

Banco Sabadell Non-Financial Disclosures Report for the year ended

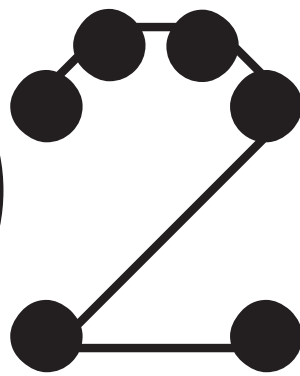


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1. Introduction

The Non-Financial Disclosures Report¹ for Banco de Sabadell, S.A. (hereinafter, “Banco Sabadell”, “the Bank” or “the Institution”), which includes information on a consolidated and individual basis of Banco Sabadell Group (hereinafter, “the Group”), is set out below.

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

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

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

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

The perimeter covered by the Non-Financial Disclosures Report is the entire Banco Sabadell Group. When the reported information does not cover the entire perimeter, this is clearly indicated.

This report has been developed in compliance with the general provisions published in Law 11/2018, of 28 December, and information relating to taxonomically eligible exposures is compliant with the Taxonomy Regulation (EU Regulation 2020/852), which came into effect in January 2022. In addition, this report also takes into account the non-binding guidelines published by the European Commission on its Guidelines on Non-Financial Reporting (2017/C 215/01), its supplement on reporting climate-related information (2019/C 209/01) and the Global Reporting Initiative (GRI)² reference framework. This report has been prepared with reference to the GRI Standards.

The main updates include:

- The materiality analysis carried out in 2021 has been updated in accordance with the latest GRI update.

- It includes decarbonisation pathways in line with the Institution’s commitment to the Net-Zero Banking Alliance.
- The carbon footprint of the Institution’s financed portfolio is disclosed.
- Information on vulnerable customers has been expanded.

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

- The Principles for Responsible Banking³ of the United Nations Environment Programme Finance Initiative (UNEP FI).
- Task Force on Climate-related Financial Disclosures (TCFD).

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

1 Part of the Consolidated Directors’ Report 2022.

2 These requirements are listed in Annex 2 - Table of contents Law 11/2018.

3 The UNEP FI’s Impact Analysis Tool has been used for the first time to measure the impact of the Institution and its environment from a ‘double materiality’ perspective.

2. Governance

The governance system and the organisation of the different decision-making levels are both being continuously improved and adapted to the needs that are emerging from the new sustainability environment.

Board of Directors

With the exception of matters falling within the sole remit of the Shareholders' Meeting, the Board of Directors is the highest decision-making body in the Bank and its consolidated Group as, under the law and the Articles of Association, it is entrusted with administering and representing the Bank. The Board of Directors acts mainly as an instrument of supervision and oversight, and it delegates the management of ordinary business matters to the CEO. To ensure better and more diligent performance of its general supervisory duties, the Board is directly responsible for approving the Institution's general strategies. It also approves its policies, and is therefore responsible for establishing principles, commitments and targets in the area of sustainability, and for including them into the Institution's strategy.

Sustainability played an important role within Banco Sabadell's business purpose and strategy in 2022. By defining the Institution's overall strategy, business objectives and risk management framework, the Board of Directors takes account of environmental aspects, including climate, environmental, social and governance risks, and monitors them effectively.

In February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's activities and organisation within ESG⁴ parameters, which incorporate environmental, social and governance factors in decision-making and, at the same time, based on those parameters, to respond to the needs and concerns of all of its stakeholders. The Sustainability Policy establishes out the basic principles on which the Banco Sabadell Group relies to address the challenges posed by sustainability, and it defines the pertinent management parameters, as well as the organisation and governance structure necessary for its optimal implementation.

Board Committees

The Board Strategy and Sustainability Committee, established in 2021, is formed of five Directors (two Other External Directors and three Independent Directors) and is chaired by the Chairman of the Board of Directors. This Board Committee met 13 times in 2022.

In matters of strategy, the Chief Executive Officer may speak and vote at meetings, to which end the Committee is deemed to have six members.

On sustainability, the Committee has the following duties:

- Analysing and advising the Board of Directors on the Institution's sustainability and environmental policies.
- Advising the Board of Directors on possible amendments and regular updates of the sustainability strategy.
- Analysing the definition and, as necessary, amending diversity and integration, human rights, equal opportunities and work-life balance policies and evaluating their degree of fulfilment on a regular basis.
- Review the Bank's social action strategy and its sponsorship and patronage plans.
- Reviewing and reporting on the Institution's Non-Financial Disclosures Report before the Audit and Control Committee reviews and reports on it and it is subsequently authorised by the Board of Directors.
- Receiving information in connection with reports, written communiqués or communications from external supervisory bodies within the scope of this Committee's competencies.

In addition, in 2021 the Board Appointments and Corporate Governance Committee also took on duties in relation to advising the Board of Directors on the internal corporate policies and regulations, as well as overseeing the compliance with corporate governance rules and the disclosures to shareholders and investors, proxy advisors and other stakeholders.

⁴ Environmental, Social and Governance.

Internal Committees

The Management Committee regularly monitors the Sustainable Finance Plan and updates to the regulatory framework and it is also in charge of overseeing the aforesaid plan and resolving any incidents.

In addition, the Sustainability Committee, established in 2020 and chaired since 2021 by the Deputy General Manager and head of the Sustainability and Efficiency Division, is the body in charge of establishing the Bank's Sustainable Finance Plan and monitoring its execution, defining and publicising the general principles of action in sustainability matters and promoting the development of projects and initiatives, as well as of managing any alerts that may arise in relation to ongoing initiatives or any developments in the regulatory, supervisory or other environments. It is made up of 15 members (ensuring the representation of several areas, including Sustainability, Risk, Finance, Business, Technology & Operations, Communication, Research Service, Organisation and Resources) and it meets once a month. This composition of the Sustainability Committee covers all functional areas, which enables the cross-cutting establishment and implementation of the Sustainable Finance Plan and, therefore, the execution of the Institution's ESG strategy. The Sustainability Committee met 13 times in 2022.

Organisation

The Sustainability Division was created in 2021 and is the unit in charge of defining and managing the responsible banking strategy of Banco Sabadell Group, including the implementation of ESG criteria in such a way as to ensure that they are applied in all of the Bank's business units, affiliates and international subsidiaries. The Sustainability and Efficiency Manager is also a Deputy General Manager, a member of the Institution's Management Committee, and reports directly to the Chief Executive Officer.

In 2022, the organisation has focused on embedding the ESG risk strategy in its day-to-day operations, in its control arrangements and in the development of models and scenarios that consider these risks. As progress was made on performing sustainability-related tasks and on incorporating ESG risks into risk processes, it became apparent that new specialist resources were necessary. For this reason, the organisational structure based on a system of three lines of defence has been gradually modified in order to include the new skills and competencies required in relation to ESG:

- In terms of the 1LoD⁵, the business areas of both Corporate Banking and Business Banking have been strengthened with the creation of specific units that coordinate with the commercial teams to define new sustainable financing solutions for customers, identifying trends and new products. Furthermore, the Financing teams have been strengthened with the addition of

specialists in charge of gathering the necessary information to perform risk assessments during origination and monitoring processes. Similarly, the risk teams have also seen an enhancement of their capabilities to perform the relevant ESG tasks within Portfolio Management and ESG Analysis.

In order to meet the growing regulatory and supervisory demands, the Research and Models teams have also been strengthened. These are the teams that add climate scenarios to the stress testing models and the ICAAP (Internal Capital Adequacy Assessment Process).

- In the same way, the 2LoD has been reinforced, specifically the Compliance, Credit Risk Control and Internal Control teams.
- In terms of the 3LoD, the role of the Financial Audit Division has been expanded and it is now also responsible for performing sustainability audits' tasks.

⁵ Line of Defence.

3. Sabadell's Commitment to Sustainability

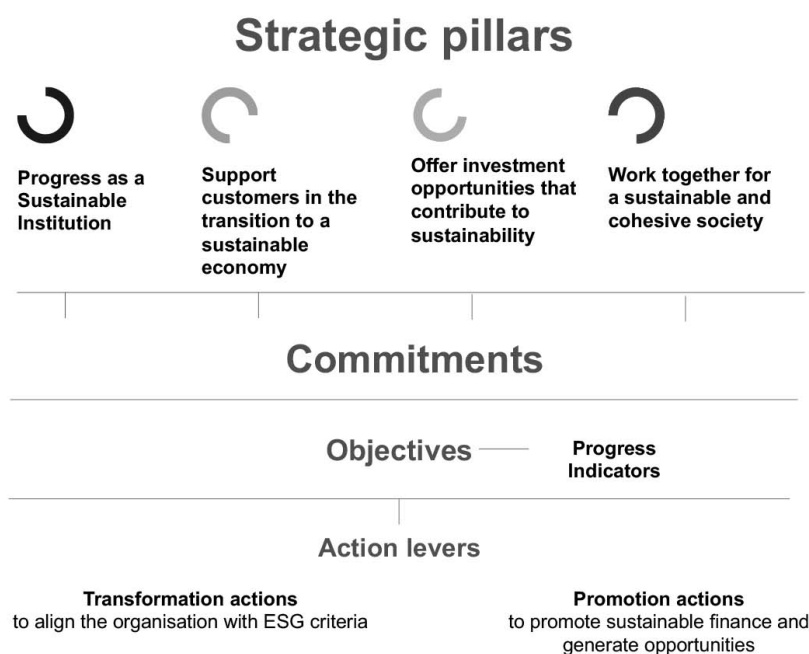
3.1 ESG framework

Solid in its commitment to sustainability and to accelerating the economic and social transformation that contribute to sustainable development and the fight against climate change, the Bank has established 'Sabadell's Commitment to Sustainability'.

Underpinned by four strategic pillars, this framework sets out the Bank's sustainability strategy and forward-looking vision with ESG goals and commitments, aligned with the UN Sustainable Development Goals (SDGs),

and establishing levers for transformation and promotion actions. The main lines of action of this ESG framework are the following:

- Progress as a sustainable institution: the Bank focuses on achieving greenhouse gas (GHG) emissions neutrality, promoting diversity, safeguarding talent, and continuing to incorporate ESG criteria in its governance, as well as participating in the most relevant ESG alliances.
- Support customers in the transition towards a sustainable economy: to do so, the Bank is making progress with mapping out decarbonisation pathways, supporting customers in their transition to specialised solutions in renewable energies, energy efficiency and sustainable mobility, and setting sectoral standards that limit controversial activities and/or those with a negative impact on social and environmental development.
- Offer investment opportunities that contribute to sustainability: in the investor ecosystem, the Bank focuses on increasing savings and investment opportunities that contribute to sustainability, rolling out a wide range of social, ethical, green and sustainable bonds and funds, both its own and those of third parties.
- Work together for a sustainable and cohesive society: in its commitment to society, the Bank believes that it is essential to take an active role to improve financial education, move forward inclusion, reduce social vulnerability to the minimum, and ensure security in transactions and exchanges of information.



A preliminary report on this framework was presented at the Annual General Meeting of March 2022, and the disclosure of that report culminated in the creation of a “Sustainable Commitment” section on the Group’s corporate website. Up until the publication of this report, the disclosure of updates has been carried out fundamentally on the Bank’s digital channels with the hashtag #SabadellCompromisoSostenible.

To complement this, the Bank continues to make progress with its Sustainable Finance Plan, as an operational tool to confront new developments and needs generated by changes in the regulatory and supervisory environment, which have an impact on business strategy and the business model, governance, risk management and disclosure.

All of these actions and goals established in Sabadell’s Commitment to Sustainability form the Bank’s ESG roadmap.

Remuneration linked to Sustainability

Through the synthetic sustainability indicator (SSI), established in 2020, Key Performance Indicators (KPIs) for ESG matters are included and linked to the variable remuneration of employees.

The commitment to sustainability and the involvement of the Bank’s staff in the delivery of the Institution’s ESG goals are factors reflected in the attainment of the Group’s objectives. Through the synthetic sustainability indicator (SSI), established in 2020, Key Performance Indicators (KPIs) for ESG matters are included and linked to the variable remuneration of employees, forming part of the Group objectives with a weight of 10%. This indicator is regularly monitored by the Sustainability Committee which incorporates updates of these indicators in its periodic review. The metrics that make up this indicator to measure sustainability include four types of indicators:

- a. A market-led assessment, carried out by ESG rating agencies, of the information disclosed.
- b. The degree of progress in the achievement of actions set out in the Sustainable Finance Plan.
- c. The commitment to diversity in relation to the increased presence of women in various management positions.
- d. In relation to the environment and the channelling of resources through the volume of sustainable financing (in accordance with the EU taxonomy).

Banco Sabadell’s ESG frameworks in other geographies

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

TSB’s Do What Matters Plan

With origins stretching back to the start of the savings bank movement, TSB has always focused on generating social value as well as economic returns. The Do What Matters 2025 plan⁶, first introduced in 2020, and strengthened in 2022, was all about how to take forward those commitments today.

Named after one of TSB’s core behaviours – do what matters – and an integral part of the business strategy, “Do What Matters” brings together its social and environmental commitments to deliver a long-lasting and meaningful impact for its customers, colleagues, suppliers, and communities and to build on its credentials as a responsible business.

Thus the plan is focused on three key areas: essential business elements⁷, people⁸ and planet⁹. It has eight long-term goals focused on social and financial inclusion, fair commercial practices and support for a transition towards a greener planet.

⁶ <https://www.tsb.co.uk/do-what-matters/>

⁷ <https://www.tsb.co.uk/do-what-matters/essentials/>

⁸ <https://www.tsb.co.uk/do-what-matters/people/>

⁹ <https://www.tsb.co.uk/do-what-matters/planet/>

Do what matters...

First, let's get the essentials right

- Practise good governance
- Meet all our obligations
- Engage with our stakeholders
- Be a trusted employer
- Be transparent – clear data & reporting

Let's do better for the planet

- Customers**
Empower customers to respond to climate change
- Colleagues**
Create climate confident workplaces
- Communities**
Support sustainable communities
- Suppliers**
Work together sustainably

Let's do right for people

- Customers**
Nurture financial resilience and support for tough times
- Colleagues**
Build a balanced, diverse culture that inspires us to bring our whole selves to work
- Communities**
Act decisively to tackle wider social issues
- Suppliers**
Build mutual respect by paying promptly and being inclusive

This framework provides robust governance while ensuring transparency in reporting and compliance with regulatory and voluntary codes of practice. Additionally, TSB works in partnership with different expert organisations to ensure that its actions comply with independent standards and commitments, such as the Good Business Charter¹⁰, the United Nations Global Compact and The Prince's Responsible Business Network¹¹. To support the achievement of the planet's goals, TSB has also joined the Science Based Targets initiative, become a signatory to the Net-Zero Banking Alliance (NZBA) and a supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

All this allows TSB to focus on those key initiatives that reflect its role in society and link in with its business purpose.

Banco Sabadell Mexico

As part of Banco Sabadell Group, Banco Sabadell Mexico has developed its business ethically and responsibly, gearing its commitment to the environment and society so that its activities positively impact on people and avoid negatively affecting the natural environment. Therefore, since 2021, there is a Social and Environmental Policy in place, a Sustainability Committee and a Sustainability Division.

In 2022, Banco Sabadell Mexico continued to progress with its commitment to sustainability through the implementation of its Environmental and Social Policy, which

has been changed to adhere to the Banco Sabadell Group Sustainability Policy, and has made progress in terms of sustainable financing and climate risk management.

In terms of ESG milestones, Banco Sabadell Mexico has incorporated the Group's Eligibility Guide, which is aligned with the European Union taxonomy, for use as a tool to determine which activities facilitate the transition of its portfolio towards a more environmentally or socially sustainable economy. On the other hand, it continues to build on the implementation of its Environmental and Social Risk Administration System (known as SARAS by its Spanish acronym), which seeks to identify and manage environmental and social risks associated with its customers' activities.

In the context of its partnerships, during the year Banco Sabadell Mexico has reaffirmed its commitment to sustainable development by signing the "Declaration in favour of the development of environmental, green and sustainable finance in the Mexican banking sector", promoted by the Green Finance Advisory Council (*Consejo Consultivo de Finanzas Verdes* or CCFV) and the Association of Mexican Banks (*Asociación de Bancos de México* or ABM). Banco Sabadell Mexico has also become an active member of the Sustainability Commission of the Spanish Chamber of Commerce in Mexico (known as CAMESCOM by its Spanish acronym), forming part of a working group whose aim is to highlight and promote good practice demonstrated by Spanish investment in Mexico, as well as implementing new business models focused on social responsibility.

¹⁰ The Good Business Charter is an accreditation scheme that recognises businesses that behave responsibly in ten areas, including fair salary payments, not offering zero-hours contracts, prompt payment of suppliers, promoting diversity and inclusion, ensuring that employees' voices are heard in the Boardroom, and establishing firm plans to achieve emissions neutrality.

¹¹ The Prince's Responsible Business Network is a Business in the Community (BITC) initiative that helps companies to address a wide range of essential questions to build a fairer society and a more sustainable future.

In terms of communication, Banco Sabadell Mexico has engaged in digital communication on social networks in the context of ESG and Banco Sabadell's Commitment to Sustainability, and has also taken part in the main climate change information forums (including a webinar on businesses and climate change; a workshop on Business Sustainability Basics through the Spanish Chamber of Commerce in Mexico (CAMESCOM, by its Spanish acronym) ; and a virtual forum entitled Sustainable transition: the path to a new economy).

3.2 Initiatives and alliances

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

- Since 2005, with the signature of the adherence to the corporate responsibility initiative of the **United Nations Global Compact**, and the ten principles in the areas of human rights, labour, environment and anti-corruption.
- The signature of the **Equator Principles**, since 2011, which incorporate social and environmental criteria in the funding of large-scale project finance and corporate loans.
- Adherence to the **United Nations Principles for Responsible Banking**, the first global framework of reference that defines the role and responsibilities of the banking industry in ensuring a sustainable future, to that end reinforcing the alignment with the SDGs in relation to the Paris Agreement.
- Ratification of the **Collective Commitment to Climate Action**, whose goals serve to further reduce the carbon footprint of balance sheets.
- Adherence to the **Task Force on Climate-related Financial Disclosures (TCFD)** for the disclosure of risks and opportunities related to climate change.
- Signatory of the **Carbon Disclosure Project (CDP)** for action against climate change.
- Adherence in October 2021 to the **Net-Zero Banking Alliance (NZBA)**, an international alliance convened by the United Nations Environment Programme Finance Initiative (UNEPFI), through which the Bank commits to aligning its lending and investment portfolios with net-zero emissions by 2050, in line with the targets of the Paris Climate Agreement.
- Adherence in May 2022 to the **Partnership for Carbon Accounting Financials (PCAF¹²)**, with the aim of measuring and disclosing the CO₂ emissions of its credit and investment portfolios using a standardised approach.

The ESG framework of Sabadell's Commitment to Sustainability includes the global sustainability undertakings that it has subscribed and the transformation and promotion actions, both those implemented by the Group and those planned for the future, which aim to accelerate ecological transition, reinforce the fight against climate change and support social development, reinforcing and

in turn addressing priority matters arising in that respect. This framework is aligned with the UN SDGs and focuses on those where it has the greatest capacity to influence due to its systemic interrelationships, type of activity and capacity to make an impact. In this respect, although the goal of this Institution also involves a contribution to all of the SDGs, the following have been given priority:



3.3 Materiality

In 2022, a review has been carried out of the materiality analysis performed in 2021.

In 2022, a review has been carried out of the materiality analysis performed in 2021, which involved establishing a list of material topics for the Group with the aim of listening to stakeholders. This review was carried out with the aim of updating the Group's perspective in the materiality matrix and to adapt to the increasingly demanding regulatory requirements and market environment in this respect. Similarly, the method of prioritising relevant

aspects based on their importance has been replaced with a method based on the impact they generate, in line with the requirements of "GRI 3: Material Topics 2021", published in October 2021.

¹² The Partnership for Carbon Accounting Financials (PCAF) is a collaboration among financial institutions from all over the world, launched in 2019, to measure and disclose the CO₂ emissions of their credit and investment portfolios using a standardised approach. PCAF participants work together to develop the Global Greenhouse Gas (GHG) Accounting and Reporting Standard for the financial industry. For more information, see <https://carbonaccountingfinancials.com/Industries>
¹³ For more details on the contribution to all SDGs, see Annex 5 - SDG alignment.

The objective of this analysis is to identify and prioritise ESG aspects¹⁴ of relevance to the Group and its stakeholders, with three aims:

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

Methodology

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

- Non-financial Reporting Directive (NFRD) and its transposition to Spanish law (Law 11/2018 on Non-Financial Information and Diversity).
- The requirements of the EU's Corporate Sustainability Reporting Directive 2022/2464 (CSRD) have also been taken into account.
- Report on CNMV oversight of the annual financial statements for 2020 and main areas for review in the financial statements for the following year of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores* or CNMV).
- Considerations of materiality in financial reporting of the European Securities and Markets Authority (ESMA), published in October 2022.

To that end, in 2021 priority stakeholders, whose demands and requirements were included in the materiality analysis, were identified, namely: employees, suppliers, customers, investors, rating agencies, society, regulators and supervisory authorities, and economic operators. Following this interaction with different stakeholders, the relevance of all matters related to ESG was analysed, both from the perspective of stakeholders and that of the Group, and is described below. The material aspects and their definition are set out in section 3.3.1. of this document.

In a second stage of the materiality analysis process, carried out in 2021 and updated in 2022, Banco Sabadell Group combines the analysis of stakeholder expectations with the identification of impacts from a double materiality perspective. The double materiality process aims to identify the impacts of environmental and social matters on the Group, and of the Group on its stakeholders, which are assessed to obtain a holistic view of the relevance of the impacts of each material aspect on sustainability issues.

To that end, Banco Sabadell Group has identified the actual and potential impacts that it causes or to which it contributes through its activities. The identification of

impacts, by relevant aspect, are detailed in section 3.3.2. of this document.

Based on these identified impacts, and with the aim of prioritising them, the Group has carried out a quantitative assessment in which it consulted different areas of the Bank by means of questionnaires on the relevance of these impacts, which were answered according to pre-defined scales.

Actual and potential positive impacts were evaluated based on the following attributes:

- Probability: understood as the probability that the impact materialises
- Scale and scope: the scale of an impact refers to how beneficial it is or could be, and the scope refers to how far-reaching it is or could be.

On the other hand, actual and potential negative impacts were evaluated based on the following attributes:

- Probability: understood as the probability that the impact materialises
- Severity: determined by the level of severity of the impact, the extent of the impact and the degree of difficulty involved in counteracting or repairing the resulting damage.

The result of this analysis has made it possible to complete the double materiality approach which is presented in section 3.3.2 of this document, and to update the Materiality matrix, which is set out in section 3.3.3. Three levels of priority have been established for the results, level 1 being that which is of greatest impact for the Group and which includes the following material aspects: (i) Corporate Governance, (ii) Value Creation and Solvency, (iii) Ethics and Integrity, (iv) Climate Change and Environmental Risks (v) Sustainable Finance and Investment.

¹⁴ Relevant aspects: those that can reasonably be considered important when it comes to reflecting organisations' economic, environmental, and social impacts, or that influence the decisions of stakeholders. (GRI Standards).

3.3.1 Definition of Material Topics

The topics that the Bank has deemed material in its analysis are defined below:

Material topics	Definition
Governance	
1. Corporate governance	Compliance with best practice in Good Corporate Governance and ESG Governance. Including, among other aspects: structure and diversity of governing bodies, their evaluation and remuneration, functions in terms of ESG (setting non-financial targets, oversight, establishing commitments, etc.).
2. Transparency and data management	Mechanisms to ensure effective and transparent communication with stakeholders to enable expectations to be managed and to identify and address their requirements through established dialogue mechanisms, as well as reporting of financial and non-financial information.
3. Risk management and cybersecurity	Identification, assessment and management of the operational risks to which the Group is exposed. Includes financial risks (credit, market, liquidity and structural) and non-financial risks (cybersecurity, reputation, health and safety, among others).
4. Customer satisfaction and digitisation	Operations implemented by the Bank in order to achieve the highest possible quality and attain excellence in the provision of services (meeting customer expectations) and improvement of the customer experience (digitisation, special and adapted advisory measures, etc.), based on responsible and transparent marketing.
5. Corporate culture	Corporate principles and actions aimed at improving the image and business trajectory of Banco Sabadell, which is reflected in employees' pride in belonging to the Group, and in the corporate reputation as perceived by stakeholders.
6. Ethics and integrity	Compliance with the national and international legislation in force in all countries in which the Group operates, as well as the specific commitments undertaken by the organisation in its corporate policies and in its code of conduct.
7. Responsible supply chain	Extension to the supply chain of the Group's own commitment to socially responsible practices and of its undertaking to uphold workers' rights, freedom of association and environmental rights.
8. Value creation and solvency	Maintaining good economic performance to ensure profitability and value creation for shareholders and investors.
Environmental	
9. Sustainable finance and investment ¹⁵	Identification and development of a range of financial products and services that consider ESG aspects in their design, management and marketing.
10. Climate and environment: risks	Identification and management of risks associated with climate change and the environment, complying with best practice, the regulations in force and supervisory expectations.
11. Internal environmental footprint	Impact on the environment stemming from Banco Sabadell's activity, and the eco-efficiency initiatives and own emissions management that the company has implemented to reduce it.
12. Commitments and partnerships in environmental matters	Initiatives, certifications and commitments to which Banco Sabadell has subscribed with the aim of improving environmental management. Includes awareness activities and training in environmental topics carried out by the Institution.

¹⁵ Topic with environmental and social impacts.

Social

13. Diversity, Inclusion and Equality	Actions and initiatives proposed to eliminate discrimination in the workplace on the basis of gender, race, age, ethnicity, religion, disability or for any other reason. These include: reducing the gender pay gap, producing plans and protocols to foster diversity and equality (work-life balance, flexibility of working hours, working from home and the right to disconnect), and the inclusion of vulnerable groups, among other things.
14. Quality employment and talent management	Promotion of quality employment, fostering professional development and attraction and retention of talent. This aspect includes: training plans, promotion of wellbeing, employees' health and safety and all initiatives geared towards these aims (performance appraisal, pay and promotion, internal mobility, etc.).
15. Social commitment and Human Rights	Commitment to the development of local communities through corporate volunteering activities, collaboration with voluntary sector projects and/or direct donations. This aspect includes Banco Sabadell Group commitments and actions related to protecting Human Rights.

3.3.2 Double Materiality

With the aim of ensuring that the materiality analysis is comprehensive, in 2022 the identification of the main impacts was updated, according to the double materiality perspective.

With the aim of ensuring that the materiality analysis is comprehensive, in 2022 the identification of the main impacts was updated, according to the double materiality perspective of the impact of the environment on the Group and that of the Group on its stakeholders, in line

with the guidelines of the main bodies that regulate in this regard (i.e. EU, CNMV and ESMA). The update in 2022 included a list of impacts for all material aspects.

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
Governance		
1. Corporate governance	Appropriate management of this aspect enables the promotion of diversity and heterogeneity of skills in the governing bodies. Furthermore, it enables alignment with the requirements of supervisors/regulators in terms of corporate governance. Managing this aspect requires greater internal control and a higher level of reporting.	This aspect allows the Group to generate value and greater reliability in business management for shareholders and investors, in addition to generating a perception of greater strength and resilience before the regulators.

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
2. Transparency and data management	<p>Management of this aspect reduces future exposure to risks and possible economic sanctions related to transparency and data management.</p> <p>More stringent demands in the management of this aspect requires continuous improvement of systems, communication channels and internal control of data and data verification, as well as continuous investment in security and good data management.</p>	<p>The management of this aspect reduces the risk of a breach of regulations, and enables a relationship of trust to be built with the Supervisory authorities.</p> <p>On the other hand, it involves increasing the data requirements for customers, suppliers and other stakeholders.</p>
3. Risk management and cybersecurity	<p>Correct management of this aspect allows the Institution to meet its business objectives, maintain its solvency, liquidity, profitability and asset quality position, and generate trust among regulators, investors, customers and society.</p> <p>The management of this aspect requires continuous investment by Banco Sabadell Group in employee training, and directly affects financial performance.</p>	<p>The correct management of this aspect enables capital protection, generating trust and security among stakeholders.</p> <p>Insufficient management of this aspect directly affects the right to privacy of customers, suppliers and other stakeholders, and generates financial impacts.</p>
4. Customer satisfaction and digitisation	<p>Correct management of this aspect allows the Institution to attract new customers and develop their loyalty, which encourages long-lasting relationships built on trust, and in turn increases Group profits. The digitisation process enables the Group to be more efficient and reduce the environmental impact of its activities.</p> <p>Managing this aspect requires continuous investment in innovation and the development of new solutions based on employee training, new technologies and the digitisation of services that meet customer expectations.</p>	<p>The management of this aspect has a direct impact on customers, meeting their demands for financial products and services with an accessible and specialised service. In addition, digital solutions offer them tailored and personalised services, with greater availability.</p> <p>However, there may be difficulties accessing groups that are not familiar with the digital environment and an increased level of demand may need to be addressed, as well as specialisation of employees and suppliers.</p>
5. Corporate culture	<p>This aspect allows the Institution to protect itself from possible conduct risks or conflicts of interest, and in turn reduce loss of human and intellectual capital.</p> <p>Although this aspect requires continuous updating of policies and internal codes of conduct in order to align them with market expectations and those of society.</p>	<p>The corporate culture generates a feeling of belonging and increased job satisfaction among employees, as well as a better customer experience and greater confidence among society.</p>

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
6. Ethics and integrity	<p>Ensuring ethical conduct and compliance with regulations has an impact on the Group's reputation and on its stakeholder relationships, underpinned by an ethical and fair approach to business that is also respectful of legal considerations.</p>	<p>Correct management of this aspect generates a feeling of pride and belonging among employees and customers.</p> <p>This improves the reputation of Banco Sabadell Group and builds trust among regulators, investors and society.</p>
7. Responsible supply chain	<p>The management of this aspect improves supply chain management and control.</p> <p>It requires, in turn, a more demanding approach to the control and approval of suppliers, generating a possible price increase as supply would be confined to sustainable suppliers.</p>	<p>A responsible supply chain generates greater confidence among society and among customers.</p> <p>On the other hand, tougher supplier contracting conditions could lead to a loss of suppliers.</p>
8. Value creation and solvency	<p>The attainment of solvency objectives has an impact on the Group's market positioning, allowing it to attract and retain capital. It also reduces its vulnerability to risks that could affect Banco Sabadell, and generates confidence among stakeholders.</p>	<p>Proper management of this aspect has a positive impact on all stakeholders, as it generates wealth, social value, security and confidence in capital protection, for both investors and customers.</p>

Environmental

9. Sustainable finance and investment	<p>This aspect allows the Institution to identify business and investment opportunities in new markets, and to develop a range of new products and services and, by doing so, create a new source of income. In addition, it allows the Bank to position itself in relation to competitors that include sustainability in their business model and strategy.</p> <p>This aspect may give rise to more demanding ESG requirements for funding or investment in certain sectors and activities. It also requires new plans to promote products and services in the medium- to long-term.</p>	<p>This aspect allows the Institution to increase the range of sustainable financial products and services, as well as products and services that contribute to a positive social impact through, amongst other things, financial inclusion, and thereby support and satisfy customers, shareholders and investors who have a greater appetite for ESG aspects. Supporting customers in this respect has a positive effect on the Group's reputation, differentiating the Institution in the market place as a more sustainable business that is more firmly committed to the environment and to society.</p> <p>On the other hand, it may make it more difficult for customers in carbon-intensive sectors to transition, and could increase customer information needs.</p>
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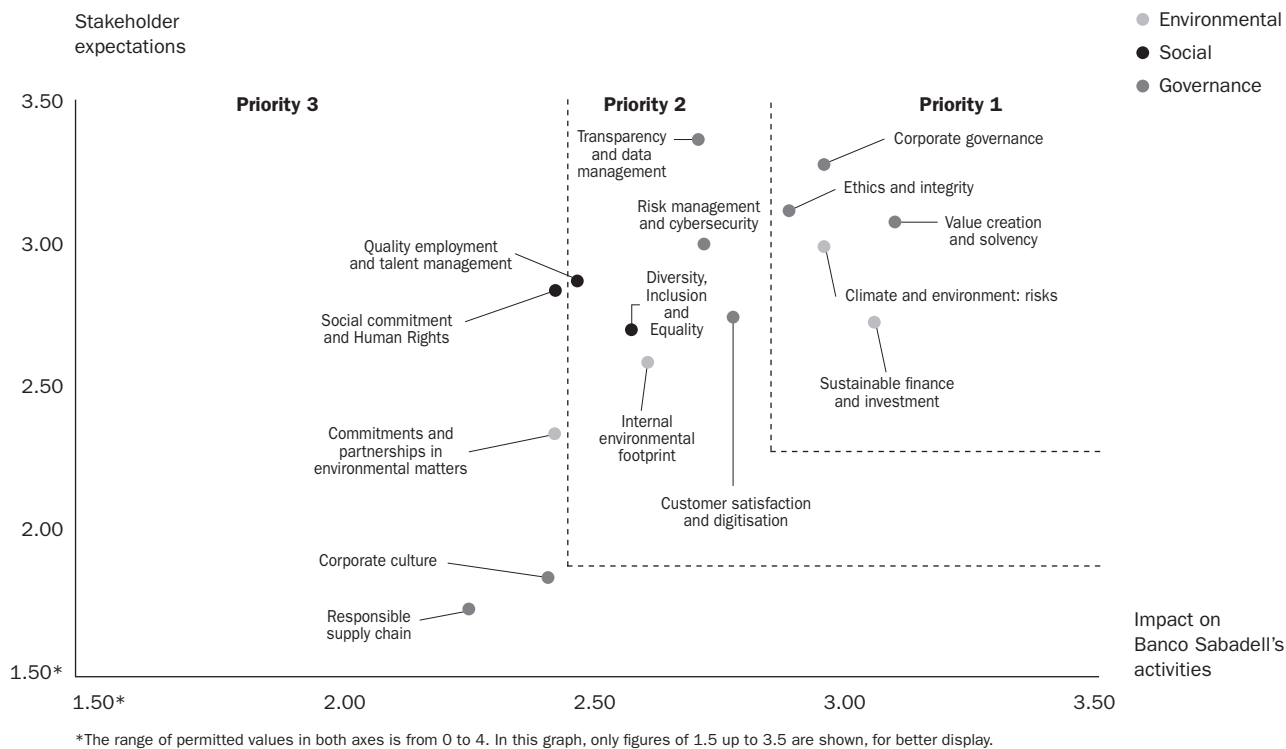
Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
10. Climate and environment: risks	<p>Correct management of this aspect allows the Group to reduce its future exposure to climate-related and environmental risks, improving the Banco Sabadell's reputation and relationships with its stakeholders and allowing it to remain aligned with regulatory requirements in this regard.</p> <p>The management of this aspect requires continuous investment by Banco Sabadell Group to continue to develop a high level of market monitoring, constant improvements to information systems, specialised training plans for employees and the hiring of qualified profiles.</p>	<p>This aspect allows the Institution to incentivise investment in sectors and products aligned with ecological transition, generating greater confidence among investors and society.</p> <p>The management of climate change and environmental risks may involve greater control and tougher funding conditions for those activities that carry more risk.</p>
11. Internal environmental footprint	<p>The reduction of the internal environmental footprint through appropriate management and control reduces future exposure to risks related to GHG emissions limits, and improves energy efficiency by reducing the associated resources required.</p>	<p>This aspect enables the Institution to increase confidence among an increasingly climate-aware society, and generate a positive environmental impact by reducing Group emissions.</p>
12. Commitments and partnerships in environmental matters	<p>The Group's adhesion to environmental commitments and partnerships, and its implementation of the corresponding initiatives and goals, enables it to gain greater knowledge of best practice in the market, improving its management of environmental matters and generating a competitive advantage and differentiation in the market place.</p> <p>This aspect involves increased demand in terms of resources to monitor and meet environmental goals, and in terms of reporting.</p>	<p>This aspect allows the Group to create value for investors and shareholders through partnerships and by meeting environmental goals, while generating confidence and visibility among customers and society through a more sustainable and transparent business.</p>

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
Social		
13. Diversity, Inclusion and Equality	<p>The achievement of diversity targets has a positive impact by attracting and retaining human and intellectual capital, generating value within the Bank and improving productivity.</p> <p>Management of these aspects entails greater demand for resources to update internal standards and policies, prepare regulations, develop control and training models, and carry out more stringent monitoring to ensure that the targets related to diversity, inclusion and equality are met.</p>	Appropriate management of these aspects reduces inequality, generating a feeling of pride and belonging among employees.
14. Quality employment and talent management	<p>Ensuring high quality employment makes it possible to attract and retain human capital, improve employee productivity and, in addition, allows the Institution to better align employees' capacities with its objectives and strategic lines.</p> <p>Management of this aspect requires training, updating and greater flexibility of standards and internal policies, as well as greater human resources to position the Institution as a benchmark among its competitors.</p>	This aspect allows employees to manage their professional career with tailored plans, producing greater stability and professional wellbeing. In addition, it enables the Institution to improve its image and reputation and boosts confidence among society.
15. Social commitment and Human Rights	<p>Proper management of this aspect allows the identification of new investment opportunities that cover the needs of vulnerable groups. In addition, it is a way of differentiating retail banking through financial inclusion. It allows the Institution to ensure alignment with international conventions for the protection of human rights.</p> <p>On the other hand, this aspect requires greater monitoring of specific products and services to cover the needs of vulnerable groups. Furthermore, it involves greater demand for the development of corporate volunteering programmes and the promotion of social action activities.</p>	<p>This aspect allows new products and services to be developed that contribute to a positive impact through inclusion and financial education for vulnerable groups. In addition, it allows for the implementation of social programmes that support the development of certain communities.</p> <p>This aspect may limit access to suppliers due to more stringent requirements demanded from suppliers in this regard.</p>

3.3.3 Materiality Matrix



3.3.4 Engagement with Principles for Responsible Banking

In 2022, Banco Sabadell also carried out an analysis to identify the positive and negative impacts arising from its financing activities, in line with the requirements of the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI).

This analysis enabled the Institution to identify the environmental, social and economic impacts (positive and negative) associated with both the Retail Banking portfolio and the Business and Corporate Banking portfolio.

The result of this analysis prompted Banco Sabadell to prioritise two areas of impact on account of their relevance in both analyses: Climate and environment, and Education and financial inclusion.

Both areas of impact that have been prioritised are aligned with the results obtained in this materiality analysis. In this respect, the areas prioritised in the Impact Analysis, namely, Climate and environment, and Inclusion and financial education, relate directly to at least three of the relevant aspects for which positive and

negative impacts were identified according to the double materiality perspective (i.e. the environment on the Institution and the Institution on stakeholders). The area of climate and environment is closely related to the relevant aspects of Climate and environment, Sustainable finance and investment, and the topic of Commitments and partnerships in environmental matters. On the other hand, the area of inclusion and financial education is directly related to the relevant aspects of Social commitment and Human Rights, Sustainable finance and investment, and Customer satisfaction and digitisation.

4. Commitment to climate and the environment



In the current context of climate change and in its capacity as a financial institution, the Bank believes it has a fundamental role to play in the transition towards a sustainable economy and in the achievement of the goals established in the Paris Agreement and the 2030 Agenda.

To that end, Banco Sabadell has an ESG action framework (section 3. Sabadell's Commitment to Sustainability), which is aligned with the SDGs and in which climate action (SDG 13) is one of the priority SDGs of its corporate strategy.

4.1 Environmental risk governance

The governance of environmental risks (understood to be those stemming from climate change and environmental degradation) is defined by the Environmental Risk Policy approved in 2021 and revised in December 2022. The aim of the Policy is to define the guidelines for managing and controlling the risk associated with climate change and environmental degradation. To that end, the principles and critical parameters applicable to significant aspects are specified.

Specifically, the Board of Directors and the Board Committees and Internal Committees of the Bank indicated here below are responsible for supervising, with a pre-established frequency, the most significant aspects with regard to risks associated with climate and environmental degradation:

- Board of Directors: in relation to the environmental risk management and control duties, the Board is ultimately responsible for embedding this type of risk into the general strategy and for establishing the necessary mechanisms for its review. Its duties range from monitoring environmental risk to approving and reviewing the organisational and functional framework for managing, controlling and reporting on this risk, approving the associated policies and reviewing them on an annual basis. In addition, it is worth noting that in February 2022 the Board of Directors received specific training

on climate risk management, the impact deriving from climate risks, policies and rules on the topic, as well as measurement metrics such as the carbon footprint and decarbonisation pathways.

- Board Strategy and Sustainability Committee: responsible for analysing and reporting to the Board of Directors on environmental risk policies and for reporting to the Board of Directors on any amendments or periodic updates of the environmental risk strategy. It is also responsible for supervising the model for identifying, controlling and managing risks and opportunities in relation to sustainability including, where applicable, environmental risks.
- Board Risk Committee: responsible for supervising and ensuring that all of the Group's risks are properly taken, controlled and managed, and for reporting to the Board of Directors on the performance of its duties.
- Board Audit and Control Committee: its main duty is to supervise the effectiveness of the Group's internal control, internal audit and risk management systems, coordinating as required with the Board Risk Committee. Environmental risks, among other aspects, are included.
- Management Committee: this is the most senior management body of the Institution and it is responsible, among other things, for all matters related to the development of the business in the various regions, as well as matters arising from financial planning and financial activity, those relating to organisation and human resources, technology and all other aspects related to day-to-day business management.

- Sustainability Committee: this management body is responsible for establishing and promoting 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 related projects and initiatives. Its duties include reporting on a regular basis to the Management Committee and reporting, at least once a year, to the Board Strategy and Sustainability Committee on the progress made with the Sustainability Plan and its initiatives. It meets on a monthly basis to monitor the most relevant topics in relation to ESG. On a regular basis, the Corporate Sustainability Report is submitted to the Sustainability Committee and then subsequently to different bodies within the Bank.
- Technical Risk Committee: this is the management body responsible for supervising the management and control of the Institution's risks and which supports the Board Risk Committee in performing its duties. Every month, the Credit Risk Dashboard is submitted, which includes, among other things, details about the evolution of the Institution's exposure to activities classified

as carbon-related, intensive, green and social, the carbon footprint of the loan book, as well as monitoring indicators of new lending items.

4.2 Climate-related and environmental strategy

In 2022, the Institution has taken one step further towards its goal of fighting climate change and it has unveiled its first decarbonisation targets for 2030 (Portfolio Alignment section) and its ambition to provide support, advice and sustainable finance to individuals and above all to companies, focusing specifically on those in sectors that are the most CO₂ emissions-intensive on a global scale.

In keeping with its ESG framework and its role as a financial institution, the Group addresses climate-related and environmental topics from a two-fold perspective (internal and external), considering in its climate-related and environmental strategy:

- 1) The potential impacts of climate-related and environmental risk on financial activity. Its strategy is based on:
 - a. Identifying, measuring and managing the risks related to climate change and environmental degradation (section 4.3 Environmental risk management).
 - With regard to the identification of climate-related risks (section 4.3.1 Risk identification), the Bank has been including in its annual review a qualitative approach that strengthens the materiality assessment of the impact of environmental risks (physical and transition risks).
 - With regard to measurement and quantification (section 4.3.2. Assessment and measurement), the Bank has carried out, on one hand, an exercise to focus on climate scenarios, allowing it to obtain a first quantitative estimate at 30 years so as to calculate the expected impairment loss on the portfolio. In addition, the Institution has taken part in the Supervisor's climate stress test, which includes the measurement of potential impacts and the level of progress made to adapt and mitigate its financial activity. On the other hand, the Institution continues to make progress on the calculation of the carbon footprint of its financed portfolio, using the Partnership for Carbon Accounting Financials (PCAF) methodology.
 - With regard to the management of climate-related and environmental risk (section 4.3.3 Integration into management procedures), the Bank aims to: (i) continue building on its knowledge and classification according to the environmental and climate-related impact in its activity, in addition to including initiatives to improve the quality of information, and (ii) take action to mitigate the impact of these risks (sectoral standards and establishment of decarbonisation pathways for specific sectors).
 - b. Identifying and leveraging opportunities related to the transition to a sustainable economy (section 5. Commitment to sustainable finance):
 - Increasing exposure to green financial assets, as they are

a key factor in achieving decarbonisation targets. In this regard, the Institution in the implementation of financing solutions in the different businesses through Green and Social Loans (GSLs) and Sustainability-Linked Loans (SLLs).

- Advising and responding to the challenges of transition of all customers (large enterprises and corporations, SMEs and individuals) by:

1. Offering strategic support, identifying the most appropriate sustainable finance solutions.
2. Promoting the energy transition through solutions and agreements with partners from different sectors.
3. Offering ESG investment opportunities.

- Managing with greater knowledge and specialisation, leveraging teams specialising in sustainability. Internally promoting the development of new solutions with the involvement of employees, such as the first internal sustainability hackathon. On an external basis, fostering ecological research through the Marine Sustainability Award, promoted by the Bank and its Foundation.

- 2) The impacts that the Group generates directly on the environment through its processes and facilities (section 4.4. Environmental management and impact). Its strategy in this regard consists of:

- a. Reducing own greenhouse gas (GHG) emissions and other sources of pollution, through:

- Environmental management of its facilities
- Reduction of own consumption
- Actions in the circular economy and waste management

- b. Offsetting its own emissions.

Compared to 2021, Banco Sabadell has approved an expansion of its offsetting scope to include all its 2022 Scope 1, 2 and 3¹⁶ emissions in Spain, Mexico and the USA, by purchasing credits in a carbon capture project in Spain.

TSB, for its part, has offset its 2022 Scope 1 and 2 emissions through reforestation projects in Bolivia and will invest in forests and woodland in the United Kingdom to offset its future emissions.

¹⁶ The Scope 3 emissions that will be offset include supplies (water, paper and plastic), waste and business travel. This offsetting does not include emissions associated with the financed portfolio (category 15).

In 2022 Banco Sabadell published its first decarbonisation targets¹⁷ for 2030.

With this action the Bank, on one hand, based on the targets established in the Paris Agreement, prioritises the transition of its lending portfolio, focusing on the transformation of large enterprises in the Power Generation, Oil and Gas, Cement and Coal industries and, on the other hand, it continues to move forward in its commitment to the leading climate partnerships, such as the Net-Zero Banking Alliance (NZBA) promoted by UNEP FI, and in setting decarbonisation pathways to reduce the carbon footprint of its lending and invested portfolio in order to achieve net zero by 2050.

Decarbonisation targets

In this first year, the Bank has prioritised the setting of targets for 2030 for the four sectors with the biggest

climate impact and it has taken into account the Net Zero Emissions by 2050 Scenario published by the International Energy Agency (IEA), which establishes decarbonisation pathways for different sectors that are consistent with limiting the global temperature rise to 1.5 degrees centigrade above pre-industrial levels. In this regard, the Bank is following a sectoral approach, focusing on the stage of each sector's production chain where transition is most likely to reduce the overall volume of greenhouse gas emissions. Specifically, the Bank focuses its targets on:

- Electricity: businesses whose main activity is the generation of electricity.
- Oil and Gas: businesses associated with upstream and downstream hydrocarbons (including refining activity).
- Cement: focusing on companies with manufacturing activities.
- Coal: companies with activities related to coal mining.

Sector	Emissions scope	Reference scenario	Metric	Base year 2020	Target 2030	% total reduction 2020-2030
Electricity	1 and 2	IEA Net Zero 2050	Kg CO ₂ e / MWh	61	85-45	—
Oil & Gas	1, 2 and 3	IEA Net Zero 2050	Mt CO ₂ e	6.3	4.9	-23%
Cement	1 and 2	IEA Net Zero 2050	Kg CO ₂ e / tonne cement	660	510	-23%
Coal	n/a	IEA Net Zero 2050	Million euros (€)	3	~0	-100%

Notes about methodology applied: Base year and 2030 targets data are based on the large corporations segment. To determine industry commitments based on the reduction of emissions intensity (electricity and cement), average emissions intensity has been calculated based on emissions and output attributed according to the amount of financing granted. The commitments have been determined based on the methodology of the Science-Based Targets initiative (SBTI) and the pathway indicated in the reference scenario for the oil & gas, cement and coal industries.

Identification of impacts in the establishment of targets

To set targets and identify the levers of transformation in carbon-intensive sectors, it is vital to understand their origin and progression. To that end, the patterns described below have been identified:

¹⁷ <https://www.grupbancasabadell.com/corp/en/sustainability/commitment-to-sustainability.html>

— **In the electricity sector:** the Bank's current baseline is 61 kg CO₂e/MWh, far below the level of intensity envisaged in the reference scenario (IEA NZE 2050) for the base year. This intensity is even lower than the targets established for 2030 by the main European peers and is within the intensity range expected in the reference scenario approximately for 2036-2037. This situation is the result of the Bank's specialisation in renewable energy that it began in the 1990s by financing and investing in renewables projects, particularly those based on wind and solar technology. Against this backdrop, the Bank aims to maintain the intensity of its CO₂ emissions at a range of between 85-45 kg CO₂e/MWh in order to ensure that it remains by the side of all its customers during their transition process. This strategy is aligned with the REPowerEU plan and the ambitious energy targets of the European Union in relation to the buildout of renewable electricity generation. The Bank will continue to take action with the same diligence it always has, undertaking to remain a standard-bearer for financing and investing in energy and technology that can serve as alternatives to fossil fuels.

— **In Oil & Gas:** the Bank has set itself the target of reducing total emissions associated with positions in this industry by 23%, in line with the reference scenario. It plans to achieve this reduction

mainly by supporting companies in this industry as they implement their transition plans, whose main levers include producing low-carbon products (such as, for example, green hydrogen, e-fuels, biofuels), boosting their electricity generation business and improving the efficiency of emissions-intensive processes. These plans typically have emissions reduction targets that are generally aligned with this ambition.

— **In the cement sector:** the Bank has set itself the target of reducing the emissions intensity per tonne of cement produced by 23%, in line with the reference scenario. The measures with which it plans to achieve this reduction include, among others, supporting customers as they implement the transition plans published by organisations in their respective sectors, such as the roadmap of Spain's association of cement manufacturers (Oficemen), which among other things considers the buildout of renewable electricity generation, the use of low-carbon fuels and the improved efficiency of current production processes as a necessary path towards the industry's climate neutrality.

— **In the coal sector:** in line with expectations as a member of the Net-Zero Banking Alliance (NZBA), the Bank will have no exposure to coal mining activities in 2030.

Upcoming milestones

In its next steps, Banco Sabadell plans to continue setting additional interim targets for the rest of the carbon-intensive sectors identified by the Net-Zero Banking Alliance (NZBA).

The Bank will also report on the progress made with the commitments it has undertaken and it will unveil an action plan to ensure it meets the aforesaid targets.

