p> <p>C) Work is being carried out to define a methodology for the assessment of physical risk impacts, and we expect to have an overview of the Institution's transition risk during 2021.</p> <p>D) In 2011, the Bank signed up to the Equator Principles, which incorporate social and environmental criteria in financing of large-scale projects and corporate loans.</p> <p>E) It is creating an indicator to assess companies' sustainability levels.</p>
Metrics and Targets	<p>A) Volume of sustainable financing in the Bank's loan book.</p> <p>B) Sectoral exposure according to the classification of CO2-intensive activities with high environmental impact, and the incorporation of Carbon Related Assets is planned for 2021.</p> <p>C) Carbon footprint (Scopes 1, 2 and 3).</p> <p>D) Synthetic sustainability indicator (SI) that includes a subset of ESG metrics, linked to the variable remuneration of all employees.</p>

2.3. Tax information



Banco Sabadell Group is firmly committed to fostering responsible taxation, maintaining a cooperative relationship with the Tax Authority and promoting transparency when disclosing tax information to the various stakeholders.

These commitments are embedded in the Group's Tax Strategy and Good Taxation Practices, published on its corporate website¹, which lists and describes the Group's principles of action in matters relating to taxation. These principles include the principle of efficiency, prudence, transparency and the mitigation of tax risk, based on which the Group makes its tax contributions in accordance with the law and the relevant international guidelines and principles established by the OECD.

Consolidated pre-tax profit in each country, as well as the tax and public subsidies received, all of which correspond to training activities, are shown below.

¹ <https://www.grupbancsabadell.com/corp/es/sostenibilidad/fiscalidad-responsable.html>

Data in thousand euros

Country	Pre-tax consolidated profit		Corporation tax paid	
	2020	2019	2020	2019
Spain	98,084	597,082	3,653	236,768
United Kingdom	-287,727	228,024	6,071	-14,194
Andorra	10,752	11,388	124	357
Bahamas	-80	-54	0	0
Brazil	0	0	9	0
Cuba	1,744	1,493	0	0
USA	63,126	95,906	19,825	28,040
France	-8,280	-9,465	0	7,030
Luxembourg	-110	-319	0	58
Mexico	1,317	26,010	4,578	5,921
Morocco	1,479	1,862	814	517
Portugal	-1,136	-850	26	3
Total	-120,831	951,077	35,100	264,500

Subsidies received in Spain in 2020 (Training) of 985,315 euros.



[SDG 16]

2.4 Transparency and digitisation

2.4.1. Transparency

Through the Sustainability Policy, Banco Sabadell establishes a series of principles to adapt the organisation to the challenges and opportunities arising from sustainability. One of these pillars is transparency, and in this regard, the Bank promotes information transparency and responsible, simple and close communication with all its 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. The Bank also ensures that the selection of suppliers complies with the internal regulations in force at any given time and, in particular, with the values of the Group's code of conduct. This code defines guidelines on conduct to be followed by companies working as suppliers in terms of compliance with current legislation, ethical behaviour and implementation of measures to prevent bribery and corruption and to safeguard security, the environment and confidentiality.
- 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 contacts with shareholders, institutional investors and proxy advisors, available on the corporate website.
- The Bank's Tax Strategy is based on principles of transparency, in accordance with current legislation.

In addition, the Bank promotes transparency in the dissemination of information, adopting responsible communication practices that avoid manipulation of information and protect integrity and fairness, at all times, in accordance with the recommendations of the Code of Good Governance of Listed Companies of the Spanish National Securities Market Commission (CNMV).

Furthermore, with the entry into force of MiFID II in 2018, Banco Sabadell prioritised its advisory services as the service model for the distribution of financial instruments. Since then, the Bank has been using the "Sabadell Inversor" tool, which serves as a guide for managers to recommend the product most suited each customer's investment characteristics and needs. The information provided to the customer, following the guidelines of this directive, is always impartial, clear and unambiguous. In relation to the health crisis, the Bank has facilitated a greater number of remotely handled customer interactions, which 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. Before bringing a new product or service to market, an internal process (known as a “product workflow”) takes place in which the validation of the various units is ratified by a high level committee (Technical Product Committee), and checks are run to ensure that the Bank meets transparency standards, existing regulations as well as the Bank’s own measures for cybersecurity and customer data protection.

The branch network is also given information about products and services through pre-contractual information sheets, which make it easier for relationship managers to give the appropriate explanations to help customers and consumers understand the characteristics of the products which they acquire. At the same time, when advising customers on investments, relationship managers also carry out the necessary tests to ensure that the financial products are in line with their needs and requirements, and assess customers’ knowledge and experience in relation to such products.

Furthermore, it should be noted 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.

2.4.2. Digitisation and data protection

During 2020 and in the wake of the pandemic, Banco Sabadell has seen an acceleration in the use of digital channels, which has allowed it to advance new solutions for customers and employees, in addition to strengthening data protection measures.

In line with this, the Bank has deployed various digital integration and support solutions for its customers. In the business segment, more than 80% of customers are already digital. Among other features, the customer may make use of digital signature facilities through mobile and e-mail channels, which are even available for customers without remote banking, with which it has arranged remote signing of more than 140,000 contracts for ICO loans and payment holidays. The Bank has also launched new features such as the ‘Pulso’ tool, which is available to the general public, free of charge, and which provides an interactive barometer of economic recovery in Spain, and Sabadell Forex, a digital platform for trading foreign currencies.

Another new feature is the fact that it is now easier for business customers to make payments and transfers from the Bank’s website using accounts opened with other financial institutions, thanks to the account aggregator. This functionality, which is possible thanks to the Open Banking (PISP) capabilities, makes Banco Sabadell one of the first European institutions to offer this type of service, as part of its commitment to facilitate remote operations for the self-employed, companies and families.

In terms of data protection, and within the framework of COVID-19, the Institution has managed to maintain its range of banking services, avoiding, as far as possible, trips to the branch by customers and always guaranteeing the protection of their personal data. The Bank’s IT Security unit has reinforced remote operational security for customers as well as the operational security of the Bank’s own systems so that employees can access them from home. In addition, measures specific to the COVID-19 environment have been included in the 2LoD control plan.

In relation to the organisation’s technological adaptation, during 2020 and continuing into 2021, in addition to the technical solutions that will be implemented, the Bank has developed two transformational programs, WhatsNext and Discovery, which are delivering different degrees of development in the areas of sustainability, customer service, digitisation and security.

- The WhatsNext programme (Next Generation WorkPlace or NGWP) – a transformation of the way the Group’s employees work so as to achieve better relationships between employees, partners and customers, by deploying new communication devices and tools that foster sharing and co-creation. One of the critical aspects of this new solution has been to transfer the high level of IT security from the current model, based on the centralised and virtual solution within our data centres, to a new distributed model where the employee can access the Bank’s resources from anywhere and at any time. This new model that makes it possible to work from home or any other place also creates opportunities to reduce CO2 emissions due to decreased work-related travel and to reduce corporate spaces due to fewer staff attending the office.
- Discovery Programme – corresponds to the modernisation and transformation of technological infrastructures, including migration to new the data centres, and the simplification and automation of the operating model, based on supplier consolidation and the establishment of new, more efficient infrastructure management and operational processes. The objectives of this programme are to improve continuity and availability, increase resilience, gain scalability, improve the operating model and increase economic efficiency. The new data centres are being installed with additional levels of security as well as providing more efficient use of energy.

2.4.3. Cybersecurity

In view of the importance of cybersecurity risks in recent years, Banco Sabadell 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 has an in-house team of 30 cybersecurity specialists dedicated to ensuring that protection measures are suitably aligned with 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, Banco Sabadell has launched multiple awareness-raising initiatives for customers on cybersecurity risks and digital fraud, via email and social media campaigns.

Through the Technological Security Division, Banco Sabadell establishes measures to protect its information systems, which are set out in policies and procedures, to guarantee security in systems access and to deal with new cyber threats. These measures include role-based access control and regular recertification of these permissions, two-factor authentication for remote access, malware protection systems and a 24x7 security incident response team recognised as an official Computer Emergency Response Team (CERT). In addition, the availability of redundant infrastructures and regularly tested recovery procedures are ensured to guarantee the continuity of technological services.

Security in Digital Transformation initiatives.

Banco Sabadell participates 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.

COVID-19 preparedness and response.

In February 2020, an assessment of the Bank's preparedness for contingencies in the context of COVID-19 was conducted and the following actions were set in motion:

- Review and reinforcement of remote access infrastructures in terms of dimensioning and availability.
- Review and reinforcement of security measures related to remote access. The most important protective measure is two-factor authentication, which had already been deployed in 2018.
- Reinforcement of the Computer Emergency Response Team (CERT) in relation to security incident response, to step up the monitoring and management of alerts related to remote access, COVID-19-related phishing, etc.
- Reinforcement of communications issued to customers, employees and suppliers in relation to security awareness.

During the year, an increased number of malicious email campaigns and digital fraud were observed; these were successfully managed by the security incident response team (CERT) with no significant impact for Banco Sabadell.

3. PEOPLE



[SDG 8]

3.1. Workforce information

Banco Sabadell has a committed and professional workforce focused on helping people and companies to make the best economic decisions. Banco Sabadell has policies and procedures in place aimed at developing talent, promoting the commitment of its workforce and encouraging diversity and inclusion.

The Bank currently has 23,458 professionals distributed in the various regions in which the Bank operates, of whom almost all have permanent (indefinite duration) contracts. This workforce is diverse in terms of their location (33% are in international locations) and gender (55.1% are women).

Total number and distribution of employees of Banco Sabadell Group

Professional category	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior management	516	180	696	511	168	679
Middle management	2,422	1,324	3,746	2,446	1,302	3,748
Specialist staff	6,855	8,970	15,825	6,972	9,192	16,164
Administrative staff	738	2,453	3,191	863	3,000	3,863
Total	10,531	12,927	23,458	10,792	13,662	24,454

Group data as at 31/12/2020. '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 Banking.

Age range	2020			2019		
	Men	Women	Total	Men	Women	Total
Under 31	991	1,258	2,249	1,170	1,474	2,644
Between 31 and 49	5,486	7,636	13,122	5,729	8,143	13,872
Over 49	4,054	4,033	8,087	3,893	4,045	7,938
Total	10,531	12,927	23,458	10,792	13,662	24,454

Country	2020			2019		
	Men	Women	Total	Men	Women	Total
Spain	7,571	8,141	15,712	7,774	8,288	16,062
United Kingdom	2,408	4,343	6,751	2,499	4,936	7,435
Mexico	306	192	498	273	184	457
Other regions	246	251	497	246	254	500
Total	10,531	12,927	23,458	10,792	13,662	24,454

In 2020, the Group's workforce was reduced as a result of a Group-wide efficiency plan, from 24,454 to the current 23,458 employees. The main actions have been restraining the growth of the Group workforce and reducing the workforce of our British subsidiary TSB by a total of 685 people in 2020 (equivalent to 9%) and the sale of Sabadell Asset Management to the Amundi Group.

In addition, during the last quarter of the year, in Spain the Bank rolled out a voluntary redundancy programme, negotiated with workers' legal representatives and agreed with the majority, as part of the Group's digitisation and efficiency plan. At the end of the year, more than 1,800 people had joined the programme and will leave the company during the first quarter of 2021.

Number of departures from the Group due to dismissal

There were 641 departures due to dismissal in 2020, 37% more than in 2019, mainly due to the restructuring of the UK subsidiary TSB. In Spain, the number of dismissals has been similar to previous years.

Professional category	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior management	16	9	25	13	9	22
Middle management	27	19	46	35	15	50
Specialist staff	76	129	205	129	131	260
Administrative staff	35	330	365	30	43	73
Total	154	487	641	207	198	405

Group data as at 31/12/2020.

'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 Banking.

Age range	2020			2019		
	Men	Women	Total	Men	Women	Total
Under 31	21	19	40	21	18	39
Between 31 and 49	76	126	202	98	103	201
Over 49	57	342	399	88	77	165
Total	154	487	641	207	198	405

Group data as at 31/12/2020.

Types of contracts in the Group

Practically all Group employment contracts (99.5%) are permanent contracts, and only 109 are temporary (of which 55 are in Spain).

Note: no breakdown of part-time contracts is provided as the total number of part-time contracts in Spain as at December 2020 is 29 (0.18% of Spanish contracts). The breakdown of the average annual number of contracts is also not provided as there is no significant seasonality, so the deviation between annual average data and final data as at 31 December 2020 is less than 3%.

Number of contracts by type:	2020			2019		
	Men	Women	Total	Men	Women	Total
Permanent	10,474	12,875	23,349	10,738	13,579	24,317
Temporary	57	52	109	54	83	137
Total	10,531	12,927	23,458	10,792	13,662	24,454

Group data as at 31/12/2020.

Number of contracts by type: Type of contract and professional category	2020			2019		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Senior management	693	3	696	677	2	679
Middle management	3,739	7	3,746	13,053	101	13,154
Specialist staff	15,746	79	15,825	6,736	22	6,758
Administrative staff	3,171	20	3,191	3,851	12	3,863
Total	23,349	109	23,458	24,317	137	24,454

Group data as at 31/12/2020. '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 Banking.

Number of contracts by ty Type of contract and age range	2020			2019		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Under 31	2,197	52	2,249	2,569	75	2,644
Between 31 and 49	13,076	46	13,122	13,819	53	13,872
Over 49	8,076	11	8,087	7,929	9	7,938
Total	23,349	109	23,458	24,317	137	24,454

Group data as at 31/12/2020.



[SDG 4]

3.2. SmartWork: the response to COVID-19: example of commitment and resilience

Human capital has been a fundamental pillar of the Bank's response to the exceptional health crisis. Since the declaration of the state of emergency, protecting the health of our workforce, both physical and emotional, has been a priority and a guiding principle for action, as well as a key element in ensuring business continuity. At the beginning of the year, Banco Sabadell implemented a system of continuous monitoring of the pandemic in all the regions in which it operates, including of the impact on the country or region, applicable health recommendations and regulations and the effect on our workforce.

To this end, in addition to following the recommendations and measures of health authorities, a wide-ranging plan of action and support for employees has been put in place, aimed at the adaptation of workplace conditions, risk prevention and staff well-being, including ongoing and transparent two-way communication – an extraordinarily valuable element as a cohesion and protection factor.

Under the umbrella of the SmartWork concept, a series of initiatives have been launched to protect the health of the workforce, promote new, more agile ways of working and foster team cohesion, as well as support the unstoppable process of digitisation. The measures include:

3.2.1. Organisational measures

Branch network:

- During the state of emergency: fortnightly shifts alternating on-site presence and teleworking to ensure the safety of staff and customers. This allowed us to keep 70% of our branch network in Spain open with 30% of the staff working from home.
- During the lockdown easing and second wave: flexible staff management based on objective indicators of further outbreaks (from closure to full occupancy).

Corporate buildings:

- During the state of emergency: 100% of employees working from home (except for critical services).
- During lockdown easing: implementation of a hybrid shift system with a maximum 50% capacity at the centres.
- During the second wave: working from home was preferred.
- Adaptation of IT equipment and infrastructure.

3.2.2. Health and safety measures

- 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 adherence to the guidelines established by the health authorities.
- Suspension of face-to-face events and training sessions, as well as business trips, promoting the use of digital channels. Adaptation of office spaces and corporate buildings to maintain social distancing and implementation of a clean desk policy.
 - Limiting the maximum permitted capacity in the network's branches.
 - Limiting the maximum permitted capacity in meeting rooms in corporate buildings 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 buildings.
 - Appointment of centre managers to carry out comprehensive monitoring of the measures implemented.
- Enhanced cleaning practices in all facilities.
- Emotional support through a free, unlimited and anonymous telephone service with specialised professionals available to any employee who needs it.
- Doubling the number of doses of the flu vaccine to be given to employees who wish to be vaccinated.

3.2.3. Support measures

- Intensive, clear and approachable communication from the start of the pandemic:
 - A daily newsletter (Flash COVID) to all employees in Spain and regular communications to our employees abroad, specifying the measures and actions required, as well as promoting a message of unity and commitment.
 - Weekly communication with managers (Eres Manager) to set criteria, promote cohesion and support them in team management.
 - SmartSite Portal: with all the latest news, instructions and protocols related to COVID-19:
 - SmartWork Guide for branch network and corporate buildings.
 - SmartWork Manifesto.
 - SmartWork news and current events.
 - Specific content on health and safety, work-life balance and flexibility, as well as on technology to help employees organise their work more efficiently.
 - News on the corporate Intranet (SabadellIN) and the Employee Portal.
 - Townhall CEO and senior management communications.
 - Guides and infographic resources to communicate all the measures.
- Support plan with open sessions and webinars with informative, training and inspirational content for the entire workforce, with a focus on team collaboration, efficiency, as well as providing context and cross-cutting skills to tackle the job at hand. Assessment of staff satisfaction and well-being through regular surveys.

