



*Free translation from the original in Spanish. In the event of a discrepancy, the Spanish language version prevails.*

## **INDEPENDENT ASSURANCE REPORT ON CORPORATE SOCIAL RESPONSIBILITY INDICATORS**

To the Management of Banco de Sabadell, S.A.:

We have carried out our work to provide limited assurance on the Corporate Social Responsibility indicators that Banco Sabadell considers key to its stakeholders (hereinafter 'CSR Indicators') of Banco de Sabadell, S.A. and its subsidiaries (hereinafter 'Banco Sabadell') for the year ended 31 December 2017 and included in the Appendix 1 enclosed.

The CSR Indicators have been prepared in accordance with Banco Sabadell's own reporting criteria detailed in the Appendix 1.

### **Responsibility of the Management of Banco Sabadell**

The Management of Banco Sabadell is responsible for the preparation, content and presentation of the CSR Indicators in accordance with Banco Sabadell's own reporting criteria. This responsibility includes designing, implementing and maintaining the internal control considered necessary to ensure that the CSR Indicators are free of material misstatement due to fraud or error.

The Management of Banco Sabadell is also responsible for defining, implementing, adapting and maintaining the management systems from which the necessary information is obtained to prepare the CSR Indicators.

### **Our Responsibility**

Our responsibility is to issue a limited assurance report based on the procedures that we have carried out and on the evidence that we have obtained. We have carried out our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (Revised), 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement. Therefore the assurance provided is also less.

The procedures carried out are based on our professional judgment and included enquiries, observation of processes, inspection of documentation, analytical procedures and tests of review, based on sampling, which have generally been as follows:

- Meetings with the personnel of several units of Banco Sabadell involved in the preparation of the 2017 CSR Indicators.
- Analysis of the procedures used to compile and validate the data and information presented in the 2017 CSR Indicators.



- Analysis of the adaptation of the 2017 CSR Indicators to the Banco Sabadell's own reporting criteria described in the explanatory notes of the Appendix 1.
- Verification, through random sampling tests revisions, internal control tests and substantive tests on the information used to determine Banco Sabadell's CSR Indicators included in Appendix 1. We have also verified whether they have been appropriately compiled from the data provided by Banco Sabadell's sources of information.

### **Our Independence and Quality Control**

We have complied with the requirement of independence and other requirements of the Code of Ethics for Accountants issued by the International Ethics Standard Board for Accountants (IESBA), based on the main principles of integrity, professional competence and due care, confidentiality and professional conduct.

PwC applies International Standard on Quality Control (ISQC 1) and consequently, our firm has a global quality control system which includes policies and procedures on the compliance of ethical requirements, professional standards and applicable statutory requirements.

### **Limited Assurance Conclusion**

As a result of the procedures carried out and evidence obtained, nothing has come to our attention that causes us to believe that the CSR Indicators of Banco Sabadell for the year ended 31 December 2017, included in Appendix 1, contain significant errors or have not been prepared, in all material respects, in accordance with the Banco Sabadell's own reporting criteria described in the explanatory notes of the Appendix 1.

### **Use and Distribution**

Our report is issued solely for the Management of Banco Sabadell, in accordance with the terms and conditions of our engagement letter. We accept no responsibility to third parties other than the Management of Banco Sabadell.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in black ink, appearing to read 'Mª Luz Castilla', is written over a horizontal line.

Mª Luz Castilla

March 2, 2018

## ANNEX 1

### List of 2017 CSR key indicators of Banco Sabadell.

2017 reported indicators		
Indicator	Unit	Reviewed data
<b>1.Responsible business</b>		
<b>Social housing</b>		
Number of homes at reduced rent at year-end.	Number of homes	7,798
Coverage of the social contract over the total of social rent.	Percentage	48%
Total number of mortgage restructurings in the year.	Number of operations	198
Total number of repossessions in lieu of payment in the year.	Number of operations	2,592
Indicators of contribution to the Social Housing Fund (FSV) at year-end:		
Number of homes.	Number of homes	400
Occupancy rate (lease agreements signed) within the scope of FSV.	Percentage	90%
Number of properties loaned to not-for-profit Institutions and Foundations at year-end.	Number of properties	101
Number of non-profit institutions and foundations that benefited of loaned properties during the year.	Number of Institutions and Foundations	48
<b>Vulnerability</b>		
Social contracts: number of customers participating in labour integration programmes (JoBS programme) from the implementation of the programme in October 2016.	Number of persons	2,464
Labour contracts formalised through the labour integration programme (cumulative since the start of the programme in October 2016).	Labour contracts	646
Labour integration agreements signed.	Number of agreements	3
<b>Ethical and solidaric investing</b>		
Amount granted to institutions and solidarity projects by Sabadell Inversión Ética y Solidaria FI (investment fund).	Euros	225,530
Amount granted to institutions and solidarity projects by Sabadell Urquijo Cooperación SICAV (investment company).	Euros	35,377
Amount granted to institutions and solidarity projects by Plan de Pensiones Ético y Solidario (pension plan).	Euros	173,318
<b>2.Commitment to employees</b>		
<b>Workforce</b>		
Domestic workforce at the end of the year	Employees	16,764
Group workforce at the end of the year	Employees	25,845
<b>Gender</b>		
Accomplishment of the target of woman accounting for 18% of executive positions by 2018, established in the "Collaboration agreement with the Spanish Ministry of Health, Social Services and Equality", signed in 2014.	Achieved/not achieved	Achieved
Women in executive positions. National scope	Percentage	22.27%
% of promotions who are women National scope	Percentage	47.26%
% of women in the workforce Group scope	Percentage	55.63%
<b>Diversity</b>		
Disabled persons in the workforce. Group scope	Number of employees	253
<b>Talent Graduate Programme (TGP)</b>		
Number of participants of the second edition (2016-2017) of the young professionals Talent Graduate Program (TGP).	Participants	39
Number of participants who successfully completed the first edition of the TGP (2015-2016) and were hired.	Participants	37