4.3 Environmental risk management

Environmental risks can be associated with two types of factors that act as risk drivers: 'physical factors' and 'transition factors'. Physical and transition risks are closely interlinked. Specifically, it is estimated that physical risks

will be reduced once the transition policies have been implemented and vice versa, i.e. if no actions are taken to transition, physical risks will increase. There is therefore a trade-off between physical risks and transition risks depending on how and when policies are implemented to facilitate the transition towards a sustainable economy.

This aspect is key, as physical and transition risks have the potential to produce significant impacts for the real economy (institutions and households) and for the wider financial system. Ultimately, they could also affect the social stability and solvency of the countries that are most vulnerable due to their exposure to environmental risks.

The Group currently identifies environmental risks according to whether they are transition risks or physical risks.

Is it therefore worth pointing out that the Group currently identifies environmental risks (those related to the climate and environmental degradation) according to whether they are transition risks or physical risks. Specifically, climate-related risks are measured broken down by transition and physical drivers, while risks associated with environmental degradation (other non-climate-related factors) are measured in aggregate form, without distinguishing between the nature of the drivers in question (transition or physical).

4.3.1 Risk identification

Physical risks

Physical risks could have several consequences; for instance, they could destroy physical assets or render them unusable, or they could disrupt the business, with the ensuing risk of a loss of value of collateral, due to the impeachment of commercial or residential properties serving as guarantee for loans, or they could put borrowers

at risk of failing to meet their payment obligations due to being unable to use their assets or due to disruptions of the production and supply activities of companies that generate proceeds with which to meet payment obligations. In parallel, they could result in the emergence of

potentially significant effects of climate change on various socio-economic variables, including mortality, migrations, job offers or productivity (and therefore on GDP).

Therefore, physical factors or 'physical risks' identify the following types of risks (non-comprehensive list):

Environmental physical drivers		Description
Acute	Greater severity of extreme weather phenomena, such as: (i) heat waves (ii) cold snaps, (iii) forest fires, (iv) cyclones / hurricanes / typhoons / storms / tornadoes, (v) droughts, (vi) heavy rainfall, (vii) flooding, and (viii) landslides and subsidence.	Reduction of income due to reduced production capability (e.g. shutdown in production, in the supply chain or transportation difficulties). Direct losses due to damage to assets.
Chronic	Changes in rain patterns and extreme climate variability. Impacts on exposures with sensitivity to (i) changing average temperatures, (ii) heat stress and thawing of permafrost, (iii) changing wind patterns, (iv) changing patterns and amounts of rainfall, (v) water stress, (vi) land and coastal erosion, (vii) land degradation and (viii) rising sea levels. Gradual loss of services of ecosystems (water and food production, climate control and disease prevention, support for the pollination of crops and cultural benefits).	Loss of value of customers' assets serving as guarantees due to their being located in areas affected by these risks (desertification, rising temperatures, rising sea levels, among others). Decline of production and/or profitability of customers who depend on ecosystem services.

Following this definition, during 2021, Banco Sabadell Group conducted a preliminary estimation of the impacts arising from these climate events on its loan portfolio taking into account:

- the **probability of occurrence** of physical risks: using risk maps to assign a probability of occurrence;
- the **severity** of those risks should they occur: understood as the impact that would arise if physical risk were to materialise, estimated at a sectoral level for the business lending portfolio and in terms of the location of the collateral for the mortgage portfolio.

This way, the Group has developed a methodology internally which distinguishes between acute and chronic events in line with the three orderly transition, disorderly transition and hot house world scenarios of the NGFS (Network for Greening the Financial System)¹⁸ and adapted to a time horizon of 30 years.

This makes it possible to assess those that could have

a more significant impact on its portfolio, based on the location and activities of customers. Using this data, the Group identified a total of 16 events (8 acute and 8 chronic) that could affect the loan portfolio. A preliminary impact analysis was carried out for 11 of them, estimating the impact that they would have on the Spanish portfolio: **Floods, Fires, Rising sea levels, Droughts, Hot spots, Landslides, Maximum temperatures, Minimum temperatures, Rainfall and thaws, Fog and dust, Storms, winds and gales.**

The impacts of physical risk are classified as 'No risk', 'Low', 'Moderate', 'High' or 'Very High'. In this analysis, the impact is rated taking into account a 30-year time horizon, meaning that the portfolio could be impacted by the detected events in the medium or long term.

These risks are currently being monitored under the orderly transition scenario, which is considered the most likely scenario.

The Bank has continued to work on measuring physical risk and events associated therewith in the different geographies in which it operates.

On the other hand, in 2022, the Bank has continued to work on measuring physical risk and events associated therewith in the different geographies in which it operates. To that end, this year it has continued to work on the assessment through work groups with the teams in the different geographies in which the Bank operates, and a system has been put in place to automatically update that estimate on a regular basis.

Based on this assessment, the most severe physical risks in the portfolio are forest fires, floods resulting from severe storms, as well as coastal floods and rising sea levels in Spain, while hurricanes are added to the list in

the case of Mexico and Miami (United States). Using this methodology, the Bank's exposure associated with 'very high' physical risk is 2%. This impact analysis measures the risk inherent in the portfolio and not the residual risk, as the controls currently in place to mitigate it are not considered, nor is the existence of cover, such as home insurance and/or the existence of the Spanish Insurance Compensation Consortium (*Consortio de Compensación de Seguros*), among other things.

2%

Exposure associated with 'very high' physical risk (Inherent risk)

¹⁸ For more information about the scenarios used, see section "Climate scenarios and stress test" of chapter 4.3.2.

With regard to TSB, taking into account that the loan portfolio is comprised mainly of mortgage assets, the main

physical risks (in the medium and long term) are floods, subsidence and coastal erosion.

Transition risks

Transition risks are those arising from the financial impact that activity decarbonisation processes have on companies. These risks can take the form of:

Environmental transition drivers		Description
Legal and regulatory	Increase in the cost of emissions or the use of natural resources.	Risk of borrowers failing to fulfil their payment obligations, particularly those with non-performing assets or belonging to sectors particularly exposed to transition risks.
	Increase in requirements concerning the monitoring, control and reporting of climate-related and environmental disclosures.	Increase in resources dedicated to the analysis, reporting and integration of transition and environmental protection plans for companies' activity. Potential increase in regulatory capital requirements for risks associated with climate change.
	Change in regulations of existing products and services.	Forecast increase in environmental demands going forward and lack of preparation in some sectors.
Technology	Substitution of existing products and services with other more efficient or less polluting ones.	Potential for companies being pushed out of their respective activities due to a lack of innovation or a failure to adopt technologies that promote the green transition compared to competitors.
	Failure to invest in new technologies. Costs of transitioning to low-emissions technology.	Technological changes depend on the availability of technology, in turn associated with investment in R&D, meaning that this aspect will determine the survival of some companies, especially those smaller in size.
Market	Changes in consumers' preferences and/or tastes in relation to the transition towards a more sustainable economy.	Risk of losing market share as a result of failing to offer sustainable products or due to poor ESG performance.
	Increased cost of commodities.	Reduction of income due to increased costs of commodities in certain carbon-intensive industries.
Reputational	Stigmatisation of a sector, company or product.	Loss of customers' solvency due to poor reputation as a result of the lack of a sustainable strategy or due to an incident or poor ESG ratings by a third party.
	Exclusions from investing in certain sectors due to market pressures.	Loss of trust among the general public.

Following this definition, Banco Sabadell Group has internally developed heat maps at a sub-sector level, aligned with the three scenarios (orderly transition, disorderly transition and hot house world) of the Network for Greening the Financial System (NGFS)¹⁹ and the recommendations of UNEP-FI and adapted to a time horizon spanning 30 years.

Based on this, all the activities of the loan portfolio have been classified according to their sensitivity to

climate transition risk, taking into account the impacts envisaged in each scenario in terms of income, expenses and low-carbon capex. Nevertheless, these risks are currently monitored under the orderly transition scenario, as this is considered the most likely scenario.

It is worth noting that the heat maps were updated in 2022 in order to obtain the impacts stemming from transition risk with a greater level of granularity.

Thus, the Bank currently has the capacity to identify the transition risk of each separate activity within a single sector.

This is important for sectors involving a variety of activities that differ considerably where emissions are concerned. One example of this is cattle rearing and rice growing, which both form part of the agriculture and livestock farming sector, as they are associated with higher

levels of emissions intensity than the other activities within that same sector.

In the case of transition risk, the impact has been considered in terms of revenues, costs and low-carbon capex. Impacts are classified as 'positive' for activities in which

¹⁹ For more information about the scenarios used, see section "Climate scenarios and stress test" of chapter 4.3.2.

the transition may indeed have a positive effect on one or more parameters, as 'No risk', 'Low', 'Moderately low', 'Moderate', 'Moderately high', or as 'High' which includes, for instance, the activities most affected by transition risk such as coking plants. In this analysis, the impact is rated taking into account a 30-year time horizon, meaning that

the portfolio could be impacted by the detected events in the medium or long term. This impact analysis measures the inherent risk of the portfolio and not the residual risk, as the controls currently in place to mitigate it are not considered.

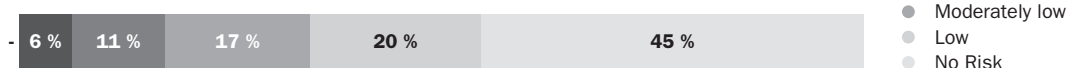
The Bank currently has no exposure to the segment with the highest transition risk ('High').

The Group's most affected portfolio is its portfolio of companies, although as shown in the chart²⁰, the Bank currently has no exposure to the segment with the highest transition risk ('High'). This exercise has also cast a light on the limited weight of sectors with higher transition risk (aviation, marine, mining, automotive, oil and extractive industries), which play a secondary role in terms of exposure within the Institution's portfolio, as well as the high percentage of exposure classified as green in

the electricity sector, which is thanks to the efforts made by the Institution to be a leader in terms of renewables funding.

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

Distribution of the transition risk on the companies portfolio (%)



The Bank currently has the largest market share of sustainability-linked loans in sectors classified as having 'Moderately high' transition risk.

Lastly, as an embodiment of the Bank's commitment to the transition of emissions-intensive industries, the Bank currently has the largest market share of sustainability-linked loans in sectors classified as having 'Moderately high' transition risk.

Environmental degradation risk

In 2022, the first assessment of the risk associated with environmental degradation of the business risk portfolio was carried out, based on the UNEP-FI methodology. To that end, each NACE²¹ code was assigned an environmental impact (rated as low, medium or high), obtained based on the consolidation of the following five non-climate-related environmental factors:

- Management of water resources: risk of water resources becoming contaminated, and their management.
- Impact on biodiversity: negative effects on species and natural spaces.
- Pollution and use of land: risk of land becoming contaminated or degraded, as well as the use associated therewith.
- Air quality: risk of air being polluted with non-GHG gases, which could potentially affect ecosystems and people's health.
- Management of resources and waste: generation of waste (hazardous or otherwise) in large quantities and with intensive use of natural resources.

The total environmental degradation risk score consolidates the risk associated with each of these factors. It is worth noting that at present environmental degradation risk (as well as the five factors) is not broken down by drivers (transition and physical).

²⁰ It has not been possible to classify companies not identified with an economic activity code (which represent 1% of the total) according to their transition risk.

²¹ European classification of economic activities (NACE by its French acronym).

4.2% of the business portfolio has been rated as having a 'High' environmental degradation risk²².

'High' environmental degradation risk

4.2

At a sectoral level, environmental degradation risk is concentrated in certain sectors, such as electricity and gas, transport, and the chemical, oil and extractive industries, which results in these companies having a much more negative impact.

Lastly, to ensure that the measurement of the evolution of these risks is supervised, since September 2022 the portfolio's exposure to climate-related and environmental risk has been monitored on a quarterly basis. The reports are sent to the Bank's Sustainability Committee and to the Technical Risk Committee (TRC).

Since September 2022 the portfolio's exposure to climate-related and environmental risk has been monitored on a quarterly basis. The reports are sent to the Bank's Sustainability Committee and to the Technical Risk Committee (TRC).

Qualitative materiality analysis

Environmental risk should be understood as the risk of incurring losses as a result of the impacts of

environmental risk factors (associated with climate change and environmental degradation) and which are transmitted through two types of risk drivers, which can be categorised as physical risks or transition risks.

The Bank has created a matrix of transmission channels which identifies how the environmental risk factors impact on traditional risks.

Every year, the Institution reviews the materiality analysis of the impact of environmental risks (physical and transition risks), identifying all possible factors that can transmit these risks, evaluating them according to a scale of impact intensity and taking different time horizons into account (based on the criteria established by the supervisory body). This exercise takes place for all risks included in the Global Risk Framework considered to be directly impacted by environmental risk. Specifically, credit risk, market risk, operational risk and liquidity risk are assessed. It is thought that, in the case of reputational risk, the effect is indirect, as it originates through the impact and management of the aforementioned risks.

Indicators are used that allow the intensity of the impact of physical and transition risks on both customers/counterparties and on the Bank to be measured according to an impact intensity scale that goes from low to high and taking into account different time horizons (in years - short-term: 1-3, medium-term: 4-5; long-term: >5).

The results of the qualitative materiality analysis, by type of risk, are shown below. This is a preliminary risk assessment, without considering the controls implemented or the success of the mitigating factors that the Institution has in place or which are in the process of being implemented under the Sustainable Finance Plan.

²² Part of the portfolio could in turn also be affected by climate transition risk, therefore the percentages of each one cannot be added together directly.

Physical Risk	ST	MT	LT
Credit			
Market			
Liquidity			
Operational			
Transition Risk			
Credit			
Market			
Liquidity			
Operational			

- No impact
- Low
- Medium-Low
- Medium
- Medium-High
- High

The results of the updated analysis carried out in Q4 2022 showed that the most affected risk was credit risk, followed to a lesser extent by operational risk. With regard to credit risk, the long-term impact stemming from acute physical risks was revised upwards, while the medium-term impact from transition risks due to technological factors was revised downwards.

4.3.2. Assessment and measurement

Climate scenarios and stress test

All activities of the loan portfolio have been classified according to their sensitivity to transition risk and physical risk, taking into account the impacts envisaged in the three scenarios used to forecast them:

- Orderly transition: In the Orderly Transition scenario (RCP²³ scenario 2.6), early and decisive action is taken to be carbon-neutral by 2070; as a result, the average temperature of the planet in 2100 is no more than 2°C higher than in the pre-industrial era. To that end, the “Immediate 2 degrees” climate scenario of the NGFS (Network for Greening the Financial System) is considered for transition risk, forecast using the Remind and Magpie models.
- Disorderly transition: In the Disorderly Transition scenario (RCP scenario 4.5), action to combat climate change is delayed by 10 years. This means that sharper action needs to be taken between 2030 and 2050 in order to achieve carbon neutrality before 2070. To that end, the “Delayed 2 degrees” climate scenario of the NGFS is considered for transition risk, forecast using the Remind and Magpie models.
- Hot House World: In the Hot House World scenario (RCP scenario 6.0), only currently implemented policies designed to fight climate change are preserved. Emissions continue to rise at the current pace and the target warming of <= 2°C before 2100 is not met. The impact stemming from transition risk is non-existent (NGFS Current Policies).

This has enabled the Institution to make progress on its first bottom-up quantitative estimation with a 30-year time horizon using a structural model that can be used to carry out a quantitative calculation of expected impairment loss on the portfolio.

The characteristics of the scenarios used internally by the Bank are the same as those presented by the European Central Bank in its climate stress test of 2022²⁴, with the

exception of the 1-year physical risk flood scenario. This has been replaced with a 1-year physical risk scenario based on severe forest fires, in an attempt to include a more damaging systemic scenario for the Spanish economy and for the Group than the flooding scenario envisaged by the ECB.

The main sources used to develop the climate scenarios are the scenarios published by the NGFS in September 2022 and the forecasts made by the ECB in its 2022 climate stress test. Similarly, the forest fire scenario has been developed based on the forest fire risk index created by the European Forest Fire Information System (EFFIS, a body of the European Commission) and academic literature on this topic.

In 2022, Banco Sabadell took part in the climate risk stress tests conducted by the European Central Bank. To that end, it also used its own framework of climate risk stress testing, which establishes the basic characteristics of the aforesaid tests, including their integration in the Internal Capital Adequacy Assessment Process (ICAAP).

During these stress tests, forecasts are made of climate risk in order to measure the sensitivity of the Group’s credit risk to transition and/or physical risks linked to climate change and to possible transition pathways towards a decarbonised economy. The impact of physical and transition risks on the Group’s solvency position is limited, from both a regulatory perspective and an internal perspective. Environmental risk has a limited impact on internal capital requirements due mainly to the time horizon over which it materialises.

²³ Representative Concentration Pathways

²⁴ In addition to the scenarios described above, two short-term physical risk scenarios and one short-term disorderly transition scenario are used for the ECB stress test.

Emissions of the financed portfolio

Emissions of the financed portfolio account for the largest proportion of the Group's Scope 3 emissions.

Banco Sabadell Group has calculated the carbon footprint of its financed portfolio using the Platform Carbon Accounting Financials (PCAF) methodology.

Therefore, since 2021, Banco Sabadell Group has calculated the carbon footprint of its financed portfolio using the Platform Carbon Accounting Financials (PCAF) methodology. PCAF is a global alliance of financial institutions that work together to develop and implement a harmonised and global approach to measure and report emissions associated with their loans and investments.

As part of this alliance, 16 institutions established the design of the Global GHG Accounting and Reporting Standard for the Financial Industry, which aims to harmonise the accounting of greenhouse gas emissions. Banco Sabadell became a member of the PCAF in June 2022. The measurement of emissions of the financed portfolio using this standard is a key step for financial institutions to assess the transition risks associated with climate change, set objectives aligned with the Paris Agreement and develop effective strategies to decarbonise the economy.

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

- Listed stocks and corporate bonds
- Corporate loans and unlisted stocks
- Project finance
- Commercial real estate
- Mortgages
- Consumer loans for vehicle purchase

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

Based on this methodology, the Group has calculated its carbon footprint (Scope 1 and 2) for approximately 95% of its financed portfolio²⁵. The portfolios not calculated are those for which no calculation or estimation standards or methodologies exist, such as public sector lending, consumer loans for purposes other than vehicle

purchase, and private banking lending, among others. It is worth noting that in 2022 the Group has continued to improve its calculation model to obtain more reliable and complete results, all of which have been submitted to the Sustainability Committee. The main improvements are the following:

- increase of data coverage due to the inclusion within the perimeter of exposures of foreign branches and Banco Sabadell's subsidiary in Mexico, in terms of both business lending and project finance;
- incorporation of actual emissions data with regard to business risk as well as floor area and energy certificates, both real and estimated by appraisal firms, leading to an improved estimate of data quality (DQ)²⁶;
- incorporation of emissions factors set out in PCAF standard in cases for which no information is reported by the borrower.

The emissions intensity of the financed portfolio in terms of Scope 1 and 2 in 2022 was 82.67 tCO₂eq/€m with an average DQ of 3.77. The segment that contributes the most to the footprint is the business portfolio (approximately 75%), followed by mortgage lending.

Emissions Intensity of the financed portfolio in terms of Scopes 1 and 2 in 2022

82.67 tCO₂eq/M€

3.77 Average DQ

To ensure that the carbon footprint of the financed portfolio is monitored and supervised, since September 2022 the portfolio's exposure to climate-related and environmental risk has been monitored on a quarterly basis and reported to the Bank's Sustainability Committee and to the Technical Risk Committee (TRC).

²⁵ The calculation includes the mainstream business of the subsidiary TSB, which represents 98% of its portfolio.

²⁶ The PCAF methodology provides scores for rating the quality of the data used (Data Quality, DQ), which go from 1 (highest data quality) to 5 (lowest data quality).

Similarly, in the last quarter of 2022, the calculation of the carbon footprint of the financed portfolio was audited with the participation of an independent third party.

4.3.3 Integration into management procedures

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the guidelines, targets and limits required at different points of the credit approval workflow.

For this reason, the Group has an environmental and social risk framework that establishes the Group's position, stating that it aims to avoid financing activities considered to have a high environmental risk.

At the same time, the Group fosters green financing, using to that end an Eligibility Guide that outlines the activities deemed to be sustainable (in environmental and social terms), in alignment with the EU Taxonomy Regulation.

In parallel, as part of the financial sector, the Group promotes the transition of companies and businesses, steering the financing according to the nature of the activities and making it easier for agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model. With this aim in mind, the Management Guidelines for ESG risks have

been defined, through which the Group aims to limit access to funding for polluting companies with poor ESG performance. To classify large enterprises according to their ESG performance, the Group is defining an indicator internally.

Lastly, it is worth pointing out that the Bank, in parallel to all of the initiatives intended to integrate environmental risks into management arrangements, has a series of initiatives underway to improve the quality of the information on which it bases its decisions (databases, customer data gathering projects, among others).

Environmental and social risk framework

Banco Sabadell Group has a public framework of environmental and social risks.

Banco Sabadell Group has a public framework of environmental and social risks that is applicable to new loan transactions granted to groups or companies with turnover in excess of 200 million euros and to projects for which over 5 million euros have been borrowed. This framework consolidates the set of applicable criteria that aim to limit the financing of customers or projects that the Institution considers to be contrary to the transition to a sustainable economy or to lack alignment with international regulations or best practices in the industry.

The environmental and social risk framework is developed in stages in order to adapt the applicable criteria to the trends of the various sectors, the regulatory and economic environment and the Group's performance. Currently, the Bank has a first set of standards approved and implemented in 2020-2021 and it has approved a second set that will be implemented between 2022 and 2023.

The first set of the Group's sectoral standards particularly affected the energy and mining industries. They were validated by the Sustainability Committee in 2020 and

approved by the Group's Risk Operations Committee and implemented in the Institution's systems during 2021. The scope of these standards included the funding of new transactions carried out to grant lending for the following types of projects²⁷:

- Coal mining (new and expansion)
- Asbestos mining, processing and trade
- New coal-fired power plants
- New nuclear power plants
- Arctic oil, gas exploration and production
- Oil sands exploration and production

The second set of standards approved in December 2021 introduced over 40 additional rules, which can be categorised as general criteria and specific criteria, which can apply to either customers or projects:

- The applicable general criteria, which have a cross-cutting impact on all sectors and which were included in the second set, follow international standards such as the Global Compact and the principles of the International Labour Organisation (ILO), among others.
- The applicable specific criteria (with standards at the customer and project levels), on one hand, include additional standards for sectors already considered in the first set (i.e. mining and energy) and, on the other hand, they introduce standards for new sectors such as defence, infrastructure and agriculture.

The effective implementation of the standards is based on the inclusion of their analysis in the routine processes for customer onboarding, acceptance of transactions and approval of new products. The standards applicable to projects have already been implemented, while those applicable to customers will be implemented in 2023.

In the specific case of Banco Sabadell Mexico, as part of the Environmental and Social Policy, the Institution has developed the Environmental and Social Risk Management System (*Sistema de Administración de Riesgos Ambientales y Sociales*, or SARAS), which serves as a

guide to promote sustainable economic growth through the identification, assessment and management of environmental and social risks arising from the activities and projects financed by the Bank. This system is fully aligned with the operational and credit processes of Banco Sabadell Group, national laws and international standards. The SARAS process is mandatory for infrastructure projects of the various sectors financed by Banco Sabadell Mexico with traditional loans, syndicated loans and financial intermediaries amounting to 5 million US dollars or more.

Lastly, as mentioned, the implementation of the standards included in the environmental and social framework are already in place at the transaction level and they will be fully in place at the customer level during 2023. To ensure they are implemented correctly, the Bank has a specialised tool used for screening any disputes associated with the counterparties and backed by the services provided by a reputable third-party supplier²⁸.

EU Taxonomy

The European Union took a further step as promoter of the energy transformation and the decarbonisation of the economy. In line with the objectives of the fight against climate change, it established the Taxonomy Regulation (Regulation (EU) 2020/852), which was the first step towards obliging firms to disclose the proportion of their activities that are considered green or social, according to this regulation.

This regulation, which establishes requirements for the classification and reporting of sustainable activities, is a key aspect for the integration of ESG aspects into the Group's ordinary activity, as well as being a strategic aspect for the Group. For this reason, it is regularly monitored by the Technical Risk Committee and the Sustainability Committee.

Banco Sabadell Group developed its own Eligibility Guide in accordance with the EU Taxonomy of green activities and based on the Social Bond Principles.

This is why, back in 2020, Banco Sabadell Group developed its own Eligibility Guide in accordance with the EU Taxonomy of green activities and based on the Social Bond Principles in relation to social matters pending release of the EU's social taxonomy. This led to the first implementation phase of the internal eligibility guide

to identify eligible activities based on the Taxonomy, as well as those considered to be taxonomy-compliant or in alignment with the Taxonomy. As a result of this work, the Group's systems currently include a process for tagging priority green products, which allows the entire management cycle of those products to be traced and ensures

²⁷ In addition to the activities impacting the environmental transition, the Group abstains from establishing trade relations with links to 'controversial weapons' and/or with 'countries subject to arms embargoes' to avoid the potential use of these weapons for the commission of crimes or serious human rights violations. This point is described in section 9. Commitment to human rights.

²⁸ An external tool has been acquired for research, ratings and analysis of data concerning environmental, social and governance (ESG) factors of institutional investors and firms.

their alignment with the taxonomy's requirements. As described earlier, given that this is a key strategic aspect for the Bank, work has been underway since 2020 to keep the Eligibility Guide in line with regulatory updates and to implement it in operating systems. For this reason, since 2020, two additional phases have been carried out, which are explained here below.

The second phase consisted of updating the Eligibility Guide according to the latest Delegated Act in relation to the taxonomy, of July 2021. In addition, the Bank worked to align the guide to eligible activities with the first draft of the social taxonomy. In June 2021, a new feature was introduced in the corporate systems to allow transactions to be tagged as sustainable, so that they can be not only identified, but also duly justified in accordance with the Bank's Eligibility Guide and, therefore, aligned with EU Taxonomy criteria. It is worth noting that this implementation went hand in hand with a specific training course that focused on promoting the identification and documentation of transactions that meet the criteria of the Bank's Eligibility Guide.

Lastly, in January 2022, the guide was updated to include energy activities related to natural gas and nuclear energy, set out in the Complementary Climate Delegated Act of the European Commission.

Thanks to this work, in accordance with the disclosure requirements established by Delegated Regulation (EU) 2021/2178 of the European Commission, of 6 July 2021, the following information is disclosed, as at 2022 year-end:

Among the obligations of the aforesaid regulation is that of reporting, within the Non-Financial Disclosures Report of financial institutions, the proportion in their total assets of exposures to Taxonomy-eligible and Taxonomy non-eligible economic activities.

Based on the current EU Taxonomy, Banco Sabadell Group has an eligible portfolio of 43% of total assets as at 2022 year-end.

Eligible Portfolio 2022

43%

In order to identify and segment exposures deemed 'eligible' within the Group's exposures, the following eligibility criteria are applied to loans in the business and retail portfolio:

- Business risk: Exposures to companies with (NACE) activities included in the Banco Sabadell Eligibility Guide (activities for which there are technical criteria defined in the EU Taxonomy to determine whether they can be considered sustainable) are deemed eligible. There are two criteria whereby a NACE code is included in the Banco Sabadell Eligibility Guide, the main one being the inclusion of the same in the NACE list proposed by the European Commission in its "EU Taxonomy Compass document - Annex 1: List of activities and NACE codes assigned". In addition, there is an additional criterion which is an activity that is not listed by the European Commission, but that is included in Annex 1 of the Delegated Taxonomy Regulation.
- Retail mortgage risk: All exposures to individuals secured with a first or second property are deemed eligible, as the purpose of these loans is included within the EU Taxonomy. By the same token, exposures to individuals secured with other types of assets (garages, cellars, etc.) are not included.
- Vehicle financing risk: All vehicle financing exposures are deemed eligible, as this purpose is included within the EU Taxonomy.

Compliance with any of the three criteria described above results in the classification of the exposure as 'eligible'. On a complementary basis, the remaining exposures that do not meet any of the above criteria are considered 'non-eligible'.

In addition, the remaining information to be disclosed is included in Annex 4: Taxonomy indicators.

Climate-related and environmental performance of the loan book

All of the Group's transactions that are submitted to or revised by the Delegated Credit Committee have an advanced ESG assessment to identify the most significant ESG risks of the counterparty.

Since September 2021, all of the Group's transactions that are submitted to or revised by the Delegated Credit Committee have an advanced ESG assessment to identify the most significant ESG risks of the counterparty. This assessment takes into account the type of exposure that the Bank has to customers and, in particular, the customers' ESG performance, considering not only the intrinsic risk of their activity, but also their attitude towards and management of these risks, as well as external ESG ratings, ESG plans or strategies and their comparative position compared to peers in their respective sectors. The Delegated Credit Committee is therefore able to incorporate non-financial factors into its decisions.

During 2022, efforts have been made to build on this advanced assessment in order to automate factors and incorporate new ones. An indicator is being designed for large enterprises, which will make it easier to screen

borrowers in terms of climate-related and environmental risks, with improved uses in both business and risks, thus enabling improved integration in policies and tools.

On the other hand, management guidelines for smaller businesses are different from those for larger firms; therefore, since 2021 an ESG indicator has been in place that has been adapted to companies according to their size. The indicator in question is an integrated questionnaire used when interacting with customers in order to advise them on their transition towards more sustainable models and increase the exposure to green financial assets. Using the results of the questionnaire as a basis, an indicator has been developed that can identify the degree of customers' sensitivity to sustainability, as the indicator allows companies to be classified according to ESG criteria.

ESG risk management guidelines

The ESG Risk Management Guidelines limit the origination of funding transactions for corporates and projects with carbon-related activities (greenhouse gas emissions-intensive) and with low ESG performance and/or a poor attitude to ESG.

In order to limit the Bank's exposure to transition risk and, at the same time, support emissions-intensive companies in their transition to sustainable activity, the ESG Risk Management Guidelines have been defined. These Guidelines limit the origination of funding transactions for corporates and projects with carbon-related activities (greenhouse gas emissions-intensive) and with low ESG performance and/or a poor attitude to ESG. This way, the Bank will be able to continue funding the transition of emissions-intensive companies if they have made sufficient progress in their management and have medium or advanced ESG performance.

With regard to the evaluation of companies' management and performance, at present the Bank classifies companies based on the advanced ESG assessment that is escalated to the Delegated Credit Committee, according to the criteria described in the previous heading.

Initiatives to improve the quality of environmental information

Given the limited ESG information reported and disclosed by companies, as well as the lack of historical records and lack of uniformity between the information reported on those risks and their monitoring metrics, it is vital to have access to better ESG data in order to identify, manage, classify and monitor risks associated with climate change.

Banco Sabadell Group has been taking various actions to increase the quantity and quality of ESG data about customers.

For this reason, since 2020, Banco Sabadell Group has been taking various actions to increase the quantity and quality of ESG data about customers. There are two particular areas on which it has taken action in 2022 that are worth mentioning:

Real estate collateral: with the support of a third-party supplier, since 2021 batch uploading processes of the energy ratings of residential real estate and commercial real estate (CRE) of the portfolio have been carried out. It is worth highlighting that, since the second quarter of 2020, the Group has been capturing this data for its newly originated mortgage loans. On the other hand, due to the calculation of the carbon footprint of the Bank's mortgage and CRE portfolio, the Bank has been working to gather information about actual useful surface areas of the assets it has financed.

Business risk: in 2021 a task force was held to gather environmental data from customers (ESG KYC - Know Your Customer), as the first pilot project for the CO₂ emissions-intensive portfolio, which included, among other things, the capture of actual emissions data (Scope 1, 2 and 3) as well as additional data such as energy consumption, % of renewables consumption, emissions prevented (where applicable), external ESG ratings, environmental targets and sectoral emissions intensity KRIs (Key Risk Indicators).

Furthermore, in 2022 work has continued to improve information. On one hand, the calculation of the carbon footprint of the financed portfolio involved gathering actual data of borrowers' emissions, as well as the information needed to calculate the attribution factor.

On the other hand, the Group has created an indicator for large enterprises through which it has begun to gather information from customers through a team specialising

in ESG risks. In order to begin gathering information, in the fourth quarter of 2022 a supplier was hired to do a batch upload of the main borrowers' ESG information.

Lastly, due to the definition of the Bank's decarbonisation strategy, work has been carried out to capture data regarding the emissions, production and transition plans of the main borrowers. First, attempts were made to obtain this information from public sources and, where this was not possible, customers were contacted to request that information.

In addition to this work to gather external information from customers, the Bank also works internally to centralise ESG information through a thematic sustainability datamart in order to provide a single point of access to all those who require it. In order to ensure the internal control of the information managed, a person is assigned to be directly responsible for the information, and users of the information are also defined. Based on the assigned responsibilities, a series of tasks are established to ensure the quality and uniformity of the information.

Control, Supervision and Monitoring of the sustainable portfolio

The Bank has different policies and procedures in place and it also takes action to foster sustainable financing. To ensure the aforesaid policies, procedures and actions are implemented correctly, one key tool it uses is the monitoring of the sustainable portfolio.

All green activities have been fully tagged, both those aligned with the taxonomy and those linked to sustainability.

To consolidate the information that is to be monitored, the Bank continuously works to tag green and social transactions and to identify them as soon as they are originated. As of today's date, all green activities have been fully tagged, both those aligned with the taxonomy and those linked to sustainability. With regard to the social portfolio, tagging is either done by the account manager or, alternatively, specific products are tagged. At present, work is still underway to update the systems with the requirements of the internal Eligibility Guide for social

activities. This all makes it possible to trace green and social activities throughout their entire life cycle, for the purpose of their monitoring and reporting.

In the same way, other variables are monitored on a monthly basis that are key to the transition of the Bank's portfolio, such as:

- The exposure of the Bank's portfolio to carbon-intensive or carbon-related sectors.
- New lending for green activities, carbon-intensive activities or carbon-related activities.

The Institution establishes and develops specific RAS metrics and indicators in the different risk management and control frameworks at the portfolio level.

At the same time, the Institution establishes and develops specific RAS²⁹ metrics and indicators in the different risk management and control frameworks at the portfolio level, which makes it possible to adapt environmental KRIs to the types of risks and assets that are financed in each one.

With regard to monitoring, the Credit Risk Dashboard is submitted on a regular basis to the Technical Risk Committee and to the Sustainability Committee and includes, among other things, information regarding the progression of the exposures classified as carbon-related, emissions-intensive, green and social, in addition to indicators for monitoring new lending items.

For details about performance on this topic, see section 5. Commitment to sustainable finance.

Credit rating models

Currently, the credit rating model for large enterprises and groups³⁰ already includes an environmental risk factor. The project finance rating model also collects information on environmental risk.

4.3.4 Equator Principles

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

During 2022, a total of 21 new structured finance projects incorporating the Equator Principles were signed, 81% of which are renewable energy projects.

Sector	Number of projects	Category	Country	Region	Designated country	Independent review
Renewable energies	4	B	USA	Americas	Yes	Yes
	10	B	Spain	Europe	Yes	Yes
	1	C	Portugal*	Europe	Yes	Yes
	1	B	Portugal	Europe	Yes	Yes
	1	B	United Kingdom	Europe	Yes	Yes
Gas	1	A	USA	Americas	Yes	Yes
Infrastructures	2	C	USA	Americas	Yes	Yes
	1	C	Spain	Europe	Yes	Yes

The categorisation of three renewable energy transactions potentially eligible for inclusion is currently being validated/certified.

*One of the projects in Portugal includes three sub-projects (two category C and one category B).

²⁹ Risk Appetite Statement.

³⁰ Enterprises whose individual balance sheet shows sales of more than 200 million euros and consolidating groups with sales of more than 200 million euros and loans granted by Banco Sabadell of more than 25 million.

4.4. Environmental management and impact

Banco Sabadell Group has embedded its environmental, social and governance commitments in its strategy.

This change of approach to activity, organisation and processes is based on the transition towards a sustainable economy and sustainable development, on the basis of the 2030 Agenda, the Sustainable Development Goals, the 2015 Paris Agreement against climate change and the European Green Pact, to move towards an emissions-neutral economy.

The integration of environmental commitments puts the Institution in a stronger position from which take on the new challenge of sustainability, on which the Bank has designed its governance model and organisational structure. The Bank fosters responsible policies and practices among its staff, to stimulate environmental protection and build a fairer and more respectful society. Again this year, the Banco Sabadell Annual General Meeting held on 24 March 2022 was certified as sustainable by the company Econep Consultes S.L. (Eventsof), as it was considered that sustainability criteria were met throughout the entire life cycle of the Annual General Meeting.

The organisation has aligned its business objectives with the SDGs, setting different key courses of action. In particular, the commitment to good environmental management requires, among other things, actions to move towards neutrality in terms of the greenhouse gases released into the atmosphere. In this transition towards emissions neutrality, Banco Sabadell has renewed the ISO 14001 certification of its Environmental Management System in its six corporate buildings in Spain, where 20.07 % of the workforce worked as at the end of 2022.

Corporate buildings with Environmental Management System certified ISO 14001

% of the workforce in certified buildings

6

20,07%

It also requires decisive action to be taken to reduce the Institution's carbon footprint, through activities aimed at reducing its own consumption. Of these, particular note should be taken of the technological advances made to achieve digital interconnection between employees, achieving a substantial reduction of business travel, in addition the actions taken to improve the maintenance of HVAC systems in the Group, to reduce fluorinated gas leaks, which are highly intensive in terms of greenhouse gas emissions released into the atmosphere.

With regard to training activities on ESG for employees, the Group has undertaken the commitment to continue developing its specific training on ESG. Through the *Universidad Carlos III de Madrid*, a certification in sustainable finance is issued, which includes topics about the environment and the fight against climate change, among other topics on financial and social matters. In 2022, the module on sustainable finance was completed by 649 employees. In addition, during 2022, specific on-site training sessions have taken place, to convey the vision of sustainability applied to the business to managers in the branch network and to other specialist roles in corporate buildings.

In Campus, the online training space for Group employees, in addition to the sustainable finance certification programme, employees can also access an introductory course on sustainability, a course on the circular economy and its application in the financial sector, and another operational course on sustainable financing products. A detailed explanation about the training is provided in section 6.3 Training.

In the United Kingdom, TSB sets out its goals in relation to environmental management in its Do What Matters Plan 2025 which, among other aspects, focuses on reducing the Institution's impact on the environment and on supporting customers, employees and other stakeholders to help them make sustainable decisions.

It is worth noting that, in 2022, the Group has started to measure the environmental impact of its business in Mexico and the USA (Miami) by calculating their GHG emissions released into the atmosphere, thereby including the carbon footprint of Banco Sabadell Group in all of the geographies in which it is present.

4.4.1 Carbon footprint

The CO₂ emissions of the Group in its geographies (Spain, UK, Mexico and USA) amounted to 8,103 tonnes (market-based data). If one considers the Group's emissions (ex-Mexico and ex-USA, of which no past emissions data is available), there was a reduction of 3.9% compared to 2021 and a reduction of 60.3% compared to 2019.

Reduction vs.
2021

▼ **3.9%**

Reduction vs.
2019

▼ **60.3%**

	Group (all geographies) ³¹		Group (ex-Mexico and ex-USA)		
	2022	2022	2021	2020	2019
Scope 1: Direct activities	4,039	3,981	4,975	4,747	5,263
Scope 2: Indirect activities					
Market-based ³²	526	7	10	26	3,971
Location-based ³³	15,138	14,619	17,297	17,356	20,964
Scope 3: Other indirect activities	3,539	2,994	2,281	3,311	8,357
Total emissions generated					
Total market-based	8,103	6,982	7,266	8,084	17,591
Total location-based	22,715	21,594	24,552	25,414	34,584
Total emissions generated per employee (market-based)	0.43	0.39	0.38	0.40	0.86

CO₂ emissions in tonnes (t.CO₂)

Data for 2020 and 2021 include the effects of COVID-19. In 2020, corporate buildings and branches were closed for three months, with employees working from home. For the remainder of 2020 and 2021, corporate buildings alternated between periods of 50% occupancy (with staff taking shifts) and periods of voluntary on-site presence, resulting in an average occupancy reduction of 80%. This in turn resulted in a reduction of consumption, waste generation and business travel.

4.4.2 Offsetting

In 2022, Banco Sabadell approved increasing the offsetting scope compared to 2021 to include all Scope 1, 2 and 3³⁴ emissions in Spain, Mexico and the USA by purchasing credits in a carbon capture project in the forest of Carballedo (Pontevedra, Spain) to recover degraded land and create a biodiverse forest. The project will also have a social impact, as 80% of the workers belong to vulnerable groups and 50% of the workforce are women from the surrounding rural areas. The total CO₂ emissions that will be offset comes to 5,542 tCO₂ equivalent.

TSB, for its part, has offset its Scope 1 and 2 emissions carried out in 2022, which amounted to 1,669 tCO₂ equivalent, through Forest Carbon's ArBolivia reforestation project (Plan Vivo afforestation), through which TSB has planted more than 55,800 trees and will invest in forests and woodland in the United Kingdom to offset its future emissions.

Planted Trees

55,800

Emissions Offsetting (tCO₂)

5,542

The Group maintains its commitment to fighting against climate change, embodied in its aim of being carbon-neutral in its operations, which it undertook upon becoming a member of the Net-Zero Banking Alliance in 2021.

31 Comparisons with previous years will not include data for Mexico and USA, as the Bank has not been able to calculate historical data for their carbon footprints.

32 Emissions associated with energy supplies calculated based on the emissions certificates of energy resellers.

33 Emissions associated with energy supplies calculated by applying the country's energy mix as the emissions rate.

34 The Scope 3 emissions that will be offset include supplies (water, paper and plastic), waste and business travel. This offsetting does not include emissions associated with the financed portfolio (category 15).

4.4.3 Details of emissions and sustainable use of resources

Further details on CO₂ emissions for each region are included below, as well as details about the resource management carried out:

	2022	2021	2020	2019
Scope 1 emissions:	2,312	2,802	2,703	3,113
Consumption of gases ³⁵	754	787	630	872
Leaks of refrigerated gases ³⁶	1,514	1,984	2,031	2,091
Fleet of company vehicles ³⁷	43	31	42	150
Scope 2 emissions:				
Electricity - market-based	7	10	26	18
Electricity - location-based	11,661	13,026	13,054	15,436
Scope 1 and 2, market-based	2,319	2,812	2,729	3,131
Scope 1 and 2, location-based	13,973	15,828	15,757	18,549
Scope 3 emissions:	2,103	1,538	1,941	5,607
Water ³⁸	105	156	125	157
Paper ³⁹	451	473	482	818
Plastic ⁴⁰	11	14	40	221
Waste ⁴¹	63	75	67	81
Business travel ⁴²	1,473	820	1,227	4,330
Travel by aeroplane	655	245	410	2,150
Travel by train	35	14	38	249
Travel by car	782	561	779	1,931
Total emissions (Scope 1, 2 & 3), market-based	4,422	4,350	4,670	8,738
Total emissions (Scope 1, 2 & 3), location-based	16,076	17,366	17,698	24,156

Report on Banco Sabadell Spain's greenhouse gases (t.CO₂)

In Spain, as at the end of 2022, the reduction of CO₂ emissions compared to 2019 was 25.9% for Scope 1 and 2 and 62.5% for Scope 3. With regard to Scope 1, the most significant impact on the reduction of carbon emissions came from fluorinated gas leaks, with 27.6% of emissions, mainly due to the process involving the restructuring the branches in the branch network and improvements in the HVAC systems. In terms of Scope 3, paper consumption and business travel, with a reduction of 44.9% and 66.0% respectively, were the factors that had the biggest impact on the reduction of CO₂

emissions compared to 2019. These figures largely reflect the success of the initiatives rolled out to reduce the use of materials in the office, as well as plans to regulate business travel.

CO₂ Emissions Reduction (Scopes 1 and 2)

25.9%

CO₂ Emissions Reduction (Scope 3)

62.5%

With the entire determination to support and accelerate economic and environmental transformations, Banco Sabadell has undertaken the commitment to reduce its carbon footprint by 2025, taking 2019⁴³ as the base year, by 14.2% for its Scope 1 and 2 emissions, and by 48.3% for its Scope 3 emissions (except category 15).

³⁵ Conversion factors: Diesel, Propane Gas and Natural Gas based on Inventories Report GHG 1990-2019, and GHG 1990-2020 Spain. Version according to year.

³⁶ Conversion factors: Leaks of fluorinated gases based on the practical guide for the calculation of greenhouse gas (GHG) emissions of the Catalan Office for Climate Change. Version according to year.

³⁷ Data refer to business trips and do not include travel from home to the workplace. Conversion factors: Fleet of vehicles based on DEFRA (Government GHG Conversion Factors for Company Reporting). Version according to year.

³⁸ Conversion factors: Water consumption based on the practical guide for the calculation of greenhouse gas (GHG) emissions of the Catalan Office for Climate Change. Version according to year.

³⁹ Conversion factors: Paper consumption based on DEFRA. Version according to year.

⁴⁰ Conversion factors: Plastic consumption based on DEFRA. Version according to year.

⁴¹ Conversion factors: Waste based on DEFRA. With the exception of paper and cardboard, glass and organic waste, which have been calculated based on the Calculation of GHG Emissions from Municipal Waste Management (OECC). Version according to year.

⁴² Data refer to business trips and do not include travel from home to the workplace. Conversion factors: Travel by aeroplane, train and car based on DEFRA. Version according to year.

⁴³ 2019 is considered the base year because it is the last year without COVID-19 restrictions.

CO ₂ emissions reduction targets	Scope 1+2	Scope 3	Total emissions	CO ₂ emissions reduction targets
Spain (targets 2019-2025)	-14.2%	-48.3%	-36.1%	

Total CO₂ emissions in Spain in 2022 were 1.66% higher than in 2021, due to the increase in business travel, as business activity gradually returned to normal following the pandemic. Consequently, the CO₂ emissions reduction

targets established for 2025 continue to adequately reflect the efforts made to reduce the Institution's emissions, acting on its commitment to the environment.

	2022	2021	2020	2019
Scope 1 emissions:	1,669	2,173	2,044	2,150
Consumption of gases	1,493	2,027	1,962	1,883
Leaks of refrigerated gases	171	140	49	103
Fleet of company vehicles	5	6	33	164
Scope 2 emissions:				
Electricity - market-based	0	0	0	3,953
Electricity - location-based	2,958	4,271	4,302	5,528
Scope 1 and 2, market-based	1,669	2,173	2,044	6,103
Scope 1 and 2, location-based	4,627	6,444	6,346	7,678
Scope 3 emissions:	891	743	1,370	2,750
Water	17	20	53	70
Paper	409	536	905	1,318
Waste	19	27	39	29
Business travel ⁴⁵	447	160	373	1,333
Travel by aeroplane	305	89	166	654
Travel by train	53	22	29	162
Travel by car ⁴⁶	89	49	178	517
Total emissions (Scope 1, 2 & 3), market-based	2,561	2,916	3,414	8,853
Total emissions (Scope 1, 2 & 3), location-based	5,519	7,187	7,716	10,428

Report on TSB's greenhouse gases (t.CO₂)⁴⁴

Since 2021, TSB has been keeping detailed information about its Scope 3 water consumption, paper consumption and waste. Scope 2 emissions (for SECR⁴⁷) include only direct commercial electricity supplies⁴⁸.

TSB's reduction of its emissions in 2022 compared to its emissions in 2019 is due to various factors, notably including the branch network concentration process, the launch of the energy efficiency programme and paperless processes and the continuation of blended work arrangements following the COVID-19 pandemic.

TSB continues to acquire 100% renewable energy, which has contributed to a general reduction of its market-based Scope 1 and 2 emissions of 72.6% in 2022 compared to 2019. TSB is committed to continuing to purchase renewable energy and has plans to explore other biofuels and to reduce its total energy consumption.

In 2022, the USA (Miami branch) and Banco Sabadell Mexico began to keep records of their carbon footprint, breaking down the information according to each Scope.

No carbon footprint data prior to 2022 is available, therefore these geographies will not be taken into account in the Group's comparisons of its carbon footprint in relation to previous periods.

44 The conversion factors have been calculated based on DEFRA. Version according to year. In addition, the figures for 2019 through 2021 have been recalculated under new calculation criteria in TSB, taking into account the branch and building closures between 2019 and 2021.

45 In line with the Group's reporting criteria, the relative emissions during hotel stays that TSB reports in its standalone accounts are not included.

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

47 Streamlined Energy and Carbon Reporting (SECR) regulation in the United Kingdom for large unlisted organisations on reporting greenhouse gas emissions.

48 A small amount of domestic or cross-charged consumption from landlords is not included, but TSB is working on improvements for the next reporting period.

	2022
Scope 1 emissions:	3
Gases	3
Scope 2 emissions:	
Electricity - market-based	282
Electricity - location-based	282
Scope 1 and 2 - market-based	285
Scope 1 and 2 - location-based	285
Scope 3 emissions:	220
Water	2
Paper	1
Business travel	217
Travel by aeroplane	217
Total emissions (Scope 1, 2 & 3) - market-based	505
Total emissions (Scope 1, 2 & 3) - location-based	505

Report on the USA's greenhouse gases (t.CO₂)⁴⁹

	2022
Scope 1 emissions:	55
Fleet of company vehicles	55
Scope 2 emissions:	
Electricity - market-based	237
Electricity - location-based	237
Scope 1 and 2 - market-based	291
Scope 1 and 2 - location-based	291
Scope 3 emissions:	324
Water	5
Paper	1
Business travel	318
Travel by aeroplane	291
Travel by car	27
Total emissions (Scope 1, 2 & 3) - market-based	615
Total emissions (Scope 1, 2 & 3) - location-based	615

Report on Mexico's greenhouse gases (t.CO₂)⁵⁰

Neither Mexico nor USA have a renewable origin certification for their indirect emissions stemming from the consumption of electricity purchased from a reseller (Scope 2), therefore market-based and location-based emissions data coincide. These emissions will be offset as explained in section 4.4.2 Offsetting.

Details of the Group's emissions, by scope

Scope 1 - Direct activities:

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

Acting on its public commitment to sustainability,

Banco Sabadell Group is making progress with its sustained reduction of proprietary emissions. As at the end of 2022, Banco Sabadell had managed to reduce its overall Scope 1⁵¹ emissions by 24% compared to 2019.

Reduction vs. 2019

24%

Gases

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

In 2022, propane gas consumption in Spain amounted to 844 m³, compared to 682 m³ in 2021 and 486 m³ in 2019 – a 24% increase compared to 2021 and a 74% increase compared to 2019. Propane gas is only used to

49 The conversion factors have been calculated based on DEFRA, except for Scope 2, where they have been calculated using IEA. Version according to year.

