



EXTRACT FROM THE HUMAN RIGHTS DUE DILIGENCE
PROCEDURE OF THE BANCO SABADELL GROUP

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1. Introduction

This document is an extract from the Human Rights Due Diligence Procedure of the Banco Sabadell Group (hereinafter, “the Group”), through which the identification and evaluation of the potential impacts on human rights in the performance of its activities are specified, as a sign of its explicit commitment to the respect, support and protection of these rights both in its internal and external relations, in all the territories where it does business, for the purpose of assuming the commitments established in the highest internationally recognised standards.

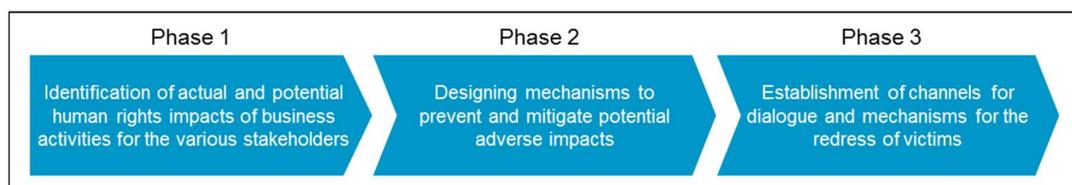
The Group considers human rights in the relations carried out by all its entities and for all its stakeholders, i.e. with its employees, customers, suppliers and other business partners, and also with the society in which it operates, and therefore, this human rights due diligence procedure has been developed within the framework of the HUMAN RIGHTS POLICY OF THE BANCO SABADELL GROUP.

The purpose of this document is to set out the basic principles underpinning the human rights due diligence process, using the guidelines set out by the UN Guiding Principles on Business and Human Rights as a reference, which identify three key points:

- Impact identification: Establish mechanisms to identify and prioritise the Group's actual and potential human rights impacts;
- Design of mechanisms to prevent and mitigate adverse impacts on human rights;
- Provision of channels and processes for dialogue with stakeholders to ensure that, in the event of a violation, appropriate mechanisms are in place to ensure effective redress for victims of any adverse impact for which the Group is directly responsible.

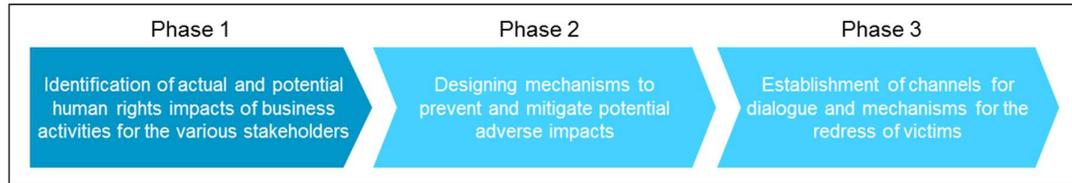
2. Phases

The process is divided into different phases:



The first stage comprises the establishment of mechanisms to identify the actual and potential impacts of the Group's operations on human rights; a second stage is related to the design of the necessary mechanisms to prevent and mitigate possible adverse impacts; and the third is the establishment of channels of dialogue so that, in the event of a violation, effective reparation is ensured for the victims of any adverse impact for which the Group is directly responsible.

2.1 First stage: Identification of actual and potential human rights impacts of business activities for the various stakeholders



Impacts are understood as *the positive and negative long-term effects, primary and secondary, produced directly or indirectly by an intervention, whether intended or unintended.*

The application of this Procedure begins by taking into account the principles and management parameters identified in the GROUP'S HUMAN RIGHTS POLICY and the potential human rights violations within its sphere of influence, identifying possible risk events as per the Group's responsibility towards its employees, suppliers, customers and as part of the community.

In order to identify the possible effects that the organisation's activities may have on the violation of the associated human rights, consideration must be given to the specific **context** in which it operates, its **sector of activity**, the **likelihood** of a certain impact occurring and the **human rights** that may be affected, identifying the possible agents and **groups involved**.