3.2.4. Work-life balance and flexibility measures

In view of the measures and restrictions imposed by the authorities to limit mobility and contain the spread, various measures were activated to facilitate, as far as possible, the staff's work-life balance needs:

- Speed in processing any leaves of absence requested by staff.
- Facilitating reductions in working hours.
- Promotion of the McCuida Plan.
- In March, progress was made in the implementation of the summer timetable, eliminating extended hours on Thursdays.
- Flexibility to adapt working hours (start and finish times) and digital detox hours (from 6 pm to 8 am).

All these measures have been taken under the oversight and management of the corresponding committees, including the Management Committee and the Crisis Committees. In addition, at all times, coordination and dialogue has been maintained with the employees' legal representatives, intensifying communications.



[SDG 4]

3.3. Commitment to talent

Banco Sabadell aspires to provide its employees with the best place to develop their professional careers. To make this possible, a solid talent management model, a framework of professional opportunities within the Bank (internal recruitment, promotions and training) and the capacity to attract the best external talent stand out. To these must be added the professional development and skills of the management team.

3.3.1. Talent management model

In 2020, the talent management model continued to be improved, with significant enhancements in terms of feedback, bringing forward the annual performance review to December. The priority is to encourage the development of internal talent, focusing on the development of each individual's potential and the goals for the new year. Improvements have also been introduced in performance measurement (e.g., in the case of managers, a good assessment of their management by the team is essential for a complete assessment). At TSB, initiatives were rolled out throughout 2020 to support the identification of talent and develop strong and diverse sources of future talent. The system of coaching by senior management for talented employees in senior positions and people with specific development needs was kept in place. The introduction of a more objective assessment of talent is beginning to result in stronger development plans and internal recruitment for key positions.

Additionally, Banco Sabadell has continued to develop systems to ensure it has the most up-to-date information on current talent, and their potential, to ensure appropriate decision making in terms of people, well as well as effective and efficient management of those changing roles within the Bank and the effective development of senior managers and upcoming senior managers.

On the other hand, employees with the best performance and greatest potential have been provided with opportunities and access to differential training and events for their personal development throughout the year.

3.3.2. Career opportunities

Internal recruitment

In 2020, efforts were made to increase internal opportunities, both in terms of volume and transparency. Consequently, 1,387 employees moved to another job internally during the financial year, representing 8% of the workforce. Some of these applied through internal recruitment processes, in which vacancies are published internally so that any Group employee may apply. In the same vein, a number of internal employability campaigns have been successfully carried out, which have enabled us to fully leverage the skills of our professionals.

Promotions

Meritocracy is key to developing talent in a sustainable way in the long term. Our talent model prioritises the promotion of employees who achieve the expected results, whilst putting our 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 2020, 994 members of staff were promoted to positions with increased responsibility in Spain.

Training

In 2020, training was adapted to the needs of the business and the environment, within the health restrictions, ensuring the health of employees, while continuing to offer them training and professional development resources. Thus, the online and virtual training offer has been strengthened, to the detriment of face-to-face sessions, which have become live virtual sessions. Worthy of note is the new *Teleworking Area* of the Campus, which has been in operation since April, offering training resources that help to improve remote work, and which employees had accessed more than 54,400 times by September. In September, this support space was transformed into the SmartSite space, attracting 16,161 visits in its first month.

In addition, a large percentage of training hours continued to be focused on regulatory actions. In 2020, more than 1,100 employees obtained their certifications in MiFID and, with a training plan that began at the end of 2019, 7,865 employees received their certification in LCCI (new mortgage lending law). It is also worth highlighting the efforts made by employees, who completed ongoing training to attain this IDD certification, with 85% of employees recertified.

Investment in training has also focused on the need to keep training employees digitally. Therefore, in addition to continuing with the Digital Plus Programme, through which 635 employees have completed the EADA Advanced Course on Digital Banking Skills, the Digital Tech Programme was launched, which 439 employees have already completed.

Virtually all employees (98%) have received training in 2020, with 1,025,602 total hours of training at Group level (equivalent to an average of 44.6 hours per employee), which has improved both the professional skills of our staff and their future employability within the organisation. In Spain, 31% of the training received was voluntary and 88% was online.

Training	2020	2019
Employees who have received training (%)	98%	97%

Serving employees as at 31/12/2020. Training data refers to the entire Group.

Total training hours and average by professional category	2020		2019	
	Hours of training	Average hours	Hours of training	Average hours
Senior management	25,862	39.67	21,980	32.37
Middle management	197,194	53.63	188,551	50.31
Specialist staff	727,833	47.01	634,063	39.23
Administrative staff	74,713	23.57	128,786	33.34
Total	1,025,602	44.63	973,381	39.80

Serving employees as at 31/12/2020. Training data refers to the entire Group. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for Private Banking.

In-house trainers

This year, the enormous contribution of our group of in-house trainers is, once again, commendable. They play a key role in the transfer of knowledge and dissemination of the Banco Sabadell culture. A total of 699 professionals have shared their expertise with colleagues, dedicating, on average, 9 hours per trainer. Among their activities, it is worth highlighting the support they have provided for the adoption of the new digital tools of the Microsoft Office 365 suite. Since May, a total of 312 internal trainers have participated as "buddies" for their colleagues, helping them to learn and efficiently use the new tools that make it easier to work in a hybrid model (on-site and WFH).

3.3.3. Attracting external talent

Talent incubators

The talent acquisition initiative, commenced in 2015, continued in 2020 through young talent incubation programmes. To date, these programmes have attracted the participation of 725 students and 216 young recent graduates. The incorporation in 2020 of 56 young workers through the 2020 Young Talent Programme with mainly STEM training stands out among these initiatives.

The integration and mobility of new recruits is key. This year, networking spaces have been designed and organised between the programme's graduates through the figure of the "buddy" and the organisation of meeting points with senior management to promote their development. These programmes have had a positive impact on the promotion of gender diversity, with 56% of new recruits being women, and on the social impact of our employees, including the organisation of a datathon with the Pasqual Maragall Foundation.

Employer brand

Banco Sabadell has a staff selection process which ensures that objective criteria assessing professionalism and suitability are applied in finding the right person for each job and career path. Keeping a close relationship with universities continues to be a key factor in acquiring talent and building a strong employer brand. This year, it involved the Bank's participation in events, of different kinds, at leading universities. It is also worth mentioning the corporate web page on LinkedIn, which had attracted more than 123,500 followers this past December, a 22.5% increase year-on-year.

3.3.4. Leadership programme

Our managers are the backbone of the Group's development. The long-term future of our Institution depends on their ability to take care of their people, create an efficient work environment, empower their teams and collaborate with others.

Corporate Management Programme

The Corporate Management Programme, undertaken by people who are promoted to a management role, continues to offer a training pathway for our managers focusing on skills, collaboration and values. 86 recently appointed managers undertook this demanding training journey in 2020.

High-Potential Employees Programme

To prepare the professionals who will tackle the challenges of the future, the first edition of the Career Acceleration Programme was launched in 2019 and concluded in 2020. The programme was designed with the aim of accelerating the career development of upcoming senior managers considered to have great potential, who represent the values and attitudes that the Bank seeks to promote. It also seeks to facilitate the requisite level of diversity that we aim to achieve among our senior management. In the first edition, 106 upcoming senior managers participated, 56% of whom were women.

Conceived as a high-value relational and networking space, the Career Acceleration Programme envisages a series of benefits for its participants: growth as leaders, the ability to provide vision and greater insight and strategic knowledge for decision-making. The programme includes self-knowledge processes, training with the ESADE Business School, the assignment of a mentor from senior management, sessions with general management and participation in the Banco Sabadell Foundation's projects.

It is worth noting that during the two years of the programme, among other positive results, 20 senior managers have been appointed among the participants, in addition to 29 other cases in which there has been a promotion or assignment of greater responsibility.

You are the Manager (*Eres Manager*)

To ensure that our managers are aligned with our purpose and embody our values, "Eres Manager", a performance and development programme, was deployed to recognise managers, supporting them to enhance their capabilities in order to create a more agile, exciting and connected bank. It is based on training and facilitation sessions with teams of managers from different divisions and constant communications, strengthening their roles and skills.

More than 2,900 managers have already received the training sessions associated with the programme, both in person before the COVID-19 health crisis and in virtual format after its onset. In addition, a fortnightly newsletter is sent to all team managers to inform them of the Bank's news, reinforce their role and help them to adopt the desired behaviours as team managers.

Leadership development at TSB

In 2020, all team leaders had access to Leadership Essentials, TSB's online leadership development tool and training plan, which they could access as needed or in support of development plans. New leaders could access the content as a "roadmap" to get a clear picture of all the elements of leadership. For more experienced leaders, access was provided to more recent insights and comments from psychologists specialising in business or sport.

In 2020, we have expanded this offering with specific programmes:

- TSB Manager – which trains team managers in the fundamentals of management through four learning modules, with an emphasis on informed decision-making, reducing unconscious biases and managing mental health.
- "Talking Performance" online training – integrates TSB's approach to performance management from the perspective of having a performance-focused mindset. Performance experts provide tools and insights for attendees to understand and embrace their own performance journeys and get each employee to perform at their best.
- "Leader as coach" online training – shows how a leader's motivational skills can create a culture of meeting big challenges with a high level of support through coaching relationships.

Furthermore, all team leaders receive Leadership Insights, a monthly newsletter that communicates current and future research-based concepts aligned with the strategic priorities of TSB's team and business leaders. Leaders will be able to explore topics in an extensive content library to broaden their thinking and advance their development. More experienced team managers have continued their training with the 9-12-month Leading In TSB programme, which clarifies concepts and gives access to case studies and feedback on leadership behaviours that enable employees and teams to perform at their best while at work.

Finally, in 2020, TSB started the Leader as Coach pilot programme for senior leaders. This programme further deepens coaching skills through blended learning, skills practice and mentoring by International Coaching Federation-certified professionals in a 3-month programme. The programme will be launched in full in 2021.

3.4. Diversity



[SDG 5; SDG 10]

The Group views diversity as a source of corporate wealth and promotes actions to encourage diversity in terms of gender, roles and age. Banco Sabadell remains 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 in 2020 of a diversity indicator in the sustainability objective that is part of the Group's corporate objectives.

The publication in 2020 of TSB's responsible business plan "Do What Matters" reinforces the commitment to:

- Create a TSB for all through our behaviour and the way we work.
- Build a diverse and balanced workforce that mirrors the customers TSB serves.
- Put accessibility at the heart of TSB's approach to inclusion, and generate trust to discuss mental health internally and with our customers.
- Support social mobility in local communities.

3.4.1. Gender

The Bank's workforce is diverse in terms of gender, with women making up 55.1% of its total staff. At the senior management level, women represent 25.9%, with an increase of 1.2pp in 2020, following the continuous trend of improvement in recent years. However, the commitment to continue to increase diversity at the senior management level is still undertaken. Therefore, it is key to make progress in diversity in middle management, where more than 35% of women held these positions in 2020.

In Spain, the proportion of women in senior management positions has increased from 23.1% to 25.6% (+2.5pp) of senior managers and from 34.2% to 34.7% (+0.5pp) of managers, in line with the trend observed in previous years. It is also worth highlighting the increase in the ratio of promotions given to women (55.6% in 2020 compared to 53.01% in 2019), 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		
Gender	2020	2019
Men	10,531	10,792
Women	12,927	13,662
Total	23,458	24,454
As percentages		
	2020	2019
Senior management	25.86%	24.70%
Middle management	35.34%	34.70%
Specialist staff	56.68%	56.90%
Administrative staff	76.87%	77.70%
Women promoted vs. the total number of promotions during the year	55.6%	50.35%

Figures have been calculated for the Group's workforce as at 31.12.2020, with the exception of promotions relating to Spain.

'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 Banking.

The favourable performance of the indicators is the result of the implementation of various measures, among which the following stand out:

- **Talent Management:**

- Involvement in professional development and leadership programmes. One highlight is the increased number of women taking part in High Potential programmes, designed to foster the development of the talent pool for upcoming senior managers (55% of participants in the edition concluded in 2020 were women).
- Promotions given to women and gender diversity in the workforce are monitored by the Performance Evaluation Committees (with particular emphasis on senior managers and upcoming senior managers).
- Review of gender results in the assessments of the annual 2020 Performance Appraisals and Assessments of Potential process. Analysis of gender non-bias.

- **Internal regulations and labour relations:**

- Equality Plan and Code of Conduct.
- Anti-Abuse and Anti-Discrimination Policy.

- **Recruitment:**

- Women are present in all three-person groups of candidates for senior management positions.
- Monitoring and analysis of new hires, by gender and Division.
- Use of inclusive language in internal and external job offers, including a final non-discrimination clause.
- Use of inclusive and diverse images in talent acquisition campaigns.
- Young Talent Programme 2020: 56 people recruited, 55% of whom are women.
- Presence at the 2020 STEM Women Congress.

- **Training:**
 - Gender equality course (compulsory for middle managers).
 - Course to promote and facilitate work-life balance.
- **Remuneration:** Monitoring of discretionary bonuses to prevent gender bias, with follow-up and corrective measures. The Bank's inclusion of gender criteria for discretionary bonuses in 2020 and the specific action plan to reduce the gap among senior managers are noteworthy.
- **Work-life balance:** A series of measures that help both men and women to achieve a balance between their personal and professional lives, such as the option to purchase annual leave, reduce working hours or work from home. Planning and monitoring of measures through the figure of the work-life balance consultant.

In 2020, special emphasis was placed on internal communication and dissemination of all the measures taken by Banco Sabadell in terms of diversity. Moreover, the SWING (Sabadell Women Inspiration Group) initiative has been promoted at the request of the Bank's female senior managers, which seeks to empower women in Banco Sabadell and emphasise the value of diversity and its benefits. SWING organised two major events for the entire workforce in 2020 on the topic of "Conversations on Diversity". The first event was attended by all Banco Sabadell's female directors and the second by TSB CEO Debbie Crosbie and Director and General Manager David Vegara.

Furthermore, the network extended the SWING&Co initiative to all those interested in diversity issues. More than 300 employees are already part of the initiative with regular sessions to discuss diversity issues. In 2021, more actions open to the entire organisation and which will expand on the work done by this group, offering mentoring to women who do not hold senior management positions but who have potential, and conveying the importance of diversity.

At an external level, since November 2020, Banco Sabadell has been part of the working group of the *Women in Banking* project. This is an initiative to share best practices among banks in Spain and promote a network of women within the banking sector.

Since December 2019 and throughout 2020, Banco Sabadell has been collaborating with the Quiero Trabajo Foundation, through which female volunteers of the Bank mentor women at risk of social exclusion to advise them so that they can rejoin the working population. Throughout 2020, 52 female employees took part in this programme.

In recognition of this commitment, in 2018 Banco Sabadell received the Spanish Government's 'Equality in the Workplace' Seal of Distinction and, in May 2020, presented the Seal of Distinction Annual Report, strengthening its commitment to it. Furthermore, Banco Sabadell's Chief Executive Officer signed an initiative launched by the Adecco Foundation and the Spanish Confederation of Employers' Organisations (Confederación Española de Organizaciones Empresariales, or CEOE) called "CEOs supporting diversity" ("CEO por la diversidad").

Diversity in the Board of Directors

The Board of Directors and the Appointments 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 amended on 28 March 2019, endeavour to ensure an appropriate balance in the selection of candidates, which, as a whole, enriches decision-making and contributes diverse points of view to the debate on the matters within its remit. In particular, they ensure that the procedures facilitate the selection of female directors and, in general, do not suffer from implicit bias that could result in discrimination.

Since 2019, Banco Sabadell has had a competency and diversity matrix in place, which was revised by the Board of Directors on 29 January 2021, in view of the changes that took place within the Board of Directors.

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

The composition of the Board of Directors is diverse and efficient. It is of the appropriate size to perform its functions 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. It combines a suitable diversity in terms of competency, professional background, origin and gender, as its members have extensive experience in banking, finance, insurance, risk and auditing, regulatory affairs and the law, as well as the academy, human resources and consulting, business and the international arena.

Diversity in the Board of Directors		
	2020	2019
Men	11	12
Women	4	3
Total	15	15

Number of directors as at 31/12.

In 2020, the proportion of women on the Board of Directors has increased to 27%.

3.4.2. Disabled persons

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

As at December 2020, the Group had 482 employees with some form of disability (531 as at the end of 2019).