50 The conversion factors have been calculated based on DEFRA, except for Scope 2, where they have been calculated using IEA. Version according to year.

51 Reduction calculated for Spain and the United Kingdom. Mexico and USA are not included as no historical data is available.

provide additional heating in one branch, which is located in a mountainous region where low temperatures in winter require it to be used in order to prevent the gas from freezing.

In the UK, Mexico and the USA, propane gas is not used in any of the branches or corporate buildings.

On the other hand, the consumption of natural gas in Spain is limited to three of the corporate buildings, and used to reinforce the HVAC system, both to provide heat and for dehumidification purposes, while in the United Kingdom it is used in winter across practically all branches and corporate buildings. In 2022, consumption in Spain amounted to 299,312 m³, compared to 233,467 m³ in 2021 and 257,920 m³ in 2019 – a decrease of 2% compared to 2021 and of 11% compared to 2019.

Reduction vs. 2021

▼2%

Reduction vs. 2019

▼11%

In the United Kingdom, consumption amounted to 724,673 m³, compared to 990,367 m³ in 2021 and 919,368 m³ in 2019 – a reduction of 27% compared to 2021 and of 21% compared to 2019.

Reduction vs. 2021

▼27%

Reduction vs. 2019

▼21%

Similarly, TSB has also launched a new training module on Energy Efficiency for employees, called Do What Matters for the Environment, to complement and build on existing training. The aim of the new module is to educate employees on energy waste and to equip them with practical tools to reduce energy consumption in the workplace and at home.

No natural gas is consumed in Mexico or the USA, as their HVAC systems run entirely on electricity.

Finally, consumption of diesel in Spain amounted to 5,418 litres, compared to 13,016 litres in 2021 and 14,246 litres in 2019 – a reduction of 58% compared to 2021 and of 62% compared to 2019. Between the end of 2020 and early 2021, a large-scale top-up of diesel tanks took place to prevent potential supply shortages in the future, which reduced the need for diesel refuelling during 2022. In 2023, it is hoped that consumption will also be reduced, as the Bank's data servers will be physically moved from its own facilities to the facilities of the IT infrastructure supplier.

Reduction vs. 2021

▼58%

Reduction vs. 2019

▼62%

In the UK, diesel consumption amounted to 8,487 litres in 2022 compared to 5,931 litres in 2021 and 8,802 litres in 2019 – an increase of 43% and a reduction of 4%, respectively.

In the UK, diesel is mainly used for generators in corporate buildings, as well as in heating systems in some remote island locations. In 2022, TSB launched the Energy Optimisation programme, with training provided by an Energy Management team from the company managing the facilities. This programme will involve a review of all possible ways in which energy can be reduced, in order to implement improvements in all facilities over the coming years.

In Mexico, there are no records of diesel consumption while in the USA, consumption amounted to 1,140 litres in 2022, due to the use of a genset in one of its corporate buildings (MLOC).

Fluorinated gases

The figures relating to fluorinated gases correspond to leaks of F-gases due to breakdowns of HVAC systems in corporate buildings and branches. In Mexico, no fluorinated gas leaks in HVAC equipment were recorded, as the refrigeration system uses water circuits. In the case of Miami, no fluorinated gas leaks were recorded in 2022 in any of the machinery in its facilities.

In 2022, fluorinated gas leaks in Spain amounted to 860 kg, compared to 934 kg in 2021 and 1,144 kg in 2019 – a reduction of 8% and 25%, respectively. In the UK, on the other hand, fluorinated gas leaks amounted to 82 kg in 2022 compared to 68 kg in 2021 and 53 kg in 2019 – an increase of 21% and 55%, respectively.

To reduce these leaks, every year the Bank upgrades its air conditioning systems, introducing more efficient equipment (thus also reducing Scope 2 emissions) that uses gas with a lower environmental impact. Furthermore, the 24% reduction in the branch network that occurred between 2021 and 2022 also had an impact on the reduction of emissions due to fluorinated gas leaks.

The Bank is firmly committed to reducing its direct carbon footprint; therefore, in the coming years, it will continue to periodically review its facilities, both machines and other fixtures (pipes, connections, shut-off valves), in order to detect any possible faults. Similarly, the Bank will continue to identify the machines with the most breakdowns to include them in the replacement project. This analysis will also make it possible to detect which models have the most faults in order to adjust the policy for the purchase of new equipment accordingly.

Company vehicles

In Spain, business journeys in 2022 amounted to a total of 249 thousand kilometres compared to 178 thousand kilometres in 2021 and 832 thousand kilometres in 2019 – an increase of 40% and a reduction of 70%, respectively.

Reduction of business journeys in km vs. 2019

▼70%

In the UK, business journeys in 2022 amounted to a total of 141 thousand kilometres compared to 64 thousand kilometres in 2021 and 1,426 thousand kilometres in 2019 – an increase of 122% and a reduction of 90%, respectively. TSB offers only fully electric vehicles to employees who have opted into the company car scheme and 79% of TSB's vehicle fleet is now fully electric. In 2023, TSB will explore different improvement options, such as the installation of electric vehicle charging facilities in corporate buildings.

TSB's Electric vehicle fleet

79%

In Mexico, records of CO₂ emissions from company vehicles are not kept in kilometres but rather in terms of petrol consumption. In 2022, total petrol consumption in vehicles controlled by the Bank amounted to 17,196 litres.

In the USA, there is no fleet of company vehicles under the criteria applicable to Scope 1 GHG emissions.

Scope 2 - Indirect activities:

This scope includes emissions generated by the consumption of electricity.

Electricity consumption

The consumption of electricity in Spain in 2022 amounted to 59,398 MWh, compared to 66,214 MWh in 2021 and 77,842 MWh in 2019 – a reduction of 10% and 24%, respectively. As at the end of 2022, 99.96% of the energy consumed came from 100% renewable sources.

Reduction vs. 2021

▼70%

Reduction vs. 2019

▼24%

Consumption from renewable sources

99,96%

In Spain, from 2023 onwards, the total consumption of electric power will be from 100% renewable sources.

In the UK, on the other hand, electricity consumption amounted to 15,297 MWh in 2022 compared to 20,094 MWh in 2021 and 20,947 MWh in 2019 – a reduction of 24% and 27%, respectively.

Reduction vs. 2021

▼24%

Reduction vs. 2019

▼27%

In Spain, throughout 2022, 98.96% (58,777 MWh) of the electricity used was acquired from a single reseller (Cepsa), with all the energy used certified to have come from renewable sources, while the remaining 0.05% (28 MWh)

was acquired from another reseller whose electricity is not all from renewable sources. The 7 tonnes of CO₂e corresponding to Scope 2 emissions (market-based) in 2022 for Spain correspond to the consumption of electricity from non-renewable sources.

1.0% of the total electric power consumed in Spain was self-generated through the photovoltaic panels installed in the corporate buildings at Sant Cugat del Vallès.

	2022	2021	2020	2019
Consumption of electricity provided by Cepsa and Nexus Renovables, 100% REGO (% supplied out of total electricity in Spain)	98.96%	99.14%	99.91%	99.95%
Consumption of electricity provided by other resellers without REGO (% supplied out of total electricity in Spain)	0.05%	0.06%	0.09%	0.05%
Self-consumption (% of total electricity) in Spain	1.00%	0.79%	0.00%	0.00%

Thanks to these photovoltaic panels, 592,394 kWh did not have to be purchased from resellers and was instead generated by the Institution's systems for own use in the corporate buildings at Sant Cugat del Vallès. With this electricity generation, Banco Sabadell has reduced its energy dependence on third parties as it is able to use its own systems to generate 8% of the energy needed for this building to operate.

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

- As indicated in relation to Scope 1, every year a programme takes place to replace air-conditioning equipment with more energy-efficient models where appropriate.
- The project to replace the lighting at branches with LED (Light Emitting Diode) technology is still in progress, to ensure that all branches are equipped with LED lighting and thus reduce consumption (corporate buildings are already 100% equipped with LED lighting).
- The majority of the branch network is equipped with a centralised low energy consumption HVAC and lighting system, as well as light activation systems for billboard advertising adapted to daylight hours.
- Corporate buildings are equipped with motion-sensitive lighting systems and LED lights. In these corporate buildings and larger branches, HVAC installations are equipped with energy recovery systems.

In the UK, the supply of electricity continues to be 100% from renewable sources, thus contributing significantly to the strategy for attaining carbon neutrality by not generating market-based Scope 2 emissions.

TSB also continues to develop efficiency measures to reduce electricity consumption. In 2022, a scheme to replace old inefficient lightbulbs with more energy-efficient LED equivalents was completed. As at the end of 2022, the cost of reactive maintenance tasks to replace lightbulbs had already been noticeably reduced, and work continues to monitor cost savings and the reduction of energy usage.

The Bank is looking to install a photovoltaic self-generation plant at its logistics hub in Polinyà before the end of 2025. An annual 1% reduction in the energy acquired from the main reseller is estimated by 2025.

In Mexico, electricity consumption in 2022 amounted to 595 MWh, while in Miami consumption reached 737 MWh. These two geographies do not have a renewable origin certification for their electricity production.

	Group (all geographies)	Group (ex-Mexico and ex-USA)				Total electricity consumption
		Group	2021	2020	2019	
Total electricity consumption (MWh)	76,028	74,695	86,308	84,281	98,789	

Scope 3 - Other indirect activities:

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

Water

Water consumption includes water for sanitary use, irrigation and catering in corporate buildings. In 2022, water consumption in Spain amounted to 265,892 m³, compared to 395,036 m³ in 2021 and 396,260 m³ in 2019 – a decrease of 33% compared to both periods.

Reduction

▼ **33%**

As for the UK, water consumption amounted to 39,289 m³, compared to 47,238 m³ in 2021 and 66,398 m³ in 2019 – a reduction of 17% and 41%, respectively.

In Mexico⁵², water consumption in 2022 amounted to 11,688 m³, while in Miami consumption reached 3,826 m³.

The process to reduce the number of branches in the branch network has had a significant impact on the reduction of consumption in Spain and in the UK.

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

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

During the 2022-2025 period, the WC discharge system is being gradually replaced with dual flush toilets to reduce the consumption of water for sanitary use. An annual 1% reduction in emissions is estimated by 2025, associated with this initiative.

	2022	2021	2020	2019
Recycled paper used in branches and corporate buildings in relation to total paper consumption (white and recycled) in Spain (%)	100%	100%	100%	99.98%
Recycled paper used in corporate buildings in Spain with a postal service (courier) in relation to total paper consumption (white and recycled) (%)	100%	100%	100%	99.98%

The Group has also continued with the programme to reduce correspondence and simplify contractual documentation, 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 40.7% compared to 2019. Among the initiatives with the greatest impact that have been carried out, it is

Paper

The Group's daily activities require the regular use of paper. Paper consumption in Spain in 2022 amounted to 610 tonnes, compared to 640 tonnes in 2021 and 1,030 tonnes in 2019 – a reduction of 5% and 41%, respectively. While in the UK, paper consumption amounted to 445 tonnes in 2022 compared to 583 tonnes in 2021 and 1,439 tonnes in 2019 – a reduction of 24% and 69%, respectively.

Reduction vs. 2021

▼ **24%**

Reduction vs. 2019

▼ **69%**

In order to reduce paper consumption, a series of measures have been implemented, such as (i) the set-up of a 24-hour service for customers through remote channels and digital platforms, (ii) the use of tablets and digital systems in branches, which allow customers to sign documents digitally and thus eliminate the use of pre-printed documents, and (iii) introduce default printing settings in the Institution's printers for double-sided printing.

worth highlighting the following:

- Simplification of pre-contractual and contractual documents about the Bank's products.
- Further development of digital solutions in relation to signing for transactions, issuing certificates and customer correspondence.
- Greater digitisation of internal operating processes.

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.

⁵² Consumption on a pro-rata basis according to number of floors occupied by the Bank in the respective buildings.

In the UK, TSB had set the target of reducing paper consumption by 25% by 2022 year-end compared to 2019. To that end, several initiatives have been launched to

digitalise processes and leaflets, reduce the use of postal mail for customer correspondence and reduce printing.

	Group (all geographies)		Group (ex-Mexico and ex-USA)		
	2022	2022	2021	2020	2019
Paper consumption (DIN A4 format) during the year (tonnes)	1,058	1,055	1,223	1,636	2,469

Paper consumption

During 2023, the zero paper project will continue to be promoted across the organisation. This project seeks to digitalise all of the Bank's processes to reduce paper consumption to zero. An annual 2% reduction in emissions is estimated by 2025.

In Mexico, paper consumption in 2022 amounted to 1.4 tonnes, while in Miami consumption reached 1.5 tonnes.

Plastic

Plastic consumption is attributable to the materials purchased for various uses. Plastic consumption in Spain in 2022 amounted to 3.4 tonnes, compared to 4.5 tonnes in 2021 and 71.1 tonnes in 2019 – a reduction of 23% and 95%, respectively.

To reduce plastic consumption, the Bank has been applying a series of measures since 2020 designed to eliminate plastic in the products it purchases for various uses:

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

During the 2022-2025 period, the various materials used by the Bank that contain plastic will be gradually analysed and replaced with sustainable materials. In Spain, an annual 2% reduction in emissions is estimated.

In the UK, plastic consumption amounted to 112.4 tonnes. It was not possible to keep records of plastic consumption in the UK subsidiary until 2022, therefore no historical data is available to analyse changes and trends.

The Group is working to explore and, if necessary, implement the necessary capabilities to measure the plastic consumption of its subsidiaries in Mexico and Miami.

Waste management

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

In 2022, in Spain, general waste was reduced by 32% and 40% compared to 2021 and 2019, respectively, due mainly to the reduced travel to workstations in the corporate buildings as a result of telecommuting, and also due to the Bank's restructuring process. In the UK, waste was reduced by 30% and 35% compared to 2021 and 2019, respectively, also mainly due to the situation mentioned for Spain.

The Group is analysing the resources needed to keep records of the volume of waste generated in Mexico and Miami, so that it may soon have data available for disclosure in relation to tonnes of waste and CO₂ emissions.

Section 4.4.4 Circular economy and waste management includes more details on waste management and emissions.

Business travel

Business travel includes journeys by aeroplane, train and car.

In Spain, business journeys in 2022 amounted to a total of 11,940 thousand kilometres compared to 6,058 thousand kilometres in 2021 and 34,586 thousand kilometres in 2019 – an increase of 97% and a reduction of 65%, respectively.

Reduction

▼ 65%

At the start of 2020, before the State of Emergency was declared in Spain, the Bank reviewed its business travel policy, laying down new guidelines to limit travel to only journeys strictly necessary due to business needs and to prevent travel for internal meetings, encouraging the use of the remote and electronic solutions available.

It is not possible to draw a fair comparison between the numbers of kilometres in 2021 and the numbers in 2022,

given the restrictions imposed due to the COVID-19 pandemic. Compared to 2019, as a pre-pandemic reference year, the data for 2022 in Spain reflected the large positive effect that the review of the Group's business travel policy has had on the Institution's carbon footprint.

In this regard and considering the gradual easing of restrictions, business travel is expected to decrease and reduce emissions by 43% in 2023 compared to 2019.

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

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

For the UK, in line with the Group's reporting criteria, the relative emissions during hotel stays that TSB reports in its standalone accounts are not included. In terms of other items, business journeys in 2022 amounted to a total of 3,291 thousand kilometres in TSB compared to 1,220 thousand kilometres in 2021 and 14,756 thousand kilometres in 2019 – an increase of 170% and a reduction of 78%, respectively. The target had been to reduce business travel by 50% compared to 2019.

The COVID-19 pandemic has largely contributed to the 66% reduction of emissions compared to 2019. In addition, TSB has undertaken to promote new alternative means of transport, such as the inclusion in company benefits of an additional grant for the purchase of electric bicycles, as well as new ways of working to keep reducing emissions.

In 2022, business travel in Mexico and Miami came to 1,727 thousand kilometres and 1,183 thousand kilometres, respectively.

Other actions

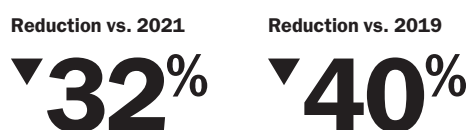
In Spain, the Bank certified its Barcelona hub branch with the Spanish Green Building Council seal during 2022.

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

In the UK, TSB has been identifying the potential reduction in CO₂ emissions for third-party products and services. Furthermore, since 2021, TSB has included new sustainability requirements in its procurement processes.

4.4.4 Circular economy and waste management

Waste management in Spain in 2022 amounted to 806 tonnes, compared to 1,192 tonnes in 2021 and 1,353 tonnes in 2019 – a reduction of 32% and 40%, respectively.



In the UK, waste management amounted to 839 tonnes in 2022 compared to 1,200 tonnes in 2021 and 1,283 tonnes in 2019 – a reduction of 30% and 35%, respectively. Recycling continues to be a key part of the approach adopted by TSB, which has renewed its commitment to attaining a 90% recycling target in its Do What Matters Plan 2025. In 2022, the general recycling rate at TSB was 79%.

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 separation and collection of packaging, organic matter and batteries.

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

Among the actions taken by the Bank to reduce the waste that it generates, it is worth noting the programmes to reduce paper consumption and the associated waste (which accounts for the largest volume of waste).

	2022		2021		2020		2019	
	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂
Total non-hazardous waste ⁵⁴	1,634	82.0	2,383	101.1	2,614	105.5	2,633	110.1
Total hazardous waste ⁵⁵	11	0.19	9	0.24	8	0.29	2	0.05
Total waste	1,646	82.2	2,392	101.3	2,621	105.8	2,636	110.2

In line with the rest of the targets to reduce the carbon footprint by 2025, the Bank will continue to reduce paper waste by reducing its usage.

In addition, there are plans, expected to be completed by 2025, to create a new centralised waste room to reduce waste generation and to install an organic matter composting plant at the main Sant Cugat headquarters to reduce all organic waste. A 9% reduction is estimated for 2025, compared to 2019.

53 Conversion factors used for waste based on DEFRA 2021 (Waste Disposal), with the exception of paper, glass and organic waste in Spain, which are based on (OECC) calculation of GHG emissions from municipal waste management. In the UK, a breakdown of hazardous and non-hazardous waste for 2019 and 2020 is not available and thus data only includes total waste. The Group is analysing the resources needed to keep records of the volume of waste generated in Mexico and Miami, so that it may soon have data available for disclosure in relation to tonnes of waste and CO₂ emissions.

54 In Spain non-hazardous waste includes: scrap metal, inert plastic, bulky general waste, incandescent light bulbs, paper and cardboard, glass, organic waste, grease trap and wood. The top 3 waste products in 2022 were paper and cardboard with waste of 609 t (34.33 t.CO₂), bulky general waste with waste of 65.84 t (0.59 t.CO₂) and organic waste with waste of 78.7 t (27.87 t.CO₂).

55 In Spain hazardous waste includes: chemical containers, absorbents (filters), lead batteries, oils, fluorescent lamps, electronic equipment, batteries and aerosols. The two biggest waste products were electronic equipment with waste of 2.71 t and emissions of 0.02 t.CO₂ and absorbent filters with waste of 0.79 t and emissions of 0.01 t.CO₂.

5. Commitment to sustainable finance



The Group promotes sustainable financing and investment to drive forward the transition towards a more sustainable model and a low-carbon economy.

The Group promotes sustainable financing and investment to drive forward the transition towards a more sustainable model and a low-carbon economy, offering customers and investors the best possible solutions. In 2021, the Bank committed to mobilise €65,000M in sustainable finance by 2025. To date, it has mobilised more

than €25bn, including €14.8bn in 2022.

To deliver on this commitment, and in order to encourage social and financial inclusion and contribute to environmental conservation and climate change mitigation, the Bank has:

Objective Sustainable finance 2021-2025

65,000^{M€}

Mobilised Sustainable Finance 2021-2022

25,000^{M€}

Mobilised Sustainable Finance 2022

14,800^{M€}

— Financing solutions in the different businesses:

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

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

corresponding sections).

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

The rollout of the Next Generation EU Recovery Funds are expected to significantly boost this type of financing (section 5.1.4 Next Generation EU provides more details on the actions that the Bank is taking in relation to the aforesaid funds).

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

— Investment in renewable energies through Sinia Renovables subsidiary (further details provided in section 5.2 Sinia Renovables).

— Issuance of own sustainability bonds (more details in section 5.3 Issuance of sustainability bonds).

— Sustainable savings and responsible investment solutions (more details in section 5.4 Sustainable savings and responsible investment solutions)

5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals

5.1.1 Sustainable financing solutions for the Corporate & Investment Banking business

As at year-end 2022, the Bank has participated in 64 sustainable financing and investment transactions, with a total value of 35,165 million euros, in the area of Corporate & Investment Banking (CIB) (which includes corporate business and investment banking transactions). A significant part of this activity was carried out in Spain, complemented by work carried out in other geographies where the Bank is present.

	No. of Transactions	Total Volume	Bank Participation
Corporate Banking	50	30,695	2,209
Investment Banking	14	4,470 ⁵⁶	n.a.
Total CIB	64	35,165	2,209

Number of Operations CIB Total Amount CIB

64 **35.165MM€**

At the organisational level, the “Sustainable Finance and ESG Advisory” team has been set up. This team has cross-cutting scope in CIB and its main aim is to promote the range of sustainable financing and investment solutions and support customers with their environmental transition.

The information shown in the table above is explained here below:

Corporate Banking

In the area of corporate banking, 50 transactions were signed, amounting to 2,209 million euros, a 30% improvement on the figure reported in 2021. Of these, 11 transactions are considered to involve Green and Social Loans (GSLs) given their alignment with the EU Taxonomy, for a volume of 379 million euros, and another 39 are Sustainability-linked Financing (SLF) transactions for a total amount of 1,830 million euros.

In both cases, the transactions are the subject of continuous monitoring, jointly with the customers involved and with sustainability agencies, through the KPIs defined in the financing agreement in each case.

Sustainable financing is prioritised as a way of supporting customers. To this end, customised proposals are formulated according to customers’ needs, their sustainability strategy and factors specific to their industry.

Investment Banking

In 2022, Banco Sabadell participated in the placement of green and sustainable bonds in the capital markets, as Joint Lead Manager, in the following public issuances for customers:

- Acciona Energía, for 500 million euros in green bond format, with a 10-year maturity and 1.375% coupon, issued in January.
- Comunidad de Madrid, sustainable bond for 1 billion euros, with a 10-year maturity and 1.723% coupon, issued in March.
- Junta de Andalucía, a sustainable bond for 500 million euros, with a 10-year maturity and 2.4% coupon, issued in May.

The Bank also participated in four (4) sustainable merger and acquisition transactions for a total value of 720 million euros.

Furthermore, during 2022, it participated in various Banco Sabadell⁵⁷ green bond issues, such as:

- Joint Lead Manager in two Banco Sabadell green issuances for 750 million euros each (March and November).
- Sole Bookrunner in Banco Sabadell green issuances, for 120 million euros issued in March and for 75 million euros issued in November.

5.1.2 Project Finance

The world of renewable energies has not been immune to the current situation, having been affected both by inflation which has raised costs, and by increased funding costs in the second half of the year, compounded by a simultaneous increase in electricity prices. This volatility of electricity prices has highlighted the importance of renewables as a source of energy that is clean as well as cheaper than other sources. This is why society at large has stepped up its commitment to renewables and Banco Sabadell has continued to support the financing of renewable energy plants.

Overall, this environment has served to consolidate European objectives to combat climate change and improve energy efficiency, embodied, at European level, by the European Commission’s “Fit for 55” package of measures and, at national level, by Spain’s Integrated National Energy and Climate Plan. However, 2022 has been characterised by a delay in projects obtaining the necessary licenses to commence construction of Ready to Build (RTB) projects, and also by fewer refinancing transactions for Feed-in Tariff (FIT) transactions⁵⁸. For this reason, the volume of renewable financing is lower than last year, dropping from 1,108 million euros to 655 million euros, mainly on account of the absence of FIT transactions which represented 354.7 million euros last year.

⁵⁶ Includes 1,695 million euros of own green bond issuances.

⁵⁷ For a more detailed breakdown of Banco Sabadell green bond issues, see 5.3 Issuance of sustainability bonds.

⁵⁸ Feed-in Tariff (FIT) transactions are those in which the unit price is agreed with the government for a specified period of time.

Over the year, 26 transactions were executed, mobilising 655 million euros.

Number of operations **Total Amount**

26 **655M€**

In terms of renewable projects executed in the geographical regions in which the Institution operates, in 2022 there have been four renewables projects in the United States (99 million euros), two in Portugal (20 million euros) and 20 in Spain (536 million euros).

Data in millions of euros.

Country	# Transactions	Amount	%
Spain	20	536	82%
Portugal	2	20	3%
USA	4	99	15%
TOTAL	26	655	100%

With regard to the types of technology financed, the number of photovoltaic projects is particularly noteworthy compared with other technologies. In previous years, financing was distributed across wind energy and photovoltaic projects, but this year there has been a lack of significant wind energy projects in Spain. As a result, photovoltaic plants represented 88% of total financing at 575 million euros. With regard to wind energy plants, these represented 12% of total financing at 79 million euros.

Data in millions of euros.

Technology	# Transactions	Amount	%
Wind	4	79	12%
Photovoltaic	22	575	88%
Other	0	0	—%
TOTAL	26	655	100%

Lastly, in relation to transactions in Spain and Portugal, Banco Sabadell has continued to be a leader in the sector in terms of the execution of Project Finance transactions. It is worth noting that in 2022, all projects executed were greenfield projects, providing additional capacity for the production of clean energy in the Spanish energy system. Also of note in the year was the interest of renewables developers in financing projects whose revenues come from sales to the market without using a Power Purchase Agreement (PPA⁵⁹) with a third party as a hedge. In terms of their breakdown, financing has been given to three projects through auctions in 2020 (3% of the total), to nine projects whose income structure includes energy forwards or PPAs (42% of the total), one Construction Loan project (3% of total) and nine projects whose income is obtained exclusively through the wholesale market (52% of the total). Overall, Banco Sabadell has contributed by financing 1,149 MW of attributable renewable installed capacity in the system, after the construction of plants, which will produce sufficient electricity to satisfy the demand of approximately 589,500 households in Spain and will offset the equivalent of 252,844 tonnes of CO₂ each year they are in use.

Data in millions of euros.

Type	# Transactions	Amount	%
FIT Peninsula	0	0	—%
PPA Spanish Government	3	16	3%
Merchant with PPA	9	232	42%
Merchant without PPA	9	291	52%
Construction Loan	1	17	3%
TOTAL	22	556	100%

5.1.3 Sustainable financing solutions for retail customers and businesses

Sustainable financing is one of the main tools used to promote a clean and circular economic model, which reduces CO₂ emissions and contributes to protecting the environment.

⁵⁹ Power Purchase Agreement (PPA): an energy purchase and sale agreement.

In the case of individuals and SMEs, Banco Sabadell offers its customers a range of solutions geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems.

The actions and solutions offered to customers are described below:

Support and financing solutions for individuals

Support for individuals

At Banco Sabadell we support customers in the transition towards a sustainable economy.

The Bank has a clear aim to promote the use of renewable energies by offering financial support, whilst consolidating its commitment to sustainability and energy efficiency.

A clear example of this is the collaboration agreement signed between the Bank and Solar Profit, a company that sells world-class solar panels, aimed at retail customers seeking to install solar panels in their homes. The agreement offers turnkey installations, through a fully digital process. The entire project is taken in hand, including customised design, installation, and managing the application process for permits, grants and subsidies.

Other initiatives in line with the Bank's objective of achieving a more efficient and responsible domestic economy are commercial actions to promote renovation projects that improve energy efficiency in customers' households, proactively offering access to financing with more advantageous conditions.

In addition, Banco Sabadell continues to work on its objective of reducing its environmental impact by offering customers two types of cards: a physical card, manufactured using biodegradable PVC, and a digital card, thus avoiding the use of plastic altogether and offering customers an opportunity to do their bit in this challenge.

Green financing solutions for individuals

Green mortgages

Banco Sabadell currently offers a reduced price across its entire mortgage range to incentivise the purchase, construction or renovation of homes with energy certification B or higher.

In 2022, the volume of Mortgages with sustainable certification was more than 540 million euros.

Green Mortgages

540M€

Sabadell green renovation loans

The aim of the Sabadell green renovation loan is to encourage home renovations and/or purchases that improve the sustainability and or energy saving capacity of a main or secondary residence. The Bank offers financing, with attractive conditions, for improvements of openings (windows and doors), upgrades of heating or cooling systems to make them more efficient, and purchases of household appliances with an energy efficiency rating of A or higher.

TSB, for its part, markets the 'Green Additional Borrowing' mortgage, launched in June 2021, which helps customers to refurbish their homes to obtain more energy efficient consumption and, by doing so, reduce their environmental impact and the amount of money they spend on their energy bills. TSB plans to launch other green products for its customers next year.

ECO car loan (2022)

The Bank offers the '*Préstamo Coche ECO*' (ECO car loan), aimed at retail customers, which enables the purchase of 'zero emissions' or 'ECO' labelled vehicles with very attractive conditions, contributing to the adoption of cleaner vehicles that are adapted to the new low-emissions zones in Spain's largest cities.

Social financing solutions for individuals

In the area of social financing, and due to the economic impact of higher interest rates, Banco Sabadell has proactively offered solutions to customers with variable-rate mortgages who may be experiencing difficulties, in addition to customers who meet the vulnerability criteria in accordance with the Code of Good Practice, with the aim of helping these customers to meet their obligations, relieve their financial burden and avoid default situations.

With regard to vulnerable customers, it should also be noted that:

- Customers at risk of financial exclusion, who have refugee status (holders of red or white asylum seeker's card) or who have scant resources, may register free of charge for a Banco Sabadell Basic Payment Account and access free services, such as: cash withdrawals, national transfers and transfer to EU countries, direct debits, or the use of electronic banking, among other things.
- Specific benefits aimed at customers aged above 65 years, such as the issue and renewal of a commission-free passbook and free transfers throughout Spain and the EEA⁶⁰ carried out at a branch. Furthermore, if the customer is a pensioner and has income of less than 10,000 euros per year, they may access certain additional subsidies and benefits.
- A customer service model that is sensitive to the needs of vulnerable customers (due their age, reduced mobility or other restrictive factors) and/or non-digital customers (with no access to remote banking), with specific protocols in place for these groups, to address specific situations, such as branch closures,

- changes to the usual services offered, or certain transactions that may be risky for them, such as cash withdrawals at branches, offering them a differentiated service that is adapted to their specific abilities and needs.
- Application of the Code of Good Practice when granting financing which protects the interests of customers by ensuring that they select the product that best suits their needs and financial capacity, paying special attention to vulnerable customers (people who, due to their physical or mental capacities, their personal needs or their economic, educational or social circumstances, find themselves unable to work or unable to function on equal terms with other consumers due to being in a helpless or vulnerable situation).
- Application of the Code of Good Practice to restructure mortgage loans for vulnerable customers. The code was recently updated and made more flexible to address the needs of low income mortgage customers.

Support and sustainable financing solutions for businesses

Support for businesses

In order to help businesses achieve a better understanding of sustainability, a series of webinars were organised through the Bank's Business Hub which, drawing on examples of good practice implemented by customers and experts, dealt with aspects related to the carbon footprint, renewable energies, energy efficiency and the UN Sustainable Development Goals.

The annual visit to companies now includes a conversation about sustainability, providing customers with the necessary background information and explaining the benefits of moving towards sustainability, and proposing financing solutions for projects that enable greater energy efficiency and a reduction in their carbon footprint.

Green financing

During 2022, more than 1,100 million euros were mobilised to fund companies engaged in green operations or projects, mainly through loans, leasing and rentals. This financing is intended for projects that are aligned with the Bank's Eligibility Guide, primarily:

- Construction and real estate
- Energy
- Mobility
- Water and Waste

With the aim of helping companies to execute their sustainable projects more efficiently, Banco Sabadell has entered into a number of agreements with partners in a variety of sectors so as to offer turnkey solutions:

- Photovoltaic self-consumption: The Bank has partnerships in place with Iberdrola and EDP Solar to provide a comprehensive offering that includes both photovoltaic systems and maintenance & upgrade services to ensure an optimal installation to suit the customer's requirements.
- Building renovations: The Bank has partnerships in place with Rehabiterm and Agentia R+ as renovation agent, in which it leads the entire project, including management of government subsidies. In this specific area, Banco Sabadell has a 30% market share in the homeowners' associations segment, and has agreements in place with 100% of homeowner association managers.

Award for most sustainable transaction: The Spanish Association of Leasing and Renting recognised Banco Sabadell four times in 2022 in the category of "Most sustainable transaction of the month" in the months of February, March, May and June.

Sustainability-linked financing

Banco Sabadell has been offering sustainability-linked financing (ESG loans) to Corporate Banking customers for some years, with great success.

In 2022, sustainability-linked financing was rolled out to other business customers with the aim of contributing to their sustainability strategy, offering them guidance on the most appropriate goals for their business and their needs.

⁶⁰ Transfers within the European Economic Area.

As of the date of this report, in 2022, the Bank has mobilised more than 500 million euros in sustainability-linked financing for business and SME customers, to fund green purposes only, primarily focused on the reduction of their CO₂ emissions.

Sustainability-linked financing

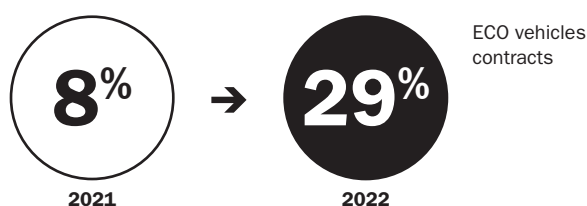
+500M€

Mobility solutions

Since the disposal of the vehicle leasing subsidiary which took place in December 2021, in 2022 Sabadell Renting has continued to focus its business on sustainable mobility. This has not been an easy task given the difficulties sourcing vehicle supplies due to general issues affecting the automotive industry, such as the semiconductors crisis and the scarcity of raw materials, particularly steel, which has led to a significant reduction in vehicle production.

These setbacks have meant that the range of ECO vehicles (hybrid and electric vehicles with the DGT 'ECO' or 'Zero Emissions' environmental label) have accounted for 44% of the full range of models offered, compared with 42% in the previous year, with at least three sustainable vehicle models featured in the range all year round.

Despite this, new contracts for ECO vehicles have increased year-on-year from 8% in 2021 to 29% in 2022. Sustainability solutions have been given greater visibility through direct communications with Banco Sabadell customers during the year and, in 2023, Sabadell will continue to promote ECO vehicles, with particular focus on the electric range, and with specific campaigns aimed at Banco Sabadell Group employees.



In 2022, emphasis was also 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 and with a fully-digital process, has now taken root.

In terms of used vehicle sales, there has been a significant increase in the sale of 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.

The objective for 2023 is to continue growing, both the range and the number of contracts for ECO models, thereby contributing to a clear transition towards sustainability mobility for both customers and employees.

Social financing

In the area of social financing, we highlight our objective to promote and maintain employment by providing financing for micro-entities.

In 2022, micro-entities were granted more than 4,800 million euros in funding, mainly through loans and credit, thereby helping to maintain employment and facilitating the development and progress of the business and industrial fabric of each region.

Social Financing 2022

+4,800M€

5.1.4 Next Generation EU

Financial institutions have the responsibility to complement the funds made available by European institutions in order to repair the damage caused by the pandemic as much as possible and progress towards a more sustainable economy. It is also essential to provide the maximum possible capillarity to the programme of European funds in order to ensure that it is rolled out to the entire business world, including SMEs.

To that end, various specific products are made available to businesses in order to advance subsidies, supplement them if they do not cover the entire investment, or to provide the authorities with any guarantees they may require.

At Banco Sabadell, the aim is to support businesses on this journey and, to do so, several campaigns have been launched to disseminate information about subsidies and to offer turnkey solutions that include a value proposition from the main market partners in each of the key areas involved in subsidies and financing or involved with the guarantee that may be needed to develop the related projects.

- **Business digitisation:** on 15 March last year, the Spanish government opened the deadline to apply for the first KIT digital grants, a support programme for companies managed by Red.es, whose total investment amounts to 500 million euros. This first call for applications was addressed to SMEs with between 10 and 49 employees, and it has since been complemented by new calls for applications aimed at business with fewer than 10 employees. With the aim of helping customers to take advantage of these support measures, an agreement has been reached with Masmóvil to provide digitisation solutions for those businesses.
- **Photovoltaic self-consumption:** This involves a package of government aid amounting to 1,320 million euros, which is intended to promote self-consumption and energy storage, and

renewable power systems. This provides an opportunity for businesses to carry out investment projects aimed at self-consumption, and they are able to benefit from the complementary financing offered by Banco Sabadell.

In this respect, the agreements with key market players, such as Iberdrola and EDP Solar, allow us to offer customers turnkey solutions complemented by the funding that they may require to take up the offer.

- **Home renovations:** The Next Generation EU funds offer grants for home or office renovations linked to energy efficiency and renewable energies projects. The main beneficiaries of these grants are homeowners' associations. The amount of the grant will vary depending on the savings achieved by the renovation.

Participation in 'PERTE' projects⁶¹:

Strategic projects for economic recovery and transformation (*proyecto estratégico para la recuperación y transformación económica* or PERTE) are a new feature, conceived as a way of promoting and coordinating high-priority projects that are strategic in nature due to their impact on economic growth, employment or the competitiveness of a given sector. They are intended to serve as a connecting node between public and private initiatives by providing a predictable legal framework with which to develop innovative and collaborative solutions.

The most developed PERTE at the time of writing this report is the Connected Electric Vehicle project, which is focused on strengthening value chains in the automotive industry. This set of initiatives includes the promotion of electric vehicles, the distribution of charging points, and incentives for electric vehicle purchases.

The Institution holds conversations with the companies that lead the main projects and with participating SMEs, to offer them financing and the guarantees they may need to carry out their projects.

5.2 Sinia Renovables

At year-end 2022, Sinia Renovables, Banco Sabadell's division for investment in renewable energies and sustainability, has investments in operation, construction and development projects with an overall installed capacity of 1,139 MW, of which the portion attributable to Sinia through its direct shareholding is 342.0 MW, equivalent to the generation of 754.0 GWh of sustainable

electricity each year. This power generation, assuming all projects are in operation, would be enough to satisfy the average annual consumption of approximately 230,469 households.

Renewable electricity

1,139^{MW}

Direct shareholding

342.0^{MW}

Emissions prevented (households)

230,469

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 157 GWh/year. This renewable energy prevents the emission of around 22,061 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 48,159 households⁶².

In 2022, Sinia has launched the Alternative Green Equity Solution, a hybrid financial product that provides a solution for many small developers who currently have renewable energy projects at the ready-to-build stage but are unable to build them, operate them, and eventually become Independent Power Producers (IPPs), due to a lack of financial resources and unavailability of funding.

In 2022, Sinia Renovables has mobilised more than 110 million euros, between invested capital and funding.

⁶¹ Strategic Projects for Economic Recovery and Transformation (*Proyectos Estratégicos para la Recuperación y Transformación Económica* or PERTE).

⁶² The conversion factor for this calculation is based on data from the Spanish Office for National Statistics (*Instituto Nacional de Estadística* or INE).

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

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

- Sinia currently holds investments in wind energy projects in operation in Mexico equivalent to 247.3 MW installed capacity, in the Tamaulipas and Baja California regions. In Peru, it disposed of two wind farms in the northeast of the country with total installed capacity of 36.8 MW. And in Chile, it has maintained its investment in a 103.5 MW photovoltaic plant in the north of the country.
- With regard to assets in operation in the Spanish market, Sinia has maintained its investment in two wind farms in Navarre with a combined 93.6 MW capacity, a 10.5 MW wind farm in Tarragona, and 8.56 MW of photovoltaic self-consumption facilities which distributes surplus energy to different autonomous communities.
- With regard to assets under development at year-end 2022, Sinia holds investments in assets with total installed capacity of 530.0 MW located throughout Catalonia, Galicia, and Castilla y Leon, among other regions, including both photovoltaic plants and wind farms.
- In terms of construction, Sinia has investments in a total 145 MW distributed throughout Castilla y Leon, Galicia, Valencia, Castilla La Mancha and Catalonia, among other regions.
- It continues to hold 25% of the first franchiser of engineering firms engaged in photovoltaic self-consumption and electric vehicle charging points in Spain, called Doctor Energy, in order to help the company accelerate its growth.
- It continues with its second and third investments in the industrial self-consumption sector, through the provision of finance and the acquisition of a 10% stake in 15 plants with overall volume of 19.34 MW, and another 10% stake in 10 plants with additional volume of 5.29 MW.

5.3 Issuance of sustainability bonds

In July 2020, Banco Sabadell published the Framework for the issuance of bonds linked to Sustainable

Development Goals (SDGs), which serves as the reference document for the issuance of green, social and sustainability bonds. This Framework is aligned with the European Union Taxonomy and complies with the voluntary guidelines issued by ICMA (International Capital Market Association).

- **Green bonds** are intended to finance eligible green project categories, focusing on projects with environmental benefits, such as reduction of greenhouse gas emissions, pollution prevention and climate change adaptation.
- **Social bonds** are designed to finance eligible social project categories, focusing on the generation of social benefits by providing access to essential services, facilitating social inclusion and promoting the creation and maintenance of employment.
- **Sustainability bonds** are aimed at providing finance for a combination of green and social projects as described above.

The funds obtained by issuing these types of bonds are used to fully or partially finance or refinance new, existing

or future loans or projects that meet the eligibility criteria established in the Framework.

In 2022, Banco Sabadell has issued four green bonds.

In March, two green issuances of non-preferred senior debt were carried out, one for 750 million euros with a coupon of 2.625% and a 4-year maturity with an option to call early at 3 years, and one for 120 million euros with a coupon of 3.15% and a 15-year maturity. In November, a further two green issuances were carried out, one of

senior debt for 750 million euros with a coupon of 5.125% and a 6-year maturity with an option to call early at 5 years, and one of non-preferred senior debt for 75 million euros with a coupon of 5.5% and a 10-year maturity with an option to call early at 9 years.

Banco Sabadell has accumulated 2,815 million euros in green issuances.

Including the bonds issued in 2022, Banco Sabadell has accumulated 2,815 million euros in green issuances, of which 2,695 million euros remain outstanding.

Based on the provisions of the Framework for the issuance of bonds linked to Sustainable Development Goals (SDGs), a report has been prepared, for the green

bonds issued in 2021, on the allocation of funds to eligible projects and the impact generated by those projects. This report has been reviewed by an independent expert. The report is available on the corporate website under the heading "Green Bonds Report 2022".

5.4 Sustainable savings and responsible investment solutions

In the area of investment, both pension fund manager BanSabadell Pensiones EGFP S.A. in 2012 and, since 2016, Aurica Capital, a venture capital enterprise that invests in Spanish companies with plans to expand in

foreign markets, have adopted the United Nations Principles for Responsible Investment (PRI) in the investment manager category. Pension funds individually subscribed to the PRIs by BanSabadell Pensiones EGFP S.A. include BanSabadell Pentapensión Empresa FP, the Banco Sabadell Employees' Pension Fund MF2000, the Banco Sabadell Employees' Pension Fund GM, BanSabadell 18 FP, and the Pension Fund of Compañía de Servicios de Bebidas Refrescantes, a soft drinks company in Spain.

Banco Sabadell maintains its strategic alliance with Amundi, Europe's leading asset manager, committed to sustainable investment since its creation.

In mutual funds, Banco Sabadell maintains its strategic alliance with Amundi, Europe's leading asset manager, committed to sustainable investment since its creation. Amundi has been a signatory of the United Nations Principles for Responsible Investment (PRI) since 2006.

At the end of 2022, 20 Sabadell Asset Management mutual funds (€8,850.3M) promote environmental or social characteristics, meaning that they are classified as Article 8 funds⁶³ under the European SFDR (Sustainable Finance Disclosure Regulation). When combined with the other Amundi mutual funds distributed by Banco Sabadell, this means that €11,136.9M, the 88.2%⁶⁴ of Banco Sabadell customer assets invested in non-guaranteed Sabam/Amundi mutual funds, promote environmental or social characteristics or have environmental or social objectives (Article 8 or Article 9 of SFDR⁶⁵).

20 Sabadell Asset Management Funds (Art. 8 SFDR)

8,850.3M€

Amundi Funds (Art. 8 or 9 SFDR)

11,136.9M€

88.2%

In 2023, the offering of savings/investment products that meet sustainability criteria will continue to be expanded, following a key breakthrough in 2022. Mutual funds will

continue to be the focus of attention, as they are the investment product most frequently chosen and contracted by customers. Based on this year's target of around 75%, it is anticipated that assets under management meeting ESG criteria will reach 77%.

Banco Sabadell recognises the importance of the investment products and services sector in financing a more sustainable economy. Within this commitment, and in order to foster best practices in relation to investment in 2022, training sessions on ESG investment have continued for all customer-facing staff who may have an advisory role. In the same vein, a course was carried out in 2022 for those in more specialist roles in relation to Savings/Investment, in order to further explore ESG investment, with topics such as the integration of ESG criteria, financial returns and regulation.

The Banco Sabadell Policy on Integrating ESG Risks in Savings/Investment Products was updated in 2022 with the latest progress made in this regard, and initial evidence of its application, as defined in 2021. This policy is enshrined within Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector. The process consists of four stages. The first stage corresponds to the analysis of evidence submitted by the companies or partners to which the Institution has delegated tasks related to the management of products of which the Institution is a Financial Market Participant, or to the selection of products that it offers in its capacity as Financial Advisor. The second stage involves reviewing the offering defined for the different segments, including sustainability risks within the decision-making variables, to be submitted to the Working Group of the

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

64 Assets invested in different asset management companies of the Amundi group, not including guaranteed mutual funds. Including these assets, the percentage is 68%.

65 Articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council.

Advisory Offering. In a third stage the decisions taken by the Technical Product Committee are ratified. Lastly, the fourth stage involves monitoring the information to be disclosed in accordance with Regulation 2019/2088. It should be noted that in 2022 changes to the advice and discretionary portfolio management models were implemented, in line with the objective set forth in the Sustainable Finance Plan, to introduce customers' sustainability preferences into those models, as from 2 August 2022. In this respect, customers are asked to answer new questions to find out their preferences in terms of sustainability aspects related to their investments and financial assets, which serves to update the Institution's tools in this regard. Specific training has also been arranged to explain these changes and prepare the network managers so that they are able to communicate terms associated with sustainability to customers.

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 institutions to offer an ethical and charitable pension plan which, in addition to investing according to socially responsible criteria, also made a donation to fund selected projects. In 2018, Bansabadell Pensiones, jointly with Banco Sabadell and the Spanish Workers' Commissions (*Comisiones Obreras* - CCOO) signed an agreement in relation to the socially responsible investment (SRI) clause, to include in the statements of investment policy principles of occupational pension funds. BanSabadell Pensiones currently manages nine pension funds that explicitly incorporate a socially responsible investment (SRI) mandate in their investment policy, with assets of 979.5 million euros as at year-end 2022.

BanSabadell Pensiones
pension funds

Total Assets 2022

9

979,5M€

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

Similarly, Sabadell Seguros has been a participant of the Q-Impact fund since July 2021, in order to contribute to the global energy transition challenge and create professional opportunities for vulnerable groups.

Q-Impact invests in companies in growth and expansion stages that mitigate problems of social inclusion and ecological transition in Spain. In the social sphere, the fund primarily focuses on companies which promote the employability of young people and reduce youth unemployment, which work towards the inclusion of those with different abilities and vulnerable groups, and improve the lives of people with different abilities and the elderly through adapted products and remote assistance services. With regard to ecological transition, the fund focuses on catalysing investment in underserved markets, as well as on organic agriculture, sustainable technology and related sectors: renewable generation on islands and financing of self-consumption and energy efficiency.

As at September 2022, the Q-Impact fund had obtained the following results: In its financial valuation, it has reached an Internal Rate of Return (IRR) of 17%. With regard to its social and environmental impact, 54% of the impact target has been reached, which means the impact of companies has increased since the Bank's entry in the fund.

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

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

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

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

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

5.5 Green financing and funding lines with multilateral development banks in Mexico

Green financing in Mexico

In 2022, Banco Sabadell in Mexico granted green finance amounting to approximately 65 million euros, involving the following main funding destinations:

- Renewable energy projects;
- Sustainable transport;
- Construction projects using energy efficient materials.
- Installation and maintenance of renewable energy technologies (photovoltaic panels) in the industrial and agricultural sectors;

Lines of credit with multilateral development banks

Banco Sabadell Mexico has had access to a 10-year line of credit of 100 million US dollars granted by International Finance Corporation (IFC), a member of the World Bank Group.

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

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

Sabadell Mexico also has an 8-year line of credit of 50 million dollars with the German Development Finance Institution (DEG).

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

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

6. Commitment to people



6.1 Workforce information

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

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

As at year-end 2022, Banco Sabadell Group's workforce consists of 18,895 employees distributed across the various regions in which it operates, practically all of

whom have permanent contracts (99.0%). The average age of the workforce is 44 years, with an average length of service in the organisation of 16 years. This workforce is diverse in terms of both geographical distribution (33.2% are in international locations) and gender (55.6% are women).

Professionals

18,895

International workforce

33.2%

Women

55.6%

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

Professional category	2022			2021		
	Men	Women	Total	Men	Women	Total
Senior management	460	208	668	515	214	729
Middle management	1,944	1,381	3,325	1,988	1,281	3,269
Specialist staff	5,298	7,194	12,492	5,663	7,766	13,429
Administrative staff	683	1,727	2,410	724	1,919	2,643
Total	8,385	10,510	18,895	8,890	11,180	20,070

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Age range	2022			2021		
	Men	Women	Total	Men	Women	Total
Under 31	1,080	1,209	2,289	1,113	1,245	2,358
Between 31 and 49	4,682	6,290	10,972	5,093	7,012	12,105
Over 49	2,623	3,011	5,634	2,684	2,923	5,607
Total	8,385	10,510	18,895	8,890	11,180	20,070

Group data as at 31/12/2022.

Country	2022			2021		
	Men	Women	Total	Men	Women	Total
Spain	5,796	6,828	12,624	6,157	7,310	13,467
United Kingdom	2,168	3,343	5,511	2,291	3,507	5,798
Mexico	266	166	432	278	185	463
Other regions	155	173	328	164	178	342
Total	8,385	10,510	18,895	8,890	11,180	20,070

Group data as at 31/12/2022. Workforce in the United Kingdom includes employees at TSB and at Banco Sabadell's London branch.

Nationality	2022	2021
Spanish	66.0%	66.4%
British	27.3%	27.4%
Mexican	2.2%	2.3%
United States	1.1%	1.1%
Other nationalities	3.3%	2.8%
Total	100%	100%

Group data as at 31/12/2022.