**2017 reported indicators**

Indicator	Unit	Reviewed data
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**3. Commitment to the environment**
**Commitment to the planet**
**The Equator Principles**

Total number and names of Project Finance transactions (structured finance of \$10 million or greater) and Project-Related Corporate Loans (with principal exceeding \$100 million) that reached financial completion in the reporting period:

Number of projects 11

SECTOR	Project Name	Category	Country	Region	Designated Country	Independent Review
Oil and gas	CPV TOWANTIC	B	USA	America	YES	YES
Renewable energies	FERRYBRIDGE 2 ENERGY FROM WASTE	B	UK	Europe	YES	YES
	MOUNT SIGNAL	B	USA	America	YES	YES
	PARQUE EÓLICO LAS COLINAS	B	Spain	Europe	YES	YES
	PROYECTO EÓLICO ALISIO	B	Spain	Europe	YES	YES
	PROYECTO EÓLICO LA MORRA (ALAS) Y PROYECTO EÓLICO PORIS DE ABONA	B	Spain	Europe	YES	YES
	PROYECTO EÓLICO TAGORO RISCO BLANCO	B	Spain	Europe	YES	YES
	PROYECTO MARISMA	B	Spain	Europe	YES	YES
	SOLAR STAR ORGEON II LLC (GALA)	B	USA	America	YES	YES
	VOLTALIA PF SOLAR PLANT	B	France	Europe	YES	YES
	WILLOW SPRINGS CLASS B MEMBER LLC	B	USA	America	YES	YES

Number of renewable energy projects as a percentage of total projects under the Equator Principles.

Percentage 91%

Amount allocated at year-end to the investment cycle 2016-2019 implemented through SINIA RENOVABLES.

Millions of euros 150

Amount of funding for renewable energy projects at group level.

Millions of euros 1,048

**Responsible consumption**
**Bank's infrastructure**

Workforce who works in an ISO 14001 certified building.

Percentage 15.41%

**CO<sub>2</sub> emissions: scopes 1, 2 and 3**

Scope 1: fuel and company vehicles (owned by the group).

Tones of CO<sub>2</sub> 763

Scope 2: electricity consumption.

Tones of CO<sub>2</sub> 22

Scope 3: business trips.

Tones of CO<sub>2</sub> 3,337

Total electricity consumption.

MWh 82,824

Origin of the electric energy contracted according to the type of energy source, according to the marketers:

Renewable.

GJ / Percentage 298,036.867 / 99.956 %

High efficiency cogeneration.

GJ / Percentage 1.732 / 0.001%

Cogeneration.

GJ / Percentage 19.484 / 0.007%

Combined natural gas cycles.

GJ / Percentage 24.030 / 0.008%

Carbon.

GJ / Percentage 30.741 / 0.010%

Fuel/Gas.

GJ / Percentage 5.629 / 0.002%

Nuclear.

GJ / Percentage 46.112 / 0.015%

Other.

GJ / Percentage 2.598 / 0.001%

Total.

GJ 298,167

**Paper consumption**

Volume of paper (DIN A4 format) used during the exercise.

Tones 988

Use of recycled paper out of the total consumption of paper (white and recycled) in Spain.