For employees:

- Equal treatment in workforce management: integration of people with functional diversity, internal selection and external recruitment
- Fair working conditions: working hours, rest and leave times, competitive remuneration, career advancement and social benefits, preventing workplace harassment
- Freedom in the work environment: freedom of association and collective bargaining, freedom of opinion
- In the workplace: health and safety, workplace health
- Information security and data protection: privacy of the workforce
- Ethical behaviour: anti-corruption and prevention of criminal liability, anti-money laundering and counter-terrorist financing

For clients:

- Product commercialisation: product and service design, marketing and advertising
- Responsible selling: transparency of information and clear, truthful and transparent communication of financial products and/or services
- Granting of financing: prudent matching of the debt to the client's needs, ratio between the amount lent and the value of the collateral, minimisation of the risks of over-indebtedness
- Social and financial inclusion: social housing management for debtors at risk of social exclusion, digitalisation and financial literacy
- Corporate project financing: financed projects and companies

- Investment: restriction to countries and persons affected by international sanctions, in the fight against money laundering and counter-terrorist financing
- Information security and data protection: protecting customer honour and privacy

For suppliers:

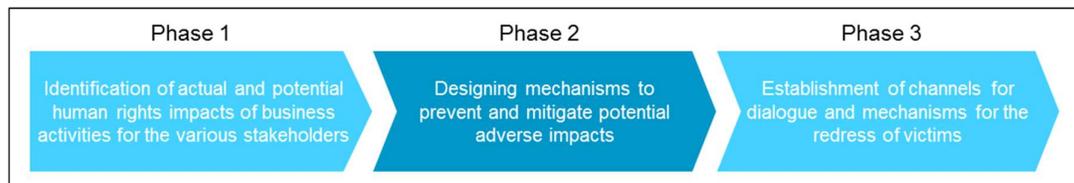
- Approval process: transparent tendering, award and formalisation of the contracts, service provision and monitoring. Transparency in trade relations.
- Fair recruitment: inclusion of employees without any discrimination, in a healthy working environment and respect for fundamental human rights, free from any harassment, abuse and rejecting any form of forced labour or exploitation.

For society as a whole:

- Product commercialisation: product and service design, marketing and advertising, sales
- Information security and data protection: confidentiality of data of the users with whom the Group has relations
- Transparency: clear and truthful economic and financial information
- Ethical behaviour: anti-corruption, anti-money laundering and counter-terrorist financing
- Social action: monitoring and validation of donations for charitable projects

This diagnostic audit defines the Group's initial situation and helps to identify those actions and processes where preventive and risk mitigation measures need to be put in place.

2.2 Second stage: designing the necessary mechanisms to prevent and mitigate potential adverse human rights impacts



The Group prevents and mitigates potential negative human rights impacts of its activities and processes by developing the appropriate tools to avoid causing, contributing to or being associated with potential adverse impacts, especially in the granting of financing to companies, the human resources management model and also supplier procurement processes.

The specific prevention and mitigation measures implemented by the Group to address actual and potential human rights risks are described below:

For employees, the Group:

- Has established plans and procedures for the recruitment, management, promotion, remuneration and development of its personnel, ensuring respect for diversity, equal opportunity, meritocracy and non-discrimination for any reason, in line with the principles of its Code of Conduct and the provisions of the General Disability Act applicable in Spain for the integration of people with functional diversity in the workplace.
- Has negotiated an ambitious equal treatment and equal opportunities plan with the trade union representation in Spain to combat any kind of gender discrimination in the workplace.
- Acts proactively to prevent and mitigate possible workplace accidents, reinforcing the measures it usually carries out when external circumstances (e.g. emergencies, epidemics or pandemics) so require by means of specific action plans with the aim of guaranteeing the health and safety of its employees in the performance of their tasks, with an emphasis on psychosocial factors related to work-related stress and the mental health of the workforce.
- Encourages a work-life balance and promotes flexible working hours to improve the balance between work and personal life through various actions, such as closing corporate buildings after a certain time and extending flexibility, or the agreement on recording the working day with trade union representatives in Spain, which includes the right to digital and work-related disconnection.
- To prevent and manage any form of corruption, the Group has developed a GROUP ANTI-CORRUPTION POLICY, applicable to all its employees, in addition to the CODE OF CONDUCT and policies on CONFLICTS OF INTEREST and CORPORATE CRIME PREVENTION, encouraging ethical behaviour to prevent money laundering and the financing of terrorism through the ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING PREVENTION POLICY.