In 2022, the Group's workforce has been reduced by 5.9%, going from 20,070 employees to the current 18,895 employees. This reduction includes part of the commitment to efficiency of the strategic plan, embodied in the collective dismissal agreement reached between the Bank and 100% of workers' legal representatives. The Bank continues to engage in a process to adapt to the transformation of the environment (customer digitisation, new ways of working, disruptive technology, etc.) in order to build the best possible future for the workforce, customers and other stakeholders.

The redundancy scheme that envisaged the gradual dismissal of 1,603 Banco Sabadell employees ended in June 2022. In accordance with legal requirements, but with conditions far superior to those provided in law, all of these employees were offered the option to be enrolled in the different programmes included in a Social Plan, which had a dual commitment: to find new employment for all those affected (Relocation Programme) and, on the other hand, to provide effective guidance and emotional support to those who needed it during this personal and professional transition (Silver Programme). The programmes were offered effectively to all those affected

by the dismissal and, during the 12 months following their launch, a total of 487 people (30% of those affected) have made use of them. Of those who made use of the programmes, 356 were enrolled in the Relocation Programme and 131 in the Silver Programme.

As part of these programmes, the support given was tailored to the needs of each particular case, achieving a labour market insertion rate of 61% of participants interested in finding a new position during this period.

The activities and professional support provided by Banco Sabadell were given an average overall rating of 4.8 out of 5, with those surveyed rating it as a comprehensive service that was very useful during their professional and personal transition.

Breakdown of staff departures from the Group due to dismissal

There were 1,228 staff departures in 2022, 25% less than in 2021, when they numbered 1,648. The data below reflect the staff departures that took place under the redundancy scheme that ended in June 2022:

Professional category	2022			2021		
	Men	Women	Total	Men	Women	Total
Senior management	33	8	41	16	5	21
Middle management	136	34	170	70	24	94
Specialist staff	357	621	978	398	520	918
Administrative staff	20	19	39	66	549	615
Total	546	682	1,228	550	1,098	1,648

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Age range	2022			2021		
	Men	Women	Total	Men	Women	Total
Under 31	26	12	38	28	40	68
Between 31 and 49	176	457	633	108	259	367
Over 49	344	213	557	414	799	1,213
Total	546	682	1,228	550	1,098	1,648

Group data as at 31/12/2022.

Voluntary turnover

The voluntary turnover rate (VTR⁶⁶) of the Group (ex-TSB) in 2022 was 2.5%. In Spain, the voluntary turnover rate was 1.7%, increasing by 0.8 p.p., leavers mainly profiles highly sought after in the market (Data, Regulatory and Corporate Banking).

Age range	2022		2021	
	National	International	National	International
Under 31	13.9%	21.8%	9.1%	19.8%
Between 31 and 49	1.3%	17.2%	0.8%	10.6%
Over 49	0.2%	4.2%	0.2%	1.4%
Total	1.7%	14.7%	0.9%	9.9%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Gender	2022		2021	
	National	International	National	International
Men	2.4%	14.9%	1.2%	12.3%
Women	1.1%	14.4%	0.7%	7.0%
Total	1.7%	14.7%	0.9%	9.9%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Involuntary turnover

The involuntary turnover rate (ITR⁶⁷) of the Group (ex-TSB) was 1.1%. In Spain, the involuntary turnover rate was 1.0%.

Age range	2022		2021	
	National	International	National	International
Under 31	2.4%	3.8%	2.1%	6.4%
Between 31 and 49	0.5%	2.7%	0.8%	4.8%
Over 49	1.7%	6.3%	2.5%	7.0%
Total	1.0%	3.7%	1.4%	5.5%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices. Includes those leaving due to dismissals or for other involuntary reasons. Does not include those leaving due to restructuring processes.

⁶⁶ Rate that measures those leaving the Group (ex-TSB) on a voluntary basis.

⁶⁷ Rate that measures those leaving the Group (ex-TSB) on an involuntary basis.

Gender	2022		2021	
	National	International	National	International
Men	1.3%	4.1%	1.6%	5.8%
Women	0.8%	3.3%	1.3%	5.2%
Total	1.0%	3.7%	1.4%	5.5%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices. Includes those leaving due to dismissals or for other involuntary reasons. Does not include those leaving due to restructuring processes.

Types of contracts in the Group

Practically all Group employment contracts (99.0%) are permanent contracts, and only 182 are temporary.

Type of contract and gender	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent	8,304	10,409	18,713	8,817	11,061	19,878
Temporary	81	101	182	73	119	192
Total	8,385	10,510	18,895	8,890	11,180	20,070

Number of contracts, by type:

Group data as at 31/12/2022.

Type of contract and professional category	2022			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Senior management	666	2	668	727	2	729
Middle management	3,319	6	3,325	3,258	11	3,269
Specialist staff	12,405	87	12,492	13,337	92	13,429
Administrative staff	2,323	87	2,410	2,556	87	2,643
Total	18,713	182	18,895	19,878	192	20,070

Number of contracts, by type:

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Type of contract and age range	2022			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Under 31	2,178	111	2,289	2,306	52	2,358
Between 31 and 49	10,911	61	10,972	12,009	96	12,105
Over 49	5,624	10	5,634	5,563	44	5,607
Total	18,713	182	18,895	19,878	192	20,070

Number of contracts, by type:

Group data as at 31/12/2022.

6.2 Commitment to talent

Banco Sabadell Group aspires to provide its employees with an ideal place in which to develop their careers. To make this possible, the Group has a solid talent management model, a framework of professional opportunities within the Group (internal mobility, promotions and training) and the ability to attract the best external talent.

6.2.1 Talent management model

Banco Sabadell's talent management model seeks to manage talent and foster employee loyalty.

Banco Sabadell's talent management model seeks to manage talent and foster employee loyalty, applying the principles of meritocracy, development of internal potential, and diversity. To prioritise the development of internal talent, the focus is placed on developing the potential of each person, and employees are offered the possibility of new career opportunities and professional advancement in Banco Sabadell Group.

The main processes used to identify and unlock the potential talent of each employee are the following:

- **Annual Appraisal of Performance and Potential:** (for employees without variable remuneration). This is a structured process designed to identify internal talent and measure potential. It appraises the performance, capabilities and potential of employees and offers a chance to ascertain their professional ambitions and to define their development plan. This year, improvements have been detected and introduced in the process, such as improved access, additional information about the training and targets of each person and, above all, adding future roles and moving forward with the individual career development plan needed to complete the appraisal and to foster the development of the entire workforce. Based on the results of the annual appraisal, actions are defined for employees with the best performance and greatest potential, providing them with professional opportunities, access to special training and events for their personal development throughout the year. It is the basis used for making decisions regarding their professional career in processes such as internal mobility, training or salary-related actions, and also for decisions made by the Employee Appraisal Committees and the Managerial Performance Evaluation Committee.
- **Individual Qualitative Appraisal:** (for employees with variable remuneration). This appraisal is based on two key pillars: internal equity and meritocracy. The Individual Qualitative Appraisal appraises the contribution made by each person and the way in which they have achieved this, using 10 elements (which vary depending on the level of responsibility), as well as

their potential. This appraisal counts as 20% of the individual targets of the employee.

One of these elements relates to adequate risk management and compliance, analysing whether employees assess, weigh and determine the risks that exist in their activity and whether they take them into account in an appropriate manner when making decisions. The appraisal also assesses whether employees are familiar with and comply with the Group's internal standards and also with regulations applicable to their area of activity, and whether they convey the need to comply with the foregoing to those working alongside them.

- **Management Appraisal (180°):** Every year, teams appraise the performance of their line managers, focusing on six key elements. This process is visible to the line manager and considered in their appraisal. The line manager is also given feedback about the results obtained, while the people manager keeps track of them. The following elements are appraised:
 - Communicate effectively and regularly share the relevant information of the organisation about topics concerning the division, their area of activity, and the entire organisation, helping employees understand the new competitive environment.
 - Coordinate effectively with those working alongside them and promote teamwork and collaboration both within and outside the division.
 - Focus on productivity and the efficient use of time, helping employees to prioritise and work in an effective and flexible manner in a changing environment. Be in line with the Group's commitments on the topic of ESG and adequately manage risk and compliance.
 - Delegate, empower and guide the team for autonomous decision-making, encouraging employees to be non-conformist, so as to anticipate their needs and develop in order to offer the best possible solutions.
 - Monitor the work of both individuals and the team as a whole on a regular basis, ensuring that there is individual accountability.
 - Take ownership of professional development and advancement: monitor the development plan on a

regular basis, give constructive feedback and recognise achievements.

- **Employee Appraisal Committees:** Employee Appraisal Committees meet on an annual basis to run talent diagnostics and analyses using data about the workforce, in addition to all elements of human capital for each general/territorial division. Every year, through the Employee Appraisal Committees, a comprehensive picture is obtained about the workforce and talent in each division, thus making it possible to take objective, meritocratic and collective decisions.
- **Managerial Performance Evaluation Committee:** This Committee meets on an annual basis with the Bank's Management Committee. In order to decide on changes to senior management staff, approving proposals for

promotions to or demotions from that group. Promotions to senior management take place taking into account as fundamental criteria both the assessment of positions and the assessment of talent, as well as the size of this group, which should be in keeping with the structure and the established targets and commitments in relation to diversity. The resulting talent maps are fundamental elements for managing internal talent, based on strategic needs and meritocracy.

- **Key Function Holder Substitute Map:** the 'key roles' identified to date are reviewed every year, as a result of changes in the organisational structure, and the substitute pool is updated.

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

In Banco Sabadell, meritocracy is key to developing talent in a sustainable way in the long term. The talent management model prioritises the promotion of employees who achieve the expected results whilst putting the Bank's values into practice on a daily basis. Promotions to roles with greater responsibility are validated by internal bodies, with the support of the People Division.

Other regions:

TSB has not used individual performance ratings since 2020. The Institution has developed a management process designed to improve performance and foster development through regular conversations between employees and line managers. Employees who achieve their personal targets and objectives, demonstrate the core behaviours and who regularly meet or go beyond the expectations of their role will be eligible for annual variable remuneration.

Similarly, for those in the highest echelons of the Institution, the evaluation takes place using an individual comprehensive scorecard. This scorecard includes individual financial and non-financial metrics that are established and linked to the Primary Corporate Objectives of TSB and the Group.

In 2022, TSB has continued to actively identify and develop talent, building strong and diverse sources for its management.

Those identified are given access to the coaching system for senior roles, through which they gain access to sound development plans and management coaching, as well as access to internal and external opportunities and events for development. The skills development programmes help candidates to develop skills to promote internal mobility.

Similarly, TSB's mentoring programme continues to give employees access to networking opportunities in the banking industry. In 2022, more than 300 employees

have taken part in the programme, which consists of six schemes, three of which connect employees with participants outside of TSB, while the other three focus on building internal connections throughout the Bank.

In Mexico, the talent management processes described above for Spain also apply to the subsidiary, which carries out an Annual Appraisal of Performance and Potential and where the Employee Appraisal Committee and Managerial Performance Evaluation Committee meetings take place every year, as does the review of the Key Function Holder Substitute Map, to align it with the Group's talent management model.

6.2.2 Attracting talent

Once the staff restructuring process was complete, from March 2022 onwards the greatest challenge in relation to the attraction of both internal and external talent involved the creation of teams with the necessary skills and capabilities to meet the strategic objectives of the Group.

With regard to the attraction of external talent, in Spain, 469 new employees were hired, with the following profiles: financial analysts (regulatory quantitative) (27%), data specialists (23%), business specialists (22%), technologists and other profiles such as project managers (11%) and specialised technicians (17%).

Similarly, in relation to attracting talent, 314 vacancies have been filled internally.

New permanent hires in Banco Sabadell Group: Breakdown by professional category, age and gender

Professional category	2022		2021	
	National	International	National	International
Senior management	2	0	4	0
Middle management	39	13	121	16
Specialist staff	423	89	231	90
Administrative staff	5	0	11	0
Total	469	102	367	106

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Age range	2022		2021	
	National	International	National	International
Under 31	305	47	293	41
Between 31 and 49	159	50	67	59
Over 49	5	5	7	6
Total	469	102	367	106

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Gender	2022		2021	
	National	International	National	International
Men	261	60	244	64
Women	208	42	123	42
Total	469	102	367	106

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Talent incubators

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

Young talent programmes are a key way of incorporating the skills and knowledge necessary to achieve business goals and to ensure the transformation of the Institution. Two scholarship programmes have been launched in 2022: the first edition of the CIB Internship Programme, and a new edition of the Internship Programme, taken up by 20 and 97 students, respectively. The aim of these programmes is to offer these students a period of practical learning by placing them either at the corporate headquarters or in the branch network.

The Banking Sales Graduate Programme (Plan Cantera) has also continued this year, which aims to establish

preliminary training with basic content for commercial roles (Commercial Managers) and to provide essential training for regulatory certifications. The participants (210) who joined in 2021 to become business specialists have all achieved the established objectives. Participants have also successfully completed the training programmes for commercial skills and the certifications for the correct marketing and sale of financial products.

The people who form part of the Graduate Data Science Programme have taken part in several projects involving advanced data analytics and the use of modelling technologies of the business units, as well as activities

organised outside the Institution. One example of these initiatives is the Datathon, held in collaboration with the Spanish National Organisation for the Blind (ONCE) and Microsoft, in order to foster the social impact and provide analytical capabilities aimed at improving their projects.

Both programmes (Banking Sales Graduate Programme and Graduate Data Science) have specific proposals and pathways for training and development, and they also aim to create a sense of belonging in the Institution.

Lastly, it is worth mentioning the end of the Young Talent 2019 programme, a 3-year programme to attract young talent that focused on financial areas and roles in control and compliance.

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

Employer brand

Banco Sabadell has a staff selection process that ensures the professionalism of staff and the extent to which they are suited to their roles, as well as their potential for development in the company.

Banco Sabadell has a staff selection process that ensures the application of objective criteria, assessing the professionalism of staff and the extent to which they are suited to their roles, as well as their potential for development in the company. Keeping a close relationship with universities continues to be a key factor in attracting talent and building a strong employer brand. This year, this has been achieved by participating in a variety of events at top universities. The Bank has also continued to be present in the main careers fairs of the country.

Banco Sabadell's use of LinkedIn has also been another key factor in finding talent, particularly young talent and digital profiles, through campaigns with organic and sponsored content. Its company page on this social network has more than 163,100 followers as of this year, a figure that represents a 15% increase on the previous year's figure.

Banco Sabadell continues to be among the top 100 places to work in Spain, according to the prestigious employer reputation monitor MercoTalento, occupying the 42nd spot on the ranking.

6.2.3 Leadership programmes

Managers are the backbone of the Group's development and they play a fundamental role. They guide people, generating environments of collaboration and agility, developing the business with the customer in mind. The Bank is evolving its culture and ways of working to be more agile and exciting and for this to happen it leans on managers as a lever of change.

Corporate Management Programme

The Corporate Management Programme, for people promoted to the role of director or unit head with direct reports and who have held that role for 1.5 years or less, continues to offer a training pathway for managers focusing on skills, collaboration and values. The programme focuses on the culture of the consolidated Bank and on a development pathway for the manager in question, based on a meritocratic model that places the best people as leaders and drivers of change and innovation. It is a blended programme that combines on-site and online content and which lasts 15 weeks in total, with an estimated 60 hours dedicated to in-person sessions, online courses and hours assigned to the project.

Between September 2021 and February 2022, a total of 91 managers completed this pathway. In addition, a further 149 managers completed this pathway between March and November of 2022.

In the most recent editions, the approach of the project has been changed to align it with the Eres Manager project, improving the networking sessions with People (HR). The key ideas to be conveyed during the programme relate to both a cross-sectoral approach in terms of the diversity of the members of the work teams, and to the nature of their experiences. At the same time, they concern the generation of greater self-knowledge, the development of skills, and abilities to manage people.

Career Acceleration Programme

The goal of this programme is to prepare the leaders who will tackle the challenges of the future. In 2022, a new edition of the CAP was held, with a total of 103 participants (56% of whom were women), all upcoming senior managers of the Bank, which lasted 18 months.

The programme was designed with the aim of accelerating the career development of upcoming directors considered to have great potential and who represent the values and attitudes that the Bank seeks to promote, making it easier to attain the necessary diversity that it is seeking to achieve among senior managers.

Participants focused on five different levers:

- Self-knowledge: each participant completed a 360° questionnaire designed to paint a picture of the behaviours that they exhibit on a day-to-day basis, in addition to several group workshops on self-knowledge to develop their self-awareness and personal and relational self-management, as well as various sessions led by an individual coach, to help them draw up a subsequent development plan (“My Map”), to provide an insight into their strengths, opportunities for improvement and suggestions for their development.
- Training: participants completed four modules on Leadership Development imparted with the partner ESADE (*Escuela Superior de Administración y Dirección de Empresas*), which took a total of 85 hours per participant and which focused on four aspects: Global perspective, Leadership vision, Functional vision,

Cross-cutting vision. The purpose of the training was to make participants ready for a career jump, generating energy for change and a vision for the future in the organisation.

- Banco Sabadell perspective: quarterly meetings were held with senior executives, in addition to sporadic meetings with the different general divisions. This perspective brings everyone in the Bank closer together, allowing those in executive levels to become more familiar with the know-how and culture of the Bank in other areas.
- Mentoring: a systematic process to assign mentors to mentees and which consists of seven internal mentoring sessions. The aim is to help participants to create their own professional growth and career development plan, further empowering participants in their professional trajectory. For the mentoring process, both mentors and mentees received a guide and had access to a help and assistance service.
- New challenges: working and thinking ‘outside the box’, through different assignments or participations in several activities, such as corporate volunteering. Establishing development assignments, taking on new challenges outside their area of responsibility and exposing participants to roles that are different from their usual ones.

Senior Manager Development Programme

Programmes for senior managers have continued in 2022, including the Senior Manager Development Programme, for those who attain the role of Top Manager, in order to support them as they transition to their new role and to prepare them for the changing business environment, focusing particularly on the specific challenges of their new position.

The talent strategy allows the Institution to have the necessary talent in order to achieve the objectives it sets itself, ensuring the existence of the necessary skills, an improved fit between the person and their role, and equal opportunities.

The programme follows a ‘learning by doing’ approach and aims to build networks within senior management, offering networking opportunities and visibility. Participants are required to take on more leadership than their current role requires them to, conveying the vision and values of the Institution. To that end, the key challenges of the programme focus on how participants approach managing their team as a leader of managers and as the main person responsible for the environment within the team and their commitment to their work, on the creation of spaces of trust within their area of responsibility, offering teams feedback and working on team development and, lastly, they focus on contextualising decision-making from the broadest possible perspective, understanding and establishing relationships with other corporate areas.

It includes a 360° appraisal process and various group coaching sessions, with groups of 5/6 people, to

complement the training sessions. The 360° processes are carried out based on the skills previously identified by Banco Sabadell as being necessary for the performance of the managerial role. Depending on the specific skills in question, a self-assessment takes place, along with evaluations by managers, peers and other assessors. All of these evaluations culminate in an individual report, shared with each participant, so that they may put together their individual development plan based on the skills that need to be developed. The partner working on the 360° tool is Korn Ferry International, a leading global partner for management solutions, while the provider of the overall programme is CCL (Center for Creative Leadership), a standard-bearer for leadership on an international scale.

In 2022, a new edition of the programme took place in 100% on-site format, in which 70 senior managers took part and rated the programme very highly.

Eres Manager

The 'Eres Manager' training programme was rolled out in 2021. It is a growth and development programme designed to recognise managers, supporting them as they enhance their capabilities, gearing these towards promoting a more agile, exciting and connected bank, and also to ensure that managers are aligned with the corporate purpose of the Institution and embody its values.

It is a cross-cutting programme that encompasses all divisions within the Bank, with a target number of 3,400 managers ranging from Unit Heads to General Managers.

The programme is based on training and facilitation sessions, working with teams of managers from each division. The focus is on the role of manager and on how to reach systemic agreements to ensure that all divisions and managers are committed to seeing them through. Focusing on two elements of the role, "we focus on people and generate environments of collaboration and agility", through targeted communications, spaces for reflection, and training.

In 2022, the General Divisions of the Bank have carried out the programme through different editions; 93% of attendees said they would recommend the programme after completing the first edition. The programme is also expected to continue in 2023.

Furthermore, every month an email is sent to all managers containing a newsletter to give them key information, remind them of specific actions they should take with their teams, reinforce their role and support them with thought-leading content (news capsules, articles, podcasts, etc.) so that they may behave as team leaders should. The content of these newsletters is published periodically on the private space of Campus made available to those participating in the programme, which contains all of the training and information content that they may need at any time.

Other regions:

Leadership development at TSB

In 2022, TSB launched the 'Leadership Expectations' programme, which describes the behaviours expected from all senior leaders based on the leadership development strategy. Leadership Expectations incorporates the processes and evaluations carried out by Human Resources, including its 360° feedback and the evaluation of the recruitment of senior leaders.

TSB provides all team leaders with access to Hive Learning, a tool and digital training plan that focuses on 6-week learning campaigns that will be available to support the development of each leadership expectation in 2023. This space replaces the previous Leadership Essentials tool that had been available up to now.

TSB continues to explore the skills and knowledge needed for managers of blended teams, including well-being, through specific resources, such as the launch of the online seminar People First, Performance Follows, consisting of electronic learning modules designed in association with psychologists to support the change of habits and the performance foundations for managers and their teams.

Over the year, all leaders have had access to an online leadership development study plan and set of tools. New leaders can access the content to develop a deeper understanding of all elements of leadership. More experienced leaders had access to the external content and the knowledge of business and sport psychologists.

In addition to the leadership programmes already in place, TSB has also added to its catalogue of core skills programmes in 2022:

- TSB Manager: a programme developed in 2020 that instructs team leaders in the fundamentals of management. It includes a learning programme based on four online modules, with an emphasis on empowered decision-making and on looking after mental health. A fifth module has been added for digital skills building. This completes the programme for putting key skills into practice and receiving development feedback.
- Online Talking Performance training: a programme, developed in 2020, that focuses on performance management and has continued to take place in 2022. This training provides tools and knowledge to enable employees to take charge of their performance conversations and allow each employee to perform to the best of their abilities.
- Senior Leader as Coach programme: this programme was developed in 2020 in online format and was later launched in a blended format in 2021, in order to build on coaching skills through a learning programme that combined practical skills training with mentoring from professionals trained by the International Coaching Federation. The programme currently consists of a study plan designed for former students to allow them to maintain and continue practicing the skills they have learned after completing the programme. In 2023, the

aim is to create a new role – that of Coach. These coaches will support managers in the programme.

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

Leadership development in Mexico

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

In addition, note should be taken of the following initiatives:

- Training for New Leaders: A training programme developed for new leaders and partners who have switched to a role with direct reports. It aims to provide them with key information about their role and to help them master the Bank's internal operational

processes. This course is imparted by experts on each of the topics, which include: benefits, social welfare and regulations, recruitment, talent attraction process, performance appraisal (targets and competencies), technological processes and documentary methodology.

- Open Training Programmes: These allow all those taking part to choose the courses or workshops that they are interested in to enhance their skills, ranging from technical skills to soft skills. In 2022, courses have been imparted that focused on results, adaptability, public speaking and intermediate Excel.
- Sabadell Leaders Forum: This is a space led by the CEO for Banco Sabadell Mexico that has been created to improve the relationship between senior managers and their teams. It seeks to bring team members closer to their leaders, not only to improve communication, but also to enable fully transparent dialogue about the changes taking place in the Organisation.

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

6.3 Training

The goal of the Banco Sabadell Group's training model is to train employees for the world of today and tomorrow.

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

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

The goal is to train employees for the world of today and tomorrow, anticipating training needs using the People workforce strategic plan and business objectives, taking regulatory obligations into account, and developing a training model with customised, innovative and efficient solutions. The training is aimed at all Group employees, including those on part-time contracts and interns.

Key training-related data of the Group during 2022:

In 2022, the Group has continued to support the business in the challenges and targets that it has set itself, offering new specific training resources for strategic projects that are a matter of priority for Banco Sabadell Group, focusing on aspects such as specialisation programmes for commercial roles, financial current affairs and sustainability.

The online and virtual training catalogue has been further developed, despite the addition of a few on-site sessions as part of longer training programmes, with a blended format and a larger proportion of sessions held in virtual format live on Teams or Zoom for efficiency reasons.

With regard to supporting the business, in Spain, particular note should be taken of the different specialisation pathways for those in commercial roles, which have been designed and gradually implemented throughout the year in the Training Campus, prioritising roles taken up by a larger proportion of people from more administrative roles or from non-specialist commercial roles. The different pathways are as follows:

- Commercial Branch Manager
- Director of Personal Banking
- Direct Management
- Direct Branch
- Service Specialist
- Mortgage Specialist
- Administrative Staff involved with Retail Customers
- Administrative Staff involved with Business Customers

Spaces for specialisation have also been enabled in the areas of International Business and Mortgages.

It is also worth mentioning the high-level training programmes that are carried out with renowned institutions, such as:

- Digital Plus and Digital Tech Programmes, which offer training for professional digital skills and technologies applied in the banking industry, imparted and certified by the EADA Business School.
- Postgraduate in Credit Risk Analysis, a programme aimed at very specialised risk analysts, designed and executed with the collaboration of the Barcelona School of Management (Pompeu Fabra University).
- Advanced Personal Banking Programme, co-created with AFI Escuela de Finanzas.
- Banking Law Specialisation Programme, designed and imparted by ESADE.
- Financial adviser course for religious institutions and third-sector organisations; this programme is open to all employees of the branch network and is imparted and certified by Francisco de Vitoria University.

- Sustainable Finance Certification, which is explained in more detail later on, which is carried out together with Aditio and the Carlos III University in Madrid.
- Programme on Expert Advice for Large Corporations, aimed at directors of Large Corporations and Global Financial Solutions, designed together with and imparted by IE University.

On the other hand, in 2022, regulatory training in Spain has continued to be very intensive. Indeed, 78% of the total training hours related to regulatory training. This percentage of hours includes training on mandatory subject matters, including the following courses:

- Code of Conduct: mandatory for all employees.
- AML/CTF (Anti-Money Laundering and Counter-Terrorist Financing): Information accompanying transfers of funds
- AML/CTF: Anti-Money Laundering: Legislative developments
- Course on Environmental Management System
- Ongoing Due Diligence
- Types of Cyberattack
- Reportable Cross-Border Arrangements
- Banco Sabadell Equality Plan
- AML/CTF Training (Sabadell Consumer)
- AML/CTF New Case Studies

In addition to this mandatory training, annual ongoing training courses are also imparted in relation to the three certifications required to sell banking products (MiFID⁶⁸, IDD⁶⁹ and LCCI⁷⁰), which are mandatory for most employees of the Bank's branch network. The time dedicated to accumulating training hours required for certification renewal represented more than 86% of the total regulatory training.

The vast majority (97.8%) of employees received training in 2022, with 634,599 total hours of training completed at the Group level (equivalent to an average of 34 hours per employee), which improved both the professional skills of the workforce and their future employability within the organisation. In Spain, 22% of the training received was voluntary and 81% took place online.

Employees with training received 2022

97.8%

Total hours of training completed

34.3

68 The new European Markets in Financial Instruments Directive (MiFID) aims to increase transparency and improve the protection of customers during the provision of investment services.

69 Insurance Distribution Directive
70 Ley de Contratos de Crédito Inmobiliario (Spanish real estate credit law).

	2022	2021	Training received
Employees who received training (%)	97.8%	98.2%	

Active employees as at 31/12/2022. Training data refers to the entire Group.

	2022	2021	Average training expense
Average training expense per employee	€496.00	€467.00	

Active employees as at 31/12/2022. Training data refers to the entire Group.

	2022		2021		Total hours of training and average of each professional category
	Hours of training	Average hours	Hours of training	Average hours	
Senior management	23,752	36.7	28,969	40.9	
Middle management	137,963	42.3	149,818	46.6	
Specialist staff	431,629	35.5	549,691	41.8	
Administrative staff	41,255	17.2	53,420	20.3	
Total	634,599	34.3	781,899	39.7	

Active employees as at 31/12/2022. Training data refers to the entire Group. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

	2022		2021		Total hours of training and average of each age range
	Hours of training	Average hours	Hours of training	Average hours	
Under 31	83,968	37.3	118,962	50.5	
Between 31 and 49	382,359	35.5	472,889	39.1	
Over 49	168,272	30.8	190,049	33.9	
Total	634,599	34.3	781,899	39.7	

Active employees as at 31/12/2022. Training data refers to the entire Group.

In-house trainers

Highlight the ongoing contribution of the group of the in-house training team. They play a key role in the transfer of knowledge and dissemination of the Banco Sabadell culture.

In Spain, continues to highlight the ongoing contribution of the group of the in-house training team. They play a key role in the transfer of knowledge and dissemination of the Banco Sabadell culture.

The **fifth In-House Trainer Gatherings** took place this year. These gatherings are held to recognise the contribution of the most active trainers and they take place annually. Around 200 trainers were invited to take part in the event, which aims to promote networking within the group and during which collaborative activities take place.

Of the training activities arranged with in-house trainers during the year, it is particularly worth noting those related to the provision of support for employees who took on a new position or role and for employees facing some form of specific difficulty:

- More than 300 hours were dedicated to mentoring new in-house trainers.
- A team of almost 30 trainers spent over 100 hours helping their colleagues to complete their ongoing training.
- 48 trainers revitalised support and onboarding activities in two projects for new hires in the Bank: Plan

- Cantera and Banking Sales Graduate Programme.
- Specialist trainers offered their support during specialisation programmes for certain roles such as International Business Directors, Mortgage Specialists and Directors of Businesses.

This trend increased in the second half of the year, as an internally designed project was implemented in relation to the new role of Pro-T (Professional Trainer). In-house trainers of priority commercial roles will support those employees taking up these new roles. Since the end of the year, Pro-T support schemes have been launched for:

- New Directors of Businesses
- New Directors of Enterprises

Sabadell Campus

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

There are currently six separate schools:

- Business School
- Regulatory School
- Management School
- Digital School
- Financial School
- Language School

A specific area is also available for in-house trainers, where they can further their development and enhance their knowledge management as well as good practice in relation to training. Resources are also available that serve to inspire in-house trainers as they perform their roles.

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

The most noteworthy training projects at the Campus in 2022 are the following:

- **Restructuring of the Business School**, giving visibility to the prioritisation of training to specialise employees in the Bank. New pathways and learning spaces have been created for key functions such as Directors of Businesses, International Business Directors and Directors of Enterprises.
- **Enhancement of the Ongoing Training** space, which regularly includes new content, allowing employees to accumulate training hours on topics such as MiFID, IDD and LCCI (Spanish real estate credit law) and to update their market knowledge.
- New content has been added to the **Financial Current Affairs** space, to allow employees to be up to date with

the most salient topics affecting financial markets.

- The **Equality and Diversity** space, which gives all employees in the Bank access to the Equality Plan, as well as recommended training materials and resources, including: the protocol on the prevention of workplace harassment, a guide on inclusive language and courses on diversity and inclusion in the workplace, as well as inclusive leadership and gender equality.
- The new **First Steps** space in the Bank, which includes all of the information that a new employee of the Bank may need.
- A new space in the Regulatory School on corporate crime prevention and anti-corruption, available to all employees of the Bank. It offers training in a variety of formats, with infographics and specific documentation. It also offers access to online courses on several topics, such as corporate crime, the whistleblowing channel and anti-corruption.

Furthermore, the following training projects continue to be important:

- Ongoing training at the Business School. This space organises and provides specific training resources that employees can use to update their knowledge to obtain the three regulatory certifications that affect the possibility to sell financial products: MiFID, IDD and LCCI (Spanish real estate credit law). Audiovisual content is posted every month, so that employees can stay up to date with the latest developments and accumulate the hours needed to renew their certification.
- Training for specialists at the Business School. Collaborative groups have been designed for the various specialist functions within Business Banking.
- Training at the Regulatory School: Employees can find all regulatory courses and other content in innovative formats, through Norma, an assistant that helps branch employees apply what they have learned in training to their day-to-day activities. Through this assistant, the Bank's employees also have access to support to generate a culture of compliance with an in-house blog written in a way that makes it relatable and laid-back, as well as comic strips and infographics.
- SmartSite. This space provides information about all the different projects related to SmartWork, as well as the new ways of working, in a single place.
- Legal Classroom. This group is for the exclusive use of the Legal Advice Division; it contains all the specialist training in the field of legal advice and law, and it is where news of regulatory developments can be shared with all of the intended recipients.

The area of sustainability continues to have its own specific place on Campus, with self-guided training content for the Bank's employees.

Here they can access training provided through introductory content that was already in place last year, such as the Introduction to Sustainability course, as well as a new course added this year, the Sustainable Borrowing course, developed together with EADA Business School.

This course is open to all employees and offers them the chance to learn about the new sustainable paradigm, teaches them to explain the triple bottom line and the ESG Framework, as well as the Sustainable Development Goals (SDGs), and also what is meant by the circular economy and how the Bank is pursuing its Sustainability Plan.

A further two courses are also still being offered:

- Sustainability is a one-hour training course designed to allow employees to become familiar with the key aspects of sustainability and to prepare for the 360 Visit so that they may also support customers in this regard.
- Environmental Management System is a two-hour training course intended to ensure that employees understand the importance of implementing an environmental management system in the Bank and are able to collaborate in the implementation of the system based on Standard ISO 14001.

One new development concerns the launch of the Sustainable Finance Certification scheme. This scheme has been developed by the Carlos III University in Madrid and by the Aditio Business School and is aimed at all employees, who will acquire the necessary knowledge to be able to offer advice on green products (financing and investing products) as well as becoming familiar with the main regulations and legislation affecting the financial sector and the banking industry in this regard. Group employees dedicated a total of 10,394 hours to Sustainability training.

Hours dedicated to Sustainability training

10,394

The scheme consists of two modules, one basic and the other advanced. Those interested in completing the course were able to take the first module in the first half of the year. The second module was launched in October. The basic module focuses on ESG criteria, sustainable finance, the Bank's commitment to sustainability and on knowledge about sustainability products. The advanced module focuses on specialised knowledge, in particular on the management of ESG risks and the application of specialised knowledge when managing affluent customers.

Lastly, the same space includes access to a news capsule about the circular economy.

Other regions:

In 2022, TSB has continued to focus on Money Confidence, a programme accredited by the Chartered Banker Institute aimed at all customer-facing employees to allow them to gain greater knowledge about responsible and professional banking. Furthermore, in 2022, TSB developed the Cost of Living learning module, which focuses on building the confidence of employees so that they may support customers who are struggling financially. In addition, TSB has completed a programme covering multiple skills for employees at its branches and in the Contact Centre, so that they may resolve customer queries at the first point of contact.

Mexico has an annual training plan that includes all of the regulatory courses required by the Regulator, which apply to all employees and in some cases include specialist courses for selected employees on the operation and management of the different systems; the main goal is to achieve compliance and alignment in all of the Bank's internal processes.

The training courses included in this plan are the following:

- Annual Anti-Money Laundering and Counter-Terrorist Financing training renewal: Raise awareness among staff regarding the latent risks that exist in Mexico in relation to money laundering and the financing of terrorism, through a product with the technical and professional specifications required by the Authority, which is continuously updated to take into account the constantly changing regulations and global trends.
- Business Continuity: Train critical staff so that they may have the knowledge required to deal with a contingency in the Institution, identifying the various recovery strategies designed in Banco Sabadell.
- Personal Data Protection: Reinforce the knowledge of all employees with regard to processing the personal data of users, applying best practice.
- SPEI⁷¹ and SPID⁷² payment systems: Transfer the knowledge required by participants in connection with the management, operation, administration and support of SPEI and SPID, as well as the regulatory alignments established by the Bank of Mexico to ensure the correct operation and use of payment systems in Banco Sabadell.
- Cybersecurity: Generate a culture of security in the organisation and raise awareness about the threats, existing risks, best practices and the importance of data protection.
- Comprehensive Risk Management Unit: Keep Comprehensive Risk Management staff up to date about amendments in regulations and in the RAS envisaged in the framework of risks associated with the Bank's activity.
- Derivatives: Validate and update the knowledge of staff within the Bank in relation to derivative products.

⁷¹ Sistema de Pagos Electrónicos Interbancarios (Interbank Electronic Payments System).

⁷² Sistema de Pagos Interbancarios en Dólares (USD Interbank Payments System).

- IFRS 9: Keep those working in the strategic areas of the Bank up to date on IFRS 9 and CUB⁷³, to ensure they are familiar with the different regulatory elements and with their implications for management and the business.
- Indeval⁷⁴: Ensure that the staff identified as being users of Indeval have the necessary knowledge to adequately operate and use the systems.
- Transfers Database (*Base de Datos de Transferencia, BDT*): Those taking part in this course will acquire technical knowledge to better meet requirements and use the Transfers Database, optimising the use of information and the identification and knowledge of risk-based methodologies and approaches for anti-money laundering and counter-terrorist financing.

It also includes training on the topic of Sustainability which has been launched together with the Environmental and Social Risks unit and focuses on the implementation of the Environmental and Social Risk Management System (*Sistema de Administración de Riesgos*

Ambientales y Sociales, SARAS) in order to strengthen technical aspects and identify opportunities for improvement in processes. This space is also used as a forum where participants can raise questions and concerns, thus ensuring its correct implementation.

6.4 Diversity

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

As part of its commitment to diversity, Banco Sabadell has had an Equality Plan renewed in 2022.

As part of its commitment to diversity, Banco Sabadell has had an Equality Plan in place since 2010, which was updated in 2016 and renewed in 2022, adapting it to new legislation and with the agreement of 100% of workers' legal representatives.

It is an inclusive plan aimed at all people and which seeks to achieve the active participation of all those involved in the organisation. It is a dynamic plan that is open to changes so as to ensure its adaptability to any new needs that may arise over the years while it remains in effect.

This plan aims to:

- Integrate the principle of equality between women and men in the workplace; prevent, rectify and penalise behaviours that are discriminatory on gender grounds; reduce the gender gap both in functional aspects and in terms of remuneration.
- Disseminate a business culture based on equal treatment and opportunities, prioritising the underrepresented sex in candidate selection processes and fostering internal promotion to fill vacancies.
- Facilitate shared responsibility and a balance between employees' personal life, family and work.
- Ensure a balanced presence of women and men in all professional areas and levels.

- Prevent and penalise sexual harassment, harassment on grounds of sex and workplace discrimination and/or harassment.

The main goal of the Equality Plan is to integrate the principle of equality between women and men in the workplace and, to that end, it envisages a series of actions, such as:

- The creation of the role of workplace equality officer who works alongside the work-life balance consultant to promote the correct implementation of the Equality Plan.
- Ensure compliance with the principle of equality, both internally and externally.
- Identify female talent among upcoming managers within more male-dominated areas.
- Improve the representation of female senior managers and managers.

Furthermore, in addition to the signature of the Equality Plan, a protocol has also been drawn up for the prevention of sexual harassment, harassment on grounds of sex and workplace harassment, which has led to the creation of a joint Harassment Prevention Committee, in addition to the creation of a specific channel for reporting

⁷³ *Circular Única de Bancos* (Mexico's Single Banking Circular).

⁷⁴ *Depósito Central de Valores en México* (Mexico central securities depository).

harassment and a procedure for swift, agile and confidential action.

This Equality Plan serves as a basis from which to continue evolving, promoting change and strengthening the level of commitment, particularly the commitment to equality between women and men, but also in relation to

the management of all types of diversity in order to open new horizons.

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

6.4.1 Gender

The Bank's workforce is diverse in terms of gender, with women making up 55.6% of its total staff.

In the senior management group, women represent 31.1%, with an increase of 1.8 points in 2022, continuing with the steady trend of improvement of recent years. Nevertheless, the commitment to continue increasing diversity at the management levels remains in place. It is therefore vital to drive forward the diversity agenda in middle management roles, over 41.5% of which were held by women in 2022, representing an improvement of 2.3 points compared to 2021.

In Spain, the proportion of women in management positions has increased from 29.1% to 30.3% (+1.2 points) in the case of senior managers and from 38.8% to 41.6% (+2.8 points) in the case of middle managers, in line with the trend observed in previous years. The ratio of promotions given to women has also increased (60.0% in 2022 compared to 55.3% in 2021), which demonstrates the commitment to improving diversity and the results obtained with the measures put in place.

By gender	2022	2021
Men	8,385	8,890
Women	10,510	11,180
Total	18,895	20,070

Breakdown of Group employees

Percentage of women, by professional category	2022	2021
Senior management	31.1%	29.4%
Middle management	41.5%	39.2%
Specialist staff	57.6%	57.8%
Administrative staff	71.7%	72.6%
Women promoted out of total number of promotions during the year	60.0%	55.3%

Group data as at 31/12/2022, with the exception of promotion figures, which relate to Spain only.

Senior management
2022

31.1%

2021

29.4%

Middle management
2022

41.5%

2021

39.2%

Women promoted
2022

60.0%

The favourable development of the indicators in Spain is the result of the launch of various measures, including following measures for this year:

— **Recruitment and Selection:**

- Inclusive Recruitment and Selection training (elimination of unconscious bias) in selection and recruitment teams and hiring managers.

— **Training:**

- Gender equality course (mandatory for all employees with direct reports).
- Training on diversity and inclusion: Inclusive leadership and other external resources
- New Equality Plan Course (mandatory for all employees) launched in December 2022 to incorporate its principles and foster the culture of equality in the day-to-day lives of all of the people that form part of the organisation.

In 2022, Banco Sabadell has remained committed to the internal and external communication and dissemination of all the measures taken by the Bank in terms of diversity.

- The Sabadell Women Inspiration Group (SWING), an initiative promoted by female senior managers at the Bank, has continued to take action throughout 2022, with monthly meetings. The aim is to empower women at Banco Sabadell and raise awareness of the value of diversity and its benefits. The female senior managers that make up this group are standard-bearers for female talent and leaders in Banco Sabadell.
- In addition, the wider network called SWING&Co, which is open to anyone interested in diversity issues, continues to take action.

During the Equality and Diversity Week:

- An event was held to share details about the third Equality Plan, whose signature was backed by 100% of workers' legal representatives. The event was led by Sonia López, teacher, educational psychologist and social commentator; Mireia Navarro, work-life balance consultant at the Bank; and Chus Plaza, member and representative of the social side of the negotiating body.
- An open event was held, open to all employees, entitled "Equality: more than just words", with the participation of Laura Baena, creative advertiser, influencer, founder of the Club de las Malasmadres and chair of the Yo No Renuncio association. The event was led by María García, head of Labour Relations and OHP⁷⁵ at the Bank, and the introduction was given by General Manager and head of Business Banking Carlos Ventura, Assistant General Manager of Organisation and Corporate Resources Federico Rodríguez, and the Assistant General Manager of Human Resources in the Bank Ana Aller at that moment.

To mark the World Day for Cultural Diversity, the Bank sought to showcase the diversity that exists in its workforce from a different angle: the diversity of cultures,

origins and nationalities that make up the team, the diversity of languages in which staff interact, and the diversity of customers whom it serves in different countries.

The SmartBreak workshop *Conciliar a Tí Tambi n Te Interesa* (work-life balance is in your interest too), on work-life balance and shared responsibility, was held together with the Yo No Renuncio association of the Club de las Malasmadres, with the participation of Xavi Comerma, Deputy General Manager and head of the Catalonia territorial division, and Mireia Navarro, one of the Bank's work-life balance consultants.

One of the main courses of action envisaged in the third Equality Plan is to foster the use of inclusive language in all communications, whether informal, formal, external or internal, in order to give more visibility to women. Furthermore, a workshop was held aimed at those involved in the Bank's communication processes, which pursued a dual objective: to raise awareness about the importance of using inclusive language, and to provide the necessary tools to incorporate inclusive language into the day-to-day activities of the entire organisation. This workshop was led by Irene Y fera, linguist, professor of the Linguistic and Literary Education department at the University of Barcelona, and adviser on communication and gender in both the public and private sectors.

At an external level, Banco Sabadell is part of the group behind the project Women in Banking (WIB), an initiative to share best practices among banks in Spain and promote a network of women within the banking industry. The aim of Women in Banking is to lead and bring about a meaningful change in the way women are valued in decision-making roles within the Spanish banking industry. The aim of WIB is to become a standard-bearer in the financial sector for diversity and the inclusion of women, giving visibility to female talent and inspiring new generations through exemplary models. The initiative has the support of eight financial institutions present in Spain and of the Spanish Banking Association (Asociaci n Espa ola de Banca, AEB).

Banco Sabadell also takes an active role in external events such as Empowering Women's Talent, organised by Equipos&Talento, which is a specialist publication on Human Resources and which was also awarded a seal in recognition of the Bank's commitment to gender equality. In September, it took part in Women's Talent Day, also organised by Equipos&Talento, where Esther Nin, International Advice Director, showcased the SWING initiative.

This commitment has long been held by Banco Sabadell, which received the Spanish Government's Equality in the Workplace (*Igualdad en la Empresa*) seal of distinction in 2018 and again in 2022. Furthermore, Banco Sabadell's Chief Executive Officer, C sar Gonz lez-Bueno, signed the "*CEO por la diversidad*" ("CEOs supporting diversity") initiative launched by the Adecco Foundation and the Spanish Confederation of Employers' Organisations (Confederaci n Espa ola de Organizaciones Empresariales, CEOE).

75 Occupational Hazard Prevention.

Other regions:

In the United Kingdom, TSB promotes equal membership, as women continue to account for a larger portion of those in more junior roles (66% of which are held by women). Since April 2021, the proportion of women in positions of responsibility has increased to 42%, above the average of UK banks of 36%.

Diversity is also a key pillar in the United Kingdom. TSB is committed to creating a diverse workplace where all employees can develop their potential and have a rewarding career regardless of their culture and origins.

Mexico has taken part in the “Diagnóstico y recomendaciones para promover el liderazgo femenino en el sector financiero” event (Evaluation and recommendations to promote female leadership in the financial sector) organised by the Interinstitutional Committee for Gender Equality in Financial Institutions (Comité Interinstitucional para la Igualdad de Género en las Entidades Financieras, or CIIGEF), and also in the “Cimientos” (Foundations) task force of the Association of Banks in Mexico (Asociación de Bancos de México, ABM), formed of staff from different banks on a voluntary basis to establish behavioural guidelines.

Through actions related to Social Responsibility, messages are sent out, promoting the participation of employees so that they may speak up and form part of diversity, equity and inclusion in the workplace.

Lastly, an internal diversity and inclusion task force has been created, formed of 23 people from different areas in order to open dialogue between the Bank's employees to generate ideas and initiatives related to diversity, equity and inclusion in the workplace.

Diversity in the Board of Directors

Banco Sabadell has general policies concerning diversity, age, gender, disability, geographical provenance and professional training and experience.

The Banco Sabadell Director Selection Policy of 25 February 2016 (last amended on 29 September 2022) establishes the principles and criteria that should be taken into account in selection processes and, therefore, also in the initial fit and proper assessment and ongoing assessments of the members of the Board of Directors, as well as in the re-election of members of the management body in order to ensure their smooth succession, the continuity of the Board of Directors and the suitability of all its members.

The Board Appointments and Corporate Governance Committee is assigned the role, under Article 66 of the Articles of Association, of overseeing the qualitative composition of the Board of Directors, establishing a target for representation of the underrepresented sex and drawing up guidelines on how to achieve that target.

The process for selecting candidates to sit on the Board of Directors and for re-electing existing directors is governed by the diversity principle, fostering the diversity of the Board of Directors in order to promote a diverse pool of members, and ensuring that a broad set of qualities and competences is engaged when recruiting members, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board of Directors.

The Board of Directors ensures that the procedures to select its members apply the principle of diversity and that they promote diversity.

The Board of Directors should ensure that the procedures to select its members apply the principle of diversity and that they promote diversity with respect to issues such as age, gender, disability, geographic origin, or professional training and experience, and other aspects that may be deemed appropriate to ensure an effective and diverse composition of the Board of Directors. Those procedures should be free of any implicit bias that might lead to discrimination and, in particular, they should facilitate the selection of female directors so that a balanced presence of women and men on the Board may be achieved.

Likewise, the Board Appointments and Corporate Governance Committee will ensure that the process abides by the principles of equality and equity and that it is free from any form of discrimination, including

discrimination on the basis of age, disability or gender, without making any distinction by reason of race, sex, religion or any other distinguishing feature, honouring dignity and ensuring equal treatment and opportunities. The following general principles will be followed when selecting candidates for the role of director and re-electing existing directors:

1. The Board Appointments and Corporate Governance Committee will identify the needs of the Bank, ensuring that the appointment or re-election favours both diversity on the Board and a Board composition that is suitably balanced between independent directors, proprietary directors and executive directors.
2. Candidates for the role of director must meet the requirements of repute, suitability and good governance

necessary for the performance of their role; in particular, they should have recognised solvency, experience, qualification and training. Furthermore, they should have the necessary availability and a high level of commitment to their role within the Institution.

3. When selecting candidates for the role of director, it will be necessary to consider the objectives, parameters (professional competence, diversity, good repute and suitability) and procedures for selection, assessment and appointment established in the Director Selection Policy and the recommendations and criteria of the Good Governance Code of Listed Companies issued by the CNMV.
4. The procedure will ensure that directors' mandates are renewed in an orderly and well-planned manner, safeguarding the continuity of the business and enhancing the corporate governance system.
5. The procedure will ensure a compliant qualitative composition of the Board of Directors in which external and non-executive directors should account for no less than the majority of the total number of Board members. It will be necessary to ensure that there is a significant proportion of independent directors among the external or non-executive directors.

In 2022, the Board Appointments and Corporate Governance Committee, fulfilling its duties, has applied the policy and measures to increase diversity in terms of gender, age, training, knowledge and experience that contribute to the collective suitability of the Board, putting forward proposals to the Annual General Meeting concerning the ratification and appointment of one independent director (Lluís Deulofeu Fuguet), the reappointment of three independent directors (Pedro Fontana García, George Donald Johnston III and José Manuel Martínez Martínez) and of one proprietary director (David Martínez Guzmán) and also to the Board of Directors concerning the appointment by co-optation of one female independent director (Laura González Molero) who meet these criteria.

The Board Appointments and Corporate Governance Committee, in compliance with recommendation 14 of the Good Governance Code of Listed Companies and in accordance with the duties assigned in section 4.17 of its Regulations and the Banco Sabadell Director Selection Policy, verified on 24 January 2023 that the re-elections

and ratifications made in 2022 by the Annual General Meeting and by the Board of Directors are in compliance with the Policy. During this verification, it confirmed that the appointments and re-elections are in line with the necessary parameters and requirements of both the Policy and applicable regulations for the role of Board members in a credit institution. The Board Committee also concluded that appointments and re-elections in question favour a suitably balanced Board composition, as they increase its diversity both in relation to the category of directors and in relation to the knowledge, skills and experience that they bring to the role. Therefore, the mandate of the Board of Directors and of the Board Appointments and Corporate Governance Committee itself of contributing to increasing skills diversity on the Board is being fulfilled. Specifically, the diversity of banking knowledge and experience and, in particular, of risk management and control, planning, strategy, governance and sustainability of the Board has been increased and strengthened, as has the diversity of specific experience in the banking industry and the ability to apply such knowledge and experience to the banking business, at the same time expanding international experience.