Percentage 9%

Use of recycled paper out of the total consumption of paper (white and recycled) in 13 corporate centres with a post room

Percentage 80%

**2017 reported indicators**

Indicator	Unit	Reviewed data
<b>3. Commitment to the environment</b>		
Reduction in the use of printed forms due to introducing tablets		
Volume of printed forms (deposit and withdrawal slips, 1/3 of an A4 sheet) eliminated during the year due to introducing tablets.	Millions of forms	26.3
<b>Sustainable mobility</b>		
Sustainable vehicles provided to clients under operating lease of the total fleet at year-end.	Percentage	78%
<b>4. Commitment to society</b>		
<b>Financial education: programmes and participation</b>		
Number of participants (children) in the children's drawing competition "What is money for?" in 2017.	Number of participants at the end of the year / Number of participants at the end of the competition (January 2018)	over 5,000 / 7,324
Number of Bank volunteers, both employees and retirees (retired employees), who participated in the Financial Education Programme in Catalan Schools (EFEC) and the "Your Finances, Your Future" programme in cooperation with the Spanish Banking Association (AEB) and the Junior Achievement Foundation (JA):		
The Financial Education Programme in Catalan Schools (EFEC).	Participants	179
"Your Finances, Your Future".	Participants	32
Number of "Export to grow" seminars held for SMEs during the year, and number of attendees:		
Number of seminars.	Number of seminars.	5
Number of attendees.	Number of attendees	More than 420

## Explanatory notes: Reporting criteria established by Banco Sabadell.

Indicator	Scope	Definition
<b>1. Responsible business</b>		
Social housing	National	<ul style="list-style-type: none"> <li>- Social housing rent: number of homes with a social rent at year-end for customers at the risk of vulnerability, based on the Bank's internal criteria, deriving from a mortgage foreclosure process, mortgage debt payments or squatting process with a formalised rental agreement.</li> <li>- Coverage of the social contract out of total social rent: percentage of the number of social rent contracts out of total social rent properties at the end of the year.</li> <li>- Mortgage debt restructuring operations: total mortgage debt restructuring operations (change in mortgage financing conditions) made during the year.</li> <li>- Payment on debts: total payment of debts (extinction of the debt derived from a mortgage loan through the delivery of the housing to the bank) made during the year.</li> <li>- Indicators of contribution to the Social Housing Fund (FSV) at year-end, under the Social Housing Fund (FSV) Convention derived from Royal Decree-Law 27/2012 of November 15<sup>th</sup>, on urgent measures to strengthen the protection of mortgage debtors. <ul style="list-style-type: none"> <li>o Number of homes: total number of homes made available to the FSV by the Bank.</li> <li>o Occupancy rate: number of rentals formalized on the Bank's FSV scope.</li> </ul> </li> <li>- Number of properties loaned to Institutions and Foundations at the year-end, by means of a loan contract.</li> <li>- Number of Non-Profit Institutions and Foundations benefiting from the loan of properties during the year.</li> </ul>
Vulnerability	National	<ul style="list-style-type: none"> <li>- Social contracts (JoBS programme) from the start of the programme in October 2016: number of participants in the labour market integration programme (JoBS) in the framework of the Bank's social contracts (social rent contracts which include clauses on labour market integration programmes in which the undersigned commits to participate) from the start of the programme in October 2016 and for active rental agreements at year-end.</li> <li>- Labour contracts: total labour contracts (labour contracts formalised within the framework of the labour market integration programmes included in social contracts) formalised through the labour market integration programme /cumulative since the start of the programme in 2016 and active rental agreements at year-end.</li> <li>- Employment insertion agreements signed: number of valid agreements at year-end signed with companies from different sectors in the framework of the JoBS labour market integration programme.</li> </ul>
Ethical and solidaric investing	Group	<ul style="list-style-type: none"> <li>- Amount granted Sabadell Inversión Ética y Solidaria FI: economic contribution granted during the year to solidarity projects and not-for-profit organisations, in addition to the management fees accrued by Fondo de Inversión Sabadell Inversión Ética y Solidaria F.I. in euros.</li> <li>- Amount granted Sabadell Urquijo Cooperación SICAV: economic contribution granted during the year to solidarity projects and not-for-profit organisations, in addition to the management fees accrued by Sociedad de Inversión Sabadell Urquijo Cooperación, S.I.C.A.V, S.A. in euros.</li> <li>- Amount granted Plan de Pensiones Ético y Solidario: economic contribution granted during the year to solidarity projects and not-for-profit organisations, in addition to the management fees accrued by Plan de Pensiones BS Ético y Solidario, P.P., in euros.</li> </ul>