Employees with disabilities in the Group	2020			2019		
	Men	Women	Total	Men	Women	Total
Senior management	8	3	11	9	4	13
Middle management	26	11	37	25	9	34
Specialist staff	144	148	292	149	158	307
Administrative staff	27	115	142	32	145	177
Total	205	277	482	215	316	531

In 2019, actions were taken to support role diversity both inside and outside the Bank. These were still in place in 2020:

- Task Force Project: the Catalonia Territorial Division and the Eastern Territorial Division hired 30 people with a disability of 33% or more on an internship contract to provide holiday cover over the summer. After the expiry of these internship contracts, in 2019 four people have been added to the Group workforce with a permanent contract and are still employed today.
- Support and collaboration with the Adecco Foundation in its "Vulnerables" campaign for the International Day of Persons with Disabilities and dissemination through the organisation's internal and external channels.

3.4.3. Multigenerational workforce

The Bank monitors the generational diversity of its workforce, identifying the complexity of experience, skills, abilities and training of each of the generations in the workforce and formulating proposals for improvement that take into account their main interests, needs, expectations and concerns.

3.5. Remuneration policy

Banco Sabadell Group's remuneration policies are consistent with the objectives of its risk and business strategy, its corporate culture, the protection of its shareholders, investors and customers, the Group's values and long-term interests, as well as with customer satisfaction targets and the measures implemented to prevent conflicts of interest without encouraging excessive risk-taking. In 2020, Banco Sabadell has introduced quantifiable and measurable sustainability targets within the variable remuneration of its employees.

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

1. Promote medium and long-term business and social sustainability, as well as an alignment with Group values. This involves:
 - 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.
2. 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, as well as intelligible and easily shared with all staff.
3. 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 equal remuneration to employees for the same work or for work of equal value.
 - Is aligned with market standards and flexible, so that it can be adapted to changes in the environment and in the sector's requirements.

All of these principles on which the Group Remuneration Policy is based are compliant with European Directives and Regulations and other regulations currently in force, particularly Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, EBA Guidelines EBA/GL/2015/22 of 27 June 2016, on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and the disclosures under Article 450 of Regulation (EU) No 575/2013 (hereinafter, "EBA/GL/2015/22 Guidelines"), EBA Guidelines on internal governance (GL 2017/11) of 26 September 2017, Bank of Spain Circular 2/2016 of 2 February, to credit institutions, on regulation and solvency, which completes the transposition into Spanish law of Directive 2013/36/EU and Regulation (EU) No 575/2013, Commission Delegated Regulation (EU) No 604/2014, of 4 March 2014, supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile and the Senior Managers and Certification Regime (SMCR) in the United Kingdom.

With regard to the gender pay gap, Banco Sabadell, when dealing with the same roles, responsibilities and length of service, does not make any type of wage discrimination between genders when recruiting staff or during its employees' salary reviews.

In Spain, based on the various groups of senior management, middle management, specialist staff and administrative staff (without any other additional criteria), a wage difference of 11.79% is determined (see calculation note at the end of this section), compared to 11.87% in 2019. This pay gap is primarily due to the shorter length of service of women at the organisation and the smaller proportion of women holding senior management positions.

In this regard, actions taken in previous years to reduce the pay gap have continued to be further implemented, again with positive results:

- The proportion of women in senior management positions has increased from 23.1% to 25.6%. In terms of women in middle management roles, which provide an in-house talent pool for future senior management roles, the proportion of women has increased from 34.2% to 34.7%.
- 55.6% of promotions have been given to women (38.1% in senior management positions), through careful monitoring by the Performance Evaluation Committees, ensuring that women formed part of the three-person candidate groups.
- Monitoring of discretionary bonuses.

In the case of TSB, the average Gender Pay Gap for 2020 (following the calculation methodologies defined by the local supervisor, with data as at the date of submission to the competent authority, 5 April 2020, which reports the difference between the average remuneration of the male workforce and the average remuneration of the female workforce) was 32.9% (31.1% in 2019). The pay gap in TSB is explained by the smaller number of women in senior positions and by the higher percentage of women in positions of less responsibility.

TSB remains committed to paying a living wage. In August 2016, TSB was accredited as a “Living Wage Employer”, thus becoming part of a pioneering group of companies in the UK that go beyond the legal requirement to pay a minimum wage, undertaking to pay both its direct staff and third party contractors who work in its facilities the established living wage or higher.

With regard to average pay, all members of the Board of Directors, both male and female directors, are remunerated according to the same criterion, i.e. the number of Board or 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

	2020		2019	
	Members	Remuneration ⁽³⁾	Members	Remuneration
Men	11	155,796	12	153,492
Women	4 ⁽¹⁾	132,917	3	140,167
Total	15 ⁽²⁾	152,277	15	150,827

(1) (2) (3) For the calculation of the average remuneration, the 13 members of the Board of Directors (11 men and 2 women) who have served as directors during the entire financial year are considered.

Only remuneration received for work carried out throughout the year is reported. The remuneration paid for work carried out in the capacity of director includes remuneration for the number of committees served or chaired by each member, and excludes any amounts received for the senior management duties included in the categories of the following tables on average total remuneration.

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.grupobancsabadell.com/corp/es/gobierno-corporativo-y-politica-de-remuneraciones/politica-de-remuneraciones-de-consejeros.html>

<https://www.grupobancsabadell.com/corp/es/gobierno-corporativo-y-politica-de-remuneraciones/informe-anual-sobre-remuneraciones-de-los-consejeros.html>

<https://www.grupobancsabadell.com/corp/es/gobierno-corporativo-y-politica-de-remuneraciones/informe-anual-de-gobierno-corporativo.html>

Average total remuneration in Banco Sabadell Spain

	2020						2019					
	Employees			Remuneration			Employees			Remuneration		
Professional category	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	394	136	530	185,014	139,973	173,456	379	114	493	186,491	135,930	174,799
Middle management	2,025	1,077	3,102	72,193	62,497	68,827	2,081	1,084	3,165	71,861	62,414	68,625
Specialist staff	5,099	6,794	11,893	47,595	42,368	44,609	5,257	6,953	12,210	47,269	42,007	44,273
Administrative staff	52	134	186	23,808	23,682	23,717	57	137	194	23,152	23,363	23,301
Total	7,570	8,141	15,711	61,164	46,354	53,490	7,774	8,288	16,062	60,462	45,660	52,824

Data as at 31.12.2020. Average remuneration in euros. 'Senior management' includes executive directors, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. Roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for Private Banking. The data relating to staff and remuneration as at 31/12/2020 of the remuneration table do not include the start of the new CEO in December. This new joiner is considered in the other staff tables.

Age range	2020						2019					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	246	227	473	37,319	33,691	35,578	311	267	578	35,708	32,448	34,202
Between 31 and 49	3,856	5,403	9,259	54,747	44,432	48,728	4,107	5,731	9,838	54,317	43,995	48,304
Over 49	3,468	2,511	5,979	69,990	51,635	62,281	3,356	2,290	5,646	70,276	51,367	62,607
Total	7,570	8,141	15,711	61,164	46,354	53,490	7,774	8,288	16,062	60,462	45,660	52,824

Data as at 31.12.2020. Average remuneration in euros. The calculation of average total remuneration takes into account: fixed remuneration, variable remuneration, personal bonus payments and benefits, as well as annualised remuneration paid. The data relating to staff and remuneration as at 31/12/2020 of the remuneration table do not include the start of the new CEO in December. This new joiner is considered in the other staff tables.

Average total remuneration in TSB

Professional category	2020						2019					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	99	40	139	282,268	261,609	276,323	109	51	160	237,420	215,482	230,428
Middle management	205	151	356	111,818	106,409	109,524	172	120	292	109,037	105,277	107,492
Specialist staff	1,411	1,831	3,242	51,383	45,637	48,138	1,405	1,897	3,302	48,726	44,111	46,074
Administrative staff	669	2,303	2,972	27,352	27,475	27,448	790	2,850	3,640	26,104	26,504	26,417
Total	2,384	4,325	6,709	59,424	40,086	46,958	2,476	4,918	7,394	54,005	37,177	42,812

Data as at 31.12.2020. Remuneration in euros. Exchange rate as at 31/12/2020: GBP 0.89903 = EUR 1

Age range	2020						2019					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	649	959	1,608	34,281	31,884	32,852	760	1,118	1,878	31,915	29,177	30,285
Between 31 and 49	1,269	1,946	3,215	65,273	44,060	52,433	1,281	2,137	3,418	61,271	41,897	49,158
Over 49	466	1,420	1,886	78,515	40,178	49,650	435	1,663	2,098	71,200	36,490	43,686
Total	2,384	4,325	6,709	59,424	40,086	46,958	2,476	4,918	7,394	54,005	37,177	42,812

Data as at 31.12.2020. Remuneration in euros. Exchange rate as at 31/12/2020: GBP 0.89903 = EUR 1

The calculation of average total remuneration takes into account: fixed remuneration, variable remuneration, personal bonus payments and benefits, as well as annualised remuneration paid.

Note on calculating remuneration: remuneration in Spain has been calculated based on target remuneration. In TSB, remuneration figures represent remuneration received in the year (in the case of deferred remuneration, they consider the full remuneration earned in the year).

Note on calculating the pay gap: the pay gap in Spain has been calculated based on the sum of the average total pay gap, weighted by category.

1) Average total pay gap

First, the pay gap between men and women, by professional category, is calculated using the following formula: 1- Average total remuneration received by women / average total remuneration received by men.

2) Average total pay gap, weighted by category

The figure obtained from the previous calculation is multiplied by the percentage of employees within each professional category to give the average total pay gap weighted by category. Formula: Average total pay gap by category * employees in category/total employees.

3) Weighted average total pay gap

The last step consists of adding the pay gap obtained in the previous step for all the categories reported in the Non-Financial Disclosures Report to obtain the 11.79% indicated in the section regarding pay gap. Formula: Sum of average total pay gap, weighted by category.



[SDG 3]

3.6. Workplace environment and organisation

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

3.6.1. Work-life balance

The Bank's workforce has access to a series of social benefits established by the Group and union representatives in the agreement on measures to improve the work-life balance of employees. All of these benefits have been communicated to the entire workforce, and they are published on the employee intranet, therefore they are well-known by all employees, who have been requesting and enjoying these benefits for some time.

These benefits include: a reduction of working hours (paid, unpaid, for nursing mothers), extended leaves of absence (maternity leave, to care for family members), special leave (for studies, personal reasons or international adoption), extension of leave for the birth of a child and flexible working hours.

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 it also allows them to save time, as they receive these products at their place of work, thus saving the time that would otherwise be spent on travel or on having to run the errand outside of their working hours. In addition to these benefits, it is also worth mentioning the range of services available to staff working in central services, which are designed to make it easier for them to run personal errands.

Teleworking has experienced an accelerated uptake, which, far from being temporary, is destined to last and to be one of the core pillars of SmartWork.

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

TSB has a flexitime policy that gives 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 their personal reasons for requesting this change. Although the flexitime option is not an automatic entitlement, the flexitime policy provides a fair and consistent basis on which to make requests, to ensure that requests to work flexitime hours are only rejected if such an arrangement will have a clear, detrimental impact on the business. TSB's policy is to help employees find a good balance between their work and their lives outside of work. This enables the company to retain a qualified workforce and to attract and recruit the best talent available.

TSB's existing digital work platform enabled a quick shift to working from home, and underwent continuous improvements in 2020. Teleworking was enabled for 4,500 people, with 3,500 working full-time from their homes at the height of the pandemic. Planning is under way to develop future ways of working based on the lessons and experiences of 2020.

3.6.2. Health and safety

The Group applies a policy of hazard prevention and continuous improvement of the health and safety conditions of employees. In accordance with current 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. In 2020, this activity has become particularly relevant, ensuring the implementation of the guidelines from health authorities in each region and developing new protocols for action.

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 relating to the risks inherent in the Bank's activity.

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 assessment, individual workstations and common areas are assessed in all of the facilities, along with the installations and technical aspects of the workspace (temperature, lighting, etc.).

As regards TSB, the subsidiary has undertaken to maintain the highest health, safety and fire protection standards in all of its business activities. The Bank constantly strives to do the right thing by implementing appropriate measures that are aligned with TSB's values in order to support employees and help them understand that they too have a legal and moral obligation to themselves and to those around them. TSB uses training, skill sets and adequate methods of communication throughout the Bank to enable all employees to embrace these measures and avoid taking unnecessary risks, with clear standards and guidelines that allow controls to be implemented.

TSB's working methods have prioritised employee health and well-being during the COVID-19 pandemic. Furthermore, key initiatives include the development of an inclusive leadership approach starting with awareness training on discrimination and mental health for all TSB supervisors, to be completed by the end of 2021, and the launch of a new digital tool that will help all TSB employees to proactively look after their mental health (1 in 3 employees have already registered to use the platform).

Indicators of absence from work

Indicators of absence from work in Spain	2020	2019
Total hours (accidents and ill health)	918,666	936,560
Total hours (ill health associated with COVID-19)	119,764	

Indicators of absence from work in TSB	2020	2019
Total hours (accidents and ill health)	395,613	460,373
Total hours (ill health associated with COVID-19)	110,907	

Workplace accidents

Types of accident in Spain	2020			2019		
	M	W	Total	M	W	Total
Work centre	22	39	61	42	65	107
Whilst commuting	25	45	70	43	102	145
Travel during workday	6	9	15	15	23	38
Other work centres	0	0	0	0	2	2
TOTAL	53	93	146	100	192	292

Accident rate in Spain	2020			2019		
	M	W	Total	M	W	Total
Total hours	7,745	8,067	15,812	6,749	6,297	13,046
Frequency rate	2.14	3.42	2.80	4.22	6.30	5.29
Severity rate	0.06	0.06	0.06	0.05	0.04	0.05

Rates calculations exclude accidents occurring whilst commuting.

Frequency rate (No. accidents [ex-whilest commuting] / No. hours worked)* 1,000,000.

The severity rate relates to the length of the absence from work (working hours lost / theoretical working hours [collective agreement] * 100).

Although all absences due to COVID-19 can be likened to an accident at work for the purposes of social security benefits, they are not included in the accident rates.

TSB, in compliance with UK legislation, does not keep a record of accidents.

In 2020, hours of employee absence have increased compared to the previous year, with a decrease in the number of employees taking leaves of absence and an increase in the duration of these absences. The hours of absence associated with COVID-19 are also detailed.

A protocol has been established for its implementation in the workplace to guarantee people's health and avoid infections of COVID-19. Among the measures adopted is 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.

3.6.3. Trade union rights and right of association

Banco Sabadell guarantees the basic rights of employees in relation to freedom of association and collective bargaining, in accordance with Spanish law. These principles are set out in the Human Resources Policy, specifically, Human Resources 7305 – Basic Applicable Labour Law, which makes specific reference to the current Collective Bargaining Agreement for Banks. These rights are set out in chapter twelve of this agreement, on Union Rights, in Articles 58, 59 and 60.

The Bank currently has 11 trade union sections in Spain, including state and regional sections. Workers' representatives are voted in every four years, in accordance with the guidelines set forth by 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. 100% of employees are covered by collective bargaining agreements in Spain. In other countries, the legislation in force is applied.

Workers' representation in formal health and safety committees of employees and employers in Spain:

- State Health and Safety committees created in companies:
 - Banco de Sabadell S.A.
 - Business Services for Operational Support, S.A.
 - Sabadell Information Systems, S.A.
- Prevention delegates (role envisaged in legislation that can be held by a maximum of eight people per company or work area).

In terms of participation in TSB, there is a fluid and direct relationship with workers' representatives (24 meetings a year, equivalent to two meetings per month). There are currently two recognised unions (Unite the Union and Accord) and one unrecognised union (TBU). Workers' representatives in Unite the Union and Accord are elected by TSB employees. In 2019, new representatives were elected to Accord; however, the representatives on Unite the Union remained the same. No further elections were necessary in 2020. Unions follow the legislation laid down by the UK government, as well as the guidelines established by the Advisory, Conciliation and Arbitration Service (ACAS), a non-departmental public body in the United Kingdom.

3.7. Dialogue with employees: more connected than ever



[SDG 3]

Banco Sabadell has various mechanisms in place for communicating with employees and listening to their concerns, which are key to anticipating their needs and building the best place to develop a professional career. In 2020, important elements were launched, both for issuing and receiving communications, which have effectively supported the management of the health crisis and cultural evolution.

In the chapter on new information resources, Flash stands out – first a daily communication and later issued on a weekly basis, aimed at the entire workforce and with sustained audiences of over 80%, with information, guidelines, context and messages from Senior Management, which has been an informative and cohesive component of the Bank, at a time of major uncertainty in which it was key to keep the team excited and committed beyond their physical location.