To select candidates, the Board Appointments and Corporate Governance Committee has used the Skills and Diversity Matrix for members of the Board of Directors of Banco Sabadell, which defines directors' skills and knowledge. Furthermore, the Board Committee has also liaised with external advisers who have provided it with profiles for candidates that meet the skills criteria prioritised by the Board Appointments and Corporate Governance Committee.

As at year-end 2022, there were five female Directors in Banco Sabadell, including four female independent directors out of a total of ten independent directors and one female other external director.

The Board of Directors and the Board Appointments and Corporate Governance Committee are committed to fostering diversity on the Board, ensuring that it has a sufficient number of female directors and promoting compliance with the objective to increase representation of the under-represented sex. In Banco Sabadell, in 2022 women accounted for 33% of the total membership of the Board of Directors.

Women also account for 40% of independent directors, in line with the draft directive of the European Parliament.

They also account for 40% of independent directors, in line with the draft directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures.

In terms of the presence of women on Board Committees, the Board Audit and Control Committee and the Board Remuneration Committee are chaired by female independent directors and women sit on all Board Committees. In the Board Strategy and Sustainability Committee,

women account for 16.67% (on the Strategy side) and 20% (on the Sustainability side), while in the Delegated Credit Committee, they represent 40%. Regarding the composition of the other Board Committees (Board Audit and Control Committee, Board Appointments and Corporate

Governance Committee, Board Remuneration Committee and Board Risk Committee), a balance between both genders has been achieved.

	2022	2021
Men	10	11
Women	5	4
Total	15	15

Diversity in the Board of Directors

Data as at 31/12/2022.

6.4.2 Functional diversity

The Group establishes measures for the adjustment of workstations where required by people with different abilities, in line with the occupational medicine service's protocols relating to particularly sensitive individuals. The Institution also assists employees with paperwork and formalities at the municipality, autonomous

community and State level that help to improve these employees' wellbeing beyond a strictly professional sense. Pursuant to the General Disability Law (*Ley General de Discapacidad*), it implements alternative supported employment measures by hiring services and supplies from special employment centres.

The number of people with functional diversity in the Group as at December 2022 was 309.

Professional category	2022			2021		
	Men	Women	Total	Men	Women	Total
Senior management	4	4	8	7	4	11
Middle management	13	11	24	16	14	30
Specialist staff	92	117	209	100	114	214
Administrative staff	16	52	68	20	69	89
Total	125	184	309	143	201	344

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

6.5 Remuneration policy

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

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

- Promote medium- to long-term business and social sustainability, as well as an alignment with Group values.
- Reward performance in order to align remuneration with individual results and the level of risk taken.
- Ensure a competitive and fair remuneration system (external competitiveness and internal equity).

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

- The Remuneration Policy and remuneration practices are in keeping with the Institution's credit risk management approach, as well as with its appetite and strategies in relation to this risk, and do not create any conflicts of interest. These practices also include measures to manage conflicts of interest, so as to protect consumers from any undesired effects resulting from the remuneration of sales staff.
- There is consistency with the integration of sustainability risks and the related information is published on the Group's website.
- The Remuneration Policy and remuneration practices encourage behaviour that is in keeping with the Group's approaches in relation to climate and the environment, as well as the commitments voluntarily undertaken by the Group. They promote a long-term approach to the management of climate-related and environmental risks.

— Remuneration components should contribute to promoting actions in relation to Environmental, Social and Governance (ESG) criteria, in order to make the business strategy sustainable and socially responsible.

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

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

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

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

Remuneration of the Board of Directors

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

	2022		2021	
	Members	Remuneration	Members	Remuneration
Men	10	306,640	10	259,633
Women	4	167,152	4	164,390
Total	14	266,786	14	232,421

Average remuneration of the Board of Directors⁷⁶

Average remuneration is calculated by considering Board members who have served as directors during the entire tax year, excluding Board members who have not served for the full year. Remuneration received for work carried out in the capacity of members of the Board of Directors is calculated excluding any amounts received for management functions and excluding any amounts received for work carried out as members of the Advisory Board. This remuneration includes, as of 2021, additional remuneration for the Non-Executive Chairman for his functions as Chairman of the Institution, Chairman of the Board of Directors and Chairman of the Annual General Meeting, as well as his functions as the highest representative of the Institution and all other functions attributed to him by law, the Articles of Association or the Board of Directors itself. In 2021 and 2022, average remuneration for male members of the Board without considering the remuneration for the Non-Executive Chairman was 148,574 euros and 162,933 euros, respectively.

Staff remuneration, by professional category, age and gender

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

The calculation of average total remuneration takes into account fixed remuneration at year-end, variable remuneration, salary and non-salary supplements and benefits, as well as annualised remuneration paid. This criterion has been applicable in all countries since 2021.

⁷⁶ For further information on the remuneration of 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.grupbancsabadell.com).
<https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/director-remuneration-policy.html>
<https://www.grupbancsabadell.com/corp/en/>

[corporate-governance-and-remuneration-policy/annual-report-on-remuneration-of-directors.html](https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/corporate-governance-annual-report.html)
<https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/corporate-governance-annual-report.html>

Average total remuneration in Spain

Professional category	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	362	157	519	179,489	134,059	165,746	402	165	567	165,001	125,629	153,543
Middle management	1,613	1,151	2,764	73,038	61,329	68,162	1,618	1,027	2,645	72,565	60,951	68,055
Specialist staff	3,773	5,414	9,187	47,588	43,429	45,137	4,087	6,002	10,089	47,081	42,570	44,397
Administrative staff	48	106	154	27,854	26,412	26,862	50	116	166	27,580	25,988	26,468
Total	5,796	6,828	12,624	62,745	48,267	54,914	6,157	7,310	13,467	61,319	46,764	53,418

Data as at 31/12/2022. Average remuneration in euros. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Age range	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	402	324	726	37,283	34,341	35,970	367	256	623	35,596	34,524	35,156
Between 31 and 49	3,299	4,472	7,771	57,207	46,770	51,201	3,606	5,118	8,724	55,767	45,100	49,509
Over 49	2,095	2,032	4,127	76,352	53,781	65,239	2,184	1,936	4,120	74,807	52,782	64,457
Total	5,796	6,828	12,624	62,745	48,267	54,914	6,157	7,310	13,467	61,319	46,764	53,418

Data as at 31/12/2022. Average remuneration in euros.

Average total remuneration in United Kingdom (TSB)

Professional category	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	81	47	128	313,505	260,247	293,949	94	46	140	272,790	256,255	267,357
Middle management	184	140	324	120,937	113,584	117,760	203	154	357	117,593	110,090	114,356
Specialist staff	1,256	1,518	2,774	57,938	48,967	53,028	1,302	1,486	2,788	55,223	47,163	50,927
Administrative staff	635	1,621	2,256	29,379	26,357	27,208	674	1,803	2,477	27,468	24,552	25,345
Total	2,156	3,326	5,482	64,504	43,653	51,854	2,273	3,489	5,762	61,560	41,013	49,118

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Age range	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	623	841	1,464	35,404	32,883	33,956	686	939	1,625	34,204	30,116	31,842
Between 31 and 49	1,108	1,598	2,706	70,832	47,254	56,908	1,189	1,653	2,842	68,775	45,133	55,024
Over 49	425	887	1,312	90,666	47,377	61,400	398	897	1,295	87,159	44,826	57,836
Total	2,156	3,326	5,482	64,504	43,653	51,854	2,273	3,489	5,762	61,560	41,013	49,118

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK.

Average total remuneration in Mexico

Professional category	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	36	18	54	238,425	137,774	204,242	44	14	58	197,786	123,363	179,507
Middle management	152	92	244	59,446	55,859	58,088	162	114	276	50,882	46,965	49,258
Specialist staff	78	56	134	24,080	23,316	23,756	72	57	129	20,555	19,816	20,226
Administrative staff	0	0	0	0	0	0	0	0	0	0	0	0
Total	266	166	432	73,097	53,763	65,598	278	185	463	66,023	44,382	57,319

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for Private Banks.

Age range	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	44	28	72	28,752	26,495	27,862	46	35	81	25,577	22,249	24,139
Between 31 and 49	192	127	319	73,762	57,398	67,185	201	141	342	68,543	48,825	60,342
Over 49	30	11	41	132,463	81,208	118,711	31	9	40	109,939	60,843	98,892
Total	266	166	432	73,097	53,763	65,598	278	185	463	66,023	44,382	57,319

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A.

Average fixed remuneration is calculated considering fixed remuneration as at year-end. This criterion has been applicable in all countries since 2021.

Average fixed remuneration in Spain

Professional category	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	362	157	519	129,862	101,647	121,327	402	165	567	126,899	99,320	118,873
Middle management	1,613	1,151	2,764	56,230	48,269	52,915	1,618	1,027	2,645	56,848	48,596	53,644
Specialist staff	3,773	5,414	9,187	41,202	38,006	39,319	4,087	6,002	10,089	40,774	37,291	38,702
Administrative staff	48	106	154	23,289	23,211	23,235	50	116	166	23,145	22,973	23,025
Total	5,796	6,828	12,624	50,773	40,970	45,471	6,157	7,310	13,467	50,479	40,052	44,819

Data as at 31/12/2022. Average remuneration in euros. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Age range	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	402	324	726	34,815	32,319	33,701	367	256	623	33,400	32,213	32,912
Between 31 and 49	3,299	4,472	7,771	46,408	39,472	42,416	3,606	5,118	8,724	45,580	38,419	41,379
Over 49	2,095	2,032	4,127	60,709	45,646	53,293	2,184	1,936	4,120	61,437	45,404	53,903
Total	5,796	6,828	12,624	50,773	40,970	45,471	6,157	7,310	13,467	50,479	40,052	44,819

Data as at 31/12/2022. Average remuneration in euros.

Average fixed remuneration
in United Kingdom (TSB)

Professional category	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	81	47	128	203,000	172,132	191,666	94	46	140	203,100	195,497	200,602
Middle management	184	140	324	93,450	87,558	90,904	203	154	357	95,058	88,383	92,178
Specialist staff	1,256	1,518	2,774	44,841	37,882	41,032	1,302	1,486	2,788	45,099	38,580	41,624
Administrative staff	635	1,621	2,256	23,798	20,884	21,704	674	1,803	2,477	23,922	21,002	21,797
Total	2,156	3,326	5,482	48,733	33,586	39,543	2,273	3,489	5,762	49,816	33,763	40,096

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK. 'Senior management' includes executive directors, senior management, 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 the Banking Industry.

Age range	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	623	841	1,464	28,999	26,626	27,636	686	939	1,625	29,571	26,080	27,554
Between 31 and 49	1,108	1,598	2,706	53,549	36,330	43,381	1,189	1,653	2,842	55,196	36,835	44,517
Over 49	425	887	1,312	65,107	35,241	44,915	398	897	1,295	68,636	36,146	46,131
Total	2,156	3,326	5,482	48,733	33,586	39,543	2,273	3,489	5,762	49,816	33,763	40,096

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK.

Average fixed
remuneration in Mexico

Professional category	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	36	18	54	145,893	84,036	124,885	44	14	58	122,422	77,007	111,268
Middle management	152	92	244	40,294	37,156	39,106	162	114	276	35,988	32,990	34,745
Specialist staff	78	56	134	18,076	17,461	17,815	72	57	129	15,592	15,115	15,379
Administrative staff	0	0	0	0	0	0	0	0	0	0	0	0
Total	266	166	432	47,956	35,596	43,162	278	185	463	44,237	30,813	38,838

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for Private Banks.

Age range	2022						2021					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	44	28	72	21,537	19,310	20,658	46	35	81	18,829	17,154	18,106
Between 31 and 49	192	127	319	48,061	37,817	43,944	201	141	342	46,118	33,545	40,889
Over 49	30	11	41	85,162	51,408	76,106	31	9	40	69,923	41,137	63,446
Total	266	166	432	47,956	35,596	43,162	278	185	463	44,237	30,813	38,838

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A.

Pay gap

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

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

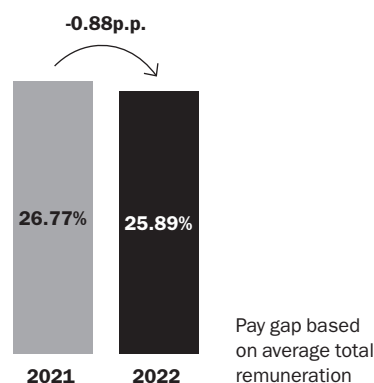
The pay gap calculation compares total remuneration received by men against total remuneration received by women. To this end, it is calculated as the percentage arrived at by taking the difference between average and median remuneration received by men and average and median remuneration received by women and then dividing this by the average and median remuneration received

by men, without making any adjustments of any type. If the percentage is positive, this means that the average or median remuneration received by men is higher than that received by women. Conversely, if the percentage is negative, it means that women receive more average or median remuneration than men.

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

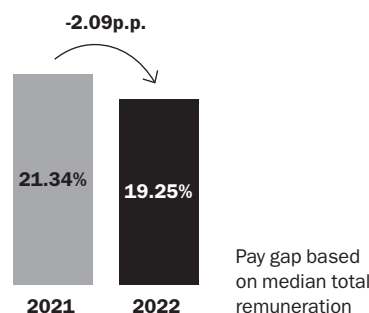
	2022	2021
Spain	23.08%	23.74%
United Kingdom (TSB)	32.33%	33.38%
Mexico	26.45%	32.78%
Total	25.89%	26.77%

Los datos son a 31/12/2022 y 31/12/2021.



	2022	2021
Spain	16.18%	18.38%
United Kingdom (TSB)	26.47%	28.49%
Mexico	17.55%	18.72%
Total	19.25%	21.34%

Data as at 31/12/2022 and 31/12/2021.



Note on calculation of pay gap:

The methodology used to calculate the overall pay gap was unified in 2021 in all countries, in accordance with the criteria established in Spain's employment legislation (Royal Decree 902/2020). In addition, each country will continue to use its own local criteria to meet the

requirements laid down by applicable local legislation.

In the specific case of Spain, the indicator of the weighted average pay gap used until 2020 has continued to be monitored. According to this criterion, the pay gap as at year-end 2022 was 10.90%, compared to 11.24% as at year-end 2021.

Other regions:

In the United Kingdom, the aim of TSB's remuneration policy (and the Group's) is to provide competitive remuneration aligned with the achievement of strategic targets, designed to attract and retain talent and to generate sustained business performance, taking effective risk management and acceptable conduct into account.

TSB remains firm in its commitment to addressing the fundamental causes of the gender imbalance and it continues to build a more balanced workforce in the long term. It also remains committed to the Living Wage organisation, of which it has been a member since August 2016. TSB's commitment continues to be to address the causes of gender inequality and to carry on building a balanced workforce.

6.6 Workplace environment and organisation

The Bank is able to transform itself and face up to major challenges with agile teams and people who bring their best selves to work.

One of these transformation milestones involves understanding telecommuting as a capability that adds value to the work culture of Banco Sabadell. In response to the COVID-19 pandemic, the Bank adapted to the situation, viewing this change as an opportunity to create a new working model which has allowed it to learn and evolve. A model that combines on-site work with remote work, in which new habits are incorporated to learn how to make the best of both worlds. In essence, to work with a different mentality and to be a more flexible and connected Bank.

It is currently in the process of developing SmartWork to adapt it to the current environment, with a new blended model with several telecommuting days each month, achieving good outcomes in relation to time management. To that end, it continues to roll out technological tools (Office 365) and new capabilities (mobile, WiFi, etc.) as an ally that can be counted on every day in order to work more efficiently.

The goal of SmartWork 2.0 is mainly to achieve:

- A Bank that is capable of transforming itself and that can face up to major challenges.
- A model that combines work inside and outside the office.
- Technology, as an ally to work smarter and even more efficiently.
- Equality in terms of opportunities and work-life balance.
- The wellbeing of the workforce, prioritising health and safety.

This declaration of intent leans on four pillars, based on which the main actions that concern the workforce are carried out:

- Technological transformation.
- Adaptation of workspaces.
- Culture and leadership.
- New ways of working.

Banco Sabadell strengthens and promotes new flexibility measures for its entire team, with initiatives such as telecommuting and flexitime arrangements. The workforce can change their effective working hours at their discretion and with flexibility in order to balance their needs for a work-life balance with the needs of the service. Spaces in buildings are also adapted to accommodate these new ways of working and to promote mobility, collaboration and autonomy in the workforce.

The following sections outline the various initiatives put in place in 2022.

In corporate buildings, for the areas covered by the collective bargaining agreement for banks, the blended model continues to be in place, based on:

- Working from home for a maximum of six days a month.
- Voluntary uptake, not regulated at a contractual level.
- There is no cost for employees. Costs for the adjustment of workspaces are covered.

These specifications require the development of the SmartApp app and the associated IT rollout, the gradual adjustment of workspaces, the measurement of productivity and the uptake plan for managers and employees.

77 An initiative created by Banco Sabadell in 2020 with the primary aim of promoting a more agile organisation in which employees remain at the core, supporting the unstoppable process of digitisation.

Pillars of the model and actions taken:

Spaces

- Spaces designed to perform all tasks in a blended environment: separate areas for concentration, individual work, teamwork and meetings.
- Governed by a series of rules of usage and protocols in order to ensure the wellbeing of the workforce on the days they coincide in the office.
- Differential value compared to the workspace at home.

Ways of working

- New protocols, guidelines and systems for new ways of working in order to optimise work under the new model.
- A blended option must be offered for all meetings.

Tools

- Gradual development of the technological suite.
- Creation of the SmartApp app for team planning, resource management, information and user feedback.

Culture and leadership:

- Reinforcement of the role of managers and adaptation of leadership to the blended model.
- Create a mindset among employees that enables them to adapt to the new model based on accountability.

Communications, webinars and challenges are used to implement a support plan, which highlights the value of the most efficient practices:

- Weekly newsletter (FlashIN), which is sent to all Banco Sabadell Group employees in Spain and which includes, among other things, important information in relation to the blended model, technology and ways of working.
- Fortnightly communication with managers (Eres Manager) to set criteria, promote cohesion and provide support for team management.
- SmartSite portal: containing all the latest news about SmartWork 2.0 and other useful resources:
 - Guides and infographic materials.
 - SmartWork 2.0 Manifesto.
 - Information and latest news about SmartWork 2.0.
 - Specific content on health and safety, work-life balance and flexibility, as well as technology to help employees organise their work more efficiently.
- News on the corporate intranet (IN Sabadell) and the Employee Portal.
- Support plan with open sessions and webinars (Smart-Breaks) with informative, training-related and inspirational content for the entire workforce.
- Measurement of staff satisfaction and wellbeing, and of the progress achieved in terms of efficiency and productivity in the workforce, through regular surveys and surveys about the workplace environment.

Other regions:

TSB supports and actively promotes flexible working for all employees, ensuring that flexitime arrangements are accessible at all times. The investment in IT capabilities, customer service channels and the adaptations of working methods carried out during COVID-19 have made it possible for more employees to work from home, something that continues at present. Throughout 2022, TSB has developed a blended way of working in which employees can combine working from home with working in the office, promoting “office days” for collaborative work, social relations with employees and continuous learning.

The ways of working are designed to improve the work-life balance of employees. Where their professional ambitions had previously been restricted to the location of the teams, telecommuting and flexitime arrangements have opened the door to more accessible professional trajectories, in addition to internal mobility and promotions. Employees can access a series of work arrangements that include part-time working, shared work and flexible start and finish times.

In 2022, a shorter work week was being trialed in some operating teams.

Mexico has included new ways of working that have required it to approach the change in a different way. To that end, it has promoted the “Home Office” format, in which each employee can choose to work from home one day a week.

Qualis Awards

The Qualis Awards have been running for two decades and every year, these awards are given out to recognise the achievements and excellent work carried out by the teams in both the branch network and in the corporate buildings, and also to recognise the projects that have contributed the most to the Institution’s achievements during each financial year.

6.6.1 Work-life balance

Banco Sabadell Group employees have at their disposal a series of work-life balance measures that are set out in the new Equality Plan⁷⁸ signed in February 2022 with employees' legal representatives.

These measures seek to ensure that the workforce have a good work-life balance and to establish a framework for flexible working hours that can be used to improve the balance between personal and professional interests under equal terms for both men and women.

Work-life balance and flexibility measures:

- Agility to process leaves of absence or special unremunerated leave requested by the workforce, as envisaged in the extended provisions of Article 36.2 of the CBA⁷⁹. They are entitled to leave of between 1 week and 6 months, always provided they apply for said leave at least one month in advance in the following cases:
 - For study
 - For personal matters
 - For international adoption, to undertake assisted reproductive procedures or due to problems during a pregnancy
 - Due to an accident and/or serious illness requiring hospitalisation or to help with the medical care of relatives up to second degree of consanguinity or affinity
 - Due to being a victim of gender-based violence; in this case, there is no minimum service requirement and the leave may be extended by successive six-month periods up to a total of 18 months
- Offer of unremunerated reductions of working hours, as established in Article 37.6 of the Workers' Statute and in Article 35 of the Collective Bargaining Agreement for Banks, for those who as legal guardians are directly responsible for a minor under the age of 12 or for a person with a physical, mental or sensory disability who does not carry out any paid work or a family member up to second degree of consanguinity or affinity, or who, due to age, accident or illness cannot take care of themselves; in such cases employees will be entitled to a reduction of working hours with a proportional salary reduction.
- Remunerated reductions of working hours in order to care for a child below 12 years of age who suffers a serious illness or accident requiring hospitalisation; employees may ask for their daily working hours to be reduced, by one hour per day and on a paid basis, for a period of two months.
- Reduction of working hours to care for a nursing child; as an improvement of the provisions of Article 33 of the Collective Bargaining Agreement for Banks and Article 37.4 of the Workers' Statute, workers have the right to one hour of absence from work per day to care for a nursing child of less than 9 months. This may be split into two half-hour absences which may be used at the start and end of the working day, or they may take a one-hour absence from work at either end of the working day. In the event of a multiple birth, the hours allowed will be increased by one additional hour per day per child.
- Flexibility to adapt working hours (start and finish times) to meet the needs of those responsible for the care of children below 14 years of age, or who must care for family members up to second degree of consanguinity or affinity who are disabled or above 65 years of age.
- Furthermore, as established in the Agreement on Keeping Working Time Records of 27 February 2020, where the needs of the service so permit, employees will have a 15-minute grace period applicable to the time they start their working day, which they can offset by adjusting the time they end their working day accordingly. This option is available to all those who currently have no flexitime arrangements to achieve a balance between their personal life, their family life and their working life.

Coordination and dialogue has been maintained at all times with employees' legal representatives.

In addition, to contribute to the protection of maternity and paternity rights, and to promote shared responsibility, leaves of absence for the birth and care of a child are guaranteed, as are leaves of absence to care for nursing children, offering the option to take this nursing leave in the form of remunerated leave of 15 days' duration subsequent to any of the contractual suspension periods due to the birth, adoption, foster care or adoption of a child. The duration of the leave of absence for the birth or care

⁷⁸ https://www.grupbancsabadell.com/corp/files/1454335415322/plan_de_igualdad_es.pdf

⁷⁹ Collective Bargaining Agreement for Banks.

of a child will be equivalent to the duration of the leaves of absence taken in accordance with that provided in Article 48.4, 5 and 6 of the Workers' Statute, with a total of 16 weeks, 6 of which will be mandatory, uninterrupted and comprise full working days, to be taken immediately following the date of the birth, while the remaining 10 weeks may be taken, in weekly periods, either in one single block or in separate blocks, during the 12 months following the date of the birth.

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

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 through the employee portal, which not only offers them a chance to save money, but also allows them to save time, as these are online purchases. They can also choose to have their purchases left at lockers installed in some of the corporate buildings, so as to avoid having to make a specific trip to collect them or having to arrange for delivery outside of their working hours. In addition to these benefits, it is also worth mentioning the range of services available to those working in corporate buildings, which are designed to make it easier for them to run personal errands.

Employees continue to make use of the measures launched in previous years, such as the option to purchase additional days of annual leave and the advice offered by the work-life balance consultant, which are unique aspects of the Bank's employee value proposition for employees.

Other regions:

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

In Mexico, there is a benefits policy for new parents, which offers support for their involvement in raising children, supporting their health and promoting a more agile model. The benefits available to each employee are the following:

- Leave of absence for the birth of a child is extended to 114 calendar days for mothers and to 30 calendar days for fathers.
- Reduced working hours during the first six months following the birth.
- Financial assistance is available for the birth/adoption of a child, consisting of 15 days' pay, up to a maximum of 8 times the minimum wage.
- Special leaves of absence.
- Rollover of annual leave.
- Nursing room in the facilities.

6.6.2 Health and safety

Banco Sabadell Group follows a policy of prevention and continuous improvement of the working conditions and health of its employees.

Banco Sabadell Group, aware that good working conditions are important for the health and safety of its employees, follows a policy of prevention and continuous improvement of the working conditions and health of its employees. In accordance with prevailing legislation, and to carry out preventive actions on a permanent basis, an integrated Prevention Management System has been launched in the general organisation of Banco Sabadell Group through the Prevention Plan, which includes all of the preventive activities carried out in this regard in

the Group. A summary of these preventive activities is published every year in a Report⁸⁰, which is available on the Bank's intranet and also on its corporate website. This Plan sets out the requirements to integrate prevention into the management of the company, based on the following principles:

- Promote and foster a preventive culture between the different areas and levels of the company.
- Promote preventive actions, even where they are not yet legally required.

80 <https://www.grupbancasabadell.com/corp/en/sustainability/reports.html>

- Offer guidelines to put into practice and evaluate management strategies for occupational hazard prevention.
- Ensure that all employees are provided with information and training about preventive actions and that they are encouraged to take part in them.

The aim of the Prevention Plan is to ensure the integration of occupational hazard prevention. The implementation of the Plan ensures the safety and health of Banco Sabadell Group employees and compliance with the regulations applicable in this regard, so as to ensure the control of occupational hazards, the effectiveness of preventive measures and the detection of any weaknesses that could give rise to new risks. A management system has been designed based on continuous improvement, in compliance with Law 54/2003 on the reform of the regulatory framework on occupational hazard prevention.

The Annual Report is the document that summarises all of the preventive activities carried out directly by the Banco Sabadell Group Joint Prevention Service or through the different work units or employees assigned tasks in this regard. Most of its content corresponds to that envisaged in the Annual Plan. Any actions of a particular level of importance that have not been completed during the year will be added to the Plan for the following year.

It is clear that the outbreak in 2020 of the COVID-19 pandemic marked a turning point for occupational hazard prevention, which is why this activity has become particularly important, ensuring the implementation of the guidelines issued by health authorities in each region and developing new action protocols.

The guidelines followed by the Institution at the peak of the pandemic mainly related to the following:

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

is free to use, unlimited and anonymous, so that any employee who needs to can talk to a specialist.

These measures have been adapted to the guidelines and regulations issued by the corresponding institutions.

The preventive specialty of Occupational Medicine is carried out through health surveillance. The health surveillance policy applied by Banco Sabadell Group comprises activities which aim to promote the general health of all employees and to prevent the workforce from suffering any sort of injury or harm as a result of their work. Health surveillance covers a series of activities relating to workers on both an individual basis (individual surveillance) and on a group basis (collective surveillance) through medical check-ups.

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

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

One of the health surveillance activities consists of conducting medical check-ups or health assessments. Medical check-ups take place at the start of employees' employment and thereafter on a regular basis (the frequency depends on the employees' age, with employees up to 30 years of age invited to a check-up every three years, those aged between 31 and 44 invited every two years and those over age 45 invited to have an annual check-up). The check-ups are very thorough and they are completely voluntary. Nevertheless, every year, around 80% of employees accept their invitations to these check-ups. Other medical check-ups that take place are those carried out following a long period of temporary incapacity (due to either a common contingency or a professional contingency) and those carried out to determine whether an employee is particularly sensitive to the risks inherent in their position at work.

All of the Group's existing staff and all new hires receive information on occupational hazard prevention and complete mandatory training relating to health and safety in the workplace through an online course, "Introduction to Occupational Hazard Prevention" (*Introducción a la Prevención de Riesgos Laborales*). Completion of this course is mandatory for all employees and it aims to ascertain the risks to which employees may be exposed and the preventive measures that can be taken to avoid them.

In addition to the Occupational Hazard Prevention courses available to employees in the training catalogue and which they can also view on the intranet portal, there are other specific training materials, including the course on fire suppression, the first aid course, the course

on stress prevention, the course on preventing the risk of robbery, etc. In addition, training courses are supplemented with specific informative documents, such as ergonomics handbooks and manuals for work equipment (Occupational Hazard Prevention Welcome Handbook). This information is posted on the Banco Sabadell Group intranet, in a specific section for documentation relating to Occupational Hazard Prevention and everything related to the risks inherent in the Bank's activity.

The Banco Sabadell Group Joint Prevention Service has certain procedures designed to ensure the existence of suitable plans in the event of an emergency, so that an emergency may be prevented from happening, establishing suitable prevention measures that all employees must know of and implement. The Occupational Hazard Prevention Division submits a schedule of planned drills to the State Health and Safety Committee, and it also reports on the outcome of those drills and shares the main areas of improvement that have been identified.

In Spain, Banco Sabadell also carries out an initial occupational hazard assessment for each new work centre, and whenever work centres are reformed or updated. Equally, when a certain period of time has elapsed since the initial assessment, subsequent assessments are carried out, in all of the facilities, of both individual workstations and common areas, along with the installations and technical aspects of the working environment (temperature, lighting, etc.). There is a protocol, included as an annex to the Prevention Plan, which determines the cases in which a work centre should be reassessed, depending on the type of reforms carried out. In general, it is thought that activity in Banco Sabadell Group does not risk exposing employees to cleaning agents, meaning that it is not necessary to systematically evaluate these aspects. That said, as a preventive measure, hygienic measurements to evaluate the ambient conditions of the premises have been included in risk assessments.

Coordination of business activities also takes place with third-party companies that have staff or labourers working in the facilities. This is a legal obligation, designed to enable companies sharing the same workplace to coordinate between themselves to comply with existing

legislation on the prevention of occupational hazards, to ensure that the performance of multiple activities within the same workplace does not generate risks or lead to a workplace accident.

Monitoring absence from work

Absence from work is monitored through monthly reports, which include data on prevalence rates, severity rates, and frequency of absences. The data is grouped together by company, territorial division, age and gender, and makes it possible to detect trends and possible deviations depending on the variables analysed. Depending on the results, preventive actions are identified and applied.

General absence from work includes absence from work due to illness with TI⁸¹ and also without TI for common contingencies (common illnesses, non-work-related accidents, COVID-19) and professional contingencies (WRA⁸²/WRI⁸³). The data regarding the prevalence rate (number of employees who have been absent from work / total workforce) and the severity I rate (number of days missed / total working days) showed a slight increase compared to 2021, even though the first quarter of 2022 saw the highest peak out of all of the waves of the pandemic. In 2022, the annual figures were 6.28% (vs. 5.09% in 2021) for the prevalence rate and 3.10% (vs. 2.95% in 2021) for the severity I rate.

The number of new leaves of absence initiated in the month (frequency rate) has fallen slightly compared to the previous year, with 445 absences on average in 2022 (vs. 359 in 2021). This figure was evidently influenced by the 1,345 cases recorded in January, at the peak of the sixth wave of COVID due to the emergence of the Omicron variant.

These rates are in any event lower than the severity I rates recorded by the banking industry in 2021, even bearing in mind that the data provided by mutual insurance companies do not include data for those who are absent due to illness without temporary incapacity, in contrast to Banco Sabadell, which does include this figure in its data.

	2022	2021
Total hours (accidents and ill health)	643,764	702,547
Total hours (work-related ill health)	79,136	89,504

Data as at 31/12/2022.

Indicators of absence from work in Spain

	2022	2021
Total hours (accidents and ill health)	301,234	342,804
Total hours (work-related ill health)	37,280	56,626

Data as at 31/12/2022.

Indicators of absence from work in TSB

81 Temporary Incapacity.
82 Work-Related Accident.
83 Work-Related Illness.

In Mexico, indicators of absence from work are recorded and reported as general ill health. As at the end of December 2022, a total of 100 days off work had been recorded.

Monitoring the work-related accident rate

One of the fundamental pillars of the management of occupational hazard prevention is the research into,

and prevention of, work-related accidents. On becoming aware of an accident, the Joint Prevention Service collects the main data and deals with the official communication. An investigation into the accident is launched. The procedure varies depending on the severity and complexity of the event, determining, if necessary, the preventive and/or corrective actions that should be taken. All of these actions are designed to guarantee the care and subsequent recovery of the person concerned.

Types of accident in Spain	2022			2021		
	M	W	Total	M	W	Total
Work centre	11	37	48	20	45	65
Whilst commuting	29	55	84	25	43	68
Travel during workday	8	18	26	6	10	16
Different work centre	1	0	1	0	0	0
TOTAL	49	110	159	51	98	149

Work-related accidents

Data as at 31/12/2022.

Work-related accidents in Spain	2022			2021		
	M	W	Total	M	W	Total
Total hours	6,702	10,247	16,949	7,755	10,298	18,053
Frequency rate ⁸⁴	1.92	4.63	3.36	2.31	4.26	3.35
Severity rate ⁸⁵	0.06	0.09	0.08	0.07	0.08	0.07

Data as at 31/12/2022. Rate calculations exclude accidents occurring whilst commuting. Although all absences due to COVID-19 can be likened to work-related accidents for the purpose of claiming social security benefits, they are not included in the accident rates.

In terms of subsidiaries, TSB, in compliance with UK legislation, does not keep a record of accidents, while Mexico has not recorded any accidents in 2022.

6.6.3 Trade union rights and right of association

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

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

At present, Banco Sabadell has a total of 10 trade union sections in Spain, including trade union sections at the State level and at the autonomous community level.

In its subsidiaries⁸⁶ in Spain, it has trade union representatives in Sabadell Information Systems, S.A., Sabadell Consumer Finance S.A., and Fonomed Gestión Telefónica, where the number of trade union sections is smaller than in Banco de Sabadell.

Workers' representatives are voted in every four years, in accordance with the guidelines set forth in prevailing legislation and the implementing agreement enforced in

84 (number of accidents (excluding those occurring whilst commuting) / theoretical working hours (according to collective bargaining agreement))*1,000,000
85 (working hours lost/ theoretical working hours (collective agreement) * 100)

86 The subsidiary Business Services for Operational Support, S.A. had union representation until it was incorporated into Banco de Sabadell, S.A., and its staff were also represented by its Health and Safety Committee.

the Spanish Banking Association (Asociación Española de Banca, or AEB), together with the most representative State union sections of the Spanish banking industry. The results of the union elections determine the composition of the different Works Councils, as well as staff delegates, who are the main points of contact representing the company and who take part in collective bargaining negotiations. If no specific negotiations are taking place, they meet as and when required.

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

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

- State Health and Safety committees:
 - Banco de Sabadell, S.A.
 - Sabadell Information Systems, S.A.
 - Fonomed Gestión Telefónica, S.A.

Banco Sabadell Group also proactively promotes collective bargaining, as in general specific employment agreements are reached with workers' legal representatives. Some of the agreements reached are set out here below:

- Agreement regarding the incorporation of the State Health and Safety Committee: this created a State Health and Safety Committee, a joint collective body that responds to enquiries and requests for participation received from workers concerning aspects related to safety and health in the company's work centres.
- Training agreement: under which a commitment is undertaken to ensure that training takes place during

the legally established business day, or during the hours established in the corresponding agreements in the event training takes place outside of business hours.

- Agreement on early retirements (both with and without early access to pensions) and incentivised resignations: staff restructuring plan and certain agreed conditions.
- MiFID training agreement: agreement regarding compensation for MiFID training.
- Agreement on keeping working time records: an agreement that regulates working hours.
- Agreement on assistance for school fees: an agreement on economic assistance for the payment of school fees.

Other regions:

In the United Kingdom, TSB continues to work closely and directly with its recognised unions, Accord and Unite, to build strong relationships. These relationships enable union representatives to collaborate with TSB's Management in all aspects concerning the subsidiary's employees. This has not only allowed union members to have a voice at TSB but also to work openly, collaboratively and meaningfully with the Unions on all issues that affect the TSB/Colleague relationship.

In 2022, the formal recognition of unions was renewed, known as the Union Recognition Agreement, which establishes collective bargaining agreements across TSB. It also outlines the aspects that are negotiated and how all of the parties involved intend to work together to reach a collective agreement.

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

6.7 Dialogue with employees: more connected than ever

Banco Sabadell Group has various mechanisms in place for communicating with employees and listening to their concerns, which are key to anticipating their needs and building a great place in which to develop a professional career.

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

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

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

The Bank continues to actively listen to what its employees have to say, with regular measurements. This year, the two measurements clearly reflect the impact of the post-pandemic situation, which has been tasking for the workforce. Nevertheless, the trend has been positive and paves the way towards the full recovery of the excellent commitment figures recorded in previous years.

The Employee Assistance Office plays an essential role in resolving employee concerns. This year, a total of 48,976 queries have been submitted and the quality of service has been successfully maintained, with user satisfaction ratings of 4.34 out of 5.

Other regions:

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

Link is TSB's forum for employees, created in 2013. Its members act as spokespersons for employees, with representatives from all departments and levels within the Bank and they are appointed to consult with and represent all areas of the Institution. Every quarter, Link members meet with the Executive Committee to share their ideas, comments and recommendations. In 2022, Link has contributed to matters such as TSB's fraud strategy and its Fraud Refund Guarantee, the full streamlining of remuneration, the experience of employees, their trust and the activities in the Do What Matters Plan.

In Mexico, a space has been created for all members of the Sabadell team, where CEO Francisco Lira speaks openly about issues that are of great importance for the organisation and in which certain employees are given the opportunities to express their doubts and concerns.

This space is known as 'Open Mic' (*Micrófono Abierto*) and it helps to build up trust and experience first-hand the three fundamental values that are closeness, quality and commitment.

In addition, Sabadell Communicates (*Comunica Sabadell*) is a weekly internal newsletter that allows recipients to stay abreast of the latest news inside and outside of the organisation. It is emailed on a regular basis to all employees.

7. Commitment to society



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

In 2022, the Board of Trustees of the Banco Sabadell Private Foundation (hereinafter, Banco Sabadell Foundation) approved the allocation of 3,660,310 euros, in partnerships with other institutions, contributing towards actions that pursue the SDGs defined as being priority or additional by Banco Sabadell, thereby promoting work with organisations with extensive experience and broad social impact.

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

7.1 Commitment to education

Financial education

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

- The Financial Education for Schools in Catalonia (EFEC, by its acronym in Spanish) programme: Banco Sabadell participated in this programme for the tenth consecutive year and since its inception. Thanks to the corporate volunteers of the participating institutions, a total of 163,779 students have been trained in basic finance. In this edition, which has continued to be run in hybrid form with face-to-face and virtual workshops, the programme has been taught in 456 educational centres. With the participation of 79 volunteers who have run a total of 713 workshops, Banco Sabadell,

together with all of the collaborating institutions, provided training for 22,531 young people in their fourth year of secondary school education. In terms of its version for adults, 19 of the Bank's volunteers have held 92 workshops in adult schools and correctional facilities. The estimated figures for the EFEC adults programme was 97 centres and 4,657 students.

Students

163,779

- 'Your finances, Your future' (*Tus Finanzas, Tu futuro*) initiative of the Spanish Banking Association (*Asociación Española de Banca*, or AEB) and the Junior Achievement (JA) Foundation. In this year's online edition, 65 volunteers from the Bank took part in 35 programmes and 105 workshops delivered to 23 educational centres and 767 students. In 2022, the programme, which is nationwide in scope, was delivered to 146 centres and 6,369 students.

During 2022, around 7,500 people have benefited from the workshops that Banco Sabadell volunteers have led as part of these programmes.

TSB has started a new school outreach programme in some of the most deprived urban communities to improve support for young people, as they head toward financial independence. Schools have been selected where young people are most disadvantaged, and some employees in nearby corporate centres have been encouraged to volunteer their time and share their 'Money Confidence' skills.

Banco Sabadell Mexico has a financial education programme for children of employees, in which each summer students are invited to get them involved in projects of the various areas of the Bank. During this period, they

acquire theoretical and practical knowledge on the financial sector, which will also help them to make the best decision as regards their future career path.

Commitment to young talent

The Banco Sabadell Foundation is committed to young talent by supporting leading universities, research centres and educational institutions, as well as by contributing to research excellence through awards and support programmes.

Specifically, the Banco Sabadell Foundation has given out 17 awards (93 award-winners from 13 projects ran in collaboration with other entities and 4 award-winners from the Foundation's own awards) and 372 grants (357 grant holders from programmes ran in collaboration with other entities and 15 grant holders from the Foundation's own research grants).

The most noteworthy activities in this area are:

- Banco Sabadell Foundation Awards in Biomedical Research, Economic Research and Scientific Research, which aim to promote and recognise the careers of young Spanish researchers who stand out for their excellence and innovation in these fields; these are recognised as the most important awards in their respective fields.
- In 2022, as a contribution to promote scientific research in marine sustainability, the Foundation unveiled the award for research in this field. An award that brings together science and economic growth to promote sustainable development. The award consists of 30,000 euros. The award is given out to a young researcher that has conducted their research study in the sustainable use of marine resources (traditional marine industries and new emerging blue economy sectors, such as biotechnology, big data, renewable energies, regeneration, etc.) or in the regeneration of marine natural capital by recovering ecosystems' goods and services.
- Banco Sabadell Foundation research grants: Intended for aspiring pre-doctoral students who are carrying out their doctoral thesis, with the aim of promoting and developing scientific work or to fund placements at universities or research centres.
- Collaboration with the university community through awards and grants to promote young talent, for example, in the Universities of Leon, Oviedo, San Jorge, Jaume I and Francisco Vitoria.
- Scholarship programmes with leading further education establishments, such as EDEM (*Escuela de Empresarios* - Business School), Esade, Club Natació Sabadell, Fundació Dáporis, IBEI (*Institut Barcelona d'Estudis Internacionals* - Barcelona Institute of International Studies), and scholarships for young musicians with the ADDA Symphony Orchestra (*Auditorio de la Diputación de Alicante* - Alicante Provincial Auditorium) or the Reina Sofia School of Music, among others.

- Competitions organised by Celera: Through the Banco Sabadell Foundation, 10 young people who are excelling in their respective fields take part in competitions organised by Celera, the only people accelerator that currently exists in Spain, which each year selects a number of exceptional young people and offers them resources, training and opportunities.
- Global Talent Programme: Launched by the Banco Sabadell Foundation and CIDOB (Barcelona Centre for International Affairs), this programme involves a paid research placement and two awards for applied research, aimed at young researchers.
- The Banco Sabadell Foundation also collaborates with programmes that participate in the job search process and training for innovation, such as the TOOLBOX project of the University of Murcia or the mentoring programme with the Technological Skills Centre of Alicante (*Centro de Competencias Tecnológicas de Alicante*, or CCTA), in which students have been supported by 14 Banco Sabadell mentors. For two months, students of various areas (particularly, information and communications technology) try to resolve a challenge, with the support of Banco Sabadell IT mentors. At the end, five of the students with the best performance during the programme will receive an internship contract for six months.

Business support and training

- The "Export to Grow" (*Exportar para crecer*) programme: As part of its commitment to provide training in internationalisation to small and medium-sized enterprises, Banco Sabadell, in collaboration with AENOR, AMEC, Arola, CESCE, Cofides, Esade and Garrigues, has been promoting the 'Export to Grow' programme since 2012. This programme supports SMEs in their internationalisation process, through online tools, specialised information services and the organisation of roundtables throughout the country. Under this programme, International Business Conferences (*Jornadas de Negocio Internacional*) have been held, most notably the conference on technical measures for customs and logistics in the context of Brexit, with the participation of more than 1,550 companies, and the conference on Incoterms 2020 with almost 2,000 participating companies. In addition, a selection of news content concerning international business is offered through a newsletter that is sent every month to the Bank's business customers, with information about international markets and business sectors most likely to be concerned with internationalisation or export matters.
- Sabadell International Business Programme: The Institution has held the fifth edition of this university-certified training programme that offers advice to business customers, which has attracted the participation of more than 400 companies engaging in international business.

— New editions of the ‘Financial Advisor for Religious and Third Sector Institutions’ training course, promoted in collaboration with the post-graduate school of the University of Francisco de Vitoria that aims to be a solid foundation for the day-to-day management of administrators and bursars. A renewed and expanded course, updated with new contents that make it more cross-disciplinary, offering a complete and rigorous training to professionals and collaborators in the sector with the aim of reinforcing the specialised knowledge of these institutions and helping to provide their

administrators with knowledge and tools. A brief and fully online course (12 ECTS and 24 MiFID accreditation hours) that offers tutorials delivered by Banco Sabadell specialists. This year the course was open to professionals from all sectors and has a wide range of scholarships available of up to 80% of the enrolment fee. At the end of the programme, the students receive their certificate from the University of Francisco de Vitoria. The programme currently has a total of 206 students enrolled (of which 70 are employees of the Bank).

BStartup

BStartup by Banco Sabadell is the pioneering and benchmark financial service in Spanish banking for startups and scaleups.

It provides these companies with 360° service of specialised banking and equity investment.

Specialised banking is based on a team of dedicated managers for startups and scaleups in those Territorial Divisions (TD) with the highest concentration of this type of companies, as well as on a specific risk circuit, specific products and a team of specialists that support the branches throughout Spain.

As at 2022 year-end, BStartup has 4,412 startup customers. They are very internationalised customers, often with complex transactions that require these highly specialised managers and services.

In 2022, BStartup’s specialisation has been given a boost. Thus, the Catalonia TD concentrates all its startup customers at the main Barcelona branch, where it has six managers, a representative and a risk analyst, all of them fully dedicated to startups, scaleups and investors. In the Madrid region, the main Madrid branch concentrates most of the startups in this region and, in 2022, a representative and a new specialised manager have joined the Bank, taking the number of enterprise managers to 4 who are dedicated exclusively to these young innovative companies. In Valencia, a new manager specialised in startups is expected to join to support the existing one. The other regions still have 20 BStartup branches with managers that, without working exclusively in this segment, regularly receive specialised training and have a specific risk circuit in place.

Equity investment targets mainly early-stage digital and technology companies with strong growth potential and innovative, scalable business models. During 2022, BStartup has invested in nine startups for an amount of 950,000 euros.

BStartup invests in all types of sectors, but maintains its investment verticals:

- In 2022, it launched the second edition of BStartup Green to invest in startups that, through technology or digitisation, are able to facilitate the transition to a more sustainable world (from the perspectives of energy transition, industry 4.0, smart cities and the circular economy). 122 companies have applied for this second edition.
- In 2022, the fifth edition of BStartup Health was held. It is a programme designed to support health projects, in which invested funds are primarily used to validate the technology, research and business. This year’s edition ended with 127 startups enrolled.
- During 2022, BStartup was very present at the main events of the entrepreneurial ecosystem. BStartup’s team has actively participated in 100 entrepreneurial events across Spain.

Hub Empresa (Companies Hub)

Hub Empresa is Banco Sabadell’s business connection centre, a hybrid model that combines:

- A digital space where companies can connect to each other through workshops and webinars led by the Bank’s experts and leading external figures. They are inspiring and participative meetings in which professional experiences, current content and the latest business trends are shared.
- A physical space in the centre of Valencia as a reference for companies, where they can meet and connect with other companies, receive knowledge and business advice from experts in areas such as digital transformation or sectoral economy, as well as other specialities such as financing, internationalisation or startups.

For all these reasons, Hub Empresa is a service that contributes to Banco Sabadell's positioning in the business segment as the bank that best understands their challenges and the one that can best accompany them along the way.

2022 has been the year in which the project, which started in 2020, was solidified with the leap to the online world, and it continued the work started in 2021 to keep developing the project (new website and brand image).

The most noteworthy aspects of 2022 are, among many others:

- The implementation of the hybrid model in Hub Empresa Valencia with the installation of a streaming system that enables the creation of a recurrent programme in in-person format while at the same time it reaches the rest of the region.
- The creation of the series of conferences 'Inspiring Stories' with corporate customers that has reinforced the Bank's positioning as an expert and approachable business bank, as well as it has involved the branch network at the same time.
- Launch of the series of conferences "Sustainability in SMEs": five sessions on sustainability organised in collaboration with the Sustainability Division.

Hub Empresa is a tool that serves the purpose of establishing communication between the Institution and SMEs, businesses and freelancers, which has mainly materialised in webinars, but also generates content in other types of media such as articles, news or videos that entrepreneurs can view in the press and social media.

The sessions have revolved around the following topics:

- a. The series 'Inspiring Stories': with success stories from large customers.
- b. Business financing.
- c. The series of conferences on the Next Generation EU Funds and the opportunity they present for the transformation of the economy.
- d. The series of conferences on enterprise digitalisation.
- e. The series of conferences on sustainability.
- f. The series of conferences on solutions and information for internationalisation.
- g. Vertical solutions: sessions for specific sectors, such as small merchants.
- h. Sectoral trends, such as the series of conferences "The World to Come" (*El Mundo que Viene*) discussing various current topics: tourism, hospitality, agriculture, etc.
- i. Leadership, professional and management skills, etc.

In 2022, the project has kept the number of webinars as well as the impact of the Hub Empresa in the entire

territory. In total, 111 webinars were held, in which 24,612 companies and freelancers participated (including hybrid events), with an average participation of 222 attendees per session.

In addition, on 2 June, the doors of the Hub Empresa Valencia physical space reopened as normal, and 20 activities events were held (in collaboration with others and the Bank's own sessions). The space was also rented out on 50 occasions with 2,922 attendees.

At the Valencia space, the meeting rooms were booked on 360 occasions with 1,320 attendees; 820 individuals have visited the physical space and 42 advisory sessions were organised.

Therefore, the total number of users of Hub Empresa Banco Sabadell between webinars, in-person events and online streams, meeting room bookings and additional traffic during 2022 has been 29,680, with 181 activities.

The assessment of the sessions continues to reflect the great reception and acceptance of the contents by Spanish companies, with an overall rating of 8.95 out of 10, with 47.61% of the participants giving Hub Empresa a score of 10.