Indicator	Scope	Definition
<b>2. Commitment to employees</b>		
Workforce	National	Domestic workforce at year-end.
	Group	Group workforce at the end of the year.
Gender	National	Accomplishment of the target of woman accounting for 18% of executive positions by 2018, established in the "Collaboration agreement with the Spanish Ministry of Health, Social Services and Equality", signed in 2014. The target is considered to have been reached when the percentage of women in management positions with respect to the Bank's total employees in management positions at year-end is equal to or greater than 18%.
	National	Women in executive positions: percentage of women in executive positions out of the total workforce in Spain, at year-end.
	National	Promotions which are women: percentage of promotions granted to women out of the total promotions of the workforce in Spain, at year-end.
Diversity	Group	Women in the workforce: percentage of women in executive positions out of the total workforce in Spain at year-end.
	Group	Number of persons with a disability in the workforce: total number of employees with a disability in the Group's workforce at year-end.
Talent Graduate Programme (TGP)	National	<ul style="list-style-type: none"> <li>- Number of participants in the second edition (2016-2017) of the program of young professionals Talent Graduate Program (TGP), at year-end.</li> <li>- Number of participants who successfully completed the first edition of the TGP (2015-2016) and were hired.</li> </ul>
<b>3. Commitment to the environment</b>		
The Equator Principles	Group	<ul style="list-style-type: none"> <li>- Information on the Equator Principles Total number and names of project finance transactions (structured finance of \$10 million or greater) and project-related corporate Loans (with principal exceeding \$100 million) that reached financial completion in the reporting period, broken down by region, country, sector, level of impact (A, B or C, in accordance with the standard developed by the International Finance Corporation - IFC) and type of review (for categories A and B, a social and environmental assessment reviewed by an independent expert is required).</li> <li>- Number of renewable energy projects as a percentage of total projects under the Equator Principles.</li> </ul>
Renewable energies funding and investment	Group	<p>Direct investment in renewable energy projects (wind, photovoltaic, solar, small hydro and biomass):</p> <ul style="list-style-type: none"> <li>- Amount (in million euros) allocated at year-end to the 2016-2019 investment cycle through SINIA RENOVABLES, subsidiary 100% owned by Banco Sabadell.</li> <li>- Amount at Group level (in million euros) of the funding of renewable energy projects during the year, including new entry projects, refinancing and restructuring.</li> </ul>
Bank's infrastructure	National	Workforce who works in an ISO 14001 certified central service building: percentage of the workforce who works in an ISO 14001 certified building out of the total workforce in Spain at year-end.
CO <sub>2</sub> emissions: scopes 1, 2 and 3	National	<p>Inventory of CO<sub>2</sub> emissions: Amount of CO<sub>2</sub> emissions by scope and source (in tCO<sub>2</sub>):</p> <ul style="list-style-type: none"> <li>- Scope 1: fuel and company vehicles (owned by the group).</li> <li>- Scope 2: electricity consumption.</li> <li>- Scope 3: business trips (km travelled by plane, train, private vehicle or group fleet vehicles). Does not include trips made by employees between their home and place of work (commuting category).</li> </ul>
Total consumption and energy supply companies	National	<ul style="list-style-type: none"> <li>- Total electric energy consumption in MWh.</li> <li>- Origin of the electric energy contracted according to the type of energy source (in GJ and in percentage on the total), according to the marketers: Renewables, High efficiency cogeneration, Cogeneration, Combined cycles natural gas, Coal, Fuel / Gas, Nuclear, Other.</li> </ul>

Indicator	Scope	Definition
<b>3. Commitment to the environment</b>		
Paper consumption	National	<ul style="list-style-type: none"> <li>- Volume of paper (A4 size) used during the year, in tonnes, calculated based on the amount of paper served to offices or corporate centres.</li> <li>- Use of recycled paper out of the total consumption of paper (white and recycled) in Spain, in percentage.</li> <li>- Use of recycled paper out of the total consumption of paper (white and recycled) in 13 corporate centres with a post room during the year, in percentage.</li> </ul>
Reduction in the use of printed forms due to introducing tablets	National	Volume of printed forms (deposit and withdrawal slips, 1/3 of an A4 sheet) eliminated during the year due to introducing tablets in millions of forms, calculated based on the number of forms signed in digital tablet.
Sustainable mobility	National	Percentage of sustainable vehicles (which do not pay registration tax as their CO2 emission is less than or equal to 120gr/km) in renting out of the total fleet (renting vehicles with active contracts) at year-end.
<b>4. Commitment to society</b>		
Financial education: programmes and participations	National	<p>Participation in financial education programmes for children, young people, adults and SMEs that were supported by the Bank:</p> <ul style="list-style-type: none"> <li>- Number of participants (children who submitted a drawing) in the “What is money for?” 2017 drawing competition (participation period held from 16 October 2017 to 15 January 2018, at year-end and at the close of the competition).</li> <li>- Number of Bank volunteers, both employees and retirees (retired employees), who participated in the Financial Education Programme in Catalan Schools (EFEC) and the “Your Finances, Your Future” programme in cooperation with the Spanish Banking Association (AEB) and the Junior Achievement Foundation (JA).</li> <li>- Number of events carried out and assistance during the year of the “Exportar para crecer” programme aimed at SMEs. Regarding the level of assistance, an estimated figure is reported which contextualises the information given and it has been verified that the number of inscriptions stands between &gt;420 and &lt;470.</li> </ul>