In terms of news on listening efforts, the launch of “quick” surveys in the Flash newsletters and in the fortnightly publication “Eres Manager” is worthy of note. These surveys were aimed at capturing the Bank's sentiment at various points in time and they have helped to verify the high degree of commitment of employees at all times.

“The Bank we aim to be”, our survey to ascertain, among other factors, the commitment of our employees to our current and future project, recorded high ratings in a good number of indicators, with 71% of the workforce giving a satisfactory or very satisfactory rating to the Bank’s general performance. Almost all of the other factors measured, such as the quality of management, meritocracy and internal collaboration, also showed significant improvements.

The Employee Assistance Office has played a key role in this exceptional year, seeing the number of queries received increase by 66% compared to 2019, to 71,340 queries. Despite the increase in the number of queries received, the quality of service has not diminished, achieving a 4.5 out of 5 in user satisfaction.

“Link” is TSB employee forum, dating back to the creation of the company in 2013. Its members act as spokespersons for employees and come from all departments and levels within the Bank. Link has 125 members who are split into five regional groups. All groups discuss the same issues, which are jointly decided by the groups themselves and the Executive Committee. Every quarter, following the Link regional group meetings, four members of the forum meet with the Executive Committee to give their ideas, comments and recommendations.

In 2020, Link group representatives also attended a TSB Board meeting to share their progress and present their recommendations for 2020, which included initiatives to support employees’ ways of working and well-being during the pandemic, implementing TSB’s strategy and its Blueprint, increasing digital skills across the organisation through the Digital Academy, and streamlining internal processes to make it easier to work well.

4. ENVIRONMENT

In the transformation process carried out by the Bank in recent years, sustainability and the fight against climate change have become part of the Bank's purpose and business strategy. To this end, the Bank has made the changes required to transition towards a sustainable economy and achieve sustainable development, taking the 2015 Paris Agreement and the United Nations Sustainable Development Goals as a basis, targeting its activities, organisation and processes to this purpose.

This commitment to environmental sustainability and the fight against climate change is embodied in the Sustainability Policy, aimed at framing all the Institution's activity and organisation within the ESG (Environmental, Social and Governance) parameters approved by the Board of Directors in 2020, and in the Group's Environmental Policy. In addition to incorporating sustainability in a cross-functional way into its business model and strategy, with regard to environmental aspects, Banco Sabadell ensures the minimisation of 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.

As part of its environmental commitment, the Bank undertakes to set specific targets to reduce its CO2 emissions and has also signed up to several important global initiatives on environmental protection and the integration of risks and opportunities in relation to climate change, such as:

- The Principles for Responsible Banking, of which it is a founding signatory.
- The Collective Commitment to Climate Action.
- The Carbon Disclosure Project (CDP).
- The Task Force on Climate-related Financial Disclosures (TCFD), which it uses as a model to follow for disclosing the risks and opportunities associated with climate change, providing information for decision-making and helping financial market participants to understand this environment is another milestone worth highlighting.

With regard to the transformation taking place in the organisation, in the area of environmental training and awareness, the entire workforce has access to an online training course, completion of which is mandatory for all employees in the various certified corporate buildings. Moreover, in 2020, in order to support customers in the transition process, the Bank launched a new specialised sustainability course for managers.

The organisation's good practices and expertise are also assessed through the BSIda internal platform, where employees can put forward ideas and suggestions for improving environmental aspects and the fight against climate change, such as the "Contribute to the SDGs" and "Stop paper" challenges, with 127 and 154 ideas published respectively, and through Qualis, in which the "Best sustainability project" category has been recently included in recognition of the projects implemented with an impact on the Bank's contribution to the Sustainable Development Goals and on ESG matters, in which the work carried out in financing renewable energies was ultimately recognised.

With all these initiatives, the Bank is taking another step forward in acting on its responsibility as a key player in the creation of a sustainable economy and in the fight against climate change, both as a financial agent and at the level of its own organisation.

4.1. CO2 emissions



[SDG 11, SDG 12, SDG 13]

Banco Sabadell is a signatory of the Carbon Disclosure Project, thus undertaking a commitment to actively combat climate change. In 2015, a CO2 emissions reduction target of 3% was set for the 2015-2020 period in Spain. With regard to the organisation's commitment and its progress in reducing emissions, strengthened by its adherence to new international frameworks, a new annual reduction target of 9.9% (Scopes 1 and 2) was set in 2020, linked to the synthetic sustainability indicator that has an impact on the organisation's variable remuneration.

Therefore, in addition to implementing energy-efficiency measures each year in both its facilities and services, in 2020 the Bank developed new projects including the self-generation of energy with photovoltaic panels at its headquarters, the annual replacement of 8-9% of machines with new ones with better energy performance and actions taken to reduce the use of paper and plastics.

CO2 emissions in tonnes (t.CO2)	2020	2019	2018
Scope 1: Direct activities	2,410	3,088	4,471
Scope 2: Indirect activities	26.44	18.16	19.95
Scope 3: Other indirect activities	1,780	5,917	5,637
Total emissions generated by the Group in Spain	4,216	9,023	10,128
Total emissions generated per employee	0.27	0.56	0.60

Data for 2020 includes the effects of COVID-19 and would, therefore, not be comparable with 2019 and 2018. These effects were: corporate buildings and branches closed from March to August and, in the case of commuting and work-related travel, there was unrestricted movement until March.

Scope 1/Direct activities:

Includes emissions generated by facilities through the use of fuel such as diesel (including that used in mobile branches), propane gas, natural gas, fluorinated greenhouse gases⁽¹⁾ and the fleet of company vehicles (excluding travel between home and the work centre).

The figures relating to fluorinated greenhouse gases correspond to the leaks of F-gases due to breakdowns of HVAC systems in corporate buildings and branches. To reduce these leaks, every year the Bank renovates its air conditioning systems, introducing more effective equipment that uses gas with a lower environmental impact. Each year, approximately 8% of the equipment is replaced.

Generated by the Group in Spain	2020		2019		2018	
	Consumption	Emissions t.CO2	Consumption	Emissions t.CO2	Consumption	Emissions t.CO2
Diesel	8,339 litres	22.37	14,246 litres	38.22	14,084 litres	37.78
Propane gas	693 m ³	3.97	486 m ³	2.79	745 m ³	4.30
Natural gas	194,874 m ³	627.50	257,920 m ³	830.50	303,663 m ³	977.80
Leaks of refrigerated gases	922 kg	1714.49	1,144 kg	2091.49	1,551 kg	3,320.44
Fleet of company vehicles ⁽¹⁾	⁽²⁾ 241 thousand km	41.97	832,000 km	124.73	875,000 km	131.00
Scope 1. Total emissions		2,410 t.CO2		3,088 t.CO2		4,471 t.CO2

Data for 2020 includes the effects of COVID-19 and would, therefore, not be comparable with 2019 and 2018. These effects were: corporate buildings and branches closed from March to August and, in the case of commuting and work-related travel, there was unrestricted movement until March.

(1) Data refers to business trips and do not include travel from home to the workplace.

(2) Corresponds to actual data (and not estimates), unlike the other periods in which an estimate was made for December based on actual data from the previous year.

Conversion factors used in Scope 1 for diesel, propane gas and natural gas based on the GHG Inventories Report 1990-2016 (2018 Edition), Spain; for leaks of fluorinated gases based on the practical guide for the calculation of greenhouse gas (GHG) emissions, 2019 version of the Catalan Office for Climate Change, for vehicles based on DEFRA 2020 (Government GHG Conversion Factors for Company Reporting).

Scope 2/ Indirect activities:

Includes emissions resulting from electricity usage in Spain. Of particular relevance in this scope is the procurement of energy with a renewable energy guarantee of origin (REGO), which has allowed Scope 2 emissions in Spain to be reduced by 99.79% since 2014, with 12,890 t.CO2.

Generated by the Group in Spain	2020		2019		2018	
	Consumption	Emissions t.CO2	Consumption	Emissions t.CO2	Consumption	Emissions t.CO2
Cepsa/Nexus electricity	67,929 MWh	0	78,491 MWh	0	81,915 MWh	0
Iberdrola electricity	5 MWh	1.50	0.1 MWh	0.04	2 MWh	0.52
Electricity -Other	58 MWh	24.94	42 MWh	18.12	45 MWh	19.43
Scope 2 - Total emissions		26.44 t.CO2		18.16 t.CO2		19.95 t.CO2

Data for 2020 includes the effects of COVID-19 and would, therefore, not be comparable with 2019 and 2018. These effects were: corporate buildings and branches closed from March to August.

Conversion factors used in Scope 2 for Cepsa and Nexus based on their 100% REGO certificates; for the other marketers based on the Spanish National Energy Commission, Electricity Labelling and Guarantees Report, "Guarantee of Origin and Electricity Labelling System, 2017".

Scope 3/ Other indirect activities:

This scope includes other indirect activities in Spain and takes into account emissions during travel by train, aeroplane and car (except company cars), and the use of water, paper and plastic, as well as waste management in Spain.

In 2020, emissions in tonnes (tn) of CO2 as a result of the use of water, paper and plastic amounted to 471 tn CO2, compared to 845 tn CO2 in 2019 and 1,475 tn CO2 in 2018. Emissions in relation to waste management amounted to a total of 110 tn CO2 in 2020, 160 tn CO2 in 2019, and 245 tn CO2 in 2018.

During 2020, coin blister packs and folders, made exclusively of plastic, were eliminated, reducing plastic consumption compared to 2019 by around 80%. Moreover, during the year, the Bank joined the Kick Out Plastic Foundation's initiative to fight for a world free of single-use plastics, while combating other environmental issues.

With regard to business trips and travel, environmental and expenditure rationalisation criteria are regularly applied, encouraging the use of transport with lower CO2 emissions. In terms of travel whilst commuting, car-pooling is encouraged, and employees can advertise spare seats for car-pooling in the main buildings. The outbreak of the COVID-19 pandemic has led to the interruption of almost all business trips within the Group since March 2020.

It should be noted that the Bank was already firmly committed to teleworking with the deployment of a pilot scheme in some areas. The health emergency has resulted in a quantitative and qualitative quick deployment, so that teleworking ceased to be a pilot project and has become a day-to-day reality for almost all employees. There are multiple objectives and benefits associated with these changes, ranging from an improved work-life balance to an evident saving in time, energy and emissions.

Generated by the Group in Spain	2020		2019		2018	
	Consumption	Emissions t.CO2	Consumption	Emissions t.CO2	Consumption	Emissions t.CO2
Water	343,225 m ³	41.19	396,260 m ³	47.55	409,800 m ³	49.18
Paper ⁽¹⁾	655 t.	399.61	1,030 t.	628.51	1,047 t.	1,255.20
Plastic	13 t.	30.46	71 t.	169.36	72 t.	171.55
Waste	1,174 t.	110.40	1,353 t.	160.81	1,985 t.	245.36
Travel by airplane	⁽²⁾ 3,174 thousand km	410.04	15,947 thousand km	1,632.58	18,257 thousand km	2106.47
Travel by train	⁽³⁾ 1,623 thousand km	8.99	7,960 thousand km	44.10	9,916 thousand km	213.68
Travel by car ⁽⁵⁾	⁽⁴⁾ 4,469 thousand km	778.89	10,679 thousand km	1,601.87	10,637 thousand km	1,595.48
Scope 3 - Total emissions		1,780 t.CO2		5,917 t.CO2		5,637 t.CO2

Data for 2020 includes the effects of COVID-19 and would, therefore, not be comparable with 2019 and 2018. These effects were: corporate buildings and branches closed from March to August and, in the case of commuting and work-related travel, there was unrestricted movement until March.

Conversion factors used in Scope 3 for water, paper and waste based on the Carbon Footprint Report of the University of Cordoba (UCO), plastic based on ADEME (Agence de l'Environnement et de la Maîtrise de l'Énergie). Travel is based on DEFRA 2020 (Government GHG Conversion Factors for Company Reporting) with the exception of travel by train, which uses data published by RENFE in the Renfe Non-Financial Disclosures Report for 2019.

- (1) Paper consumption in 2018 was 48% virgin paper and 52% recycled paper, in 2019 and 2020 paper consumption was 100% recycled.
- (2) (3) (4) Change in methodology: includes actual data compared to 2019 and 2018, where an estimate was made for December based on actual consumption in the previous year.
- (5) Travel by car (except company vehicles).



[SDG 11, SDG 12, SDG 13]

4.2. Circular economy and waste management & prevention

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.

Breakdown of waste (W)	2020		2019		2018	
	Waste t.	Emissions t.CO2	Waste t.	Emissions t.CO2	Waste t.	Emissions t.CO2
Total non-hazardous waste	1,172	110.30	1,350.75	160.69	1,962	244.35
Total hazardous waste	1.22	0.096	1.78	0.114	24	1.01
Total waste	1,174t.	110.40 CO2	1,353 t.	160.80 t. CO2	1,985 t.	245.36 t. CO2

Conversion factors used for waste based on the UCO Carbon Footprint Report 2016.

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 2020 were paper and cardboard with a waste of 1,053.36 t (59.420 t.CO2), bulky general waste with a waste of 45.34 t (29.260 t.CO2) and inert plastic with a waste of 38.58 t. (4.630 t.CO2).

Hazardous waste includes: chemical containers, absorbents (filters), lead batteries, oils, fluorescent lamps, electronic equipment, batteries, aerosols and toner. All consumptions were less than 1 tonne. The two biggest waste products were electronic equipment with a consumption of 0.664 t and an emission of 0.056 t.CO2 and fluorescent lamps with a consumption of 0.356 t and an emission of 0.030 t.CO2.



[SDG 11, SDG 12, SDG 13]

4.3. Sustainable use of resources

As regards its own infrastructure, Banco Sabadell has an environmental management system (EMS) that follows the international ISO 14001 standard, and six corporate buildings in Spain have been certified to this standard. As at 2020 year-end, 17.45% of the workforce in Spain worked in one of these certified buildings (16.93% in 2019). Average occupancy during the end of the year and in the COVID-19 environment has been approximately 20% of the total staff assigned. In parallel, the environmental management system is being progressively rolled out to other work centres.

4.3.1. Energy consumption

In 2020, Banco Sabadell's total energy consumption in Spain was 71,184 MWh, down 14% on the previous year (82,779 MWh in 2019).

Electricity consumption in Spain in 2020 reached 67,993 MWh (compared to 78,553 MWh in 2019 and 81,962 MWh in 2018) with 99.92% from renewable sources, through Nexus Renovables and Cepsa, energy suppliers with a 100% renewable origin guarantee.

As a new initiative during this period, the installation of photovoltaic panels began in one of the main corporate buildings (CBS Sant Cugat with 50,000 m²), 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, will allow, on the one hand, the reduction of the CO2 footprint by reducing emissions by 364 tonnes per year, which is equivalent to the CO2 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, to reduce its energy consumption, Banco Sabadell continuously develops measures to improve the eco-efficiency of its facilities and processes:

- Every year, it replaces 8% of its HVAC equipment with more energy-efficient models, and it has gradually been updating the lighting systems of its branches, opting for LED (Light Emitting Diode) technology.
- 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. Additionally, most branches are equipped with Thin Client computers (central network infrastructure, where applications and software are virtually linked to servers) which consume 90% less energy. Since 2015, these computers have also started to be installed in corporate buildings.
- 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.

Total electricity consumption	2020	2019	2018
Total energy consumption (MWh)	67,993	78,533	81,962
Electricity provided by Cepsa and Nexus Renovables, 100% REGO (% supplied out of total electricity)	99.92%	99.96%	99.94%

4.3.2. Water consumption

The Group's water consumption in Spain was 343,225 m³. This consumption is limited to sanitary use and for the watering of certain landscaped areas. 100% of the water consumed 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 requirements.

4.3.3. Paper consumption

Paper consumption in Spain in 2020 amounted to 655 tonnes, compared to 1,030 tonnes in 2019 and 1,047 tonnes in 2018 – a reduction of 36.4% and 37.4% respectively.

In order to reduce paper consumption, a series of measures were implemented, such as the set-up of a 24-hour service for customers through remote channels and digital platforms, 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 the change of printing settings in the Bank's printers so that the default option is for double-sided printing. In 2019, the initiative to use only recycled paper was extended to the entire Group. And in 2020, a project was implemented 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 14.59% compared to the previous year.

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.

Paper consumption	2020	2019	2018
Volume of paper (DIN A4 format) used during the year (tonnes)	655	1,030	1,047
Recycled paper used in branches and corporate buildings in relation to total paper consumption (white and recycled) in Spain (%)	100%	100%	52%
Recycled paper used in 13 corporate buildings with a postal service (courier) in relation to total paper consumption (white and recycled) (%)	100%	100%	87%

Paper breakdown	2020		2019		2018	
	Consumption t.	Emissions t.CO2	Consumption t.	Emissions t.CO2	Consumption t.	Emissions t.CO2
Virgin paper	0	0.00	0.18	0.33	501	922.45
Recycled paper	655	399.61	1,030	628.18	545	332.75
Total paper	655	399.61	1,030	628.51	1,047	1,255.20

Conversion factors used for paper based on the Carbon Footprint Report of the University of Cordoba (UCO) 2016.