In addition, 86 videos summarising the sessions were made for dissemination on the Bank's social networks, and more than 36 articles and news items were published in different branded content spaces in print and online media about Hub Empresa and its support for companies, as well as the topics covered in the webinars. All this has generated 702 mentions in social media and offline and online media, reaching a total audience of 1.4 million users.

Million users

1.4

With regard to the series of conferences on sustainability (which is just one of the nine topics covered by Hub Empresa), five online sessions were held with a total of 512 attendees, in order to generate awareness among SMEs of the need to have a sustainability strategy in place, communicate Banco Sabadell's ESG strategy and position the Institution as a partner to fund the investments required during 2022. By 2023, there is a firm commitment to continue these series of conferences to thus provide practical and valuable ESG-related information with the involvement of in-house and external experts.

The sessions that were part of the series of conferences on sustainability are the following:

- **Key sustainability aspects for SMEs: ESG legislation and disclosures:** It addresses the obligation to report non-financial information, the key sustainability aspects in the business environment and how to draw up a roadmap to define the sustainability strategy, facilitating its integration into the companies' strategy. With a total of 115 attendees and a rating of 8.95/10.
- **Sustainability in SMEs: advantages in measuring and diagnosing its impact:** This session explains how to develop a sustainability strategy and how to implement it. Focusing on aspects as fundamental as measuring results and the setting of compliance objectives that reflect transparency. In this way, companies will be able to adapt to current requirements and thrive while resolving some of the biggest global challenges. With a total of 158 attendees and a rating of 8.75/10.
- **Sustainability and climate change in SMEs: how to measure and reduce the carbon footprint?** The session addresses the implications of both the European target of reducing greenhouse gas emissions by 55% by 2030, based on 1990 emissions, and the target of achieving climate neutrality by 2050. The session describes how companies can calculate the carbon footprint and how to work to decarbonise business activities through plans to cut emissions. With a total of 48 attendees and a rating of 8.57/10.
- **Sustainability in SMEs: energy efficiency and financing:** The keys for adapting companies to the new sustainable models are discussed, focusing on energy efficiency, highlighting its strategic importance, tips for its financing and the use of subsidies from the Next Generation EU funds. Another of the topics discussed are those arising from the financing of renewable plants. Knowledge in this area has become an expertise in PPA (Power Purchase Agreement), with which companies can now improve their energy costs. With a total of 120 attendees and a rating of 8.67/10.
- **Sustainability as a business opportunity for SMEs. We explain everything with six practical examples:** session in which through six practical examples tested in the SME world, the various challenges that apply to companies in terms of sustainability have been addressed, focusing on: cost savings, new markets, business alliances, public sector assessment, reputation and customer loyalty and regulatory adaptation. With a total of 71 attendees and a rating of 9.33/10.

Culture as a tool for transformation

Bringing culture closer to society by co-promoting, together with flagship cultural centres, cultural transformation projects, educational projects and transformative proposals that contribute to training, creation, development and employability of young people through various artistic disciplines. In this regard, the following activities are noteworthy:

- *'Atempo, arts i formació'*: A project supported by the Banco Sabadell Foundation, which aims to forge links between the educational world and the artistic world, training professionals from both sectors and making it easier for young people to take an active part in cultural life, as well as fostering innovative processes.
- Co-CreArte sessions: 12 cultural organisations that work with the arts as a tool for change and social progress are connected. With the aim of creating synergies between the organisations and identifying new ways of transformation, the Co-CreArte session was organised, where representatives and initiatives from the 12 cultural organisations were brought together in a group dynamic in which they shared experiences and connected through personal and professional experience.
- The Entrepreneurship and Leadership Programme of the Reina Sofía School of Music for young classical musicians.
- Artistic project in partnership with the Fundación Amigos del Teatro Real: A Foundation collaboration aimed at offering professional opportunities to young students of the Reina Sofía School of Music.
- 'Dentro Cine' (Inside Cinema) artistic education project: A project supported by the Foundation which is aimed at young people in vulnerable situations and which has the dual objective of training them in the craft and language of filmmaking and providing them with the tools of dialogue.
- Collaboration with training programmes for emerging artists, such as 'Eeemerging', a European training programme for young European musicians to promote the emergence of young talent performing old music, and '*Encuentro de artistas novos*' (Meeting of new artists) of the Cidade da Cultura Foundation, among others.

Reduction of the digital divide

In 2022, Banco Sabadell has promoted the following programmes and initiatives, upholding its commitment to education and digitalisation:

- The 'Technological independence and digitalisation' programme, to reduce the digital divide in older people, in collaboration with Fundación Alares, an organisation specialised in improving the quality of life of older people and other vulnerable groups. The aim is, through its training activities, to communicate and make available to beneficiaries the possibilities that the ICTs offer, not only in terms of improving their independence and quality of life, but also in improving their sense of belonging and companionship.

Since its launch in May 2020, 29 4-hour workshops have been organised, with an average of 10 people in attendance. The workshops are taught by an Alares' specialised technician and a volunteer from Banco Sabadell. A total of 21 volunteers have taken part and this programme has reached 1,108 individuals.

- Start of the collaboration with EUTIME, an organisation formed by former students of the Official Business School founded in Sabadell in 1941 and currently linked to the Autonomous University of Barcelona. In this case, volunteers from Banco Sabadell collaborate with the 'Digital Education for Seniors' programme, an itinerary of 10 sessions in which seniors are taught key aspects of instant messaging, email, social media and video calls. There is also training on digital governmental procedures, online shopping and digital banking, learn how to use Bizum, etc. The aim is to reduce social exclusion as a result of not knowing how certain technology tools work.
- The Foundation carries out the 'Conecta Joven-Conecta Mayores' (Connect the Young-Connect the Elderly) programme together with Fundación Balia por la Infancia. It is an intergenerational project in which young people aged 14 to 18 carry out, on a voluntary basis, a learning process to teach basic computer skills and the use of digital devices to over 60s, with mild cognitive impairment and with intellectual disabilities who, for various reasons, have difficulty in accessing new technologies.
- It has cocreated with Mobile Week and Fundación Exit a new training and social innovation project,

Escape Fake, a programme aimed at 16 to 21-year-olds in vulnerable situations with the aim of empowering new generations to be able to inform themselves critically and consciously, promote digital literacy and train youngsters to face a future without fake news. A programme that has been considered by CAF-Development Bank of Latin America and Revista Haz as one of the ten best social innovation initiatives of the year. A total of 8 volunteers from Banco Sabadell took part in this project.

- Programme for the Development of Innovation Management and Digital Skills: Collaboration in the programme delivered by the University Foundation of Las Palmas (FULP, by its Spanish acronym).

Through the Bank's digital media and during the course of 2022, the Institution has carried out 207 internal and external activities and events. The vast majority of these are online support appointments disseminated through the corporate social networks, with short videos, blog articles and online sessions. A clear example are the 48 sessions on fraud prevention and cybersecurity, digitalisation and sustainability support that have been carried out with the aim of training and helping our customers. Furthermore, the Sabadell Companies Hub has carried out another 110 webinars through which it has disseminated practical information on public-private aid, management, international business opportunities and digital marketing, among other content related to the support of companies, SMEs, freelancers and individuals.

7.2 Social and volunteering activities

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

Corporate Volunteering Programme

This year, once again, the people who form Banco Sabadell have demonstrated their commitment to society, reaching beyond their professional duties, giving their time and sharing their talents to help people and organisations in need of them. More than 1,400 volunteers have taken part in social initiatives promoted by the Bank, its Foundation and other collaborating organisations, through the Bank's Corporate Volunteering Programme.

Volunteers

+1,400

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

- Support to third-sector institutions that participate in the B-Value social innovation programme, the aim of which is to professionalise the value proposition and work on the sustainability of projects of non-profit social institutions throughout Spain.

Since the first edition of B-Value in 2017, the Banco Sabadell Foundation and other organisations that promote the programme have presented different awards to finalists among the 40 participating entities. These awards help them to take their projects forward and give visibility to the causes that they support, putting the spotlight on talent and innovation. One of the keys to the programme's success is the participation of employees of the Bank as voluntary mentors. This year, 43 employees from different areas of the Bank and with different profiles have supported those organisations in developing their social impact projects.

Moreover, this year a new initiative was launched in which 14 expert mentors, from other editions, continued to support institutions that took part in the programme in the past to keep developing their social innovation projects.

- With regard to programmes that leverage the knowledge and experience of the Bank's employees and that concern vulnerable sectors of society and/or those at risk of social exclusion, the 'Leader Coach Project' run by Fundació Èxit is a corporate volunteering initiative that seeks to improve the future employability of young people who have had an unsuccessful academic experience. This year, 40 volunteers from the Bank took part and dedicated 800 hours of their time to young people, to keep them in training.
- Eduo is a programme similar to the previous one, but this time it is young people who have started first-degree vocational training who are accompanied by company volunteers who become their role models and motivate them so that they do not drop out of their studies. Two volunteers from the Bank have taken part in this project.
- Together with Fundació Èxit, the Bank has continued to drive forward a collaboration with the aim of promoting female talent, by helping women aged 18 to 25 who are thinking of returning to education or who are actively seeking employment. To do so, 11 volunteers from managerial roles at Banco Sabadell and with prior experience in mentoring and coaching assisted the young women through various workshops designed to help them develop soft skills, such as communication, initiative-taking, managing interpersonal relationships, etc., tools that will help them to enhance their self-knowledge and remove barriers limiting their future professional choices.
- Women are also the recipients of the following programmes: 'Ace your job interview' (*Triunfa en tu entrevista de trabajo*), 'Job search 2.0' (*Búsqueda de empleo 2.0*), 'Ready and able' (*Capaces*) and 'Emotional

intelligence for the workplace' (*Inteligencia emocional para el empleo*), in which the Bank has been collaborating with the Fundació Quiero Trabajo since 2019. The aim is to empower people, particularly women, by enhancing their skills and attitudes, and by giving them the tools to manage the selection process and job interviews with success. This year, a total of 74 volunteers from the Bank mentored the participants in these programmes.

- Jointly with the Private Foundation for Self-employment in Catalonia (*Fundació Privada per a la Promoció de l'Autoocupació de Catalunya*), and through its SOS Mentoring programme, 14 volunteers from the branch network worked with young entrepreneurs, self-employed professionals and micro-enterprises that have faced difficulties to start or continue their businesses. The Banco Sabadell mentors are delivering personalised support to help entrepreneurs diagnose their situation, evaluate alternative courses of action, identify the best decisions in different scenarios and implement them.
- As part of the U4Impact project, with which the Banco Sabadell Foundation collaborates, a total of two volunteers accompanied two students for several months in the preparation of their theses for their Master's degrees.
- In May 2022, the charity sporting team event Oxfam Intermón Trailwalker took place once again; this year, 21 teams from the Bank took part. A total of 175 people, including walkers, personal helpers and volunteers raised 24,071 euros to contribute to Oxfam and to the work it carries out in more than 90 countries to combat poverty and hunger.
- On the initiative of the Institution's own employees, this year the Bank participated in La Milla Náutica, a sporting swimming event organised in collaboration with the Barcelona Fire Department, in which 17 employees of Banco Sabadell took part and raised 8,990 euros to fund research on combatting congenital muscular dystrophy due to merosin deficiency.
- Participation in Oncotrail, a 100 km team race organised by Fundació Oncolliga Girona in conjunction with Agrupación Excursionista Palafrugell and Club Atlético Palafrugell to raise funds to improve the quality of life of cancer patients. A total of 19 employees from Banco Sabadell took part in this race.
- Participation in Cheers4U, a playful inter-company teambuilding event in collaboration with Centro Especial de Empleo Icaria, which had 7 volunteers in order to help people with functional diversity enter the job market.
- Each year, to coincide with the Christmas festivities and in collaboration with the Fundació Magone - Salesianos Acció Social, through its corporate volunteering programme, the Bank runs the 'Be one of the Wise Men' (*Conviértete en Rey Mago*) programme, in which volunteers sponsor and deliver gifts in response to letters written by children under the care of the foundation. On the eve of Epiphany, the volunteers

distribute the gifts. During Christmas 2022, 637 Wise Men from Banco Sabadell took part in this project.

— In 2022, the Bank once again organised ‘donor days’ to make it easier for the Bank’s volunteers to donate

blood. In collaboration with Banc de Sang i Teixits, two blood donors’ days were organised at the Banco Sabadell corporate centre in Sant Cugat with the participation of 97 employees.

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

Through Sabadell Life, the Bank and its employees have the opportunity to propose other charity and/or volunteering initiatives. In addition, thanks to the collaboration with the startup Worldcoo, employees can make direct donations to any of the causes supported by the Bank, via the Actitud Solidaria platform located in Sabadell Life. In most cases, these causes are selected by the employees themselves. In 2022, employees have efficiently responded to two emergency calls linked to the humanitarian situation as a result of the war in Ukraine. The Institution has launched campaigns in support of Unicef, in which 25,090 euros were raised, and another in support of the Red Cross raising 64,151 euros. This amount includes a 25,000 euros contribution from the Bank.

In addition, the Bank has an innovation community made up of 70 people, trained in agile, scrum and creative thinking techniques that put their talents and time at the disposal of the Institution and of projects that directly impact the Bank, customers and society in general. A great example of this is the participation in the first Hackathon of the Sustainability Division in collaboration with Microsoft, in which 68 volunteers took part and new solutions in terms of sustainability were developed to apply them in the medium term. In the same vein, 34 experts from Banco Sabadell in data management participated in a charity Hackathon in collaboration with Fundación ONCE.

Once again, the Bank has participated in the organisation of the Ceremony to award grants to charitable causes of the Sabadell Inversión Ética y Solidaria Fund, IF, managed by Sabadell Asset Management, as well as in the coordination with beneficiary offices and entities in order to make the payments. This year, for the 29 charitable projects of the 28 entities selected by the Ethics Committee in 2021, a total of 343,403.71 euros has been awarded, bringing the cumulative amount since 2006 to over 2.4 million euros. Furthermore, in 2022, the Ethics Committee selected a total of 27 humanitarian projects primarily focused on addressing risks of social and labour exclusion, improving the living conditions of people with disabilities

and meeting their basic needs in terms of food, health and education. Sabadell Asset Management will distribute this aid to these projects in 2023.

In relation to charitable donations, at the end of the year, there were 928 donation collection boxes installed and operational, which have the ‘DONE’ system that integrates contactless technology. Since its deployment, this system has helped to collect more than 3.5 million euros. These funds have been delivered to various charities and social entities, both religious and non-profit, channelling funds to meet the needs brought about by the effects of the pandemic.

Moreover, during 2022, the Bank has lent its premises to foundations or charity events on two occasions.

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

- Since 2021, TSB has been the first high-street bank to offer a safe space to victims of domestic abuse under the charity Hestia’s Safe Space initiative. In 2022, TSB opened a flee fund, giving its customers who are victims of domestic, financial or economic abuse, money to help them escape their abuser. The Institution has announced plans to launch “Online Safe Spaces”, an online place for victims to visit and seek support, no matter where they live.
- This year, TSB employees have volunteered at several of the Forest Carbon UK sites to learn more about the positive impact these projects have on nature and biodiversity. Forest Carbon’s UK sites align with the Woodland Carbon Code and Peatland Carbon Code.
- TSB employees have volunteered over 3,000 hours to environmental projects in 2022, including litter picking, tree planting and marine conservation projects.

In relation to Mexico, through Fundación Quiera and the Association of Mexican Banks (*Asociación de Bancos de México*, or ABM), the Institution supports two associations, a home for children at risk and/or on the streets, via various integration initiatives that motivate them to chase

their goals to thus improve their quality of life. It also contributes a donation in kind to a foundation that focuses on the social reinsertion of young people into the community. The Bank provides tools such as brushes and rollers to paint their facilities. In addition, the Bank carries out the

Young People Building the Future (*Jóvenes Construyendo el Futuro*) programme, which seeks to integrate young people who are not working or studying to give them the opportunity to develop professionally.

Through Sabadell Seguros, in 2022 the Institution has also participated in various charitable initiatives, focused on people, diseases, social exclusion and poverty.

In this respect, *'Life Care Mujer'* is a product aimed at addressing the specific needs of women. It is a life insurance product exclusively for women, which aims to protect the insured family's financial stability and economic needs in adversity, in the event of death, permanent disability or serious illness, such as female cancer diagnosis. In addition, for each customer that takes out *Life Care Mujer* insurance, BanSabadell Vida makes a donation of three euros to the Spanish Association Against Cancer (AECC, by its Spanish acronym), to support research into women's cancers. In 2022, the Bank has donated 30,000 euros to AECC to support pioneering research projects that contribute to prevent and eradicate women's cancers.

Social integration

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

- The Balia Foundation's *'Conecta Mayores-Conecta Jóvenes'* (Connect the Elderly Connect the Young), which brings two different generations together with the aim of breaking stereotypes and eliminating the digital divide that separates them, as indicated above.
- Artistic education projects, such as *Dentro Cine, Horagai* and *L'art taller de música*, all targeting vulnerable young people, with the aim of training them in the craft and language of art and filmmaking, providing them with the tools of dialogue and inclusion.
- Participating in scholarship programmes aimed at vulnerable young people, such as the scholarships awarded by Fundación Dáboris.
- In the same vein, the Entrepreneurship and Leadership Programme of the Reina Sofia 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.

To address the needs of the more vulnerable segments of society or those at risk of financial exclusion, products are marketed in a targeted manner, such as the 'basic payment account', an account suitable for asylum seekers or persons without a residence permit, or the debt

restructuring actions on shared residence mortgages, which are carried out to protect customers at risk of losing their home due to an inability to pay, in line with the provisions of the Spanish Regulation (Royal Decree Law 6/2021), which the Institution has voluntarily adhered to since it entered into force.

Medical research and health

In addition to the four Awards for Biomedical, Economic, Scientific and Marine Sustainability Research, the Banco Sabadell Foundation also supports scientific research through programmes promoted by flagship institutions in the sector. For example, as members of the Board of Trustees of BIST (Barcelona Institute of Science and Technology), programmes such as *'Intensifica't al Taulí'* promoted with the Parc Taulí Hospital in Sabadell to give scientists the opportunity to dedicate 12 months of their time to their lines of research, and the research grants awarded to students at San Jorge University in Zaragoza, or support for activities of the Fundación Pasqual Maragall and the Institute for Research in Biomedicine (*Institut de Recerca Biomèdica*, or IRB).

Another of the flagship research institutions with which the Banco Sabadell Foundation collaborates is the National Cancer Research Centre (*Centro Nacional de Investigación Oncológica*, or CNIO), which organises conferences to disseminate the latest news about the most significant advances made in cancer research.

Economic development

It is worth highlighting the 2022 Economic Research Award, given for research into the strategic decisions made by companies and how these contribute to their export performance and their capacity for innovation.

7.3 Social housing management

Through Sogeviso (the subsidiary created in 2015 and wholly owned by the Bank), Banco Sabadell manages some of the complexities of social housing with the aim of responsibly addressing situations of social exclusion and the loss of a home affecting its more vulnerable mortgage borrowers. This is carried out under the framework of the Bank's sustainability policies.

In its seven years of activity, Sogeviso has managed around 23,000 contracts for social or affordable rent and it has helped over 8,500 families improve their social and economic situation through its programmes designed to offer social support and improve employment prospects (JoBS), as well as overcome the digital divide (Pathfinder).

Contracts for social or affordable rent

+23,000

Helped families

+8,500

As at 31 December 2022, Sogeviso manages 2,349 properties under social and affordable rental arrangements specifically aimed at these vulnerable customers. In 9% of these cases the 'Social Contract' has remained in place.

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

The JoBS programme consists of a job placement

service that aims to provide customers with the skills and tools to enable them to access the labour market, as well as market research to match profiles with existing job offers. Since the launch of the Social Contract in 2016, 2,369 people have found work with the help of the JoBS programme.

The Social Contract currently provides services to 214 families, including 51 individuals actively seeking employment through the JoBS programme.

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

Since the beginning of Sogeviso's management, 4,685 families that are Banco Sabadell customers have improved their socio-economic situation.

In addition, Banco Sabadell has assigned 107 properties to 43 non-profit institutions and/or foundations, aimed at supporting the most disadvantaged social groups, and since 2013 it has been a member of the Social Housing Fund (FSV, by its Spanish acronym), contributing 440 homes to it, mainly for customers following deeds in lieu or foreclosures. Of the FSV housing stock, 84% is let out by social rental agreements currently in effect.

Since 2021, Sogeviso holds the prestigious international B-Corp certification.

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

On 25 October 2022, on the strength of its Support Programme for the socio-economic improvement of vulnerable families, employability and overcoming the digital divide, Sogeviso won the first prize in the Social Commitment category, awarded by the Association of Building Developers and Constructors of Catalonia (APCE, by its Spanish acronym) as part of its APCE 2022 Awards.

7.4 Sponsorship

With regard to sponsorship, the budget allocated for 2022 was 1,407,317 euros. Sporting events continue to be the item with the greatest weight within the budget, a total of 48%. Sporting events include the cycling tours to the Basque Country, Valencia and Murcia, as well as the "Madrid Corre por Madrid" race. The remaining budget has been allocated mainly among cultural events (music festivals) and business-related events. During this year, the Institution has continued to collaborate with various events related to the Jacobean Year, for a total amount of 80,000 euros.

In addition to the above, the Bank has once again sponsored the Barcelona Open Banc Sabadell - Conde de Godó Trophy. The Bank continued to support this tournament in its 2022 edition as a responsibility and support act to the city of Barcelona –a clear commitment to the city's economic and business activity. The investment⁸⁷ in this tournament was 1,651,000 euros related to sponsorship and 350,000 euros related to promotion.

7.5 Patronage

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 2022, the Banco Sabadell Private Foundation received 4.5 million euros from Banco Sabadell, which has been allocated to execute the annual Action Plan approved by the Board of Trustees in January 2022, of which 3,660,310 euros have been allocated at the end of the year to carry out its activities.

The contributions allocated to each area of activity and field, compared with those in 2021, are shown below:

⁸⁷ The total figure shown in the first paragraph does not include investment in the Barcelona Open Banc Sabadell - Conde de Godó Trophy.

Area and field	No. collaborations 2022	Amount allocated 2022	No. collaborations 2021	Amount allocated 2021
Culture	77	€1,642,063	83	€1,933,063
Visual arts and design	24	€423,461	32	€563,361
Literature and performing arts	16	€520,900	16	€499,000
Music and festivals	14	€409,000	22	€686,000
Heritage	12	€166,500	10	€168,500
Society	11	€122,202	3	€16,202
Talent	83	€2,018,247	86	€1,794,138
Culture	6	€115,500	8	€80,900
Training	60	€1,269,747	56	€846,738
Innovation	0	€0	11	€300,500
Research	17	€633,000	11	€566,000
Overall total	160	€3,660,310	169	€3,727,201

Every year, the Banco Sabadell Private Foundation publishes its annual report on <https://www.fundacionbancosabadell.com/en/>⁸⁸

Furthermore, since 2022, the Banco Sabadell Private Foundation categorises its activities in three sub-areas geared towards complying with the Sustainable Development Goals:

Firstly, by supporting cultural institutions, promoting and bringing culture closer to society through collaborations with leading cultural organisations and by strengthening alliances to maximise their impact. Secondly, by promoting education, focusing on talent, based on effort

and equal opportunities, in order to contribute value to society and generate social impact. And finally, by fostering research, promoting research, dissemination and knowledge in the fields of science, culture and education, spearheading activities in these areas and organising prestigious awards and research grants.

The amount according to this new classification is broken down as follows:

Subarea	No. collaborations	Amount allocated
Institutional	58	€1,275,563
Education	85	€1,751,747
Research	17	€633,000
Overall total	160	€3,660,310

7.6 Institutional relations

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

⁸⁸ More annual information on www.fundacionbancosabadell.com > Foundation > Report

In 2022, 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 2,151,699 euros at year-end.

In 2022, some of the largest sector contributions went to the Spanish Chamber of Commerce (€110,000), the Foundation for Applied Economic Studies (FEDEA, for its acronym in Spanish) (€90,000) and the Institute of International Finance (IIF) (€78,526).

7.7 Consumers

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

Banco Sabadell adheres to the Code of Good Practice (CBP, by its Spanish acronym) enacted by Royal Decree Law 6/2012, of 9 March, and subsequent modifications thereto, the latest by RDL 19/2022, of 22 November, whose main objective is to arrange the viable restructuring of debt on primary residence mortgages, which is available to families experiencing extraordinary difficulties in meeting their mortgage payments because they are on the 'exclusion threshold'. The Bank reiterated its commitment to the CBP in 2022, with 97 debt restructuring operations carried out under its auspices.

Operations 2022

97

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

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

The SAC and its head, who is appointed by the Board of Directors, report directly to the Compliance Division and are independent of the Bank's business and operational lines. Its main function is to handle and resolve complaints and claims brought forward by customers and users of the financial services of the Bank and its

associated entities, under the principles of transparency, impartiality, effectiveness, coordination, speed and security.

During 2022, the following cases were received and handled:

Complaints received	Volume
Customer Care Service	38,726
Customer Ombudsman	2,547
Bank of Spain	579
Comisión Nacional del Mercado de Valores (Spanish National Securities Market Commission)	35
Total complaints received	41,887

Complaints handled	Volume	Percentage
Resolved in favour of the Institution	14,062	45.5%
Resolved in favour of the claimant	16,857	54.5%
Inadmissible as a result of the application of Regulations	10,141	

In the case of TSB, if we use the figure for the year up to December 2022, the number of recorded complaints, claims and other communications was 69,240. The volume recorded during the same period in 2021 was 73,614 and, therefore, 2022 represents a 6% reduction (4,374) on these figures. This decrease is primarily related to improvements made to the customer journey and to system stability. Of the total number of complaints, claims and other communications recorded in 2022, 67,886 (98%) were resolved before the end of the year, i.e. 31 December 2022.

TSB is the first retail bank accredited by the Good Business Charter, a national accreditation scheme that recognises businesses that behave responsibly and measures behaviour over 10 components: real living wage, fairer hours and contracts, employee well-being, employee

representation, diversity and inclusion, environmental responsibility, paying fair tax, commitment to customers, ethical sourcing and prompt payment.

With regard to Mexico, from January 2022 to December 2022 (inclusive), they received a total of 27 complaints and no claims.

For more details, see Note 42 to the Consolidated annual financial statements for 2022 and the SAC section of the Directors' Report.

Vulnerable customers

The Bank is monitoring the evolution of the perimeter of vulnerable customers mainly in three areas: financial, digital and regional vulnerability.

The Bank is currently monitoring the evolution of the perimeter of vulnerable customers (understood as customers who, due to personal, economic, educational or social needs or circumstances, are in a situation of special dependency, defencelessness or lack of protection that prevents them from exercising their rights on an equal footing) mainly in three areas:

- The first area is **financial vulnerability**, i.e. low-income customers. During 2022, the Institution acted using a special approach to some of the commercial initiatives carried out, such as the launch of the new Sabadell Sight Account, dissemination to the branch network of the main features of the Basic Payment Account (with a focus on vulnerable customers) and proactivity in opening this account to Ukrainian refugees. The Institution has also imparted training sessions to recovery specialist teams to offer adherence to the Code of Good Practice and, in addition, work is being carried out to design actions that can minimise the impact of interest rate hikes.
- The second area is **digital vulnerability**, i.e. customers with difficulties in using online/digital banking services, as well as ATMs. This year, several initiatives have been implemented, including the extension of cashier hours in 237 branches and a free helpline for people over 65 years. In terms of training, the support provided to customers when using ATMs and the launch of a pilot of 10 digital training workshops in Catalonia and Madrid for the elderly are worthy of note. In addition, progress has been made in the delivery of corporate volunteering workshops to reduce the digital divide in older people. As regards ATMs, actions have been taken in recent years to guarantee access to the service for the greatest number of customers. To that end, the actions implemented were the following:
 - Installation of keyboards with bas-relief on the number “5” key, the numbers from 0 to 9 with serigraphy that allows detecting what number it is and the “edit”

- and “continue” keys with their corresponding signs.
- Installation of ATMs at a height that allows them to be accessible by vulnerable groups; the height of the number “5” on the keyboard at 105 cm on all ATMs.
- The adaptability of ATMs with versions with simplified language and easier-to-read screens.
- The third area refers to customers with **regional vulnerability**, i.e. customers located far away from the Bank's infrastructures. Banco Sabadell has signed the roadmap agreed by the sector (October 2022, coordinated by the Spanish Banking Association (AEB, for its acronym in Spanish), the CECA⁸⁹ and the UNACC⁹⁰) to avoid the unavailability of financial services in towns without access to cash. In addition, Banco Sabadell has arranged an agreement with Correos (the Spanish postal service) to offer the CorreosCash service to its customers. This allows the Bank, through the universal service provided, to offer in-person banking services to all Spanish towns, including cash withdrawals without the need to use the bank's digital app.

Moreover, the Spanish financial sector has always had a very close link with society and in recent years has been proactively contributing to accelerating progress towards an inclusive economy, especially in rural areas or groups at risk of exclusion. In July 2021, the AEB and the CECA signed the “Strategic Protocol to Strengthen the Banking Industry's Social and Sustainable Commitment”. The organisations undertook to promote among its member institutions a series of action principles to strengthen their commitment to society and channel this pledge through specific actions, including the promotion of staff training, efficient work allocation and relocation, the maintenance of the activity of former professionals who have now retired, financial and digital education, financial inclusion, sustainability, digitalisation and also measures relating to remuneration.

⁸⁹ Spanish Confederation of Savings Banks (for its acronym in Spanish).

⁹⁰ Spanish National Union of Credit Unions (for its acronym in Spanish).

In February 2022, the Protocol was updated, expanding the actions in favour of senior citizens or disabled people. To the sector or individual measures that the institutions had been applying to address the situation of this group of customers, a catalogue of new measures related to face-to-face service at the branch, preferential telephone assistance, ATMs, digital channels, training and monitoring of the measures adopted by the institutions was provided. In line with the sector's commitment, Banco Sabadell announced:

- The extension of cashier hours in 237 additional branches.
- The renewal of 400 ATMs in 2022.
- The upholding of the commitment to resolve incidents and breakdowns in less than seven hours in 98% of cases.
- The preservation of traditional communication channels:
 - Toll-free personal helpline for senior customers with personalised service.
 - 24-hour incident service (365 days/year).
 - Keeping postal correspondence for customers inactive in digital channels and products with high use by vulnerable groups, such as cheque books.

The content and proposals for action of the Financial Inclusion Observatory promoted by the AEB, CECA and UNACC to reduce the population that does not have direct access to financial services have been implemented in 2022. One of the measures agreed upon was to commission the drawing up of a map of access to financial

services in rural Spain. Meanwhile, the CNMC (Spanish National Commission on Markets and Competition, by its Spanish acronym) and the BdE (Bank of Spain, by its Spanish acronym) also published reports on the state of services provided to the elderly.

Based on the results of the aforementioned study commissioned by the industry, additional actions were assessed so that there would be no town without access to cash, which has materialised in the agreement of the AEB, CECA and UNACC to update the principle for action of the Strategic Protocol to Strengthen the Banking Industry's Social and Sustainable Commitment regarding measures to promote financial inclusion. In October 2022, the roadmap to strengthen financial inclusion in rural areas was signed, with a commitment to serve towns that do not have any access point to financial services. For towns with more than 500 inhabitants, the institutions undertook to ensure that at least one access point to in-person financial services (bank branch, ATM, mobile branch, Correos branch or financial agent) is available, while for towns with less than 500 inhabitants, the institutions undertook to offer basic banking services, guaranteeing access to cash through one of the traditional methods or through cash back or cash in shop solutions or via rural mail carriers.

With all these measures, the banking sector is demonstrating its commitment to guarantee the financial inclusion of society as a whole and, especially, of the elderly, as they are the ones who encounter the greatest difficulties when dealing with financial institutions.

7.8 Outsourcing and suppliers

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

In order to establish this long-term cooperation, it is necessary to understand the needs and goals of suppliers, maintaining a willingness to honour commitments and making them compatible with the Group's requirements and vision. Based on this principle, the Group has a Policy on the Outsourcing of Functions and a Procurement Policy, as well as several procedures through which it

extends to the supply chain both its own commitment to socially responsible practices and the explicit advocacy of human rights, workers' rights, freedom of association and environmental rights.

In 2022, the top 20 suppliers represented 51.12% of all supplier invoicing. Other noteworthy aspects are included in the following table:

	2022	2021	2020
Total number of suppliers who have invoiced more than 100,000 euros at year-end	577	558	557
% of suppliers of essential services (out of total suppliers)	7.3%	7.5%	5%
Total number of approved suppliers	1,376	1,279	1,043
Amount invoiced by Special Employment Centres (CEEs)	€3.7m	€2.8m	€2.9m
Average time taken to pay suppliers (days payable outstanding) ⁹¹	28.74	27.30	30.13

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

Registration and approval of suppliers

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

- a. The United Nations Universal Declaration of Human Rights.
- b. International Labour Organisation conventions.
- c. United Nations Convention on the Rights of the Child.
- d. The principles of the United Nations Global Compact, subscribed by the Group in February 2005, in the areas of human rights, labour, environment and freedom of association.

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

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

In addition, the supplier rating system "RePro" by ACHILLES South Europe, S.L. has been added to the supplier relationship management model. This system provides useful and secure information on those partners with responsible practices throughout their supply chain, ensuring that the Bank continues to work with those most aligned with its objectives of adhering to quality standards in terms of social, ethical and environmental responsibility.

⁹¹ 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 2022.

Contracts and supervision

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

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

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

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

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

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

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

In line with this, the Group has procurement policies that allow it to ensure that its suppliers know its values

and apply them to their own activities: Supplier Code of Conduct, Sustainability Policy, Anti-Corruption Policy, Human Rights Policy, Human Rights Due Diligence Procedure and Equality Plan.

7.9 Tax information

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

The principles for action on tax matters that the Institution follows are geared towards compliance with the SDGs, particularly, those relating to fostering a fairer, more respectful, sustainable and cohesive society (e.g., “No poverty”, “Reduced inequalities”), SDG 8 “Decent work and economic growth” being a priority for the Group that is intimately linked to tax affairs.

Tax Strategy

The principles governing the Group's tax actions are set out and developed in the Tax Strategy, approved by the Board of Directors and reviewed annually, which is aligned with the Group's business strategy and can be found on the Group's corporate website.⁹²

The Tax Strategy is applicable to all companies controlled by the Group, regardless of their geographical location, without prejudice to the existence of adaptations in those jurisdictions in which the country's own legislation so requires, as is the case of the United Kingdom. The Group also undertakes to ensure that the tax practices of those entities that are not part of the Group, but in which it has a significant shareholding or whose control is shared with partners outside the Group, follow principles of action aligned with those set out in Banco Sabadell Group's Tax Strategy.

In the same vein, the Group's Code of Conduct establishes compliance with tax obligations as one of the fundamental elements underpinning the commitment to the economic development of the companies in all jurisdictions in which it operates, adopting the commitment to pay taxes in each of them and contributing in this

way to the economies of these regions, as well as acting in accordance with the principles set out in the Tax Strategy.

Furthermore, as part of the commitment of fostering an ethical and compliant culture, the Bank has a whistleblowing channel available, with the aim of detecting and managing potential irregularities that could endanger this commitment or entail an unlawful act.

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

- a. Guarantee compliance with and respect for the tax regulations in force in all countries and regions in which the Group operates and/or in which it is present, as well as observance of the international principles and recommendations on tax matters issued by the Organisation for Economic Cooperation and Development (OECD).
- b. Determine the tax criteria to be applied by adopting the interpretation of the regulations most suited to its purpose, in light of existing judicial and legal opinion, as well as the applicable international guidelines and standards.
- c. Carry out a prior analysis of the tax implications of any transaction and verify that they are based on commercial and business reasons.
- d. Configure the banking products marketed by the Group, assessing their tax implications, and convey

⁹² <https://www.grupbancasabadell.com/corp/en/sustainability/fiscal-transparency.html>

- these clearly and transparently to customers.
- e. Assess related party transactions under the arm's length principle, in accordance with the terms established by the OECD, and following the recommendations stipulated by that organisation.
 - f. Refrain from using opaque vehicles or entities, or those resident in tax havens / non-cooperative jurisdictions, in order to reduce the Group's tax burden.
 - g. Promote a relationship of collaboration and cooperation with the tax authorities, based on good faith and transparency, seeking mutually agreed solutions in the event of discrepancies, with the aim of minimising tax disputes.

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

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

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

To this end, the Board Audit and Control Committee

oversees the effectiveness of the risk management systems. In 2022, the Board Audit and Control Committee supervised the Group's tax management, specifically focusing on the implementation of the Tax Strategy and its guiding principles, the actions carried out to adequately analyse tax affairs and the main actions on corporate tax governance (such as the voluntary submission of the Annual Tax Transparency Report for 2021, or the development of the subsequent stages to the submission and receipt of the Annual Tax Transparency Report for 2020).

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

Banco Sabadell adheres to the Code of Good Tax Practices (CBPT, by its Spanish acronym), approved by the Large Company Forum (*Foro de Grandes Empresas*), of which it is a member, and acts in accordance with the recommendations contained therein. Banco Sabadell voluntarily submits the "Annual Tax Transparency Report" on a yearly basis to the State Tax Agency (*Agencia Estatal de Administración Tributaria*, or AEAT).⁹³

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

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

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

In light of this commitment and actions on this area, Fundación Haz (formerly, the Commitment and Transparency Foundation) has awarded Banco Sabadell the "t for transparent" label in relation to the tax information published for 2021. The Institution received the highest rating, as a result of complying with more than 90% of the transparency and fiscal responsibility indicators.

Presence in tax havens / non-cooperative jurisdictions

In accordance with the corporate principles governing its Tax Strategy and the CBPT to which it adheres, the Group has undertaken a commitment to refrain from using entities resident in tax havens / non-cooperative jurisdictions, unless their presence or operations are justified on economic or business grounds.

Pursuant to this commitment, Banco Sabadell Group does not include any subsidiary that is resident in a territory considered to be a tax haven/non-cooperative jurisdiction, in accordance with the applicable regulations in Spain, the OECD guidelines and the position of the European Union⁹⁴. This is reflected in the 'Declaration of presence in territories classified as tax havens / non-cooperative jurisdictions', published on Banco Sabadell's website.

⁹³ In October 2022, the Bank sent the Annual Tax Transparency Report for the 2021 financial year to the AEAT.

⁹⁴ The "Bahamas Bank & Trust Ltd." subsidiary is located in the Bahamas, territory included in "The EU list of non-cooperative jurisdictions for tax purposes"

of 4 October 2022. This does not involve a presence in this jurisdiction, as it is an inactive company that is in liquidation (incorporated into the Group as a result of the take-over merger of Banco Atlántico in 2006).

Breakdown of profit and tax by country

Consolidated pre-tax profit⁹⁵, and details of corporation tax paid and accrued, by country, are set out below.

Data in thousand of euros.

Country	Consolidated pre-tax profit		Corporation tax paid ⁹⁶		Corporation tax accrued	
	2022	2021	2022	2021	2022	2021
Spain	844,001	377,746	-16,420	-116,636	-223,405	-39,762
United Kingdom	196,267	166,090	49,302	19,996	-101,533	-31,084
United States	144,311	66,432	19,933	17,910	-34,613	-13,084
France	9,909	15,622	3,660	-1,608	-1,651	-2,893
Portugal	3,732	5,854	1,709	91	-1,072	-1,538
Morocco	1,672	2,389	1,096	0	-1,126	-902
Bahamas	-32	-25	0	0	0	0
Mexico	42,705	-14,119	8,243	5,941	-9,856	7,981
Brazil	90	0	0	3	0	0
Andorra	-9	0	0	0	0	0
Total	1,242,646	619,989	67,523	-74,303	-373,256	-81,282

Other contributions

In addition to corporation tax, the Institution contributes to the deposit guarantee schemes in place in each region and to the European Single Resolution Fund, which have a positive impact on citizens' economic and financial

security. In addition, it also pays annually the Tax on Deposits of Credit Institutions and the capital contribution due to the monetisation of DTAs⁹⁷. The table below shows the breakdown of each of the contributions made:

Data in thousand of euros.

	2022	2021
Contribution to deposit guarantee schemes	-129,157	-128,883
Banco Sabadell	-113,832	-116,341
TSB	-540	-879
Sabadell IBM Mexico	-14,785	-11,663
Contribution to Single Resolution Fund	-100,151	-87,977
Tax on Deposits of Credit Institutions	-34,984	-33,438
Capital contribution due to the monetisation of DTAs	-48,069	-47,752
Total	-312,361	-298,050

Public subsidies received

Subsidies received in Spain in 2022 (training) in the amount of 877,153.69 euros.

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

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

97 Deferred tax assets.

7.10 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 ML/TF risks should be identified and managed at all levels of the Bank or of the Group.

These policies incorporate some basic principles:

- Promotion and supervision of the adaptation and execution of the AML/CTF model by the Board of Directors.
- Promotion and direction of the execution and development of the model by Senior Management.
- Independence in the performance of the AML/CTF function.

- Effectiveness in the management and control of ML/TF risk.
- Assurance of regulatory compliance.
- Proactive collaboration with the competent authorities and coordination and cooperation with other units of the Institution.

Among other things, they establish certain critical management parameters:

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

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

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

Furthermore, Banco Sabadell makes it a priority to adopt the necessary measures to ensure that all employees receive ongoing training around the requirements arising from AML/CTF legislation and regulations. The training actions are subject to an annual plan, designed according to the risks identified, that will be approved by the Internal Control Body through its Delegated Committee. This annual plan will be carried out on three levels:

- Initial training: mandatory training for all new Group employees based on completing an online course through the Corporate Intranet, which includes all requirements of AML/CTF legislation and regulations.
- In-person training: aimed at all branch network and business unit employees who, according to the risks

detected, it is deemed necessary that they complete a specific training session consistent with these risks and according to the activity they perform.

- Ongoing training: aimed at all Group employees on an ongoing basis through the publication on the corporate intranet of the monthly AML/CTF newsletter.

Employees are required to complete all those AML/CTF training sessions of which they are notified, in order to prevent, avoid and/or detect ML/TF in the discharge of their professional activities. This requirement includes those training sessions that the Delegated Committee of the ICB might determine, so that an employee can reinforce their knowledge and practices in terms of AML/CTF legislation and regulations. Completion of all training sessions must be duly validated, and the degree of compliance with the annual training plan must be documented. Moreover, the annual training plan will include the training sessions to be completed by the subsidiary companies and foreign branches.

It should also be noted that the Institution has a communication channel that can be easily accessed by all employees, where they can submit different queries, suggestions or complaints, anonymously if they wish. 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.

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

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

With regard to financial sanctions, TSB is fully aligned with the obligations under the United Nations and the United Kingdom sanctions regimes, and thus ensures compliance therewith. Other countries also have sanctions regimes which may apply to TSB. US and EU sanctions are examples where the nature of TSB's relationship with Banco Sabadell means these regimes are also applicable to TSB. TSB takes a prohibitive stance towards transactions and relationships with customers in countries subject to comprehensive international financial sanctions, or of ownership or control by individuals located in such countries.

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

For its part, the subsidiary in Mexico has a Conceptual Manual on Anti-Money Laundering and Counter-Terrorist Financing, whose main objective is to establish measures and procedures to prevent, detect and report acts, omissions or transactions that could favour, aid, assist or cooperate in any way in the commission of offences set forth in the Federal Criminal Code. It also defines 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 procedures and manuals are aimed at protecting the Bank and its staff against any attempt to be used for money laundering or terrorist financing.

Banco Sabadell Mexico has a compliance officer appointed to represent the Institution before the regulator and has a communication and control committee in place for anti-money laundering.

The Bank also has a methodology to carry out, at least annually, the risk assessment at the Institution level, as well as a risk assessment model at the customer level that is applied at the start of the business relationship. This model recalculates itself regularly; therefore, depending on the results, criteria and control systems are in place to

accept, identify and get to know customers. In addition, alert systems have also been deployed.

With regard to financial sanctions, a comprehensive review of compliance with international and national sanctions lists of all customers and their associates is conducted on a daily basis and, it is prohibited to complete transactions or enter into relationships with customers and counterparties in sanctioned countries.

Furthermore, Banco Sabadell Mexico has a communication channel in place for all employees to send their queries, suggestions or grievances and to report breaches. This channel guarantees the confidentiality of the data provided. Their management and/or resolution is reported to its Communication and Control Committee.

Finally, there is a training plan in place for all Bank employees in line with their responsibilities.

8. Commitment against corruption and bribery



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

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

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

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

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

As regards the Group's Code of Conduct, its latest update includes specific sections on the fight against corruption and bribery. The Code of Conduct explicitly establishes that no gifts should be accepted from customers, as well as the obligation to comply with the provisions of internal regulations with regard to gifts from suppliers, in order to avoid this limiting or otherwise affecting the ability to make decisions.

In relation to the identification and control of corruption-related risks, it is worth noting that the Institution has a corporate crime risk and anti-corruption management and organisation model, 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 model 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 materialised in 2022 or in 2021.

The Bank has conducted a complete audit of the corporate crime risk and anti-corruption organisation and management model.

In 2022, AENOR Internacional S.A.U. conducted a complete audit of the corporate crime risk and anti-corruption organisation and management model, with a view to certifying that the Banco de Sabadell S.A.'s model complies with the requirements set forth by standards UNE - 19601 on corporate crime compliance management systems and ISO - 37001 on anti-bribery management systems. This certification process did not identify any non-compliance with the model.

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 Board of Trustees of the Foundation. The Bank's Sponsorship Committee is the body responsible for the final approval or rejection of sponsorship commitments within the Institution.

With regard to TSB, conduct risk is also a key part of TSB's strategic planning, decision-making, proposition

development and performance management processes. Throughout the end-to-end customer journey, it is key to ensure fair treatment, the delivery of fair outcomes and to seek to avoid customer harm.

TSB has Anti-Money Laundering, Anti-Bribery and Anti-Corruption and Financial Sanctions Policies in place. The identification, assessment, management and reporting of conduct risk 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 a zero-tolerance environment towards illicit activities to protect its employees, customers and communities against financial crimes. These principles are articulated through policies and procedures on anti-money laundering and counter-terrorist financing, anti-corruption and international sanctions, as well as through annual training courses on these areas to guarantee that risk assessment and due diligence practices are duly implemented to assess exposure to bribery or corruption via relations with related parties, sponsorship of events and charitable donations.

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

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

In relation to fraud, TSB continues to be the only bank in the United Kingdom that undertakes a commitment to refund every TSB customer who has been an innocent victim of fraud, reimbursing over 98% of all fraud cases, compared to the industry-wide rate of 56%.

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

- Its own Corporate Crime Prevention Programme, which follows the Group's model but has been adapted to its own activities and applicable legislation. This programme also identifies corruption-related crimes, for the purpose of their prevention, mitigation and management, and it also provides mandatory training on this subject matter for all staff.
- It also defines policies and establishes the criteria, procedures and standards that must be complied with by all senior managers, representatives, officers and employees of the Bank.
- Adoption of the Anti-Corruption Policy of the Bank of Spain. This policy defines all those actions included in the concept of corruption, as well as related actions that are prohibited. Both the Code of Conduct and the

policies are regularly reviewed and, where appropriate, updated.

- Banco Sabadell Mexico promotes a zero-tolerance environment towards illicit activities to protect its employees and customers against financial crimes. The policies and annual training courses guarantee that risk assessment and due diligence practices have been implemented correctly to assess exposure to bribery or corruption via relations with related parties. All new employees are required to complete mandatory anti-corruption training, and all staff receive communications as regards the Customer and Supplier Gift Policy, in order to reduce the risk of incurring in unfair practices, mainly corruption or bribery, and conflicts of interest.

In light of the exceptional health emergency caused by COVID-19, Banco Sabadell Mexico has monitored the control framework in all of the affected areas and has also identified crimes that are considered more likely to be committed as a result of the pandemic.

9. Commitment to Human Rights



9.1 Information regarding Human Rights

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

In this vein, the Group has a Sustainability Policy, ratified by the Board of Directors in 2021, which is reviewed annually and which includes a specific principle concerning respect for internationally recognised fundamental human rights. In 2022, the Institution's banking subsidiaries with business activities in other geographies, ratified their adherence to the Banco Sabadell Group Sustainability Policy at their respective Board meetings.

Respect for human rights is an integral part of Banco Sabadell Group's values and a standard for the legitimate development of its business activity in all regions where it operates, while each geography has laws and case-law that ensure the fulfilment of these rights.

Its commitment is underpinned by, among other things, the United Nations Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Principles for Responsible Investment (UN-PRI).

These commitments have been reinforced by adhesion to some important national and international agreements on human rights, including: the United Nations Global Compact, which encompasses human rights and labour rights in its first and second set of principles, undertaking to incorporate into its activities the Global Compact's ten principles of conduct and action in this regard, such as non-discrimination in employment, the elimination of

forced or compulsory labour, and the abolition of child labour; the Equator Principles, which it signed up to in 2011 and which form a framework for the assessment and management of social and environmental risks, encompassing respect for human rights, and the performance of due diligence to prevent, mitigate and manage adverse impacts; and the Principles for Responsible Banking, among which, the principles of commercial alignment, the principle of impacts and those related to customers and users, as well as the principle of transparency and accountability are particularly relevant to human rights.

Most noteworthy among the relevant agreements signed in 2022 are the signature, jointly with 100% of workers' legal representation, of the 3rd Equality Plan, for the period 2022- 2025, which sets out the objectives for promoting diversity within the organisation, building on the pre-existing Equality Plan, signed on 2 June 2016. For more details on the Equality Plan, see section 6.4 Diversity.

From the perspective of corporate governance, the Group has a Human Rights Policy and a related Due Diligence Procedure, both approved since 2021, which are reviewed annually and are applicable to all Group companies. It establishes its basic principles of action, as well as the mechanisms required to identify, prevent, mitigate and/or remedy any potential negative impacts on human rights that its activities and procedures may entail, in particular, with regard to granting finance to companies,

or issues involved in its human resources management model or its supplier contracting processes. It also establishes the need for training in all of these areas.

The Group also has a new version of the Group Code of Conduct, approved in 2021 by the Board of Directors following an in depth review to adapt it to regulatory requirements, Supervisory guidelines and specifications, and to market standards. In short, to ensure it complies with the expectations and objectives of different stakeholders. The issue of the new version of the Group's Code of Conduct required express acceptance of it by every member of the Group's workforce.

As a direct result of updating the Group's Code of Conduct, the Code of Conduct for Suppliers was also reviewed, incorporating aspects related to the model for the organisation and management of criminal risk, the role of the Corporate Ethics Committee as the highest supervisory body, and control of the whistleblowing channel.

The principles governing the Human Rights Policy take into consideration the impact and relationship with four main stakeholder groups: Group employees, customers, suppliers and commercial partners, and the communities or environment in which the Group develops its business and operates.