Energy consumption and sustainable use of resources in TSB

In 2020, TSB launched its first responsible business plan known as the “Do What Matters Plan” (DWMP), which is aligned with its strategy and sets out the actions planned to contribute to a better society. These include reducing its environmental impact while helping customers and employees to reduce theirs. TSB is committed to being a responsible user of resources and continues to think of ways to reduce its environmental impact.

In 2020, TSB has reduced its total emissions by 20% compared to 2019 (Scopes 1, 2 and 3 in the table below).

Since October 2019, TSB has purchased all energy from renewable sources, resulting in a 66% reduction of operational (Scope 1 and 2) market-based ⁽⁴⁾ carbon emissions. Scope 1 and 2 emissions are those that come directly from TSB’s activities, e.g. heating and fleet vehicles (Scope 1) and electricity used by the Institution (Scope 2). Scope 3 emissions relate to TSB’s business trips.

Where property investment has taken place, TSB considers ways it can mitigate the environmental impact by looking at energy efficient equipment. In 2020, TSB completed the refurbishment of Henry Duncan House in Edinburgh investing almost 2 million pounds in reducing energy through new LED lighting and the replacement of the building air conditioning system. Less business travel and reducing the use of paper and plastic in our workplaces has also contributed to lower carbon emissions.

The table below shows TSB’s greenhouse gas emissions as required by the UK’s Streamlined Energy and Carbon Reporting (SECR) Regulations. TSB reports the mandatory emissions as a “large organisation” and has used the data gathered to establish a strategy towards a net-zero carbon future, including a decarbonisation plan, travel plan and engagement campaign.

In addition, TSB has a Renewable Energy Guarantees of Origin (REGO) energy purchase agreement which started in October 2019 and has supported the reduction of greenhouse gas emissions. TSB is committed to continue with this source of electricity supply.

The data has been compiled in accordance with the GHG Protocol - Corporate Accounting and Reporting Standard and has been independently audited by Concept Energy Solutions Limited.

Summary of TSB greenhouse gas reporting	2020	2019
Emissions – Location-based⁽²⁾ in gross tonnes of carbon dioxide equivalent (tCO₂e⁽³⁾):		
Scope 1 emissions:		
Combustion of gas ⁽⁴⁾	2,601	2,645
Fuel for transport purposes	33	164
Heating oil	61	54
Fugitive gas	66	147
Scope 2 emissions:		
UK Electricity - Location-based ⁽⁴⁾⁽⁵⁾	5,561	7,139
Electricity – Market-based ⁽⁴⁾	0	5274
Scope 3 emissions:		
Business travel	221	647
Total emissions (Scope 1, 2 & 3)		
Location-based emissions	8,542	10,796
Market-based emissions	2,982	8,930
Energy consumption kWh (million)	38,601	43,720
Intensity ratio⁽⁷⁾	1.29	1.50
Paper consumption (tonnes)	807	1127
Water consumption (m ³)	67,408	91,433

- (1) Market based emissions are those associated with renewable energy supplies which carry a zero-rated emission.
- (2) Location-based emissions are those measured using the UK national grid electricity conversion factors, updated annually.
- (3) tCO₂e: carbon dioxide equivalent is the measure of greenhouse gas emissions.
- (4) Estimated consumption rates, based on consumption rates for previous years, have been used to compile data for a small number of properties where meter readings were unavailable.
- (5) Scope 2 emissions (for SECR) include only direct commercial electricity supplies and are location-based. The small amount of domestic or cross charged consumption from landlords is not included, but TSB is working on improvements for the next reporting period.
- (6) Emissions from rental cars and employee-owned vehicles where TSB is responsible for purchasing the fuel.
- (7) Calculated as the sum of (SECR) emissions divided by the average number of full-time employees of 6,563 (2019: 7,114).

- Other environmental issues in the COVID-19 context

In 2020, the network of offices and branches has been shrinking for reasons not related to COVID-19. At the start of 2020, TSB had 536 branches and, during the year, 82 branches were closed. There were 7 branches that were originally closed due to COVID-19 and that were ultimately not reopened because they were part of the 2021 branch closure programme, with a total of 447 retail branches operational as at 31 December.

On the other hand, the impact on energy consumption has been minimal, as electricity and heating consumption has not been completely eliminated even when these branches were closed.

5. INFORMATION REGARDING HUMAN RIGHTS



Banco Sabadell supports, respects and protects internationally recognised fundamental human rights in all the territories in which it operates, in accordance with the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and other internationally recognised codes. Given the types of services provided by the institutions and the main regions in which it operates, these being Spain, the United Kingdom and Mexico, regions whose legislature and case law provide for the defence of human rights, no inherent direct risk in this regard is deemed to exist.

In particular, the Bank identifies, prevents and mitigates the negative impacts on human rights arising from its activities and processes, particularly in terms of its business lending, human resources management model, supplier onboarding processes and its collaboration with organisations and institutions, as set out in the new Sustainability Policy approved in December.

Banco Sabadell also has a Code of Conduct and an Ethics and Human Rights Policy in place, both of which were approved by the Board of Directors in 2003. Likewise, the Bank has implemented a Code of Conduct for suppliers, through which it ensures that its own commitment to safeguarding human rights is also applied throughout its supply chain.

Furthermore, the Group is a signatory of a number of major national and international agreements relating to human rights:

- The United Nations Global Compact, which it signed in 2005, officially undertaking to commit to the ten principles, including the first and second principles on human rights and labour.
- The Equator Principles, signed in 2011, which is a risk management framework for assessing and managing environmental and social risk, which considers a number of aspects including the responsibility to respect human rights and to undertake due diligence in order to prevent, mitigate and manage adverse impacts.

These commitments aim to eliminate discrimination in respect of employment and occupation, uphold the freedom of association and recognise the right to collective bargaining pursuant to the legislation of the country in which employees work (ILO Convention No. 87 on freedom of association and the right to organise and ILO Convention No. 98 on the right to organise and collective bargaining). They also aim to foster measures to ensure employees' well-being and a healthy work-life balance.

The Bank also encourages and maintains an environment in which all employees are treated with dignity and respect and where they are treated fairly, without any form of discrimination by reason of gender, race, skin colour, age, social background, religion, nationality, sexual orientation, political opinion, physical or psychological disability or by reason of their capacity as legal representatives of employees.

Given the cross-cutting nature of this area, different communication channels are available to the different stakeholders.

On one hand, 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. No human rights violations were reported using this channel in 2020.

Additionally, Banco Sabadell provides its workforce with access to the Equality Plan's Whistleblowing Channel, which is used by those on the Grievance Committee to open a case file. The Grievance Committee then sends the reports received and procedures applied in relation to any potential cases of discrimination, workplace and/or sexual harassment or sexual abuse to the Equality Committee. In terms of trade union representation, the Committee is comprised of one Workers' Representative or Trade Union Delegate for each of the Trade Union organisations signing the Equality Plan, and an equal number of Representatives of the Bank. It meets twice a year in February and September.

The Bank also prohibits all forms of forced and compulsory labour, servitude and labour under indentured labour contracts. 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.

Regarding customers and society in general, the Bank offers products and services that contribute to generating a positive impact on people's lives through responsible business practices: risk prevention through assessments of the risk of human rights violations in Project Finance, social housing management and financial inclusion. Any questions or queries can be sent via the sustainability mailbox, available on the corporate website.

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, as indicated in the section on Transparency of this report.

To ensure that personal data are processed pursuant to data protection regulations (Charter of Fundamental Rights of the European Union and Treaty on the Functioning of the European Union) and in line with the Universal Declaration of Human Rights, the Institution has a mechanism that comprises three lines of defence, through which all members of the organisation, in line with their authority and discretions, actively take part in the management, control and supervision of the Institution's data processing.

The Institution also has a Data Protection Officer (DPO) who advises the various areas of the Bank to ensure compliance with regulations, a Chief Data Officer (CDO) responsible for data governance and for the identification and record-keeping of all data processing activities carried out, an Information Security Team that takes part in the evaluation, assessment and implementation of security measures as needed, a Compliance Control Team that draws up an Annual Control Plan to identify and rectify weaknesses, as well as an Audit Team that acts as a supervisor and verifies compliance with policies, controls and procedures.

In relation to the policy, the Institution has its own privacy and personal data protection policy that it uses as an instrument to ensure the protection of natural persons in relation to personal data processing and which mentions the different procedures and controls put in place for this purpose. The Bank has also established its own data protection control plan which is put into motion as often as required as the second line of defence. Additionally, the DPO plays a role in privacy by design and the third line of defence (audit) discharges its audit duties on an ongoing basis.

In 2020, the Bank also reiterated its commitment to the Code of Good Banking Practice, in order to limit the effects of over-indebtedness of people and families and thus enable the financial inclusion of debtors at risk of social exclusion.

Regarding procurement management, the Bank has procedures in place which ensure that human rights are respected throughout the end-to-end supplier approval, selection and evaluation process, as described in the relevant section of this report.

In the UK, the Modern Slavery Act is designed to prevent people from being forced to work, being exploited, trafficked or purchased or sold as 'property', or controlled with mental or physical threats. TSB adheres to the Modern Slavery Act and each year it publishes a specific statement in which it sets out the actions taken over the year to prevent any and all risks of modern slavery related to its business or its suppliers. In last year's statement, which is available on its website and relates to 2019, TSB undertook to create a healthy and inclusive culture, empowering its partners to do their best work. In terms of the ways in which it works with its customers, TSB gives its partners guidance on the risks that need to be considered at all stages of its customer relationship.

TSB has internal policies to ensure its suppliers understand its business principles and apply them in their own business activities. Some examples of policies updated in 2019 are: TSB Partner Employment Policy, Anti-Money Laundering and Counter Terrorist Financing Policy, Customer Treatment Policy, Whistleblowing Policy and the Procurement Policy.

As regards Banco Sabadell Mexico, since 2016 it has been a signatory of the Sustainability Protocol, "*Protocolo de Sustentabilidad de la Banca*", of the Mexican Banking Association (ABM), which is based on the rules of the International Finance Corporation, the Equator Principles and the UN Principles. Since 2019, Mexico has been working with the Mexican Centre for Philanthropy (CEMEFI) to be certified as a Socially Responsible Company (*Empresa Socialmente Responsable*, or ESR).

In 2020, Sabadell Mexico joined forces with the Mexican Banking Association (ABM) to prepare the first sustainability report of the Mexican banking system, in line with its 2030 Agenda, which was prepared under the guidance of the United Nations Development Programme and was designed to be an initial reflection on the actions taken by full-service banks in Mexico for the benefit of the country's sustainable development.

In terms of its employees, in addition to signing the Group-wide policies and actions, it has also implemented a Policy on Occupational Health and Well-being, which is aligned with standard NOM 035 which came into force on 23 October 2019. NOM 035 sets out the minimum conditions required in relation to environment, health and safety in the workplace, in order to prevent work-related accidents and ill health. The first version of the aforesaid policy lays down measures for prevention, identification of employees exposed to severe traumatic events and the distribution of information.

6. THE FIGHT AGAINST CORRUPTION AND BRIBERY



Banco de Sabadell, S.A. 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 applicable to 100% of the Bank's members that reflects the firm commitment of all units to comply with legislation, starting with the Management Body. Banco Sabadell, which already had a Code of Conduct and Policies on Compliance, Conflicts of Interest, Anti Money Laundering & Counter Terrorist Financing and Corporate Crime Prevention, added an Anti-Corruption Policy in 2019, which is applicable to the entire Group. This Anti-Corruption Policy defines all those actions included in the concept of corruption, as well as related actions that are prohibited.

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 2020.

In relation to Anti-Money Laundering and Counter-Terrorist 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 basic principles (Board of Directors to drive and oversee the adaptation and implementation of the AML/CTF model, Senior Management to drive and lead the implementation and development of the model, independent discharge of AML/CTF duties, effective management and control of AML/CTF, assurance of compliance with regulations, proactive collaboration with competent authorities and coordination and cooperation with other areas within the Institution). They also include critical management parameters (appointment of a representative to liaise with competent authorities, establishment of a risk appetite in relation to AML/CTF, establishment of criteria and control systems for customer onboarding and correspondent banks, controls for customer identification and KYC, application of due diligence depending on the risk associated with customers or transactions, ongoing monitoring of the business relationship through tracking systems, controls to detect and block terrorist financing and international sanctions, analysis and reporting of suspicious transactions, and specific training plans on AML/CTF, among other things).

Banco de Sabadell, S.A. 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 the controls of the second line of defence. 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.

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, in accordance with the principles laid down in the Bank's social action policy. The accounts of the Banco Sabadell Foundation are also duly audited.

It should also be noted that the Banco Sabadell Group 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 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 all of the affected areas, additionally identifying crimes that are considered more likely to be committed as a result of the pandemic. To this end, control plans have been reviewed, additional measures have been implemented and the Regulatory School has intensified its initiatives to strengthen the Bank's compliance culture.

As regards 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 fair treatment of customers, 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. The identification, assessment, management and reporting of conduct risks is the responsibility of each Bank Executive Committee member, 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 for illicit activities to protect its Partners, customers and communities from financial crime through policies and annual training courses comprising:

- Anti-money laundering and counter-terrorist financing requirements with respect to 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 suspicious activities.

- Financial sanctions requirements are in place to ensure compliance with obligations under the UN, EU, UK and US sanctions regimes. 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.

- Anti-bribery and corruption requirements to ensure risk assessment and due diligence practices are in place to assess bribery or corruption exposure via third-party relationships, event sponsorship 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 Compliance, Conflicts of Interest and Market Abuse 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 stands out in 2020, as it has continued to meet its commitment to refund every TSB customer who has been an innocent victim of fraud, reimbursing over 99% of APP fraud cases, compared to the industry-wide rate of 38%.

In relation to the approach followed to manage the health crisis, TSB has monitored the COVID-19 impact on financial crime prevention policies and procedures throughout 2020, assessing any potential concerns in relation to the proposed changes. Immediately following the lockdown and introduction of government schemes, TSB began to build in a series of additional analytical reports to monitor potential financial crime during the pandemic. Alternative arrangements were also agreed to ensure customers could continue to securely provide identification documents to TSB without the need to visit branches.

On the other hand, the Bank's subsidiary in Mexico has 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. In addition, it has a Conceptual Manual for Anti Money Laundering and Counter Terrorist Financing, which mainly aims to establish the measures and procedures that the Bank will carry out in order to prevent, detect and report acts, omissions or operations that could favour or provide any form of help, assistance or cooperation in the perpetration of crimes detailed in Article 139 quater of the Federal Criminal Code or that could be included in the cases listed in Article 400 bis of this legal 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 terrorist financing.

6.1. Sponsorship, agreements and other social engagement contributions

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 2020, 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 2,137,000 euros.

In relation to sponsorship, for which an initial budget had been set at 1,594,000 euros, 1,463,000 euros have been invested, mainly in culture and sport. The only event that did not take place in the end was the cycling tour of the Basque Country, which was cancelled due to the health and safety measures taken to combat COVID-19. Also worthy of note were the changes to the 2020 edition of the Barcelona Open Banc Sabadell Trofeo Conde de Godó, where just 15% of the amount initially earmarked for this event was ultimately used for arrangements to hold the event in a hybrid format, in which players would compete in person and fans would follow the tournament online, this being the largest scheduled event of the year. For 2021, mindful of the circumstances brought about by the pandemic, the Bank has decided to continue sponsoring this tournament, as an act of responsibility and a show of support for the city of Barcelona, in a clear commitment to the city's economic and business activity.

The Banco Sabadell Private Foundation, through its sponsorship 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 2020, the Banco Sabadell Private Foundation received 4.1 million euros from Banco Sabadell to carry out its activities. The contributions allocated to each area of activity, and the number of events/initiatives in which it was a collaborating partner, are shown below:

Area and sub-area	No. events/initiatives	Amount allocated
Culture	82	€ 1,616,725.19
Visual arts and design	29	€ 450,095.99
Literature and performing arts	17	€ 400,000.00
Music and festivals	23	€ 560,629.20
Heritage	12	€ 193,500.00
Society	1	€ 12,500.00
Talent	83	€ 1,808,135.10
Culture	17	€ 271,414.11
Training	46	€ 787,570.74
Innovation	7	€ 122,000.00
Research	13	€ 627,150.25
Grand total	165	€ 3,424,860.29

* A single institution can have more than one event/initiative in which the Banco Sabadell Private Foundation is a collaborating partner. As at 31/12/2020, the Foundation had collaborated with a total of 135 institutions.

In terms of its own activities (awards and research grants), the Banco Sabadell Private Foundation gives these directly to the recipients. In 2020, there were a total of 18 recipients, who received a total of 220,000 euros (included in the table)

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

Annual information on <https://www.fundacionbancosabadell.com/fundacion/memoria-2020/>

Additionally and in relation to COVID-19, as an alternative to traditional Christmas celebrations and in order to adhere to the restrictions on movement and social distancing measures imposed by the authorities, Banco Sabadell employees voted on their preferred recipients of a 400,000 euro donation to help those most affected by the pandemic. They voted to split the donation between food banks, Aldeas Infantiles, Cáritas and Cruz Roja (Red Cross).

7. SOCIETY

Banco Sabadell 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 2020, the Board of Trustees of the Banco Sabadell Private Foundation (hereinafter, Banco Sabadell Foundation) approved allocating 3,798,758 euros, of which 3,424,860 euros were eventually invested 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.

Given the exceptional crisis generated by the COVID-19 pandemic, the Banco Sabadell Foundation has reviewed all of its activity and the events/initiatives in which it has been a collaborating partner to date, providing finance of 260,000 euros for new projects directly related to COVID-19, including affordable youth camps for those struggling financially, the seroprevalence study of the Hospital Parc Taulí, the collaboration with the B-Value programme and the “*Reto Futuro*” project.

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.



[SDG 1, SDG 4]

7.1. Commitment to sustainable development

7.1.1. Commitment to 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.

These initiatives are aimed at different target audiences:

For children up to age 13: the children’s drawing competition ‘What is money for?’ (*¿Para qué sirve el dinero?*), at <http://paraquesirveeldinero.com/>, has been running since 2010 and is aimed at both customers and non-customers of the Institution. It includes a series of educational activities and materials, prepared in cooperation with teachers and educators, to foster the understanding of the importance of saving, the value of money and solidarity.

For the first time this year, the competition has been held exclusively online, in view of the new health recommendations. For each drawing submitted, Banco Sabadell donates 1 euro to a charitable cause. In this edition, donations were made to the online teaching project “*Escuelas digitales resilientes*” arranged by Ayuda en Acción. By the time this year’s edition of the competition ended on 15 January, 846 drawings had been submitted.

For adolescents: For the eighth consecutive year and since its inception, Banco Sabadell is participating in the Financial Education for Schools in Catalonia (EFEC, for its acronym in Spanish) programme, in which, thanks to the corporate volunteers of the participating institutions, more than 121,998 students have been trained in basic finance.

In this edition, which has been partially held online due to lockdown restrictions imposed in the wake of the pandemic, the programme has been taught in 327 educational centres, and Banco Sabadell has participated with 91 volunteers, contributing with the other partnering institutions to the training of 15,733 young people.

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 101 centres² and 4,894 students.

In relation to the ‘Your finances, Your future’ (*Tus finanzas, tu futuro*) initiative of the Spanish Banking Association (AEB) and the Junior Achievement (JA) Foundation, in this year’s edition, which was held entirely online, 48 volunteers from the Institution took part, in 24 three-hour programmes.

For entrepreneurs and young talent: another of the Institution’s commitments to society is to support leading universities by offering financial aid and grants to give students access to more educational opportunities, to foster artistic talent among young people and those working in the social sector, through awards and support programmes,

² Although 101 people were enrolled as at 13 March, many of them were unable to attend as centres were closed due to COVID-19.

and to contribute to excellent research with financial assistance for pre-doctoral students, which is supplementary to other grants.

Through the Banco Sabadell Foundation, young people who are brilliant in their respective disciplines take part in competitions organised by Celera, the only people accelerator that currently exists in Spain, which each year selects 10 exceptional young people to offer them resources, training and opportunities.

The Banco Sabadell Foundation's *Biomedical Research*, *Economic Research* and *Scientific Research* awards aim to drive forward and recognise the careers of young Spanish researchers who stand out for their excellence and innovation in these three specialties, and they are recognised as the most important awards in their respective fields.

With the same aim of fostering high-quality research, the Banco Sabadell Foundation and CIDOB (Barcelona Centre for International Affairs) have launched the "Global Talent Programme", which offers a paid research stay and two applied research awards aimed at young researchers.

In 2020, acting on its commitment to education and digitisation, the Banco Sabadell Foundation has launched the "*Reto Futuro*" project with the Exit Foundation and Imagine, to reduce the digital divide between those with access to new technology and those without, and it has also collaborated in projects such as the *Programme for the Development of Innovation Management and Digital Skills* organised by the Las Palmas University Foundation (FULP), and the *eDuo Exit* programme, an educational innovation programme designed to improve the employment prospects of young people from vulnerable populations.

It also takes an active part in collaborations that aim to help university students find employment, such as the University of Murcia's TOOLBOX project.

For SMEs: 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. Within this framework, the International Business Conferences (Jornadas de Negocio Internacional) have been held in 2020, in which more than 6,241 companies have taken part. It is also worth noting that 1,555 companies took part in specific Brexit training sessions on the technical aspects of new customs arrangements and logistics.

The Institution has also held the fourth edition of the Sabadell International Business Program, a university-certified training programme that offers advice to business customers, in which more than 300 companies engaging in international business have taken part. Furthermore, the International Business Newsletter is distributed every month, which contains information about international markets and activity sectors most prone to internationalisation or exports.

In terms of its commitments to training, it is also worth highlighting the arrangements made with Francisco de Vitoria University to launch the first edition of an online expert advice programme, the university-accredited course on 'Financial advice for religious institutions and non-profit organisations' and the 2020 edition of 'The World of Tomorrow' (*El Mundo Que Viene*), a series of monthly meetings for all types of companies seeking to keep up with emerging business and social trends, organised together with the Valencian Startup Association (Asociación Valenciana de Startups).

Through BStartup, Banco Sabadell has become a leading institution in the industry when it comes to supporting early-stage innovative and technology-based companies. This year, BStartup has taken part in 135 entrepreneurship events, most of which were held online due to the pandemic, focusing on offering solutions to meet the liquidity needs of this sector and explaining the different public support measures put in place. Once again, this year it has taken part 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 edition, invested startups *BStartup Inbrain* and *Aplanet* presented their project along with 33 other impact startups.

BStartup, meanwhile, has once again sponsored *Climate Launchpad*, the world's largest green business ideas competition, organised by EIT Climate-KIC and Avasen, participating as a member of the panel to select the winning idea.

Banco Sabadell's subsidiary in Mexico, in partnership with the International Finance Corporation (IFC), also designed snippets of information to encourage sustainable banking projects aimed at companies and corporate clients.

For families/society: bringing culture closer 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. Particular note should be taken of the following:

'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.

It is also worth highlighting the *ConectArte Conferences*, held in collaboration with SONAR+D, to put partnering cultural institutions in touch with each other, as well as projects such as *Imagine Express*, the *Entrepreneurship and Leadership Programme of the Reina Sofia School of Music* for young classical musicians, and the *B-Value Social Innovation Programme*. The Foundation has collaborated in an artistic project together with the Amigos del Teatro Real Foundation, in order to offer professional opportunities to young students of the Reina Sofia School of Music. It has also supported the *Dentro Cine* artistic education project aimed at young people from vulnerable populations, with the dual aim of giving them practical and film language training and providing them with tools for dialogue.

On the other hand, through the Bank's digital channels and during the 9 months following the outbreak of the pandemic, the Institution has held more than 250 internal and external events for training purposes, such as support webinars, video shorts and online sessions, including 65 online training webinars organised by Sabadell Business Hub, and for the purpose of supporting those receiving the training in matters such as cybersecurity and digitisation, distributing specific content related to the measures put in place by the Institution at this difficult time (ICO loans, mortgage payment holidays, advances of redundancy pay or pensions).

7.1.2. Solidarity

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.

Cooperation with voluntary service and solidarity

This year, amidst extremely complex circumstances, more than 600 volunteers have contributed to the social causes promoted by the Bank and/or its Foundation. This is triple last year's number.

The initiatives and cooperation and solidarity programmes carried out include:

- Supporting non-profit 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 has given out different economic awards to the winning participating entities. These awards help them to continue with their projects and gives visibility to the causes that they support, putting the spotlight on talent and teamwork. The Foundation also offers opportunities for the Bank's employees to volunteer as mentors. This year, 63 employees enrolled in a senior manager training course have supported these entities in developing their social impact and innovation projects.
- The Banco Sabadell Foundation has also taken part in the *Impulsa Cultura Programme*, an annual training and support plan offered free of charge by the Catalunya Cultura Foundation to 30 cultural projects in the region. 10 of the Bank's senior managers have also taken part as mentors in this year's edition.
- In 2020, the Banco Sabadell Foundation, together with the *Imagine Creativity Centre* and the *Exit Foundation*, has 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. 12 volunteers from the Bank have taken part by coaching young people, along with other educators and facilitators.
- To meet the potential needs of social entities arising as a result of the crisis caused by the lockdown measures taken to combat COVID-19, the Banco Sabadell Foundation put into motion a *Support Plan for Social Entities*, in which 19 of the Bank's employees with experience in other mentoring programmes shared their experience with these social entities in areas such as marketing, finance, communication and customer experience.

- Also in response to the COVID-19 crisis, 31 Banco Sabadell employees took part in the *#NingúnMayorSolo* initiative promoted by DKV together with Spain's Psychology Council (Consejo General de la Psicología de España) and the Spanish Society of Geriatrics and Gerontology (Sociedad Española de Geriátrica y Gerontología), offering telephone support for lonely elderly people during the pandemic.

Banco Sabadell also continuously encourages employees to engage in community and volunteer work by providing them with the necessary means and resources. Through Sabadell Life, an internal portal in place since 2016 and which has more than 11,500 users, the Bank and its employees can put forward proposals for charity and/or volunteering initiatives. This way, the more community-minded employees can either donate directly or exchange their prizes for donations, using gamification, in order to contribute to one of the charitable causes sponsored by the portal, together with Worldcoo, through the *Actitud Solidaria* platform.

In 2020, employees have responded effectively to several calls for emergency aid linked to the pandemic through Worldcoo's IT platform, through which three campaigns have been launched, selected by the employees themselves, to help those most severely affected: Save the Children, Cáritas and Aldeas Infantiles SOS have been the beneficiaries of these campaigns.

As an alternative to traditional Christmas celebrations and in order to adhere to the restrictions on movement and social distancing measures imposed by the authorities, Banco Sabadell employees decided to donate 400,000 euros to four social entities devoted to helping those most affected by the pandemic. A company-wide vote was held in which employees voted to split this donation between food banks, Aldeas Infantiles, Cáritas and Red Cross (Cruz Roja).

In 2020, Banco Sabadell's Ethical Committee, which raises funds for charitable endeavours through the investment fund *Sabadell Inversión Ética y Solidaria, IF*, has selected a total of 28 humanitarian projects to receive financial aid, most of which aim to reduce risks of social exclusion, meet basic needs and improve people's living conditions. A total of 351,309 euros have been given to these beneficiary entities.

In relation to charitable donations, 712 contactless donation boxes installed through Project *DONE* have been used to help different charities and social entities, both religious and non-profit, thus channelling economic funds used to meet the needs brought about by the effects of the pandemic.

Our UK subsidiary TSB also works to support local communities. Since 2015, it has raised over 3.5 million pounds for local causes. COVID-19 has brought about significant challenges for communities across the country.

- In 2020, TSB launched the TSB Charity Partnership programme, designed in line with the bank's corporate strategy, which aims to support 68 charities across Britain, all of whom carry out crucial work in the communities that TSB serves to support those struggling due to health reasons, financial difficulties, vulnerability, mental health issues or cancer.
- TSB Fundraising Hub was launched in October 2020, powered by the JustGiving crowdfunding platform. It brings together all of the charities supported by the organisation on one platform and enables TSB employees and customers to donate online.
- TSB entered into a new partnership with Citizens Advice, donating 250,000 pounds to Citizens Advice and Citizens Advice Scotland to help them continue their work of providing support and advice to those that need it most. It has also launched a new volunteering initiative, matching TSB colleague skills and Citizens Advice team skills gaps.

In the case of our subsidiary in Mexico, support for the pandemic that broke out this year was two-fold: direct donations were made, on one hand, to projects organised by private assistance institutions and, on the other hand, to other projects designed to support the country's economic revival. In terms of the former, it supported the *#Nopodemosparar* campaign organised by the Quiera Foundation, which together with the ABC Hospital Foundation donated 1 million Mexican pesos for the purchase of medical equipment and PPE for the COVID-19 unit of the Observatorio campus. In terms of the latter, it supported the economic recovery of vulnerable groups that earn their income through sales or direct services by taking part in the *CanastaXMéxico* programme, an initiative that garnered support from collaborators, ultimately helping 16,840 families.

Lastly, it is important to note that, in relation to housing management, the Bank has assigned 111 properties to 45 non-profit institutions and/or foundations, aimed at supporting the most disadvantaged social groups, and since 2013 it has been contributing to the Social Housing Fund (Fondo Social de la Vivienda, or FSV) with 400 homes mostly for customers, obtained from payments in kind or foreclosures.

Social integration

The Banco Sabadell Foundation collaborates in projects aimed at social integration, such as Balia Foundation's '*Conecta Mayores-Conecta Jóvenes*', which unites two different generations in order to break down stereotypes and eliminate the digital divide between young people and adults. It has also sponsored the *Dentro Cine*, *Horagai* and *L'art taller de música* art education projects, aimed at providing vulnerable young people with practical, film language and artistic training whilst also giving them tools for dialogue and integration.

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.

In relation to programmes that use the Bank's employees' knowledge and experience to help vulnerable sectors and/or those at risk of social exclusion, particular note should be taken of the Exit Foundation's *Project Coach*, a corporate volunteer scheme that seeks to improve the employability of young people from vulnerable groups, in which 27 mentors from the Bank have taken part online, as well as the 'Ace your job interview' ('*Triunfa en tu entrevista de trabajo*') programme, arranged together with the Quiero Trabajo Foundation, which aims to help vulnerable young women prepare for job interviews, empowering them and improving their self-esteem. 52 of the Bank's employees have mentored the women taking part in the programme, 80% of whom attended a job interview and 65% of whom were hired.

In relation to integration and employability projects, one particularly worthy of note is the *JoBS* programme of Sogeviso, an institution wholly owned by Banco Sabadell, which manages the complex issue of social housing. Since the start of the specific programme designed to offer support and improve the employment prospects of vulnerable mortgage borrowers (JoBS), 2,250 people have found work; of these, over 53% were hired for more than 100 days and more than 23% were hired for long-term positions, after having received training, coaching and interview practice.

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.

Another of the flagship research institutions with which the Banco Sabadell Foundation collaborates is the National Cancer Research Centre (CNIO, for 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.

This year, it is particularly important to note that the Banco Sabadell Foundation has collaborated in the first seroprevalence study on COVID-19 carried out by the Parc Taulí Hospital in Sabadell. This is a ground-breaking study into the immune response among the hospital's medical staff and a large group of patients, as well as in the wider population. In the same vein, note should be taken of the *Back on Track* project, an independent clinical trial that seeks to validate rapid testing as a strategy that can be used to hold concerts or other in-person events in a way that is safe but does not require social distancing.

BanSabadell Vida and BanSabadell Seguros Generales have also contributed to research into COVID-19, by donating 75,000 euros to finance part of the technological infrastructure of 9 biobanks required to conduct scientific research into vaccines against COVID-19.

Lastly, this year saw the third edition of *BStartup Health*, a programme designed to support health projects and in which invested funds are primarily used to validate technology, research and business. This year's edition ended with record levels of participation, with 146 enrolled startups, from which 4 projects were selected. Each of these will receive an investment of 100,000 euros and will benefit from a support and mentoring programme.

Economic development

It is worth highlighting the 2020 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.



[SDG 5, SDG 8, SDG 13]

7.2 Consumers, outsourcing and suppliers

7.2.1. Consumers

In Spain, Banco Sabadell has a Customer Care Service (SAC, for its acronym in Spanish) which deals with 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.

The SAC, in accordance with its Regulations, 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 Customer Care Service and its head, who is appointed by the Board of Directors, report directly to the Secretary General. 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.

Up to 31 December 2020, a total of 42,534 complaints and claims were received, of which 3,048 were complaints (7.17%) and 39,486 were claims (92.83%), in addition to a further 778 cases that were pending as at 31 December 2019. Of this total, 42,169 were processed in 2020, of which a total of 33,449 were accepted for processing and resolved, 8,720 were declined and 1,143 remained pending.