In terms of its employees, the Group encourages and strives to keep an environment where everyone in the workforce is treated with dignity and respect, fairly, and without discrimination of any kind on grounds of gender, ethnicity, age, social background, religion, nationality, sexual orientation, political opinion or disability; promoting equal employment and promotion opportunities, work-life balance, inclusion of disabled persons, whilst ensuring the fundamental right of employees to form or join unions or other representative bodies, safeguarding freedom of opinion, as well as employees' basic right to engage in collective bargaining, and prohibiting any form of forced or child labour. In this respect, the Group does not hire any minors under the legal working age and in no case under the age of 15.

With regard to health and safety, the Group strives to promote and safeguard the health and safety of the workforce in the workplace and in its built premises in general. Furthermore, the Group does not establish any commercial relationships related to "controversial weapons" and/or with "countries subject to an arms embargo", according to the definitions of those terms set out in existing United Nations treaties and conventions, limiting its investment in international trade activities involving countries and/or persons affected by international sanctions, and preventing certain weapons from being used to commit crimes under international law or serious human rights violations.

With regard to suppliers or other commercial partners, the Group has the necessary procedures in place to ensure transparency and respect for human rights at every

stage of the supplier approval and contracting process, and when evaluating their corresponding supply chains. Suppliers are required to make a commitment to respect human rights in the performance of their business activity and observe current labour legislation, maintaining a work environment free of any abuse and one in which the health and safety of the workforce is promoted, in accordance with the Group's Code of Conduct for Suppliers, which they are expressly requested to comply with and to which they must formally adhere.

The tender process for suppliers seeking to establish a commercial relationship with the Group incorporates compliance with specific clauses related to oversight, including clauses on the protection of the environment or respect for human rights related to their business activity; the process also sets out the possibility of carrying out supplier reviews when deemed necessary or appropriate. Banco Sabadell Group's responsibility for transparency extends to the supplier tendering process, in which all participants are provided with accurate information and opportunities are offered to alternative suppliers.

In terms of customers and society in general, the Group is committed to implementing measures, within its scope of action, to ensure that its operations do not produce any subordination, helplessness or vulnerability among its customers or in the communities in which it operates, which might prevent them from exercising their rights of equality, on account of personal, economic, educational or social circumstances in which customers may find themselves, even if these circumstances are temporary or if they relate to a specific territory or sector.

In this respect, the Bank is supporting vulnerable customers in 3 areas: financial, digital and territorial.⁹⁸

The Group encourages inclusion among its customers, offering products and services that contribute to a positive social impact through responsible business, as is the case with its social housing management and financial inclusion activities, through digitisation and financial education programmes. To that end, the Group promotes transparency of information and responsible communication with regard to its financial products and/or services, adapting them to the needs and circumstances of its customers and facilitating the customer's understanding of the related terms and conditions, risks and costs, thus promoting clear, balanced and transparent communication around those products and services.

In addition, as part of the effort to prevent digital fraud, mainly affecting people aged 65 and above, the Bank has within its structure a specific Transaction Fraud unit, which manages to prevent 95% of attempted fraud incidents, via an alerts system in cash transfer transactions (transfers, payment methods and Bizum).

The Group is also committed to the fight against corruption, money laundering, and terrorism financing, and undertakes to promote conduct that respects the regulations and ethical standards, ensuring the same respect in

⁹⁸ See more details about Customer vulnerability in section 7.7. Consumers.

relation to its customers, suppliers or other commercial partners and in relation to the environment or communities in which Banco Sabadell Group operates.

On the other hand, the Group supports the communities in which it is present, through direct donations or by encouraging and helping employees to engage in corporate volunteering, which benefits many initiatives aimed at those most in need. Similarly, it encourages practices that contribute to addressing issues related to housing and social exclusion in the most disadvantaged social groups, facilitating the use of real estate assets by non-profit institutions and foundations that offer support to the most vulnerable or at-risk members of society.

For its part, our subsidiary in the United Kingdom, TSB, is the only retail bank to be awarded 'Good Business Charter' accreditation, a UK accreditation scheme that recognises businesses that behave responsibly in ten areas, including fair salary payments, not offering zero-hours contracts, prompt payment of suppliers, promoting diversity and inclusion, ensuring that employees voices are heard in the boardroom, and establishing firm plans to achieve emissions neutrality. In addition, TSB is a member of the 'Prince's Responsible Business Network', a Business in the Community (BITC) initiative that helps companies to address a wide range of essential questions to build a fairer society and a more sustainable future.

Furthermore, TSB publishes an annual statement in accordance with the British Parliament's Modern Slavery Act, setting out the actions carried out with the aim of identifying any risk of modern slavery that may be related to the performance of its work, and describing the measures taken to prevent situations of slavery or human trafficking in the development of its activity and in its supply chains.

The Modern Slavery Statement is reviewed and updated each year. The current statement makes reference to the actions and activities carried out in 2022, and is published on TSB's public website and on the UK Government's Register of Modern Slavery Statements.

Furthermore, TSB is the first British bank to be recognised by the British Standards Institution (BSI) for its work to identify, address and support vulnerable customers. In 2022, TSB has continued to uphold its commitment to reimburse every customer that has been an innocent victim of fraud, with 97% of all victims reimbursed.

In 2021, TSB was also the first customer-facing bank to offer a safe space to victims of domestic abuse in all of its branches, in association with the Hestia charity's 'Safe Space' initiative. Building on this initiative, in 2022 it launched 'Online Safe Spaces', an online space where victims of abuse can meet others and seek support, wherever they may live. In addition, TSB opened a flee fund available to TSB customers who are victims of domestic, financial or economic abuse, to help them escape from their abuser.

At a global level, the Group contributes to the attainment of the United Nations' Sustainable Development Goals (SDGs) linked to fundamental human rights, through the development of programmes and initiatives,

such as quality education (SDG 4), the eradication of poverty (SDG 1), good health and well-being (SDG 3), decent work and economic growth (SDG 8), gender equality (SDG 5) or the reduction of inequalities (SDG 10).

Training and awareness

In terms of training, the Group promotes awareness and a culture of upholding human rights by providing employees with the necessary information to raise awareness about the importance of observing the procedures developed to ensure maximum respect for human rights, and specific training activities are carried out, aimed at the early detection and reporting of any conduct that may be in violation of these international principles. The objective is to reduce any potential breach of human rights.

To this end, staff are offered a series of training activities that are related to and have an impact on the main human rights directly or indirectly involved for their team or the activity they carry out. These training activities include courses on prevention of occupational risks, prevention of money laundering and financing of terrorism, data protection or human trafficking.

In addition, having raised awareness among Group employees, in recent years there has been greater employee involvement in corporate volunteering, specifically in financial education and other charitable actions in the community. In this respect, and within the framework of the Bank's commitment to human rights and financial inclusion, corporate volunteers have run financial education workshops for high school students, adults and senior citizens, working on the financial inclusion of vulnerable groups.

9.2 Whistleblowing channel

Banco Sabadell Group has incorporated the internal resources required for effective management of aspects related to human rights. Accordingly, to make it possible to report any incident in this regard, the Group has set up, both externally and internally, and in all the countries where it is present, the necessary reporting tools to enable participation and dialogue with its various stakeholders.

Banco Sabadell Group has a whistleblowing channel which is used to report both breaches of the Code of Conduct and any other corporate crime risk or potentially criminal act committed by the person or persons concerned.

In this regard, Banco Sabadell Group has a whistleblowing channel, CanalDenunciasGBS@bancasabadell.com, which is used to report both breaches of the Code of Conduct and any other corporate crime risk or potentially criminal act committed by the person or persons 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 complaints received through this channel is the Corporate Ethics Committee of Banco Sabadell Group, which includes the Chief Risk Officer (CRO) among its members.

None of the complaints received through the channel in 2022, as in the previous year, concerned an abuse of human rights at Banco Sabadell Group.

All complaints received through the channel in 2022 were intended to bring to the attention of the organisation possible breaches of the Group's Code of Conduct or suspicions related to risks of corporate crime or acts that might be of a criminal nature. In accordance with the internal procedure on Whistleblowing Management, all complaints received have been duly handled and managed. This procedure sets out all potential stages of the whistleblowing management process, such as:

- Receipt of a complaint, acknowledgement of the reporting person's complaint, and, as applicable, request for additional information.
- Preliminary assessment.
- Opening an investigation case file.
- Conclusion of the procedure.
- Application of internal penalties regime, or archiving and closure of the case file.

At every stage of the procedure, the protection and confidentiality of participants' data is guaranteed, as well as the absence of reprisals against them when the channel has been used in good faith.

In accordance with the Equality Plan, the Whistleblowing channel is the platform for any communication aimed at raising awareness of a possible situation of discrimination, workplace and/or sexual harassment or gender-based discrimination and, in such case, the communication would be immediately transferred for activation of the Protocol for the prevention of workplace harassment, and a case file would be opened by the person instructing the Investigating Committee, who will forward the information received and handled through the channel to the Equality Plan Monitoring Committee. The Equality Plan Monitoring Committee comprises one employee representative or union delegate for each of the trade union representatives who signed the Equality Plan, and an equal number of representatives of the Institution.

10. Commitment to information



In line with the Group's Strategic Plan, the priorities in digital transformation are set out in section "1.5 Customers - Digital transformation and customer experience" of the Banco Sabadell Group consolidated Directors' Report.

10.1 Transparency

Banco Sabadell Group establishes, through the Sustainability Policy and the Code of Conduct, a series of principles in order to adapt the organisation so that it may be in line with best practices in relation to transparency. In this regard, the Institution promotes transparent information and responsible, simple and close communication with all stakeholders aiming, in particular, to:

- Promote clear, balanced, objective and transparent communication about financial products and services, as established in the Commercial Communication Policy.
- Ensure maximum transparency in the supplier tender process. Similarly, the Bank ensures that suppliers are selected in line with the internal regulations in place at any given time and, in particular, with the principles of the Group's Code of Conduct, which are set out, in in this particular case, in the Supplier Code of Conduct⁹⁹.
- Offer complete, clear and truthful information to all analysts, investors and shareholders through the different communication channels made available to

them by the Group, which are published in the Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors, available on the corporate website.

- Establish the Tax Strategy based on principles of transparency, in accordance with prevailing legislation¹⁰⁰.

In addition, the Bank fosters transparency in the disclosure of information, at all times adopting responsible communication practices that prevent the manipulation of information and protect the company's integrity and honour, in accordance with the recommendations of the Good Governance Code of Listed Companies of the Spanish National Securities Market Commission (CNMV).

Furthermore, with the entry into force of MiFID II (Markets in Financial Instruments Directive II) and the IDD (Insurance Distribution Directive) in 2018, Banco Sabadell prioritises the provision of advice as the service delivery model for the distribution of financial instruments. The Institution has a tool called "Sabadell Inversor", which serves as a guide for relationship managers to recommend the products most suited to the characteristics and needs of customers, by analysing their preferences, experience and knowledge. In addition, in 2022, the Institution has updated the suitability test that all customers are required to complete during the provision of the advisory service in order to include preferences on the topic of sustainability, thus fulfilling the regulatory obligations introduced in the updated MiFID II and the IDD.

The information provided to customers, following the guidelines of these directives, is always impartial, clear and unambiguous. Furthermore, since March 2021, Banco Sabadell has been complying with obligations on sustainability disclosures in relation to products affected by Regulation (EU) 2019/2088, also known as the SFDR (Sustainable Finance Disclosure Regulation).

In 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.

⁹⁹ The scope, principles and measures provided in this Code are indicated in section 7.8 Outsourcing and suppliers.

¹⁰⁰ The principles on which the Tax Strategy is based are indicated in section 7.9 Tax information.

To this end, before marketing a new product or service, an internal workflow (“Product Workflow”) is followed, where the relevant areas in the Bank review the various aspects to ensure they conform to the established standards. The subsequent validation by the areas involved is ultimately ratified by a high-level committee, the Technical Product Committee. This validation process allows the Institution to identify the target audience to which the product should be aimed, in other words, the group of customers whose interests, goals and characteristics fit with the conditions of the product, even in cases where these can cover preferences regarding sustainability, as established in MiFID II and the IDD.

Furthermore, every year, the different units responsible for the product offering perform an in-depth review of the conditions of the products and their impact on customers in order to ensure that those products continue to be suitable for the target audience defined originally. This review process falls within the obligations required by various customer and investor protection regulations, such as the Guidelines on Product Oversight and Governance Arrangements for Retail Banking Products and the MiFID II Directive.

In the branch network, relationship managers have access to different items of information about products and services, which enable them to provide the necessary explanations so that customers and consumers may understand their characteristics and risks. This information is complemented with the corresponding pre-contractual information documents delivered to customers.

It is worth noting that, since 2010, the Bank has been a member of the *Asociación para la Autorregulación de la Comunicación Comercial* (the independent advertising self-regulatory organisation in Spain, more commonly known as ‘Autocontrol’), and through this membership, it undertakes the commitment to deliver responsible advertising that ensures the accuracy of the information and the adequacy of the acquisition process and operational characteristics of the advertised products.

In addition, in 2022 the Bank sent all of its mortgage borrowers a personalised communication containing information regarding the publication of the Code of Good Practice of 2022 and the updated 2012 Code, thus honouring the obligation set forth in the Royal Decree-Law requiring customers to be individually informed of developments. To complement the communication, a specific mailbox and hotline were created to deal with customers’ concerns and queries. Furthermore, a specific section was created on the Bank’s website¹⁰¹ and in the existing guidance for customers.

Mortgages Campaign: “Lo Firmo”

Since 2021, Banco de Sabadell, S.A. has been running a mortgage lending campaign that focuses particularly on transparency.

Focus groups were held with customers, through which it was determined that their main concerns when choosing a mortgage included a lack of knowledge about the product and the insecurity (felt by customers) when taking out a mortgage. In order to support customers and help them overcome these obstacles, the Bank launched a campaign called “Lo Firmo” (meaning ‘I’ll sign it’).

With this goal in mind, the Bank offers customers the option to seek advice from a specialised relationship manager to help them understand mortgages through the ‘10 keys to understanding mortgages’, without any type of commitment, so that they may learn about:

1. The associated costs
2. How much money the Bank will lend them
3. What a mortgage is
4. The differences between mortgages and other loans
5. The interest rates on mortgages
6. The term or length of a mortgage
7. How much they will pay for a mortgage
8. How to compare mortgages
9. FIPRE (Pre-Contractual Information Sheet) and ESIS (European Standardised Information Sheet)
10. How long the Bank takes to approve a mortgage

In the United Kingdom, the Financial Conduct Authority (FCA) governs the way in which TSB promotes and announces its products and services. All British firms regulated by the FCA are subject to a guiding principle that requires all their communications to be fair, clear and not misleading. All of TSB’s communications are made in a clear and balanced way to ensure that customers can make informed decisions. The Bank applies the FCA principles on financial promotions to all its promotions made in all communication channels and media. TSB also adheres to the Code of Advertising Practice of the Advertising Standards Authority (ASA). The ASA is the UK’s independent regulator of advertising across all media.

TSB is committed to providing responsible advertising across all its products and associated services. This requires them to be unveiled to the public in a precise and balanced way. Internally, the Bank adheres to the Communication and Promotion Policy and it has built a control environment with the committees and associated governance processes that ensure that communication risks are managed within the established appetite.

The new Consumer Duty, which will take effect in July 2023, will impose stricter rules on a number of topics for regulated UK firms. TSB will be obliged to take action to deliver good (rather than fair) outcomes for its customers. This also extends to customer understanding, which covers all customer communications. The internal policies, controls and rules will be reformulated to include these stricter rules and additional requirements that require UK banks to demonstrate that their products and services deliver good outcomes for customers.

Banco Sabadell Mexico, on the other hand, in

¹⁰¹ <https://www.bancsabadell.com/cs/Satellite/SabAtl/Vulnerable-actions/6000080941749/en/>

accordance with Mexican banking regulations, is transparent in its publication of product-related information disclosed via:

- Official website of Banco Sabadell Mexico:
 - The section on financial products shows the Bank's offering of products, which are aimed at two groups: natural persons and companies. It also contains prevailing standard form contracts and product information sheets, which specify the terms, conditions, requirements and fees associated with the products.
 - Costs and Fees Document, which sets out the costs, returns and fees of the products. The total annual rate of return (*Ganancia Anual Total*, GAT) of investment products is also shown, in accordance with the provisions of the Bank of Mexico.
- Record of Standard Form Contracts, on the web portal of the National Commission for the Protection and Defence of Users of Financial Services (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros*, CONDUSEF), a record that contains the standard form contracts of financial institutions. Regulations establish which products and services should be arranged under this type of contract.
- Bureau of financial institutions, a consultation and disclosure tool with information about the Bank's products.
- Logo and links to access the Institute for the Protection of Bank Savings (*Instituto para la Protección al Ahorro Bancario*, IPAB), which guarantees savings of up to 400,000 UDIs (inflation-linked investment units) per customer, per bank.

10.2 Data protection

To ensure that personal data are processed pursuant to applicable data protection regulations, the Institution has a mechanism that comprises three lines of defence, through which all members of the organisation, from all areas, in line with their authority and discretions, actively take part in the management, control and supervision of the Institution's data processing.

Banco Sabadell has a Data Protection Officer (DPO) who has been duly entered in the register of the Spanish Data Protection Agency (Agencia Española de Protección de Datos, AEPD), and who advises the different areas of the Bank in order to ensure compliance with regulations.

In keeping with the management model of three lines of defence, the Bank also has a Chief Data Officer (CDO) who is responsible for data governance and for the identification and record-keeping of all data processing activities carried out, with the following teams:

- Information Security – takes part in the evaluation, analysis and implementation of the necessary security measures.
- Compliance Control – carries out an Annual Control Plan to periodically identify existing weaknesses or vulnerabilities in order to subsequently rectify them.
- Audit – takes on a supervisory role and verifies compliance with policies, controls and procedures.

The Institution has its own Personal Data Protection and Privacy Policy that it uses as an internal organisational instrument to ensure the protection of natural persons in relation to personal data processing.

The Institution has its own Personal Data Protection and Privacy Policy that it uses as an internal organisational instrument to ensure the protection of natural persons in relation to personal data processing, which mentions different procedures and controls, and which provides an appropriate definition of the management model for data protection. The Personal Data Protection and Privacy Policy, as an internal organisational document, is published on the Bank's work tool and is available to all employees; it is reviewed annually and approved by the Board of Directors.

All of the Bank's employees complete, as mandatory training, a course on personal data protection and, depending on the professional duties of each employee,

they also receive specific training imparted by the Data Protection Officer. Attendees take an active role in the training, positing practical situations and aspects that they encounter in their day-to-day activities. In addition, through the Bank's various communication channels, employees receive "brief training capsules", written in a friendly and attractive way, which are used to convey short and direct messages to remind employees of their obligations in relation to data protection.

In the section on customer information of its website, the Bank publishes up-to-date mandatory information about the different data processing activities that it carries out in the document "Annex: Detailed information on personal data protection"¹⁰². This document is published in

¹⁰² [https://www.bancosabadell.com/cs/Satellite/SabAtl/Custom-information//GBS_Generico_FA/1183016790073/1191332198208/en/> Other relevant information > Annex - Detailed information on personal data protection](https://www.bancosabadell.com/cs/Satellite/SabAtl/Custom-information//GBS_Generico_FA/1183016790073/1191332198208/en/>Other%20relevant%20information%20>%20Annex%20-%20Detailed%20information%20on%20personal%20data%20protection)

all of the official languages of the State, as well as in French, English and German. This document, available to all interested parties, is continuously updated to include the new data processing activities launched by the Institution.

In the United Kingdom, TSB has a Privacy and Data Protection Policy that requires personal data to be collected correctly and legally and used only for specific purposes. It also ensures that where information is transferred to third-party suppliers, or processed on their behalf, it is subject to adequate due diligence and undertaken only for legitimate operational or commercial reasons. The management staff of each business area take responsibility for the development, implementation, operation and maintenance of controls that meet the requirements set out in the aforesaid policy.

Effective management and protection of personal data, in addition to being a legal and regulatory requirement, is also critical to the commercial success of TSB. For this reason, the subsidiary has its own Data Protection Officer (DPO) who is responsible for coordinating with regulators and customers.

Furthermore, TSB carries out annual training dedicated exclusively to privacy and data protection, which all employees are required to complete on an annual basis. TSB's DPO reviews the content to ensure it addresses all the required topics before approving it.

In line with the UK Data Protection Act, TSB complies with the following:

- The legal framework, which mainly comprises:
 - The 2018 Data Protection Act; and
 - The UK's GDPR.
- The codes of good practice and the guidelines of the Information Commissioner's Office, or OCI (the UK's independent body set up to uphold information rights and to regulate data protection in the United Kingdom). Debates and periodic meetings are held with the OCI to analyse TSB's compliance.
- The designation of a Data Protection Officer.
- The establishment of an internal Policy and Technical Rules that complement a series of policies and recommendations associated with related areas that include:
 - The Data Privacy Policy
 - Technical rules for data privacy impact assessments
 - Technical rules on data protection principles
 - Technical rules on incidents related to personal data
 - Technical rules on cookies and similar technologies of the Privacy and Electronic Communications Regulation
 - Technical rules on direct marketing of the Privacy and Electronic Communications Regulation
 - Technical rules on special categories of personal data
 - Technical rules on records of processing activities
 - Process to handle the rights of data subjects, backed by training, guidance and personalised process flows
- Mandatory training on data privacy for all employees.
- The creation of a Privacy Centre where all employees can access relevant materials in a single place.
- Regular submission of reports to risk committees and other governance forums.

In the United Kingdom, TSB has a Data Privacy Policy that requires personal data to be collected correctly and legally and used only for specific purposes. Where information is transferred to or processed on behalf of third-party suppliers, that information is subject to adequate due diligence and transferred only for legitimate operational or commercial purposes. The management staff of each business area take responsibility for the development, implementation, operation and maintenance of controls that meet the requirements set out in the Policy and related technical rules.

Effective management and protection of personal data is a legal and regulatory requirement as well as being critical to the commercial success of TSB. For this reason, the subsidiary has its own Data Protection Officer (DPO). Furthermore, TSB carries out annual training dedicated exclusively to privacy and data protection, and it is a mandatory requirement that all employees complete that training on an annual basis. TSB's DPO reviews the content prior to approving the training, to ensure it addresses all the required topics.

As for Banco Sabadell Mexico, in accordance with Mexican personal data protection legislation, it complies with the following:

- Legal Framework, comprising:
 - Federal Law on Protection of Personal Data Held by Individuals (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*, LFPDPPP).
 - LFPDPPP Regulation.
 - Provisions and guidelines issued by Mexico's National Institute for Transparency, Access to Information and Personal Data Protection (*Instituto Nacional de Transparencia, acceso a la Información y Protección de Datos Personales*, INAI), the body responsible for ensuring personal data protection.
- Data Protection Officer (DPO).
- Manual and Policies in effect at Banco Sabadell Mexico:
 - Personal Data Privacy Manual.
 - Policy on Sending and Transferring Personal Data.
 - Policy on Assistance with INAI Procedures.
 - Policy on Personal Data Protection Training.
 - Policy on Handling Personal Data Breaches.
 - Process for Upholding Rights of Access, Rectification, Objection and Erasure/Right to be Forgotten.
- Rights of Access, Rectification, Objection and Erasure/Right to be Forgotten.

10.3 Cybersecurity

The year 2022 was marked by greater geopolitical instability, which has exacerbated cyber threats and risks. Against this backdrop, effective and responsible management of those risks is now more important than ever.

Banco Sabadell Group has a control framework for the security of its information systems and the protection of corporate, customer and employee data.

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 data and systems, including payment systems. In particular, the cybersecurity status report prepared by the Information Security function has been sent regularly to bodies such as the Board of Directors and the Management Committee, which are the bodies in charge of supervising the Institution's cybersecurity, together with the Board Risk Committee, which supervises ICT risks.

Banco Sabadell Group's in-house cybersecurity team is formed of over 100 specialist staff dedicated to ensuring that protection measures are adequate in relation to the existing cybersecurity risks. To that end, the following activities are carried out on a regular basis:

- Analysis of new cyber threats and their development, as well as enhancement of controls.
- Continuous review and assessment of information systems and security controls, including certifications carried out by external auditors.
- Preparation for incidents, through training, drills and simulated cyberattacks.
- Training and awareness-raising campaigns among customers and staff.

In this regard, the various Banco Sabadell Group entities have sent customers multiple awareness-raising communications on cybersecurity risks and digital fraud via email and through social media campaigns. Annual training sessions also take place in relation to data protection and cybersecurity, which are mandatory for all employees, as well as specific training programmes for the cybersecurity teams.

Through the Information Systems Security function, Banco Sabadell Group entities establish measures for the protection of information systems, which are set out in policies and procedures, to guarantee secure access to systems and to deal with new cyber threats. These measures include:

- Role-based access control and periodic recertification of these permissions.
- Two-factor authentication for remote access.
- Malware protection systems.
- 24x7 security incident response team recognised as an official Computer Emergency Response Team (CERT).

With these capabilities for protection, detection and response to cyber threats, the Institution has not suffered any major cybersecurity incidents in 2022, adequately mitigating any cyber-related incidents affecting suppliers.

Banco Sabadell Group carries out an ongoing evaluation of the security of its systems, using renowned tools that simulate multiple cyberattacks and which complement the advanced tests run by third-party specialists.

The Group's various entities also pay attention to the main external ratings that measure cybersecurity (Bitsight, RiskRecon, Security Scorecard). Banco Sabadell Group has secured positions at or near the top of these ratings in comparative terms with the rest of the sector.

The various Banco Sabadell Group entities also endeavour to ensure the resilience of their infrastructures, making sure they have redundant components and regularly tested recovery procedures in order to guarantee the continuity of technological services in the event an incident occurs, such as a disaster affecting the facilities or a cyberattack.

Furthermore, an annual external audit takes place, carried out following the main information security standards.

Security in Digital Transformation initiatives

Banco Sabadell Group's cybersecurity specialists participate in digital transformation initiatives and technological projects by assisting with 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.

Among the digital transformation initiatives designed and rolled out securely with the participation of the cybersecurity team, it is worth highlighting new financial products and services, such as those detailed in section 1.5 Customers - Digital transformation and customer experience, in the consolidated Directors' Report.

Annex 1.



Beyond the actions and initiatives summarised in this Non-Financial Disclosures Report, Banco Sabadell has a series of codes, policies and standards in place which determine its commitment to the Group's corporate purpose, and it is also a signatory of various national and international agreements which in turn enshrine this commitment. The policies and commitments listed below are those corresponding to the Institution's non-financial areas.

Key non-financial documents¹⁰³

Policies

- Banco Sabadell Group Sustainability Policy.
- Banco Sabadell Mexico Environmental and Social Policy.
- Banco Sabadell Environmental Risk Policy.
- Banco Sabadell Policy on Integrating ESG Risks in Savings/Investment Products.
- Banco Sabadell Director Selection Policy.
- Banco Sabadell Group Remuneration Policy.
- Banco Sabadell Director Remuneration Policy.
- Banco Sabadell Group Policy on Outsourcing of Functions.
- Banco Sabadell Group Procurement Policy.
- Banco Sabadell Group Anti-Money Laundering and Counter-Terrorist Financing Policy.
- Banco Sabadell Group Anti-Corruption Policy.
- Banco Sabadell Group Compliance Policy.
- Banco Sabadell Group General Policy on Conflicts of Interest.
- Banco Sabadell Group Corporate Crime Prevention Policy.
- TSB Gifts, Entertainment and Hospitality Policy.
- Banco Sabadell Group Human Rights Policy.
- Banco Sabadell Commercial Communication Policy.
- Banco Sabadell Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors.
- Banco Sabadell Personal Data Protection and Privacy Policy.
- Banco Sabadell Mexico Policy on Sending and Transferring Personal Data.
- Banco Sabadell Mexico Policy on Assistance with INAI Procedures.
- Banco Sabadell Mexico Policy on Personal Data Protection Training.

- Banco Sabadell Mexico Policy on Handling Personal Data Breaches.
- TSB Data Protection and Privacy Policy.
- Banco Sabadell Group Information Systems Security Policy.
- Banco Sabadell Customer Classification and Assessment Policy.
- Banco Sabadell Senior Management Remuneration Policy.
- Banco Sabadell Group Identified Staff Remuneration Policy.
- Banco Sabadell General Policy on Governance Procedures and Oversight of Retail Banking Products.
- Banco Sabadell Reputational Risk Policy.
- Banco Sabadell Group IT Risk Management and Control Policy.
- Banco Sabadell Complaints and Claims Policy.
- Banco Sabadell Internal Governance Policy.
- Financial and Non-Financial Disclosures Policy.
- MiFID Training Policy.
- LCCI Training Policy.
- IDD Training Policy.
- Business Continuity Policy.
- Banco Sabadell Group Defence Sector Policy.

Other documents

- Sabadell's Commitment to Sustainability.
- Environmental and Social Risk Framework. Sectoral Rules.
- Framework for the issuance of bonds linked to the Sustainable Development Goals of Banco Sabadell.
- Decarbonisation targets.
- Eligibility Guide.
- Annual Report on Occupational Hazard Prevention.
- Banco Sabadell Group Code of Conduct.
- Internal Code of Conduct relating to the securities market.
- Banco Sabadell Group Supplier Code of Conduct.
- Equality Plan.
- Green Bonds Report 2022.
- Banco Sabadell Mexico Conceptual Manual on Anti-Money Laundering and Counter-Terrorist Financing.
- Banco Sabadell Mexico Personal Data Privacy Manual.
- TSB Do What Matters Plan.
- Banco Sabadell Group Tax Strategy.
- Human Rights Due Diligence Procedure.
- Annex of detailed information on personal data protection.

103. This list includes documents not directly mentioned in the Non-Financial Disclosures Report.

Pacts, agreements and commitments

- Signatory of the United Nations Global Compact on human rights, labour, the environment and anti-corruption.
- Founding signatory of the UNEP Finance Initiative (UNEP FI) Principles for Responsible Banking, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change.
- Adherence to Collective Commitment to Climate Action promoted by AEB, CECA and ICO.
- Signatory of the Equator Principles since 2011.
- Membership of Task Force on Climate-related Financial Disclosures (TCFD).
- Membership of Net-Zero Banking Alliance (NZBA).
- Membership of the Partnership for Carbon Accounting Financials (PCAF).
- Agreement for emissions offsetting through investment in forestry projects in Spain, certified by MITECO (Ministry for Ecological Transition).
- Agreement for TSB's offsetting of Scope 1 and 2 emissions through reforestation projects in Bolivia.
- Signatory of the Sustainability Protocol of the Association of Mexican Banks (ABM).
- Signatory of the “Declaration in favour of the development of environmental, green and sustainable finance in the Mexican banking sector”, promoted by the Green Finance Advisory Council (Consejo Consultivo de Finanzas Verdes, or CCFV) and the Association of Mexican Banks (Asociación de Bancos de México, or ABM).
- Enrolment in the MeCuida Plan promoted by the Spanish Government.
- Membership of the Spanish Observatory of Sustainable Financing (OFISO).
- Renewed membership of the agreement signed between the Spanish Banking Association (AEB), the Spanish Securities Market Commission (CNMV) and the Bank of Spain for the pursuit of courses of action within the framework of the National Plan for Financial Education.
- Adherence to the Code of Good Banking Practices.
- Adherence to the Code of Good Tax Practices.
- Membership of Autocontrol (independent advertising self-regulatory organisation in Spain).
- Gold Seal of Excellence from the European Foundation for Quality Management (EFQM).
- ISO 14001 certification for the six corporate buildings.
- Signatory of the Carbon Disclosure Project (CDP) for action against climate change.
- Awarded once again the “Equality in the Workplace” (“Igualdad en la Empresa”). Seal of Distinction by the Ministry of the Presidency, Relations with the Courts and Equality.
- TSB's adherence to the Science Based Targets initiative (SBTi).
- TSB's adherence to the Good Business Charter, a UK accreditation scheme that recognises businesses that behave responsibly. TSB is the first retail bank accredited by this scheme.
- TSB's membership of the ‘Prince's Responsible Business Network’, a Business in the Community (BITC) initiative that helps companies to address a wide range of essential issues to build a fairer society and a more sustainable future.
- Signatory of the “Declaration in favour of the development of environmental, green and sustainable finance in the Mexican banking sector”, promoted by the Green Finance Advisory Council (Consejo Consultivo de Finanzas Verdes, or CCFV) and the Association of Mexican Banks (Asociación de Bancos de México, or ABM).
- Membership of the Sustainability Committee of the Spanish Chamber of Commerce (CAMESCOM) in Mexico.

In the table below, the acronym 'DR' means the Consolidated Directors' Report, while the acronym 'AFS' means the Group's Consolidated Annual Financial Statements. Where no such acronyms are included, the numbering refers to the chapters of this document.

General disclosures

		Response	GRI disclosure number	GRI description
Business model	Brief description of the Group's business model	DR 1 – BANCO SABADELL GROUP (Introduction) DR 1.1 Mission, values and business model	2-6	Activities, value chain and other business relationships
	Markets in which it operates	DR 1 – BANCO SABADELL GROUP (Introduction) 1. Introduction	2-1	Organisational details
	Organisation's objectives and strategies	DR 1 – BANCO SABADELL GROUP (Introduction) DR 1.1 Mission, values and business model 2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance 6.2 Commitment to talent 6.3 Training 6.4 Diversity 6.5 Remuneration policy 6.6 Workplace environment and organisation 6.7 Dialogue with employees: more connected than ever 7. Commitment to society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	3-3	Management of material topics
	Key factors and trends that could affect its future performance	3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance	3-1	Process to determine material topics
General	Reporting framework	1. Introduction	GRI (2021)	
	Materiality principle	1. Introduction 3.3 Materiality	2-2 3-2	Entities included in sustainability reporting List of material topics

General disclosures

		Response	GRI disclosure number	GRI description
Management approach	Description of applicable policies	DR 1 – BANCO SABADELL GROUP (Introduction) DR 1.1 Mission, values and business model 2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance 6.2 Commitment to talent 6.3 Training 6.4 Diversity 6.5 Remuneration policy 6.6 Workplace environment and organisation 6.7 Dialogue with employees: more connected than ever 7. Commitment to society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	3-3	Management of material topics
	Results of those policies	2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance 6.2 Commitment to talent 6.3 Training 6.4 Diversity 6.5 Remuneration policy 6.6 Workplace environment and organisation 6.7 Dialogue with employees: more connected than ever 7. Commitment to society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	3-3	Management of material topics
	The main risks related to these matters linked to the Group's activities	4.3 Environmental risk management 8. Commitment against corruption and bribery 9. Commitment to Human Rights DR.5 Risks	3-1	Process to determine material topics

Environmental matters

		Response	GRI disclosure number	GRI description
Environmental management	Detailed information about the current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	3.3 Materiality 4.3 Environmental risk management 4.4 Environmental management and impact	3-1	Process to determine material topics
	Environmental assessment or certification procedures	4.4 Environmental management and impact	3-3	Management of material topics
	Resources dedicated to environmental risk prevention	2. Governance 4.3 Environmental risk management 4.4 Environmental management and impact AFS Note 4.4.1.4 Environmental risk	3-3	Management of material topics
	Application of the precautionary principle	4.3 Environmental risk management 4.4 Environmental management and impact	2-23	Commitments and policies
	Amount of provisions and guarantees for environmental risks	4.3 Environmental risk management AFS Note 4.4.1.4 Environmental risk	3-3	Management of material topics
Pollution	Measures to prevent, reduce or offset carbon emissions that severely affect the environment; taking into account any form of atmospheric pollution caused by a specific activity, including noise and light pollution	4.4 Environmental management and impact 5. Commitment to sustainable finance In relation to its indirect contribution through financing and investment	3-3	Management of material topics
Circular economy and waste prevention and management	Measures on the prevention, recycling, reuse and other forms of recovery and disposal of waste	4.4.4 Circular economy and waste management	3-3 306-2 (2020) in relation to generation of hazardous and non-hazardous waste	Management of material topics Management of significant waste-related impacts
	Actions to combat food waste	Banco Sabadell does not consider this issue to be material in relation to its activity	3-3	Management of material topics
Sustainable use of resources	Water consumption and water supply in accordance with local restrictions	4.4 Environmental management and impact	303-5 (2018) in relation to total water consumption	Water consumption
	Consumption of raw materials and measures adopted to make their use more efficient	4.4 Environmental management and impact	301-1	Materials used by weight or volume
	Direct and indirect energy consumption	4.4 Environmental management and impact	302-1 en lo que respecta a consumo de combustibles de fuentes no renovables	Energy consumption within the organisation
	Measures taken to improve energy efficiency	4.4 Environmental management and impact	3-3 302-4	Management of material topics Reduction of energy consumption
	Use of renewable energies	4.4 Environmental management and impact	302-1 in relation to consumption of energy from renewable sources	Energy consumption within the organisation

Environmental matters

		Response	GRI disclosure number	GRI description		
Climate change	Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods it produces and the services it provides	4.4 Environmental management and impact	305-1	Direct (Scope 1) GHG emissions		
			305-2	Energy indirect (Scope 2) GHG emissions		
			305-3 excluding category 15	Other indirect (Scope 3) GHG emissions		
			305-4 excluding category 15	GHG emissions intensity		
	Measures adopted to adapt to the consequences of climate change	4. Commitment to climate and the environment	3-3	Management of material topics		
			201-2	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	4.4 Environmental management and impact	305-5 in relation to greenhouse gas emissions	Reduction of GHG emissions		
Protection of biodiversity	Measures taken to preserve or restore biodiversity	Banco Sabadell considers this to be a material issue purely because of its indirect contribution through finance 4.3.4 Equator Principles	3-3	Management of material topics		
			Impacts caused by activities or operations in protected areas	Banco Sabadell considers this to be a material issue purely because of its indirect contribution through finance	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
					4.3.4 Equator Principles	304-2

Corporate and staff-related matters

		Response	GRI disclosure number	GRI description
Employment	Total number and breakdown of employees by country, sex, age and professional category	6.1 Workforce information	2-7	Employees
		6.4.1 Gender	405-1	Diversity of governance bodies and employees
	Total number and breakdown of types of employment contract	6.1 Workforce information	2-7	Employees
	Annual average by type of contract (permanent, temporary or part-time) by sex, age and professional category	Banco Sabadell's activities are not linked to any significant seasonal variation For this reason, the changes between data as at 31 December and data averages are not material	2-7	Employees
	Number and breakdown of dismissals by sex, age	6.1 Workforce information	3-3	Management of material topics
	Average remuneration and its evolution, broken down by sex, age and professional category or its equivalent	6.5 Remuneration policy	3-3 405-2 in relation to ratio of remuneration of women to men, by professional category	Management of material topics Ratio of basic salary and remuneration of women to men
	Average remuneration of directors and senior managers, including variable pay, subsistence allowances, severance pay, payments into long-term retirement plans or any other amounts received, broken down by sex	6.5 Remuneration policy	3-3 405-2 in relation to ratio of remuneration of women to men, by professional category	Management of material topics Ratio of basic salary and remuneration of women to men
	Pay gap	6.5 Remuneration policy (pay gap)	3-3	Management of material topics
	Implementation of policies safeguarding employees' right to disconnect	6.6.1 Work-life balance	3-3	Management of material topics
Employees with disabilities	6.4.2 Functional diversity	405-1	Diversity of governance bodies and employees	
Workplace organisation	Organisation of working hours	6.6 Workplace environment and organisation	3-3	Management of material topics
	Number of hours of employee absence	6.6.2 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	6.6.1 Work-life balance	3-3	Management of material topics

Corporate and staff-related matters

		Response	GRI disclosure number	GRI description
Health and safety	Health and safety conditions in the workplace	6.6.2 Health and safety 6.6 Workplace environment and organisation	3-3	Management of material topics
		6.6.2 Health and safety	403-1 (2018)	Occupational health and safety management system
		6.6.2 Health and safety	403-2 (2018)	Hazard identification, risk assessment and incident investigation
		6.6.2 Health and safety	403-3 (2018)	Occupational health services
	Workplace accidents, in particular their frequency and severity, broken down by sex	6.6.2 Health and safety	403-9 (2018) in relation to work-related injuries	Work-related injuries
	Occupational illnesses, broken down by sex	Social Security does not define any occupational illnesses in the banking sector	403-10 (2018) in relation to work-related ill health	Work-related ill health
Workplace relations	Organisation of social dialogue, including procedures for informing and consulting with staff and for negotiating with them	6.6.3 Trade union rights and right of association	3-3	Management of material topics
	Percentage of employees covered by a collective bargaining agreement, by country	6.6.3 Trade union rights and right of association	2-30	Collective bargaining agreements
	Status of collective bargaining agreements, particularly in relation to occupational health and safety	6.6.3 Trade union rights and right of association	403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety
	Mechanisms and procedures that the company has in place to promote the involvement of employees in the company's management in terms of information, consultation and participation	6.6.3 Trade union rights and right of association 6.7 Dialogue with employees: more connected than ever	3-3	Management of material topics
Training	Policies implemented in relation to training	6.2 Commitment to talent	3-3	Management of material topics
		6.4 Diversity	404-2	Programs for upgrading employee skills and transition assistance programs
	Total hours of training, broken down by professional category	6.3 Training	404-1 in relation to average hours of training, by employee category	Average hours of training per year per employee
Accessibility	Integration and universal accessibility for people with disabilities	6.4.2 Functional diversity	3-3	Management of material topics
Equality	Measures adopted to promote equal treatment and opportunities between women and men	6.4 Diversity 6.4.1 Gender	3-3	Management of material topics
	Equality Plans (Chapter III of Organic Law 3/2007, of 22 March, on effective equality between women and men)	6.4 Diversity	3-3	Management of material topics
	Measures adopted to promote employment, protocols against sexual abuse and sexual harassment	6.4 Diversity 6.4.1 Gender	3-3	Management of material topics
	Policy against all forms of discrimination and, where applicable, gender diversity management	6.5. Diversity 6.4.1 Gender	3-3	Management of material topics

Disclosures on respecting human rights

		Response	GRI disclosure number	GRI description
Human rights	Application of due diligence procedures in relation to human rights, prevention of risks of human rights violations and, where applicable, measures to mitigate, manage and redress any such violations	9.1 Information regarding Human Rights	2-27	Compliance with laws and regulations
		9.2 Whistleblowing channel	2-26	Mechanisms for seeking advice and raising concerns
			2-23	Commitments and policies
	Reported human rights violations	No reports have been made in relation to human rights in 2022	3-3	Management of material topics
		9.2 Whistleblowing channel	406-1	Incidents of discrimination and corrective actions taken
	Advocacy of, and compliance with, the provisions of fundamental conventions of the International Labour Organisation related to safeguarding the freedom of association and the right to collective bargaining; elimination of workplace discrimination and job discrimination; elimination of forced or compulsory labour; effective abolition of child labour	9. Commitment to Human Rights	3-3	Management of material topics
			407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
			408-1	Operations and suppliers at significant risk for incidents of child labour
			409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour

Information regarding the fight against corruption and bribery

		Response	GRI disclosure number	GRI description
Corruption and bribery	Measures adopted to prevent corruption and bribery	8. Commitment against corruption and bribery	3-3	Management of material topics
			2-27	Compliance with laws and regulations
			2-26	Mechanisms for seeking advice and raising concerns
			2-23	Commitments and policies
			205-2	Communication and training about anti-corruption policies and procedures
			205-3	Confirmed incidents of corruption and actions taken
	Measures to combat money laundering	7.10 Anti-Money Laundering and Counter-Terrorist Financing	3-3	Management of material topics
			2-27	Compliance with laws and regulations
			2-26	Mechanisms for seeking advice and raising concerns
			2-23	Commitments and policies
205-2			Communication and training about anti-corruption policies and procedures	
		205-3	Confirmed incidents of corruption and actions taken	
Contributions to foundations and non-profit organisations	7.6 Institutional relations	2-28	Afiliación a asociaciones	
	7.3 Social housing management	201-1 in relation to community investments	Direct economic value generated and distributed	
	8. Commitment against corruption and bribery	415-1	Political contributions	

Information regarding society

		Response	GRI disclosure number	GRI description
The company's commitments to sustainable development	The impact of the company's activities on local employment and development	7. Commitment to society	3-3 203-2 in relation to significant indirect economic impacts	Management of material topics Significant indirect economic impacts
	Impact of the company's activities on local communities and in the area	7.1 Commitment to education 7.2 Social and volunteering activities 7.3 Social housing management	413-1	Operations with local community engagement, impact assessments, and development programs
	Relationships with key members of local communities and the different forms of dialogue with the same	7.1 Commitment to education 7.2 Social and volunteering activities 7.3 Social housing management	2-29 413-1	Approach to stakeholder engagement Operations with local community engagement, impact assessments, and development programs
	Association and sponsorship activities	7.1 Commitment to education 7.4 Sponsorship 7.5 Patronage 7.2 Social and volunteering activities	3-3 201-1 in relation to community investments	Management of material topics Direct economic value generated and distributed
Outsourcing and suppliers	Inclusion in the procurement policy of social, gender equality and environmental matters	7.8 Outsourcing and suppliers	3-3	Management of material topics
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibilities	7.8 Outsourcing and suppliers	2-6 308-1 414-1	Activities, value chain and other business relationships Supplier Environmental Assessment Supplier Social Assessment
	Supervision and audit systems and their results	7.8 Outsourcing and suppliers	2-6 308-1	Activities, value chain and other business relationships Supplier Environmental Assessment
Consumers	Consumer health and safety measures	10. Commitment to information 6.6.2 Health and safety	3-3	Management of material topics
	Whistleblowing systems, complaints received and their resolution	7.7 Consumers DR - 1.5. Customers AFS, Note 42 – Other information	3-3	Management of material topics
Tax information	Country-by-country earnings obtained	7.9 Tax information	3-3 201-1 in relation to pre-tax profit received	Management of material topics Direct economic value generated and distributed
	Corporation tax paid	7.9 Tax information	3-3 201-1 in relation to corporation tax paid	Management of material topics Direct economic value generated and distributed
	Public subsidies received	7.9 Tax information AFS - Schedule VII Annual banking report	201-4	Financial assistance received from government

Regulation (EU) 2020/852 - Taxonomy

	Response	GRI disclosure number
Requirements of the Regulation	4.2 Climate-related and environmental strategy 4.3.3 Integration into management procedures - EU Taxonomy 5. Commitment to sustainable finance	Company criteria

GRI content index

Statement of use	Banco Sabadell has presented the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 using the GRI Standards as a reference.
GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standards	N/A

GRI Standard / Other sources	Content	Location
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General disclosures

GRI 2: General disclosures 2021	2-1 Organisational details	DR 1 – BANCO SABADELL GROUP (Introduction)
	2-2 Entities included in sustainability reporting	1. Introduction AFS Note 2 – Banco Sabadell Group
	2-3 Reporting period, frequency, and contact point	The report covers the 2022 financial year and is prepared annually and published as an annex to the Institution's Consolidated Directors' Report. Contact point for the report: ESG_disclosure@bancsabadel.com
	2-4 Restatements of information	1. Introduction
	2-5 External assurance	Assurance included at the end of this document
	2-6 Activities, value chain and other business relationships	DR 1 – BANCO SABADELL GROUP 7.8 Outsourcing and suppliers AFS Note 2 – Banco Sabadell Group
	2-7 Employees	6.1 Workforce information
	2-9 Governance structure and composition	Banco Sabadell Internal Governance Framework
	2-10 Nomination and selection of the highest governance body	Regulation of the Board of Directors
	2-11 Chair of the highest governance body	Banco Sabadell Internal Governance Framework
	2-12 Role of the highest governance body in overseeing the management of impacts	Regulation of the Board of Directors
	2-13 Delegation of responsibility for managing impacts	Regulation of the Board of Directors
	2-14 Role of the highest governance body in sustainability reporting	Regulations of the Strategy and Sustainability Committee Art. 4
	2-15 Conflicts of interest	Regulation of the Board of Directors
	2-16 Communication of critical concerns	Regulation of the Board of Directors
	2-17 Collective knowledge of the highest governance body	Banco Sabadell Internal Governance Framework
	2-18 Evaluation of the performance of the highest governance body	Annual Report on Remuneration of Directors
	2-19 Remuneration policies	Director Remuneration Policy
	2-20 Process to determine remuneration	Director Remuneration Policy
	2-22 Statement on sustainable development strategy	3. Sabadell's Commitment to Sustainability

GRI 2: General disclosures 2021	2-23 Commitments and policies	Annex 1 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information
	2-24 Embedding commitments and policies	8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information
	2-25 Process to remediate negative impacts	7.7 Consumers 9.2 Whistleblowing channel
	2-26 Mechanisms for seeking advice and raising concerns	7.7 Consumers 8. Commitment against corruption and bribery 9.2 Whistleblowing channel
	2-28 Membership associations	7.6 Institutional relations
	2-29 Approach to stakeholder engagement	3.2 Initiatives and alliances 7.6 Institutional relations
	2-30 Collective bargaining agreements	6.6.3 Trade union rights and right of association
Material topics		
GRI 3: Material topics 2021	3-1 Process to determine material topics	3.3 Materiality
	3-2 List of material topics	3.3.1 Definition of Material Topics
Corporate governance		
GRI 3: Material topics 2021	3-3 Management of material topics	2. Governance
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	2. Governance 6.1 Workforce information 6.4 Diversity
GRI 2: General disclosures 2021	2-9 Governance structure	2. Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	2. Governance
	2-18 Evaluation of the performance of the highest governance body	3.1 ESG framework (Remuneration linked to Sustainability)
	2-19 Remuneration policies	6.5 Remuneration policy
	2-22 Statement from senior decision-makers	https://www.grupbancsabadell.com/memoria2022/en (Chairman's message)
Transparency and data management		
GRI 3: Material topics 2021	3-3 Management of material topics	7.9 Tax information
GRI 2: General disclosures 2021	2-28 Membership associations	3.2 Initiatives and alliances
	2-29 Approach to stakeholder engagement	3.3 Materiality 7.4 Sponsorship 7.5 Patronage 7.6 Institutional relations
	2-30 Collective bargaining agreements	6.6.3 Trade union rights and right of association
GRI 201: Economic performance 2016	201-4 Financial assistance received from government	7.9 Tax information
GRI 207: Tax 2019	207-01 Approach to tax	7.9 Tax information
	207-02 Tax governance, control, and risk management	7.9 Tax information

Risk management and cybersecurity		
GRI 3: Material topics 2021	3-3 Management of material topics	DR 5 - RISKS 10.3 Cybersecurity
Other: 102 General disclosures (2016)	102-15 Key impacts, risks and opportunities	DR 5 - RISKS
	102-29 Identifying and managing economic, environmental and social impacts	DR 5 - RISKS 10.3 Cybersecurity
GRI 2: General disclosures 2021	2-23 Commitments and policies	DR 5 - RISKS 10.3 Cybersecurity
Customer satisfaction and digitisation		
GRI 3: Material topics 2021	3-3 Management of material topics	7.7 Consumers DR 1.5 Customers
Other	Claims and complaints, by product	7.7 Consumers DR 1.5 Customers AFS Note 42 – Other information (SAC)
Corporate culture		
GRI 3: Material topics 2021	3-3 Management of material topics	6. Commitment to people
Other: GRI 102 General disclosures (2016)	102-16 Values, principles, standards and norms of behaviour	6. Commitment to people
Ethics and integrity		
GRI 3: Material topics 2021	3-3 Management of material topics	8. Commitment against corruption and bribery
GRI 2: General disclosures 2021	2-15 Conflicts of interest	8. Commitment against corruption and bribery 6.5 Remuneration policy
	2-26 Mechanisms for seeking advice and raising concerns	8. Commitment against corruption and bribery
	2-27 Compliance with laws and regulations	8. Commitment against corruption and bribery
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	8. Commitment against corruption and bribery
	205-3 Confirmed incidents of corruption and actions taken	8. Commitment against corruption and bribery
GRI 415: Public policy 2016	415-1 Political contributions	8. Commitment against corruption and bribery
Responsible supply chain		
GRI 3: Material topics 2021	3-3 Management of material topics	7.8 Outsourcing and suppliers 9. Commitment to Human Rights
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	7.8 Outsourcing and suppliers
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	9. Commitment to Human Rights
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	7.8 Outsourcing and suppliers

Value creation and solvency		
GRI 3: Material topics 2021	3-3 Management of material topics	DR 1 – Banco Sabadell Group
GRI 2: General disclosures 2021	2-1 Organisational details	DR 1 – Banco Sabadell Group
GRI 201: Economic performance 2016	GRI 201: Economic performance 2016	7.2 Social and volunteering activities 7.3 Social housing management 7.9 Tax information
Sustainable finance and investment		
GRI 3: Material topics 2021	3-3 Management of material topics	5. Commitment to sustainable finance
Other	Volumes of sustainable financing	5. Commitment to sustainable finance
Climate and environment: risks		
GRI 3: Material topics 2021	3-3 Management of material topics	4. Commitment to climate and the environment
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	4. Commitment to climate and the environment
Internal environmental footprint		
GRI 3: Material topics 2021	3-3 Management of material topics	4.4.3 Details of emissions and sustainable use of resources
GRI 301: Materials 2016	301-1 Materials used by weight or volume	4.4.3 Details of emissions and sustainable use of resources
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	4.4.3 Details of emissions and sustainable use of resources
GRI 303: Water and effluents 2018	303-5 Water consumption	4.4.3 Details of emissions and sustainable use of resources
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-2 Energy indirect (Scope 2) GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-3 Other indirect (Scope 3) GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-4 GHG emissions intensity	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-5 Reduction of GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
GRI 306: Effluents and waste 2016	306-2 Management of significant waste-related impacts	4.4.4 Circular economy and waste management
	306-3 Waste generated	4.4.4 Circular economy and waste management
Commitments and partnerships in environmental matters		
GRI 3: Material topics 2021	3-3 Management of material topics	3.2 Iniciativas y Alianzas 4.4. Gestión e impacto medioambiental
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement	3.2 Initiatives and alliances 4.4. Environmental management and impact
Diversity, inclusion and equality		
GRI 3: Material topics 2021	3-3 Management of material topics	6.4 Diversity 6.5 Remuneration policy
GRI 405: Diversity and equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	6.4 Diversity 6.5 Remuneration policy
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No reports have been made in relation to human rights in 2022 9.1 Information regarding Human Rights

Quality employment and talent management		
GRI 3: Material topics 2021	3-3 Management of material topics	6.1 Workforce information 6.2 Commitment to talent 6.6.2 Health and safety
GRI 2: General disclosures 2021	2-7 Employees	6.1 Workforce information
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	6.6.2 Health and safety
	403-2 Hazard identification, risk assessment and incident investigation	6.6.2 Health and safety
	403-3 Occupational health services	6.6.2 Health and safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.6.3 Trade union rights and right of association
	403-9 Work-related injuries	6.6.2 Health and safety
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	6.2.1 Talent management model
	404-2 Programs for upgrading employee skills and transition assistance programs	6.2 Commitment to talent
Social commitment and Human Rights		
GRI 3: Material topics 2021	3-3 Management of material topics	7. Commitment to society 9.1 Information regarding Human Rights
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	5. Commitment to sustainable finance
	203-2 Significant indirect economic impacts	7. Commitment to society
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	9.1 Information regarding Human Rights
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	9.1 Information regarding Human Rights
GRI 412: Human rights assessment 2016	412-2 Employee training on human rights policies or procedures	9.1 Information regarding Human Rights
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.3.4 Equator Principles
GRI 413: Local communities 2016	Operations with local community engagement, impact assessments, and development programs	7.1 Commitment to education 7.2 Social and volunteering activities 7.3 Social housing management

Task Force on Climate-related Financial Disclosures (TCFD)

In November 2020, Banco Sabadell became a member of the Task Force on Climate-related Financial Disclosures (TCFD) and, in this connection, it is executing a roadmap to align with these disclosure standards and supervisory expectations.