For more details, see Note 42 to the consolidated annual financial statements for 2020.

In the case of TSB, if we use the figure for the year up to December 2020, the number of recorded complaints, claims and other communications is 75,326 (approximately 75,000). The volume recorded during the same period in 2019 was 98,125 (approx. 98,000) and, therefore, 2020 represents a 23% reduction (22,799 or approx. 23,000) 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 2020, a total of 74,305 (99%) were resolved before the end of the year, 31 December 2020.

7.2.2. Outsourcing and suppliers

The new challenges of competition require cooperative behaviour between the Group and its suppliers, considering the latter as strategic partners and collaborators through which we also interact within and outside the region in which we operate.

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 Bank has a Supplier Policy, 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 the areas of human rights, labour, environment and freedom of association. These mechanisms cover the entire relationship with suppliers and include the monitoring of environmental, social and governance (ESG) criteria from their approval through to the procurement process.

In 2020, the top 20 suppliers represented 51.13% of all supplier invoicing. Other noteworthy aspects are included in the following table:

	2020	2019	2018
Total number of suppliers who have invoiced more than 100,000 euros at year-end	557	520	595
% of major ¹ suppliers and providers of essential services ² (out of total suppliers)	5%	2.11%	2.35%
Total number of approved suppliers	1043	831	740
Amount invoiced by special employment centres	€2.9m	€2.8m	€2.3m
Average time taken to pay suppliers (days payable outstanding) ³	30.13	37.28	32.89

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

¹ Suppliers invoicing more than 250,000 euros

² According to the criteria of the EBA/GL/2019/02 Guidelines

³ 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 2020.

Data as at end December 2020.

Registration and approval of suppliers

The Bank 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 conventions.
- United Nations Convention on the Rights of the Child.
- The principles of the United Nations Global Compact, signed by the Bank 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 CSR/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 corporate social responsibility 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 audits of its suppliers, 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. On the other hand, in relation to information security, specific audits are carried out depending on the inherent risk of the supplier, which include social and environmental aspects. In 2020, due to COVID-19, these audits have taken place remotely.

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 Bank 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 Bank 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.

In relation to the Bank's response to the health crisis (more details in the Directors' Report, "Banco Sabadell Response to the COVID-19 health crisis"), measures are put in place in relation to critical suppliers. These measures mainly considered the criticality of suppliers in order to focus (on a fortnightly basis or more frequently) on elements that might jeopardise service continuity. Among the most important measures is the establishment of a dashboard to

assess the level of criticality of suppliers and to evaluate: (i) the degree to which services are affected, (ii) compliance with SLAs, or (iii) the response capacity.

Supplier recruitment in the international network is decentralised, hiring only local suppliers and affecting only products for the 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 of the UK subsidiary TSB, the Bank 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. TSB assesses suppliers' CSR as part of the supplier approval process. There are three key areas in the assessment, which includes more than 20 questions that the supplier must answer:

- 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, whistleblowing and internal audits.
- Environment: it assesses whether the supplier has an environmental policy, including ISO 14001 Certification, its environmental records and its environmental improvement plans.
- Details of the supplier questionnaire are included in TSB's Policy Due Diligence Tool.

TSB has been monitoring its supply chain closely during the COVID-19 pandemic and its supply base has proven to be largely resilient. Regular reporting on its higher risk suppliers was in place during the height of the pandemic and its 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.

ANNEX 1. CORPORATE STANDARDS AND INSTITUTIONAL COMMITMENTS

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 also enshrine this commitment. The policies and commitments listed below are those corresponding to the Institution's non-financial areas and they are available on the website.



[SDG 17]

Non-financial principles and policies

- Code of Conduct: this applies to all persons who directly form part of the Group, whether through a professional association or through their membership of its governing bodies.
- Internal Code of Conduct relating to the securities market.
- Code of Conduct for Suppliers.
- Sustainability Policy
- Anti-Corruption Policy
- Banco Sabadell Group Policy on restrictions on financing and investment in activities associated with the arms industry.
- Ethics and Human Rights Policy.
- Shareholders and Investors Policy.
- Customers Policy.
- Human Resources Policy.
- Environmental Policy.
- Suppliers Policy.
- Social Action Policy.
- Banco Sabadell Group Remuneration Policy.
- Banco Sabadell Equality Plan.
- Guidance for the use of social media.
- Tax Strategy and Good Taxation Practices:
 - Tax Strategy.
 - Tax Liability and Good Taxation Practices.

Pacts, agreements and commitments



[SDG 5, SDG 13, SDG 17]

- 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.
- Has undertaken the collective commitment of Spanish banks to climate action.
- Adheres to the United Nations Principles for Responsible Investment.
- Signatory of the Equator Principles, which incorporate social and environmental criteria in the funding of large-scale projects and corporate loans.
- Adheres to the Task Force on Climate-related Financial Disclosures (TCFD).
- Member of the Spanish Observatory of Sustainable Financing (*Observatorio Español de la Financiación Sostenible* - OFISO)
- Renewed membership of the agreement signed between the Spanish Banking Association (AEB), the 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.
- Signatory of the Code of Good Banking Practice.
- Member of AUTOCONTROL (the independent advertising self-regulatory organisation in Spain).
- Awarded the 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.
- Integrated CSR into corporate practices following ISO 26000 guidelines.

ANNEX 2. TABLE OF CONTENTS LAW 11/2018

Reference: Directors' Report (DR)

		Response/page	GRI Disclosure Number	GRI Description
General Disclosures				
Business model	Brief description of the Group's business model	DR 1.1 Organisational structure	GRI 102-2 GRI 102-7	Activities, brands, products and services Scale of the organisation
	Markets in which it operates	DR 1.1 Organisational structure DR 1.2 Business model, main objectives achieved and actions implemented	GRI 102-3 GRI 102-4 GRI 102-6	Location of headquarters Location of operations Markets served
	Organisation's objectives and strategies	DR 1.1 Organisational structure DR 1.2 Business model, main objectives achieved and actions implemented 1.1. Vision 1.2. Sustainable Finance Plan 1.3. Governance 2.1. Sustainable finance 2.1.8. Social housing management 2.2. Risk assessment with ESG criteria 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD) 2.4. Transparency and digitalisation 3.2. SmartWork: the response to COVID-19, example of commitment and resilience 3.5. Remuneration policy 3.6. Workplace environment and organisation 4. Environment 5. Information regarding human rights 6. The fight against corruption and bribery 7. Society Annex 1 - Corporate standards and institutional commitments	GRI 103-2	The management approach and its components
	Key factors and trends that could affect its future performance	2.2. Risk assessment with ESG criteria 2.2.1. Equator Principles 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD) DR.6 Risks	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	1.3. Materiality	GRI 102-46 GRI 102-47	Defining report content and topic boundaries List of material topics
Management approach	Description of applicable policies	1.1. Vision 1.2. Sustainable Finance Plan 1.3. Governance 2.1. Sustainable finance 2.1.8. Social housing management 2.2. Risk assessment with ESG criteria 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD) 2.4. Transparency and digitalisation 3.2. SmartWork: the response to COVID-19, example of commitment and resilience 3.5. Remuneration policy 3.6. Workplace environment and organisation 4. Environment 5. Information regarding human rights 6. The fight against corruption and bribery 7. Society Annex 1 - Corporate standards and institutional commitments	GRI 103-2	The management approach and its components

		Response/page	GRI Disclosure Number	GRI Description
Management approach	Results of those policies	2.1.1. Sustainable investment 2.1.2. Sustainability bonds issuance 2.1.3. Sustainable financing - CIB (Corporate & Investment Banking) 2.1.4. Credit facilities with multilateral banks 2.1.5. Funding solutions for SMEs and individuals 2.1.6. Support for corporates and SMEs 2.1.7. Sustainable savings and responsible investment solutions 2.1.8. Social housing management 2.2. Risk assessment with ESG criteria 2.2.1. Equator Principles 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD) 3.1. Workforce information 3.3.1. Talent management model 3.6.2. Health and safety 4.1. CO2 emissions 4.3. Sustainable use of resources 7. Society	GRI 103-2	The management approach and its components
	The main risks related to these matters linked to the Group's activities	2.2. Risk assessment with ESG criteria 2.2.1. Equator Principles 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD) DR.6 Risks	GRI 102-15	Key impacts, risks and opportunities
Environmental matters				
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	4. Environment (Introduction) 2.2. Risk assessment with ESG criteria 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD) 4.1. CO2 emissions 4.3. Sustainable use of resources	GRI 102-15	Key impacts, risks and opportunities
	Environmental assessment or certification procedures	4.3. Sustainable use of resources	GRI 103-2	The management approach and its components
	Resources dedicated to environmental risk prevention	4. Environment (Introduction) 2.2. Risk assessment with ESG criteria 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD)	GRI 103-2	The management approach and its components
	Application of the precautionary principle	4. Environment (Introduction) 2.2. Risk assessment with ESG criteria 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD) 4.1. CO2 emissions 4.3. Sustainable use of resources	GRI 102-11	Precautionary principle or approach
	Amount of provisions and guarantees for environmental risks	2.2. Risk assessment with ESG criteria 2.2.2. Task Force on Climate-related Financial Disclosures (TCFD)	GRI 103-2	The management approach and its components

		Response/page	GRI Disclosure Number	GRI Description
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.	Banco Sabadell considers this to be a material topic purely because of its indirect contribution through finance and investment. 2.1 Sustainable finance 2.1.2. Sustainability bonds issuance 2.2.1. Equator Principles	GRI 103-2	The management approach and its components
Circular economy and waste prevention and management	Measures on the prevention, recycling, reuse and other forms of recovery and disposal of waste	4.2. Circular economy and waste prevention and 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. Sustainable use of resources	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. Sustainable use of resources	GRI 301-1	Materials used by weight or volume
	Direct and indirect energy consumption	4.3. Sustainable use of resources	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. Sustainable use of resources	GRI 103-2 GRI 302-4	The management approach and its components Reduction of energy consumption
	Use of renewable energies	4.3. Sustainable use of resources	GRI 302-1 in relation to consumption of energy from renewable sources	Energy consumption within the organisation
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	4.1. CO2 emissions	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	4.1. CO2 emissions	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	4.1. CO2 emissions	GRI 305-5 in relation to Greenhouse Gas emissions	Reduction of GHG emissions

		Response/page	GRI Disclosure Number	GRI Description
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. 2.2.1. 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. 2.2.1. 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				
Employment	Total number and breakdown of employees by country, gender, age and professional category	3.1. Workforce information 3.4.1. 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	3.1. Workforce information	GRI 102-8	Information on employees and other workers
	Annual average by type of contract (permanent, temporary or part-time) and by gender, age and professional category	Banco Sabadell's activities are not linked to any significant seasonality. 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 gender, age and professional category	3.1. Workforce information	GRI 103-2	The management approach and its components
	Average remuneration and its evolution, broken down by gender, age and professional category or its equivalent	3.5. 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 gender	3.5. 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

		Response/page	GRI Disclosure Number	GRI Description
Employment	Pay gap	3.5. 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
	Implementation of policies safeguarding employees' right to disconnect	3.2.4. Work-life balance and flexibility measures	GRI 103-2	The management approach and its components
	Employees with disabilities	3.4.2. Disabled persons	GRI 405-1	Diversity of governance bodies and employees
Workplace organisation	Organisation of working hours	3.2. SmartWork: the response to COVID-19, example of commitment and resilience 3.6. Workplace environment and organisation 3.6.1. Work-life balance 3.6.2. Health and safety 3.6.3. Trade union rights and right of association	GRI 103-2	The management approach and its components
	Number of hours of employee absence	3.6.2. 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	3.6.1. Work-life balance	GRI 103-2	The management approach and its components
Health and safety	Health and safety conditions in the workplace	3.2. SmartWork: the response to COVID-19, example of commitment and resilience 3.6.2. Health and safety	GRI 103-2 GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018)	The management approach and its components Occupational health and safety management system Hazard identification, risk assessment, and incident investigation Occupational health services
	Workplace accidents, in particular their frequency and severity, broken down by gender	3.6.2. Health and safety	GRI 403-9 (2018) in relation to work-related injuries	Work-related injuries
	Occupational illnesses, broken down by gender	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	3.6.3. 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	3.6.3. 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.	3.6.3. 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	3.3. Commitment to talent	GRI 103-2 GRI 404-2	The management approach and its components Programs for upgrading employee skills and transition assistance programs

		Response/page	GRI Disclosure Number	GRI Description
Training	Total hours of training, broken down by professional category	3.3.1. Talent management model	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	3.4.2. Disabled persons	GRI 103-2	The management approach and its components
Equality	Measures adopted to promote equal treatment and opportunities between men and women	3.4. Diversity 3.4.1. 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)	3.4.1. Gender	GRI 103-2	The management approach and its components
	Measures adopted to promote employment, protocols against sexual abuse and sexual harassment.	3.4. Diversity 3.4.1. Gender	GRI 103-2	The management approach and its components
	Policy against all forms of discrimination and, where applicable, gender diversity management	3.4. Diversity 3.4.1. Gender	GRI 103-2	The management approach and its components
Disclosures on respecting human rights				
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	Banco Sabadell foresees no direct risk inherent in this topic. 5. Information regarding human rights	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 2020. 5. Information regarding human rights	GRI 103-2 GRI 406-1	The management approach and its components Incidents of discrimination and corrective actions taken

		Response/page	GRI Disclosure Number	GRI Description
Human rights	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	5. Information regarding 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				
Corruption and bribery	Measures adopted to prevent corruption and bribery	6. The fight against corruption and bribery	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3	The management approach and its components Values, principles, standards, and norms of behaviour Mechanisms for advice and concerns about ethics Communication and training about anti-corruption policies and procedures Confirmed incidents of corruption and actions taken
	Measures to combat money laundering	6. The fight against corruption and bribery	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-2 GRI 205-3	The management approach and its components Values, principles, standards, and norms of behaviour Mechanisms for advice and concerns about ethics Communication and training about anti-corruption policies and procedures Confirmed incidents of corruption and actions taken
	Contributions to foundations and non-profit organisations	6.1.1. Sponsorship, agreements and other social engagement contributions 2.1.7. Sustainable savings and responsible investment solutions 2.1.8. Social housing management 7.1.2. Solidarity	GRI 102-13 GRI 201-1 in relation to community investments GRI 415-1	Membership of associations Direct economic value generated and distributed Political contributions
Information regarding society				
The company's commitments to sustainable development	The impact of the company's activities on local employment and development	2.1.8. Social housing management 7.1.1. Commitment to education 7.1.2. Solidarity	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	2.1.8. Social housing management 7.1.1. Commitment to education 7.1.2. Solidarity	GRI 413-1	Activities involving the local community, impact assessments and development schemes
	Relationships with key members of local communities and the different forms of dialogue with the same	2.1.8. Social housing management 7.1.1. Commitment to education 7.1.2. Solidarity	GRI 102-43 GRI 413-1	Approach to stakeholder engagement Operations with local community engagement, impact assessments, and development programs
	Association and sponsorship activities	6.1.1. Sponsorship, agreements and other social engagement contributions 7.1.1. Commitment to education 7.1.2. Solidarity Annex 1. Corporate standards and institutional commitments	GRI 103-2 GRI 201-1 in relation to community investments	The management approach and its components Direct economic value generated and distributed

		Response/page	GRI Disclosure Number	GRI Description
Outsourcing and suppliers	Inclusion in the procurement policy of social, gender equality and environmental matters	7.2.2. 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	7.2.2. 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	7.2.2. 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	2.4. Transparency and digitisation 2.4.1. Transparency 2.4.2. Digitisation and data protection 2.4.3. Cybersecurity 5. Information regarding human rights 7.1.1. Commitment to education	GRI 103-2	The management approach and its components
	Whistle-blowing systems, complaints received and their resolution	7.2.1. Consumers DR 1.5 The customer Consolidated annual financial statements, Note 42	GRI 103-2	The management approach and its components
Tax information	Country-by-country earnings obtained	2.3. Tax information	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	2.3. Tax information	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	2.3. Tax information	GRI 201-4	Financial assistance received from government

ANNEX 3 PRINCIPLES FOR RESPONSIBLE BANKING SELF-ASSESSMENT

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
<p>Principle 1 Alignment</p> <p><i>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.</i></p>		
<p>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.</p>	<p>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, efficiency, sustainability 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.</p> <p>The Bank's management model focuses on a long-term vision of customers, through constant efforts to promote customer loyalty and by adopting an initiative-based, proactive approach. The Bank offers a comprehensive range of products and services, competent, highly qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.</p> <p>During the last ten years, Banco Sabadell has expanded its geographic 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 a national level. Banco Sabadell also has a strong position in other products: 9% in commercial credit, 10% in lending to companies, 6% in mutual funds, 10% in securities trading and 17% in POS turnover.</p> <p>Banco Sabadell still occupies a leading position in the sector when it comes to quality, and it is among the top 3 of its peers in customer experience (based on the Net Promoter Score) in the Personal Banking, SMEs and Large Corporations segments.</p> <p>The Bank has become one of the largest banks in Spain's financial system. It has a geographically diverse business (72% in Spain, 26% in the UK and 2% in Mexico) and its customer base is now six times larger than it was in 2008, and it has achieved all of this while safeguarding its solvency and liquidity.</p>	<p>Directors' Report: 1.2 Business model, main objectives achieved and actions implemented</p>
<p>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</p>	<p>In June 2019, the Board of Directors approved the Sustainable Development Goals (SDGs), placing them at the core of its strategy for the coming years, meaning that they are a key priority for the Bank in the performance of its activity.</p> <p>In light of the United Nations Climate Change Conference (COP25), held in Madrid, Banco Sabadell has signed up to the "Collective Commitment to Climate Action", organised by AEB, CECA and ICO, under which it will aim to reduce the carbon footprint of its balance sheet.</p> <p>In the same vein, the Sustainable Finance Plan (in effect since 2020) establishes the goals and actions associated with the SDGs in relation to the following lines of action and lays down the new organisational foundations, as well as the new assessment and management models.</p>	<p>1.1. Vision 1.2. Sustainable Finance Plan 2.1. Sustainable finance</p>

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
<p>Principle 2 Impact and Target Setting <i>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.</i></p>		
<p>2.1 Impact Analysis:</p> <p>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 fulfills the following elements</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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))</p> <p>Show that building on this analysis, the bank has:</p> <ul style="list-style-type: none"> • 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 impacts. 	<p>In March 2020 Banco Sabadell created its internal Eligibility Guide, which defines sustainable financing actions across the entire Group. The Eligibility Guide establishes criteria and the supporting documents required for 99 activities to qualify as sustainable. Of these, 74 are green and 25 are social.</p> <p>The technical eligibility criteria are based on the EU taxonomy, the ICMA Green Bond Principles and Social Bond Principles and the best practices in the market.</p> <p>Through these actions, the Bank has:</p> <ul style="list-style-type: none"> • Drawn up a list of finance activities that can be considered sustainable if they meet a pre-defined series of criteria. • Calculated the volume of sustainable financing that the Bank has in its portfolio that meets the established requirements and has the necessary documentation, as well as its exposures that could potentially be considered sustainable based on specific requirements concerning the information to be included in supporting documents, and at a sectoral level. • Identified the exposure to sectors, according to the classification of CO2-intensive activities with a high environmental impact. • It has also analysed its different portfolios, particularly those that have a high impact on climate change. • An analysis has been made of the different portfolios, particularly those with a high impact on climate change, by classifying activities into 'CO2-intensive' and 'high environmental impact'. In relation to activities with the highest environmental impact, the Bank began to assess the carbon-related assets metric and aims to consolidate this work in 2021. <p>The Bank is also working on defining a methodology to assess the impact of physical risks. The first stage will focus on the risk to collateral, particularly in its mortgage, real estate development and CRE (commercial real estate) portfolio. In 2021, it plans to evaluate this first stage relating to physical risk and hopes to gain an initial overview of Banco Sabadell's transition risk.</p> <p>The Bank has also created its first indicator of a company's sustainability, which it will use to assess sensitivity to sustainability. To this end, it has created a questionnaire for small and medium-sized enterprises and also for large corporations, designed to gather information about their ESG initiatives and indicators and identify possible financial solutions that they may require to improve their energy efficiency and mitigate their environmental impact. The indicator takes into account the company's activity, the company's score based on its answers to the questionnaire, as well as information about ESG topics and from external sources.</p>	<p>2.2. Risk assessment with ESG criteria</p>

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
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p> <p>Based on the commitments and actions undertaken by the Bank in relation to sustainability, which are mentioned in the Bank's vision statement, and based on feedback received from its stakeholders, the Bank has identified a series of material topics which include, on one hand, the Sustainable Finance Plan and, on the other, topics related to aspects that are more to do with ethics and integrity, transparency vis-à-vis customers and the management of human resources. Additionally, the Bank has been able to use its Eligibility Guide to conduct its first analysis of the different portfolios, particularly those that have a high impact on climate change.</p>		
<p>2.2 Target Setting</p> <p><i>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</i></p> <p><i>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.</i></p> <p><i>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.</i></p>	<p>The Bank has created a synthetic sustainability indicator that includes ESG metrics that are linked to the variable remuneration of all employees, thus forming part of the Group's targets for the current year.</p> <p>The metrics that comprise this indicator include:</p> <p><u>Environment:</u> Definition of the Bond Issuance Framework and Governance thereof; increased investment in Renewable Energy Project Finance for 2020; Definition of a Sustainable Activities Guide; 9.9% reduction of CO2 Emissions (tonnes) for 2020 relative to 2019.</p> <p><u>Social:</u> Increase the number of people in talent programmes.</p> <p><u>Diversity:</u> Increase the percentage of women in senior management positions: General Management; Corporate Directors/Top Management and Board members; Increase diversity in TSB.</p>	<p>1.2. Sustainable Finance Plan</p> <p>1.4. Governance</p> <p>2.1. Sustainable finance</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p> <p>The Bank has established qualitative and quantitative targets for its priority ESG aspects and in relation to the SDGs that it considers to be material. In 2020 it has attained a high level of achievement of these targets. In 2021, new targets will be set to enable the Bank to continue improving the way it manages the impacts of its activities.</p>		
<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>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.</i></p>	<p>The synthetic sustainability indicator (SSI) is monitored on a monthly basis.</p> <p>This indicator is analysed in every meeting of the Sustainability Committee, chaired by the Chief Executive Officer, which is the body in charge of establishing the Bank's Sustainable Finance Plan and monitoring its execution, as well as defining and disclosing the general action principles related to sustainability and promoting the development of projects and initiatives.</p> <p>The Bank has also created a Sustainable Finance PMO responsible for ensuring the implementation of the programmes envisioned in the Sustainable Finance Plan.</p>	<p>1.2. Sustainable Finance Plan</p> <p>1.4. Governance</p> <p>2.1. Sustainable finance</p>

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
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p> <p>The Bank, through the Sustainability Committee and the Sustainable Finance and Sustainable Regulation PMOs, is responsible for establishing the Sustainable Finance Plan and monitoring its execution, as well as defining and disclosing the general action principles related to sustainability and promoting the development of projects and initiatives.</p>		
<p>2.4 Progress on Implementing Targets</p> <p>For each target separately:</p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>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.</i></p> <p><i>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. (Where feasible and appropriate, banks should include quantitative disclosures).</i></p>	<p>In 2020, the Bank has achieved a high level of compliance with the metrics related to the synthetic sustainability indicator.</p> <p><u>Environment:</u></p> <ul style="list-style-type: none"> - Published the Sustainability Bonds Issuance Framework, with a first issuance of green bonds in September 2020 - Provided Project Finance for Renewable Energy projects amounting to 1,130 million euros - Prepared Eligibility Guide in March 2020 - Reduced Scope 2 CO2 emissions (tonnes) by 99.79% compared to base year (2014) <p><u>Diversity:</u></p> <ul style="list-style-type: none"> 26% of women in senior management positions, 35% of women in Directors group. 	<p>1.4. Governance</p> <p>2.1.3. Sustainable financing - CIB (Corporate & Investment Banking)</p> <p>3.4. Diversity</p> <p>4.1. CO2 emissions</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets</p> <p>In 2020 the Bank has attained a high level of achievement of its different objectives.</p>		
<p>Principle 3 Clients and Customers</p> <p><i>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.</i></p>		
<p>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.</p>	<p>Through the Sustainability Policy, Banco Sabadell establishes a series of principles to adapt the organisation to the challenges and opportunities arising from sustainability. One of these pillars is transparency, and in this regard, the Bank promotes information transparency and responsible, simple and close communication with all its stakeholders.</p> <p>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. Before bringing a new product or service to market, an internal process (known as a "product workflow") takes place in which the validation of the various units is ratified by a high level committee (Technical Product Committee), and checks are run to ensure that the Bank meets transparency standards, existing regulations as well as the Bank's own measures for cybersecurity and customer data protection.</p>	<p>2.4.1. Transparency</p>

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
<p>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.</p>	<p>As part of its commitment to support ecological transition, Banco Sabadell has included the first sustainability questionnaire in its routine visits to companies. This questionnaire involves managers having a conversation with customers to learn more about their company's sensitivity to SDGs and about their plans to invest in becoming more sustainable.</p> <p>To generate appropriate advice for the Bank's network and hold an appropriate conversation about sustainability during the annual visit to customers (360-degree vision programme), an online course on sustainability has been developed to allow the branch network to understand the concept and context of sustainable finance and solutions for customers.</p>	<p>2.1.6. Support for corporates and SMEs</p>
<p>Principle 4 Stakeholders <i>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</i></p>		
<p>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.</p>	<p>Through the various communication channels, the Bank has identified the needs of stakeholders and reflects them in the ESG aspects of the Sustainable Finance Plan, focusing its main areas of action on supporting economic agents, customers and businesses in the transition to a sustainable economy, responding with sustainable products and services, enabling investors to contribute to sustainability, identifying opportunities for collaboration and progress in diversity, work-life balance, transparency, emissions reduction and governance, the Bank's own transformation process, and promoting social programmes and partnerships to overcome challenges in order to contribute to a more sustainable society.</p>	<p>1.2. Sustainable Finance Plan 1.3. Materiality</p>
<p>Principle 5 Governance & Culture <i>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</i></p>		
<p>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.</p>	<p>The Board of Directors of Banco Sabadell is ultimately responsible for the Banco Sabadell Group Sustainability Policy, which it approved in December 2020. This document defines Banco de Sabadell's approach to sustainability, as well as the responsibility of the various divisions involved and the governance structure in relation to ESG. Additionally, the Appointments Committee is responsible for monitoring and controlling the various initiatives and procedures related to the Sustainability Policy and the rules on environmental, social and corporate governance matters.</p> <p>The Sustainability Committee was set up in 2020 as the body responsible for establishing and promoting the Sustainable Finance Plan and monitoring its execution, as well as defining and disclosing the general action principles related to sustainability and promoting the development of related projects and initiatives.</p> <p>At the operational level, it regularly reports to the Management Committee and at least once a year to the Delegated Committee on the progress of the Sustainable Finance Plan. In addition, a Project Management Office (PMO) has been created for the Sustainable Finance Plan to ensure the implementation of the Sustainable Finance Plan programmes, as well as a Project Management Office (PMO) for Sustainable Regulation to ensure the tactical implementation of related regulations (SFDR, Supervisory Expectations, ECB) and of the Task Force on Climate-related Financial Disclosures (TCFD) model, recently signed by the Bank.</p>	<p>1.2. Sustainable Finance Plan 1.4. Governance 2.1. Sustainable finance</p>

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
	<p>A Sustainability Division has been created, which replaces the CSR Division and offers a broader cross-cutting approach through its actions and skills in Environmental, Social and Governance (ESG) areas.</p> <p>A Policy on Integration of Sustainability Risks is being drafted, to provide guidance for making investment decisions and advising on Banco Sabadell's investment and savings products, which is expected to be approved in the first quarter of 2021.</p>	
<p>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</p>	<p>Online course on sustainability for the branch network</p> <p>To generate appropriate advice for the Bank's network and hold an appropriate conversation about sustainability during the annual visit to customers (360-degree vision programme), an online course on sustainability has been developed to allow the branch network to understand the concept and context of sustainable finance and solutions for customers. This course explains: What the SDGs are, How a business can get started on the road to a green transition, What the EC taxonomy is and what purposes it serves, What financing solutions can be applied in each case, and How to hold a conversation with the customer to identify their level of sensitivity to sustainability.</p> <p>Synthetic Sustainability Indicator that is linked to the variable remuneration of all employees.</p> <p>A synthetic sustainability indicator (SSI) is established, 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%.</p>	<p>2.1.6. Support for corporates and SMEs</p> <p>1.2. Sustainable Finance Plan</p> <p>1.4. Governance</p> <p>2.1. Sustainable finance</p>
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <p>a) target-setting and actions to achieve targets set</p> <p>b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>The Sustainability Committee was set up in 2020 as the body responsible for establishing and promoting the Sustainable Finance Plan, which addresses the Principles for Responsible Banking, and for monitoring its execution, as well as defining and disclosing the general action principles related to sustainability and promoting the development of related projects and initiatives.</p>	<p>1.4. Governance</p>
<p>Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.</p> <p>Banco Sabadell has strengthened its governance structure through the creation of the Sustainability Committee, chaired by the Chief Executive Officer, and the creation of PMOs responsible for implementing the programmes envisaged in the Sustainable Finance Plan. This structure enables it to properly implement the Plan and act on the Commitments it has undertaken.</p>		

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
<p>Principle 6 Transparency & Accountability <i>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.</i></p>		
<p>6.1. Progress on Implementing the Principles for Responsible Banking.</p> <p><i>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).</i></p> <p><i>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</i></p> <p><i>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.</i></p>	<p>Details regarding the progress made in implementing the Principles are included in our consolidated Non-Financial Disclosures Report for the period from 1 January to 31 December 2020. The Non-Financial Disclosures Report, which forms part of the Banco Sabadell Group consolidated Directors' Report for 2020, and which is annexed to that report as a separate document, complies with the general provisions published in Law 11/2018 of 28 December, amending Articles 44 and 49 of the Code of Commerce in relation to non-financial disclosures and diversity, using the Global Reporting Initiative standards set out in Annex 2 of this report as a framework of reference.</p> <p>Banco Sabadell has also embraced the main local and international initiatives that promote the development of responsible business practices. As such, it:</p> <ul style="list-style-type: none"> • Is a founding signatory of the UNEP Finance Initiative (UNEP FI) Principles for Responsible Banking. • Has undertaken the collective commitment of Spanish banks to climate action. • Has adhered to the United Nations Principles for Responsible Investment in the "asset management" category. • Is a signatory of the Equator Principles, which incorporate social and environmental criteria in the funding of large-scale projects and corporate loans. • Adheres to the Task Force on Climate-related Financial Disclosures (TCFD). • Is a member of the Spanish Observatory of Sustainable Financing (<i>Observatorio Español de la Financiación Sostenible</i> - OFISO) • Is a signatory of the Carbon Disclosure Project (CDP) for action against climate change 	<p>Annex 2. Table of contents Law 11/2018</p> <p>Annex 1. Corporate standards and institutional commitments</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p> <p>This Non-Financial Disclosures Report, which forms part of the consolidated Directors' Report and is annexed to that report as a separate document, describes the actions taken in relation to the Sustainable Finance Plan and also includes aspects relevant to business continuity, the ESG commitments undertaken (Principles for Responsible Banking, Climate Action and TCFD disclosures) as well as other issues deemed to be material for the Institution pursuant to Law, in addition to the impacts arising from COVID-19, in terms of both how it has affected both the needs of our stakeholders and the Group's activity.</p>		



KPMG Asesores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
Barcelona

Independent Assurance Report on the Consolidated Non-Financial Information Statement of Banco Sabadell, S.A. and subsidiaries for the year 2020

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Banco 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 2020, of Banco Sabadell, S.A. (hereinafter the Parent Company) and subsidiaries (hereinafter the Group) which forms part of the Group's 2020 consolidated Directors' Report.

The consolidated Directors' Report includes additional information to that required by prevailing mercantile legislation governing non-financial information that has not been subject of our assurance work.. In this regard, 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 accompanying NFIS.

Directors' responsibilities

The Board of Directors of the Parent Company is responsible for the preparation and presentation of the NFIS included in the Group's 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), in accordance with each subject area in table "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 Company's directors are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for preparing the NFIS was obtained.

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 behavior.

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 was comprised of 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 International Standard on Assurance Engagements, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Performance Guide on 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, as well as of the different units and areas responsible of the Parent Company that participated in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS and in the application of certain analytical procedures and sample review testing described below:

- Meetings with the Parent Company 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 Company and described in the section Materiality considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2020.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2020.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2020 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 (unqualified)**

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 Sabadell, S.A. and subsidiaries for the year ended 31 December 2020 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the content of the selected GRI Standards, in accordance with that mentioned for each subject area in the table "Table of contents law 11/2018" included in the annex 2 of the aforementioned NFIS.

Paragraph of other issues

On January 31, 2020, other verifiers issued their independent verification report of the consolidated Non-Financial Information Statement of Banco Sabadell, S.A. and subsidiaries for the 2019 financial year in which they expressed a favourable conclusion.

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

5 February 2021