Below are the references to sections in the NFDR document where the information to meet TCFD recommendations is detailed:

TCFD Recommendation	Banco de Sabadell NFDR section	Reference
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	2. Governance 4.1 Environmental risk governance
	b) Describe Management's role in assessing and managing climate-related risks and opportunities.	2. Governance 4.1 Environmental risk governance; 4.2 Climate-related and environmental strategy; 4.3 Environmental risk management
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4.2 Climate-related and environmental strategy; 4.3 Environmental risk management 5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals; 5.2 Sinia Renovables; 5.3 Issuance of sustainability bonds; 5.4 Sustainable savings and responsible investment solutions; 5.5 Green financing and funding lines with multilateral development banks in Mexico
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4.3 Environmental risk management 5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals; 5.2 Sinia Renovables; 5.3 Issuance of sustainability bonds; 5.4 Sustainable savings and responsible investment solutions; 5.5 Green financing and funding lines with multilateral development banks in Mexico
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	4.2 Climate-related and environmental strategy; 4.3 Environmental risk management
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	4.3 Environmental risk management
	b) Describe the organization's processes for managing climate-related risks.	4.3 Environmental risk management
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4.2 Climate-related and environmental strategy; 4.3.3 Integration into management procedures; 4.3.4 Equator Principles

TCFD Recommendation	Banco de Sabadell NFDR section	Reference	
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4. Commitment to climate and the environment 5. Commitment to sustainable finance	4.3.1 Risk identification; 4.3.2. Assessment and measurement; 4.3.4 Equator Principles 5. Commitment to sustainable finance; 5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals; 5.2 Sinia Renovables; 5.3 Issuance of sustainability bonds; 5.4 Sustainable savings and responsible investment solutions; 5.5 Green financing and funding lines with multilateral development banks in Mexico
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	4. Commitment to climate and the environment	4.3.2. Assessment and measurement (Emissions of the financed portfolio); 4.4. Environmental management and impact
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	4. Commitment to climate and the environment 5. Commitment to sustainable finance	4.2 Climate-related and environmental strategy (Portfolio Alignment); 4.4. Environmental management and impact (Reduction targets) 5. Commitment to sustainable finance ¹⁰⁴

¹⁰⁴. The Institution has disclosed further targets in Sabadell's Commitment to Sustainability.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided and the main sectors and types of activities across the main geographies in which your bank has operations or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

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 profitability, sustainability, efficiency and quality of service, together with a conservative risk profile, while maintaining high standards of ethics and professional conduct combined with sensitivity to stakeholders' interests.

The Bank's management model focuses on a long-term vision of customers, through constant efforts to promote customer loyalty and by adopting an initiative-based, proactive approach to the relationship. The Bank offers a comprehensive range of products and services, competent and highly qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Over the last eleven years, Banco Sabadell has expanded its geographical footprint and increased its market share in Spain through a number of acquisitions and organic growth. According to the most recent information available, Banco Sabadell has a market share of 8% in lending and 7% in deposits at the domestic level. Banco Sabadell also has a good market share in other products, including 9% in trade credit, 9% in business lending, 6% in investment funds, 5% in securities trading and 17% in PoS turnover.

Sustainable financing is one of the main tools used to promote a clean and circular economic model, which reduces CO₂ emissions and contributes to protecting the environment.

Every year, the different units responsible for the product offering perform an in-depth review of the conditions of the products and their impact on customers in order to ensure that those products continue to be suitable for the target audience defined originally.

With these developments, the Group has become one of the largest financial institutions in Spain's financial system. It has a geographically diverse business (76% in Spain, 22% in the UK and 2% in Mexico) and its customer base is now six times larger than it was in 2008. It has achieved all of this while safeguarding its solvency and liquidity.

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

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

Informe de Gestión 2022: 1.1 Misión, valores y modelo de negocio: Modelo de negocio, principales objetivos alcanzados y actuaciones llevadas a cabo

5.1.3 Soluciones de finanzas sostenibles para particulares y empresas

10.1 Transparencia

1. Introducción

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

Yes No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- UN Guiding Principles on Business and Human Rights
- International Labour Organization fundamental conventions
- UN Global Compact
- UN Declaration on the Rights of Indigenous Peoples
- Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Equator Principles
- Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Equator Principles
- None of the above

Banco Sabadell has an ESG action framework (section 3. Sabadell's Commitment to Sustainability), which is aligned with the SDGs and in which climate action (SDG 13) is one of the priority SDGs of its corporate strategy.

The ESG framework of Sabadell's Commitment to Sustainability includes the global sustainability undertakings that it has subscribed and the transformation and promotion actions, both those implemented by the Group and those planned for the future, which aim to accelerate ecological transition, reinforce the fight against climate change and support social development, reinforcing and in turn addressing priority matters arising in that respect. This framework is aligned with the UN SDGs and focuses on those where it has the greatest capacity to influence due to its systemic interrelationships, type of activity and capacity to make an impact.

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the guidelines, targets and limits required at different points of the credit approval workflow.

For this reason, the Group has an environmental and social risk framework that establishes the Group's position, stating that it aims to avoid financing activities considered to have a high environmental risk. At the same time, the Group fosters green financing, using to that end an Eligibility Guide that outlines the activities deemed to be sustainable (in environmental and social terms), in alignment with the EU Taxonomy Regulation.

In parallel, as part of the financial sector, the Group promotes the transition of companies and businesses, steering the financing according to the nature of the activities and making it easier for agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model. With this aim in mind, the Management Guidelines for ESG risks have been defined, through which the Group aims to limit access to funding for polluting companies with poor ESG performance. To classify large enterprises according to their ESG performance, the Group is defining an indicator internally.

It is worth pointing out that the Bank, in parallel to all of the initiatives intended to integrate environmental risks into management arrangements, has a series of initiatives underway to improve the quality of the information on which it bases its decisions (databases, customer data gathering projects, among others).

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

4. Commitment to climate and the environment

3.2 Initiatives and alliances

4.3.3 Integration into management procedures

4.3.4 Equator Principles

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and the environment resulting from our activities, products and services. To that end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

In 2022, Banco Sabadell carried out an analysis to identify the positive and negative impacts arising from its financing activities, as a result of which targets have been set for the areas with the greatest impact.

This analysis has taken place using the Portfolio Impact Analysis Tool for Banks for the use of the Holistic Impact Methodology devised by UNEP FI.

The tool makes it possible to identify environmental, social and economic impacts (both positive and negative) associated with both the Retail Banking lending portfolio and the Business Banking lending portfolio, and to overlay these associations with the challenges and priorities for the sustainable development of the countries in which the Bank operates, in order to identify the most significant impact areas/topics of the portfolio.

The impact analysis conducted by Banco Sabadell focused on the main business areas of the Bank, analysing the financial products and services offered to natural persons in its Retail Banking business in Spain and the business of TSB in the United Kingdom, as well as business lending in the Business Banking business line in Spain and Mexico. The exercise covered 92% of Banco Sabadell's overall lending portfolio, 45% of which corresponds to the Retail Banking lending portfolio, while 47% corresponds to the Business Banking lending portfolio. The analysis has not considered the Business Banking portfolio of TSB in the UK, nor the exposure of the Bank in foreign branches, due to their low materiality in overall terms.

3.3.4 Engagement with Principles for Responsible Banking

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

The business lending portfolio accounts for around half of the Bank's loan book. The sectors with the largest lending volume in each geography are: (a) financing of general activities of the General Government and the rental and management of real estate in Spain, and (b) hotel management and real estate in Mexico. For its part, most of the exposure of the Retail Banking portfolio is concentrated in the Bank's financial mortgage products in both Spain and the UK.

To identify the impacts associated with the sectors financed by Banco Sabadell and the impacts associated with the products and services offered to retail customers, the Sector Impact Map embedded in the Portfolio Impact Analysis tool has been used, which systematically analyses the different impact areas associated with each of the financed sectors, products and services. As a result, it has been concluded that the most prominent impact areas in our portfolios are "Availability, accessibility, affordability and quality of resources and services" (specifically, "Access to finance and housing", "Climate stability" and "Circularity").

The efforts made by the Institution to be among the leaders in renewable energy project finance support Climate stability and Circularity. On the other hand, consumer loans and mortgages for individuals, as well as the products and services offered by Banco Sabadell for specific groups (e.g. young people, seniors or groups with reduced financial capability) contribute substantially to Access to finance and housing. Lastly, the financing of sectors classified as carbon-intensive (e.g. generation of non-renewable electricity, transport and real estate sector) and which require natural resources for their production processes could have a potentially negative contribution in the aforementioned impact areas.

3.3.4 Engagement with Principles for Responsible Banking

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

The Context Module of the UNEP FI Portfolio Impact Analysis tool has been used to analyse the environmental, social and economic context in Spain, Mexico and the UK and to map out the main challenges and priorities for sustainable development in each of these countries based on sets of statistical data and the strategies announced by domestic governments in their voluntary progress reports on the achievement of SDGs. As a result, Access to housing has been identified as being the main challenge and as a shared priority across all geographies. Furthermore, Climate stability has been recognised as one of the major challenges shared by all of the countries analysed.

3.3.4 Engagement with Principles for Responsible Banking

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose:

The results of the portfolio composition analysis, along with the evaluation of the challenges and priorities for sustainable development in Spain, Mexico and the UK, have prompted Banco Sabadell to prioritise two areas of impact due to their significance obtained from both analyses: Climate and environment (described in the tool as Climate stability) and Financial inclusion and education (which would include Access to finance and housing).

3.3.4 Engagement with Principles for Responsible Banking

Both areas of impact that have been prioritised are aligned with the results obtained in the materiality analysis, which was carried out in 2021 and updated in 2022. In this respect, the areas prioritised in the Impact Analysis, namely, Climate and environment, and Inclusion and financial education, relate directly to at least three of the relevant topics for which positive and negative impacts were identified according to the double materiality perspective (i.e. the environment on the Institution and the Institution on stakeholders). The area of climate and environment is closely related to the relevant topics of Climate and environment, Sustainable finance and investment, and the topic of Commitments and partnerships in environmental matters. On the other hand, the area of inclusion and financial education is directly related to the relevant topics of Social commitment and Human Rights, Sustainable finance and investment, and Customer satisfaction and digitisation.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Understanding current practices and the success with which impacts are managed is fundamental to determine how Banco Sabadell could continue to develop and improve and thus ensure the achievement of the targets. To measure the Institution's performance and quantify the impact generated by the lending portfolio in those sectors or products that contribute substantially to the two areas of impact that have been prioritised, Banco Sabadell measures a series of indicators.

3.3.4 Engagement with Principles for Responsible Banking

On the area of impact related to climate and the environment, which is closely linked to the energy and real estate sectors, the following indicators are measured: (a) emissions of the portfolio, (b) volume of financed products and services mobilised in cumulative terms in sustainable finance solutions, (c) renewable capacity (MW) financed through Project Finance, (d) emissions prevented by investing in renewable energy projects (tCO₂), (e) clean energy generated by investing in renewable energy projects for a specified number of households, and (f) the cumulative volume of mortgages with sustainable certification (mortgage loans that finance a home with energy certificate rating of A or B).

In terms of the area of impact related to financial inclusion and education, which is closely linked to consumer loans and mortgages granted to individuals, and to the products and services offered by Banco Sabadell for specific groups of people, the Bank evaluates the progress made using indicators such as (a) the annual number of those benefiting from financial education programmes, adding new population sectors (seniors, vulnerable groups, etc.), (b) the cumulative volume of finance granted to micro-entities through loans, credit, leases, rentals, reverse factoring and factoring between 2021 and 2025, and (c) the number of social rent or affordable rent contracts managed through Sogeviso (number of households reached) and the annual number of people benefiting from financial education programmes.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

The most significant impact areas identified as a result of the impact analysis are: (a) Climate and environment and (b) Financial inclusion and education (which would include Access to finance and housing).

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and 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.

You can build upon the context items under 2.1.

Banco Sabadell is firmly committed to continuing to move forward in its activity and organisation in order to support and accelerate the important economic and social transformations that contribute to sustainable development and the fight against climate change. To that end, the Group has established its Commitment to Sustainability, a framework for action that ensures the integration into the Bank's strategy of a forward-looking vision for the period 2025-2050 in relation to environmental, social and governance (ESG) commitments, that aligns the business objectives with the Sustainable Development Goals (SDGs) and the Paris Agreement, and that establishes action levers to generate transformation and promotion activities. It has been created with the involvement of all of the Institution's corporate bodies and four strategic pillars have been established, on which work is already underway:

- Progress as a sustainable institution
- Support customers in the transition to a sustainable economy
- Offer investment opportunities that contribute to sustainability
- Work for a sustainable and cohesive society

Sabadell's Commitment to Sustainability

3. Sabadell's Commitment to Sustainability

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

During 2021 and 2022, Banco Sabadell Group has worked on obtaining a first estimate of the carbon footprint of its financed portfolio using the Partnership for Carbon Accounting Financials (PCAF) methodology.

On an aggregate basis, the Group has been able to calculate an estimate of its carbon footprint of approximately 85% of its financed portfolio in 2021. The percentage remaining or without an assigned figure are portfolios for which there are still no calculation or estimation methodologies or standards such as finance granted to the public sector, consumer loans for purposes other than vehicle purchase, etc. Most emissions are concentrated in the corporate finance portfolio. On this baseline, work is being carried out to calculate decarbonisation pathways, having currently calculated the base year (2020) and having set interim targets for 2030 for four sectors, in order to attain emissions neutrality of the portfolio financed and invested in by the Group by 2050.

Since 2020, Banco Sabadell has been developing a Sustainable Finance Plan, affecting all of its business lines and units, which will allow it to achieve the Institution's sustainability commitments. In 2021, the volume of financial products and services mobilised through sustainable finance solutions was over €11,000m. On this basis, the Bank has set itself cumulative mobilisation targets for 2025, which are described in the following section.

In the area of financial inclusion and education, in 2021, €3,400m of finance was granted to micro-entities to promote and maintain employment. On this basis, the Bank has set itself cumulative targets for 2025, which are described in the following section.

On the other hand, Banco Sabadell has promoted and taken part in a number of financial education initiatives. In 2021, a total of 6,300 people benefited every year from the Bank's financial education programmes imparted through 836 workshops by 154 volunteers. The targets set for 2025 are described in the following section.

4.3.2. Assessment and measurement: Emissions of the financed portfolio

c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target?

Banco Sabadell has set the following targets and objectives for each of the priorities areas of impact:

Climate and environment:

Banco Sabadell supports customers in the transition towards a sustainable economy. It provides them with the information, advice, products and services that they need. The Group helps its customers overcome their challenges, understanding their situation and aligning it with the regulatory environment, whilst also identifying physical and transition risks and their opportunities for transformation.

In order to decarbonise the portfolio's carbon footprint, the following targets and objectives have been set:

- Achieve emissions neutrality of the portfolio by 2050.
- Calculate decarbonisation pathways for all sectors published by internationally recognised bodies (SBTi, PACTA) and for customers where there is sufficient information to make this calculation. At present, Banco Sabadell has set itself the following interim targets and objectives for 2030:
 - Maintain the level of CO₂ emissions intensity in the electricity generation sector. The Bank's current baseline is 61 kg CO₂e/MWh, which is much lower than the figure in the reference scenario (IEA NZE 2050) and in line with the level expected to be attained by the sector between 2036-2037; therefore, the Group aims to keep its CO₂ emissions intensity level at a range of between 85-45 kb CO₂e/MWh.
 - Reduce total emissions due to positions held in oil and gas industry by 23%.
 - Reduce emissions intensity per tonne generated in the cement industry by 23%.
 - In line with the expectations of the Net-Zero Banking Alliance (NZBA), the Bank will have no exposure to coal mining activities in 2030.
- Mobilise €65bn in financial products and services, in cumulative terms, in sustainable finance solutions between 2021 and 2025.

Financial inclusion and education:

Banco Sabadell contributes to the transition towards a more sustainable and cohesive society through ethical and responsible management.

It promotes financial education and inclusion, volunteering and charitable activities. It pays special attention to supporting customers in vulnerable situations with social housing management initiatives and employability programmes. In order to promote financial inclusion and education, the Group has set itself the following targets and objectives:

- Reach a figure of 10,000 annual recipients of financial education programmes including new sectors of the population (seniors, vulnerable groups, etc.) by 2025.
- Reach a volume of over €1.5bn in cumulative finance granted to micro-entities through loans, credit, leases, rental arrangements, reverse factoring and factoring between 2021 and 2025.

Sabadell's Commitment to Sustainability

4.2 Climate-related and environmental strategy: Portfolio Alignment

d) Action plan: ¿which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

The Commitment to Sustainability action framework defines two types of levers for achieving the established targets and objectives:

- Transformation actions to align the organisation with ESG criteria
- Actions to promote sustainable finance and generate opportunities

Sabadell's Commitment to Sustainability

To make progress on the achievement of climate-related and environmental targets, some of the actions that Banco Sabadell will be taking are the following:

- Measure the carbon footprint of the financed portfolio, using the Partnership for Carbon Accounting Financials (PCAF) methodology
- Advise corporate customers in their transition to more sustainable models which, as a whole, enable the attainment of international decarbonisation targets.
- Train and deploy a team of specialists in European Funds and Sustainability to offer support to the branch network in the development of sustainable operations.
- Develop a range of solutions geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems.

To achieve targets in relation to financial education and inclusion, some of the actions that Banco Sabadell will be taking are the following:

- Develop basic accounts for vulnerable customers and those at risk of financial exclusion
- Develop volunteer programmes, mainly made up of pre-retirees of the Bank for the financial and digital training of senior groups
- Grant finance to micro-entities for the purpose of promoting and maintaining employment
- Develop programmes dealing with topics such as access to finance

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: Climate and Environment	... second area of most significant impact: Financial Inclusion and Education
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

In order to monitor the progress made by Banco Sabadell with regard to the achievement of the established targets and objectives, a series of milestones have been identified.

With regard the target level of €65bn for financial products and services mobilised in cumulative terms through sustainable finance solutions. To date, it has mobilised more than €25bn, including €14.8bn in 2022.

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 be by their side to help them develop skills and decision-making abilities.

In 2022, more than 7,500 have benefited from financial education programmes, incorporating new population sectors (seniors, vulnerable groups, etc.). This represents 75% of the target set for 2025.

In the area of social financing, it is worth highlighting the financing granted to micro-entities for the purpose of promoting and maintaining employment. In 2022, over €4.8bn worth of finance has been granted to micro-enterprises for this purpose, of the €15bn target set for 2021-2025, meaning that in two years over half of the target has been achieved.

5. Commitment to sustainable finance

7.1 Commitment to education

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

Yes In progress No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes In progress No

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. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Sustainable financing is one of the main tools used to promote a clean and circular economic model, which reduces CO₂ emissions and contributes to protecting the environment.

In the case of individuals and SMEs, Banco Sabadell offers its customers a range of solutions geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems.

The Group promotes sustainable financing and investment to drive forward the transition towards a more sustainable model and a low-carbon economy, offering customers and investors the best possible solutions. In 2021, the Bank committed to mobilise €65,000M in sustainable finance by 2025. To date, it has mobilised more than €25bn, including €14.8bn in 2022.

To deliver on this commitment, and in order to encourage social and financial inclusion and contribute to environmental conservation and climate change mitigation, the Bank has:

— Financing solutions in the different businesses:

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

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

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

The rollout of the Next Generation EU Recovery Funds are expected to significantly boost this type of financing (section 5.1.4 Next Generation EU provides more details on the actions that the Bank is taking in relation to the aforesaid funds).

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

— Investment in renewable energies through Sinia Renovables subsidiary (further details provided in section 5.2 Sinia Renovables).

— Issuance of own sustainability bonds (more details in section 5.3 Issuance of sustainability bonds).

— Sustainable savings and responsible investment solutions (more details in section 5.4 Sustainable savings and responsible investment solutions)

In February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's activities and organisation within ESG parameters, which incorporate environmental, social and governance factors in decision-making and, at the same time, based on those parameters, to respond to the needs and concerns of all of its stakeholders. The Sustainability Policy establishes out the basic principles on which the Banco Sabadell Group relies to address the challenges posed by sustainability, and it defines the pertinent management parameters, as well as the organisation and governance structure necessary for its optimal implementation.

In order to limit the Bank's exposure to transition risk and, at the same time, support emissions-intensive companies in their transition to sustainable activity, the ESG Risk Management Guidelines have been defined. These Guidelines limit

2. Governance

3.1 ESG framework

4.3.3 Integration into management procedures

5. Commitment to sustainable finance

5.1.3 Sustainable financing solutions for retail customers and businesses

10.1 Transparency

Directors' Report 2022: 1.5 Customers

the origination of funding transactions for corporates and projects with carbon-related activities (greenhouse gas emissions-intensive) and with low ESG performance and/or a poor attitude to ESG. This way, the Bank will be able to continue funding the transition of emissions-intensive companies if they have made sufficient progress in their management and have medium or advanced ESG performance.

The Bank has established 'Sabadell's Commitment to Sustainability'. Underpinned by four strategic pillars, this framework sets out the Bank's sustainability strategy and forward-looking vision with ESG goals and commitments, aligned with the UN Sustainable Development Goals (SDGs), and establishing levers for transformation and promotion actions. The main lines of action of this ESG framework are the following:

- Progress as a sustainable institution: the Bank focuses on achieving greenhouse gas (GHG) emissions neutrality, promoting diversity, safeguarding talent, and continuing to incorporate ESG criteria in its governance, as well as participating in the most relevant ESG alliances.
- Support customers in the transition towards a sustainable economy: to do so, the Bank is making progress with mapping out decarbonisation pathways, supporting customers in their transition to specialised solutions in renewable energies, energy efficiency and sustainable mobility, and setting sectoral standards that limit controversial activities and/or those with a negative impact on social and environmental development.
- Offer investment opportunities that contribute to sustainability: in the investor ecosystem, the Bank focuses on increasing savings and investment opportunities that contribute to sustainability, rolling out a wide range of social, ethical, green and sustainable bonds and funds, both its own and those of third parties.
- Work together for a sustainable and cohesive society: in its commitment to society, the Bank believes that it is essential to take an active role to improve financial education, move forward inclusion, reduce social vulnerability to the minimum, and ensure security in transactions and exchanges of information.

Understanding the customer at all times during their relationship with Banco Sabadell is key. To achieve this, new methodologies are constantly being developed to enable the Bank to listen to the customer, to measure and assess the main reasons for customer satisfaction and dissatisfaction and how close or far we are from meeting our customers' expectations. The measurement of customer experience focuses on obtaining insights that help with decision-making and drive an increasingly customer-centric culture.

This measurement is made by understanding the market, consumers and customers, and a number of different qualitative and quantitative analytical methodologies are used to that end.

Banco Sabadell analyses its customers' experience through quantitative surveys, such as:

1. Net Promoter Score (NPS)
2. Satisfaction surveys
3. Branch quality surveys

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. To this end, before marketing a new product or service, an internal workflow ("Product Workflow") is followed, where the relevant areas in the Bank review the various aspects to ensure they conform to the established standards. The subsequent validation by the areas involved is ultimately ratified by a high-level committee, the Technical Product Committee. This validation process allows the Institution to identify the target audience to which the product should be aimed, in other words, the group of customers whose interests, goals and characteristics fit with the conditions of the product, even in cases where these can cover preferences regarding sustainability, as established in MiFID II and the IDD.

Furthermore, every year, the different units responsible for the product offering perform an in-depth review of the conditions of the products and their impact on customers in order to ensure that those products continue to be suitable for the target audience defined originally. This review process falls within the obligations required by various customer and investor protection regulations, such as the Guidelines on Product Oversight and Governance Arrangements for Retail Banking Products and the MiFID II Directive.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Banco Sabadell seeks to identify and leverage opportunities related to the transition to a sustainable economy (section 5. Commitment to sustainable finance):

- Increasing exposure to green financial assets, as they are a key factor in achieving decarbonisation targets. In this regard, progress continues to be made on the implementation of financing solutions in the different businesses through Green and Social Loans and Sustainability-Linked Loans.
- Advising and responding to the challenges of transition of all customers (large enterprises and corporations, SMEs and individuals) by:
 - 1) Offering strategic support, identifying the most appropriate sustainable finance solutions
 - 2) Promoting the energy transition with solutions and agreements with partners from different sectors
 - 3) Offering ESG investment opportunities
- Engaging in management with greater knowledge and specialisation, leveraging teams specialising in sustainability, internally promoting the development of new solutions with the involvement of employees, such as the first internal sustainability hackathon, and also on an external basis, fostering ecological research through the Marine Sustainability Award, promoted by the Bank and its Foundation.

Section 5. Commitment to sustainable finance gives details of the solutions offered to customers and investors to help them transition to a more sustainable model. To name a few:

2. Governance
3.1 ESG framework
4.3.3 Integration into management procedures
5. Commitment to sustainable finance
5.1.3 Sustainable financing solutions for retail customers and businesses
10.1 Transparency
Directors' Report 2022: 1.5 Customers

Green financing solutions for individuals:

Green mortgages

Banco Sabadell currently offers a reduced price across its entire mortgage range to incentivise the purchase, construction or renovation of homes with energy certification B or higher.

In 2022, the volume of Mortgages with sustainable certification was more than 540 million euros.

Sabadell green renovation loans

The aim of the Sabadell green renovation loan is to encourage home renovations and/or purchases that improve the sustainability and or energy saving capacity of a main or secondary residence. The Bank offers financing, with attractive conditions, for improvements of openings (windows and doors), upgrades of heating or cooling systems to make them more efficient, and purchases of household appliances with an energy efficiency rating of A or higher.

Social financing solutions for individuals

In the area of social financing, and due to the economic impact of higher interest rates, Banco Sabadell has proactively offered solutions to customers with variable-rate mortgages who may be experiencing difficulties, in addition to customers who meet the vulnerability criteria in accordance with the Code of Good Practice, with the aim of helping these customers to meet their obligations, relieve their financial burden and avoid default situations.

Green financing solutions for businesses:

During 2022, more than 1,100 million euros were mobilised to fund companies engaged in green operations or projects, mainly through loans, leasing and rentals. This financing is intended for projects that are aligned with the Bank's Eligibility Guide, primarily:

- Construction and real estate
- Energy
- Mobility
- Water and Waste

Finance to promote and maintain talent:

In the area of social financing, we highlight our objective to promote and maintain employment by providing financing for micro-entities.

In 2022, micro-entities were granted more than 4,800 million euros in funding, mainly through loans and credit, thereby helping to maintain employment and facilitating the development and progress of the business and industrial fabric of each region.

Sinia Renovables:

At year-end 2022, Sinia Renovables, Banco Sabadell's division for investment in renewable energies and sustainability, has investments in operation, construction and development projects with an overall installed capacity of 1,139 MW, of which the portion attributable to Sinia through its direct shareholding is 342.0 MW, equivalent to the generation of 754.0 GWh of sustainable electricity each year. This power generation, assuming all projects are in operation, would be enough to satisfy the average annual consumption of approximately 230,469 households.

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 157 GWh/year. This renewable energy prevents the emission of around 22,061 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 48,159 households. At year-end 2022, Sinia Renovables, Banco Sabadell's division for investment in renewable energies and sustainability, has investments in operation, construction and development projects with an overall installed capacity of 1,139 MW, of which the portion attributable to Sinia through its direct shareholding is 342.0 MW, equivalent to the generation of 754.0 GWh of sustainable electricity each year. This power generation, assuming all projects are in operation, would be enough to satisfy the average annual consumption of approximately 230,469 households.

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 157 GWh/year. This renewable energy prevents the emission of around 22,061 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 48,159 households.

4.2 Climate-related and environmental strategy

5. Commitment to sustainable finance

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4. 1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

Yes In progress No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

In 2022, a review has been carried out of the materiality analysis performed in 2021, which involved establishing a list of material topics for the Group with the aim of listening to stakeholders. This review was carried out with the aim of updating the Group's perspective in the materiality matrix and to adapt to the increasingly demanding regulatory requirements and market environment in this respect.

3.3 Materiality

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

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

In 2021 priority stakeholders, whose demands and requirements were included in the materiality analysis, were identified, namely: employees, suppliers, customers, investors, rating agencies, society, regulators and supervisory authorities, and economic operators. Following this interaction with different stakeholders, the relevance of all matters related to ESG was analysed, both from the perspective of stakeholders and that of the Group, and is described below. The material aspects and their definition are set out in section 3.3.1. of this document.

In a second stage of the materiality analysis process, carried out in 2021 and updated in 2022, Banco Sabadell Group combines the analysis of stakeholder expectations with the identification of impacts from a double materiality perspective. The double materiality process aims to identify the impacts of environmental and social matters on the Group, and of the Group on its stakeholders, which are assessed to obtain a holistic view of the relevance of the impacts of each material aspect on sustainability issues.

Based on these identified impacts, and with the aim of prioritising them, the Group has carried out a quantitative assessment in which it consulted different areas of the Bank by means of questionnaires on the relevance of these impacts, which were answered according to pre-defined scales.

The result of this analysis has made it possible to complete the double materiality approach which is presented in section 3.3.2 of this document, and to update the Materiality matrix, which is set out in section 3.3.3. Three levels of priority have been established for the results, level 1 being that which is of greatest impact for the Group and which includes the following material aspects: (i) Corporate Governance, (ii) Value Creation and Solvency, (iii) Ethics and Integrity, (iv) Climate Change and Environmental Risks (v) Sustainable Finance and Investment.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes In progress No

Please 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 the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
 - details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
 - remuneration practices linked to sustainability targets.
-

The governance system and the organisation of the different decision-making levels are both being continuously improved and adapted to the needs that are emerging from the new sustainability environment.

2. Governance

Remuneration linked to Sustainability

Board of Directors

With the exception of matters falling within the sole remit of the Shareholders' Meeting, the Board of Directors is the highest decision-making body in the Bank and its consolidated Group as, under the law and the Articles of Association, it is entrusted with administering and representing the Bank. The Board of Directors acts mainly as an instrument of supervision and oversight, and it delegates the management of ordinary business matters to the CEO. To ensure better and more diligent performance of its general supervisory duties, the Board is directly responsible for approving the Institution's general strategies. It also approves its policies, and is therefore responsible for establishing principles, commitments and targets in the area of sustainability, and for including them into the Institution's strategy.

Sustainability played an important role within Banco Sabadell's business purpose and strategy in 2022. By defining the Institution's overall strategy, business objectives and risk management framework, the Board of Directors takes account of environmental aspects, including climate, environmental, social and governance risks, and monitors them effectively.

In February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's activities and organisation within ESG parameters, which incorporate environmental, social and governance factors in decision-making and, at the same time, based on those parameters, to respond to the needs and concerns of all of its stakeholders. The Sustainability Policy establishes out the basic principles on which the Banco Sabadell Group relies to address the challenges posed by sustainability, and it defines the pertinent management parameters, as well as the organisation and governance structure necessary for its optimal implementation.

Board Committees

The Board Strategy and Sustainability Committee, established in 2021, is formed of five Directors (two Other External Directors and three Independent Directors) and is chaired by the Chairman of the Board of Directors. This Board Committee met 13 times in 2022.

In matters of strategy, the Chief Executive Officer may speak and vote at meetings, to which end the Committee is deemed to have six members.

On sustainability, the Committee has the following duties:

- Analysing and advising the Board of Directors on the Institution's sustainability and environmental policies.
- Advising the Board of Directors on possible amendments and regular updates of the sustainability strategy.
- Analysing the definition and, as necessary, amending diversity and integration, human rights, equal opportunities and work-life balance policies and evaluating their degree of fulfilment on a regular basis.
- Review the Bank's social action strategy and its sponsorship and patronage plans.
- Reviewing and reporting on the Institution's Non-Financial Disclosures Report before the Audit and Control Committee reviews and reports on it and it is subsequently authorised by the Board of Directors.
- Receiving information in connection with reports, written communications or communications from external supervisory bodies within the scope of this Committee's competencies.

In addition, in 2021 the Board Appointments and Corporate Governance Committee also took on duties in relation to advising the Board of Directors on the internal corporate policies and regulations, as well as overseeing the compliance with corporate governance rules and the disclosures to shareholders and investors, proxy advisors and other stakeholders.

Internal Committees

The Management Committee regularly monitors the Sustainable Finance Plan and updates to the regulatory framework and it is also in charge of overseeing the aforesaid plan and resolving any incidents.

In addition, the Sustainability Committee, established in 2020 and chaired since 2021 by the Deputy General Manager and head of the Sustainability and Efficiency Division, is the body in charge of establishing the Bank's Sustainable Finance Plan and monitoring its execution, defining and publicising the general principles of action in sustainability matters and promoting the development of projects and initiatives, as well as of managing any alerts that may arise in relation to ongoing initiatives or any developments in the regulatory, supervisory or other environments. It is made up of 15 members (ensuring the representation of several areas, including Sustainability, Risk, Finance, Business, Technology & Operations, Communication, Research Service, Organisation and Resources) and it meets once a month. This composition of the Sustainability Committee covers all functional areas, which enables the cross-cutting establishment and implementation of the Sustainable Finance Plan and, therefore, the execution of the Institution's ESG strategy. The Sustainability Committee met 13 times in 2022.

Since the first quarter of 2022, a regular report has been drawn up for the various management and governance bodies in the Bank, including the Board of Directors, which includes relevant information to evaluate the exposure to climate-related and environmental risks, their progression, as well as other events or circumstances that could have an impact on the Institution in relation to the environment in which it operates, among which references are included regarding the progress made by the Institution on the Principles for Responsible Banking.

Remuneration linked to Sustainability

The commitment to sustainability and the involvement of the Bank's staff in the delivery of the Institution's ESG goals are factors reflected in the attainment of the Group's objectives. Through the synthetic sustainability indicator (SSI), established in 2020, Key Performance Indicators (KPIs) for ESG matters are included and linked to the variable remuneration of employees, forming part of the Group objectives with a weight of 10%. This indicator is regularly monitored by the Sustainability Committee which incorporates updates of these indicators in its periodic review. The metrics that make up this indicator to measure sustainability include four types of indicators:

- a. A market-led assessment, carried out by ESG rating agencies, of the information disclosed.
- b. The degree of progress in the achievement of actions set out in the Sustainable Finance Plan.
- c. The commitment to diversity in relation to the increased presence of women in various management positions.
- d. In relation to the environment and the channelling of resources through the volume of sustainable financing (in accordance with the EU taxonomy).

2. Governance

Remuneration linked to Sustainability

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g. capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

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

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

6.3 Training

The goal is to train employees for the world of today and tomorrow, anticipating training needs using the People workforce strategic plan and business objectives, taking regulatory obligations into account, and developing a training model with customised, innovative and efficient solutions. The training is aimed at all Group employees, including those on part-time contracts and interns.

In 2022, the Group has continued to support the business in the challenges and targets that it has set itself, offering new specific training resources for strategic projects that are a matter of priority for Banco Sabadell Group, focusing on aspects such as specialisation programmes for commercial roles, financial current affairs and sustainability.

The vast majority (97.8%) of employees received training in 2022, with 634,599 total hours of training completed at the Group level (equivalent to an average of 34 hours per employee), which improved both the professional skills of our workforce and their future employability within the organisation

The area of sustainability continues to have its own specific place on Campus, with self-guided training content for the Bank's employees.

Here they can access training provided through introductory content that was already in place last year, such as the Introduction to Sustainability course, as well as a new course added this year, the Sustainable Borrowing course, developed together with EADA Business School. This course is open to all employees and offers them the chance to learn about the new sustainable paradigm, teaches them to explain the triple bottom line and the ESG Framework, as well as the Sustainable Development Goals (SDGs), and also what is meant by the circular economy and how the Bank is pursuing its Sustainability Plan.

A further two courses are also still being offered:

- Sustainability is a one-hour training course designed to allow employees to become familiar with the key aspects of sustainability and to prepare for the 360 Visit so that they may also support customers in this regard.
- Environmental Management System is a two-hour training course intended to ensure that employees understand the importance of implementing an environmental management system in the Bank and are able to collaborate in the implementation of the system based on Standard ISO 14001.

One new development concerns the launch of the Sustainable Finance Certification scheme. This scheme has been developed by the Carlos III University in Madrid and by the Aditio Business School and is aimed at all employees, who will acquire the necessary knowledge to be able to offer advice on green products (financing and investing products) as well as becoming familiar with the main regulations and legislation affecting the financial sector and the banking industry in this regard. Group employees dedicated a total of 10,394 hours to Sustainability training.

The scheme consists of two modules, one basic and the other advanced. Those interested in completing the course were able to take the first module in the first half of the year. The second module was launched in October. The basic module focuses on ESG criteria, sustainable finance, the Bank's commitment to sustainability and on knowledge about sustainability products. The advanced module focuses on specialised knowledge, in particular on the management of ESG risks and the application of specialised knowledge when managing affluent customers.

Lastly, the same space includes access to a news capsule about the circular economy.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

In February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's activities and organisation within ESG parameters, which incorporate environmental, social and governance factors in decision-making and, at the same time, based on those parameters, to respond to the needs and concerns of all of its stakeholders. The Sustainability Policy establishes out the basic principles on which the Banco Sabadell Group relies to address the challenges posed by sustainability, and it defines the pertinent management parameters, as well as the organisation and governance structure necessary for its optimal implementation.

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the guidelines, targets and limits required at different points of the credit approval workflow.

For this reason, the Group has an environmental and social risk framework that establishes the Group's position, stating that it aims to avoid financing activities considered to have a high environmental risk. At the same time, the Group fosters green financing, using to that end an Eligibility Guide that outlines the activities deemed to be sustainable (in environmental and social terms), in alignment with the EU Taxonomy Regulation.

In parallel, as part of the financial sector, the Group promotes the transition of companies and businesses, steering the financing according to the nature of the activities and making it easier for agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model. With this aim in mind, the Management Guidelines for ESG risks have been defined, through which the Group aims to limit access to funding for polluting companies with poor ESG performance. To classify large enterprises according to their ESG performance, the Group is defining an indicator internally.

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the guidelines, targets and limits required at different points of the credit approval workflow.

For this reason, the Group has an environmental and social risk framework that establishes the Group's position, stating that it aims to avoid financing activities considered to have a high environmental risk. At the same time, the Group fosters green financing, using to that end an Eligibility Guide that outlines the activities deemed to be sustainable (in environmental and social terms), in alignment with the EU Taxonomy Regulation.

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The Group has a Human Rights Policy and a related Due Diligence Procedure, both approved since 2021, which are reviewed annually and are applicable to all Group companies. It establishes its basic principles of action, as well as the mechanisms required to identify, prevent, mitigate and/or remedy any potential negative impacts on human rights that its activities and procedures may entail, in particular, with regard to granting finance to companies, or issues involved in its human resources management model or its supplier contracting processes. It also establishes the need for training in all of these areas.

The principles governing the Human Rights Policy take into consideration the impact and relationship with four main stakeholder groups: Group employees, customers, suppliers and commercial partners, and the communities or environment in which the Group develops its business and operates.

The Group also has a new version of the Group Code of Conduct, approved in 2021 by the Board of Directors following an in depth review to adapt it to regulatory requirements, Supervisory guidelines and specifications, and to market standards. In short, to ensure it complies with the expectations and objectives of different stakeholders. The issue of the new version of the Group's Code of Conduct required express acceptance of it by every member of the Group's workforce.

2. Governance

4.3.3 Integration into management procedures

9.1 Information regarding Human Rights

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes In progress No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

- Yes Parcialmente No

If applicable, please include the link or description of the assurance statement.

KPMG Asesores, S.L.

Assurance included
at the end of this
document

6.2 Reporting on other frameworks

Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
 SASB
 CDP
 IFRS Sustainability Disclosure Standards (to be published)
 TCFD
 Other:

—

Annex 2

6.3 Outlooks

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

In 2022, Banco Sabadell conducted an impact analysis and set targets for the areas with the greatest impact. Over the next year, the targets set will be monitored and progress in relation to PRB will continue to be reported. In addition, the Bank plans to continue setting additional interim targets for the rest of the carbon-intensive sectors identified by the Net-Zero Banking Alliance (NZBA). The Bank will also report on the progress made with the commitments it has undertaken and it will unveil an action plan to ensure it meets the aforesaid targets.

PRB 2 Impact and
Target Setting

Portfolio Alignment

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input checked="" type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |
-

If desired, you can elaborate on challenges and how you are tackling these:

Indicator

2022

1- Proportion in their total assets of exposures to EU Taxonomy-eligible economic activities	43.0 %
2- Proportion in their total assets of exposures to central governments, central banks and supranational issuers	30.0 %
3- Proportion in their total assets of derivatives exposures	2.7 %
4- Proportion in their total assets of exposures to companies not obliged to report non-financial information pursuant to Article 19(a) or 29(a) of Directive 2013/34/EU	14.2 %
5- Proportion in their total assets of trading book and interbank sight loans	4.0 %

The components of the indicators, taking into account that indicators 1 and 4 have been derived from robust data sources and the remaining indicators from the Group's consolidated balance sheets, are set out in more detail below:

- For more information regarding the calculation of this indicator, see section 4.3.3 Integration in management arrangements (EU Taxonomy).
- Exposures to central governments, central banks and supranational issuers accounted for a proportion of 30.0% of total assets as at 2022 year-end.
This indicator is calculated taking into consideration cash balances in central banks and loans, advances and debt securities of central banks and general governments, relative to the Group's total assets.
- Derivatives exposure accounted for a proportion of 2.7% of total assets as at 2022 year-end.
This indicator is calculated taking into consideration total derivative assets, relative to the Group's total assets.
- Exposures to companies not obliged to report non-financial information pursuant to Article 19(a) or 29(a) of Directive 2013/34/EU accounted for a proportion of 14.2% of total assets as at 2022 year-end.
This indicator is calculated¹⁰⁵ taking into account the exposure¹⁰⁶ to companies with 500 employees or less and, according to the latest available information, with assets of 20 million euros or less and turnover of 40 million euros or less.
- Trading book and interbank sight loans accounted for a proportion of 4.0% of total assets as at 2022 year-end.
This indicator is calculated taking into consideration cash balances in credit institutions, loans and advances to credit institutions and total financial assets held for trading, relative to the Group's total assets.

In addition, in accordance with Annex XI of Delegated Regulation (EU) 2021/2178, the information of the strategy is presented in section 3. Sabadell's Commitment to Sustainability and 4.2 Climate-related


















and environmental strategy. As for the product part and the weight of financing, the information is presented in section 5. Commitment to sustainable financing.

105. Companies for which all information is not available are excluded from the calculation.

106. Risk drawn down.

Annex 5.

SDG alignment

	1. Introduction	2. Governance	3. Sabadell's Commitment to Sustaina- bility	4. Climate and environmental commitment	5. Commitment to sustaina- ble finance	6. Commitment to people	7. Commitment to Society	8. Commitment against cor- ruption and bribery	9. Commitment to Human Rights	10. Commitment to information	Annex 1
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Independent Assurance Report on the Consolidated Non-Financial Disclosures Report for Banco de Sabadell, S.A. and subsidiaries for 2022

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

To the shareholders of Banco de Sabadell, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Consolidated Non-Financial Disclosures Report (hereinafter NFDR) for the year ended 31 December 2022, of Banco de Sabadell, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the Group's 2022 consolidated Directors' Report.

The NFDR includes additional information to that required by prevailing mercantile legislation governing non-financial information, which has not been the subject of our assurance work. Our assurance work was limited only to providing assurance on the information contained in table "Table of contents Law 11/2018" included in the annex 2 of the NFDR.

Directors' responsibility

The Directors of the Parent are responsible for the contents and the authorisation for issue of the NFDR included in the Group's consolidated Directors' Report. The NFDR has been prepared in accordance with prevailing mercantile legislation and Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in "Table of contents Law 11/2018" included in the annex 2 of the aforementioned NFDR.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFDR is free from material misstatement, whether due to fraud or error.

The Parent's directors are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the NFDR.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the Internal Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies prevailing international quality standards and accordingly maintains a quality system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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The engagement team comprised professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management and of the different units and areas responsible of the Parent that participated in the preparation of the NFDR, reviewing the processes for compiling and validating the information presented in the NFDR and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFDR based on the materiality analysis performed by the Parent and described in the section "3.3 Materiality" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFDR for 2022.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFDR for 2022.
- In relation to the PRBs, a review of the reported information regarding impact analysis, target setting, progress in implementing targets, governance, structure and progress in implementing the PRBs described in Appendix 3 "Principles for Responsible Banking. Reporting and Self-Assessment" of the NFDR, with respect to the presentation of the information, compliance thereof with the PBR requirements, as well as an examination of the consistency of the references in this section with the rest of the information in the NFDR.
- Corroboration, through sample testing, of the information relative to the content of the NFDR for 2022 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.



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Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The NFDR of Banco de Sabadell, S.A. and subsidiaries for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in Annex 2 "Table of contents Law 11/2018" of the NFDR.
- b) The information regarding impact analysis, target setting, progress in implementing targets, governance, structure and progress in implementing the PRBs set out in Annex 3, "Principles of Responsible Banking. Reporting and Self-Assessment" of the NFDR has not been prepared, in all material respects, in accordance with the "Principles for Responsible Banking Guidance Document" published by UNEP FI in 2019.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the institution's investments are associated with economic activities eligible under the Taxonomy. For such purpose, the Directors of Banco de Sabadell S.A. have included information on the criteria that, in their opinion, best allow them to comply with this obligation, and which are defined in section "4.2.2 Taxonomy" and in Annex 4 "Taxonomy Indicators" of the attached NFDR. Our conclusion is not modified in respect of this matter.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on the original in Spanish)

Patricia Reverter Guillot

16 February 2023

B Sabadell