In this regard, the acceptance of gifts, advantages, preferential treatment or benefits of any kind, for oneself or for a third party, from customers and/or suppliers is restricted, as reflected in the GROUP's CODE OF CONDUCT and GENERAL POLICY ON CONFLICTS OF INTEREST. Likewise, there is no tolerance for any conduct related to the giving, requesting or receiving of a benefit or advantage as an undue consideration in business relations, or that may compromise its decision-making capacity.
- In each Group company, directly through the Board of Directors or, where appropriate, the corresponding Committee, the Group promotes and supervises the adoption and implementation of a specific anti-corruption programme within the Corporate Crime Prevention Programme, and has a specific training course on the subject, which is compulsory for all Group employees, as well as specific training plans on anti-money laundering and counter-terrorist financing.
- It fosters training courses aimed at the early detection and reporting of possible violations in the area of human rights, thus reducing the likelihood that they will materialise.

For clients, the Group:

- Has adopted responsible communication practices that prevent the manipulation of information in the sales process of the products and/or services of its commercial offering, promoting maximum transparency and warning customers of the applicable risks, costs and fees, so that they can take suitable decisions.
- Ensures that the access to the data of customers and users of its financial services by the obliged parties is justified on the grounds of the data protection regulations, and business dealings are conducted, if necessary, in an environment of privacy in terms of their conversations and the documentation used.
- Makes every effort to ensure that the financing and investment in its products is attentive to the most vulnerable groups so that they are not discriminated against by the commercial offering available, also encouraging the design of products and services whose purpose is to foster social and financial inclusion, evaluating their financial solvency, and ensure responsible lending.
- In order to prevent any type of corruption, money laundering and/or counter-terrorist financing, in the case of accounts held by political parties, persons with public responsibilities or related institutions, strict control has been established for donations and/or contributions that may be received from third parties; on the other hand, the Banco Sabadell Group refrains from making any type of contribution to these groups.

For suppliers, the Group:

- Has developed a CODE OF CONDUCT FOR SUPPLIERS, which is available for public consultation on the website, and which determines the fundamental principles of human rights that they must respect in the performance of their business activity, thus ensuring that they hire their employees in accordance with current labour legislation and international labour conventions, including the ILO, and that they guarantee a diverse, healthy and safe working environment, free of any type of abuse or intimidation.
- Compliance with specific monitoring clauses has been incorporated in tenders, such as environmental protection and respect for human rights in their activity, and the possibility is established to carry out a review of a supplier when it is deemed appropriate.
- In the bidding processes for suppliers interested in maintaining commercial relations with the Group, and with the intention of avoiding possible conflicts of interest of any of the parties, it acts in accordance with the BANCO SABADELL GROUP OUTSOURCING POLICY, which establishes the criteria and procedures necessary for the appropriate management of a possible conflict of interest.
- Maximum transparency is provided to suppliers during the tendering process for the Group's suppliers and in business relations with those already under contract, and they are required to behave in a manner that absolutely rejects any form of corruption in all regions where they operate.

For society as a whole, the Group:

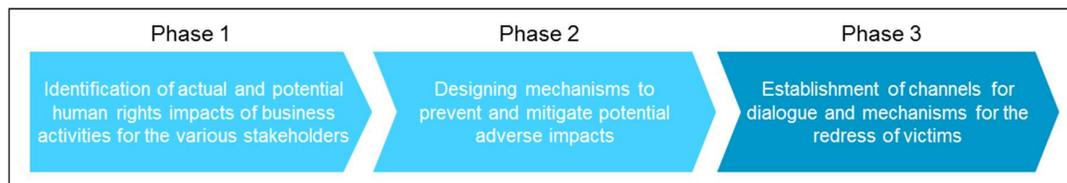
- Refrains from entering into trade relations related to 'controversial arms' and/or 'countries subject to arms embargoes', both categories as defined in existing UN treaties and conventions, as defined in the POLICY ON FINANCING AND INVESTMENT RESTRICTIONS ON ACTIVITIES OF THE ARMS INDUSTRY.

- Since 2011, it has been a signatory to the Equator Principles, a voluntary international reference framework for the assessment and management of the potential environmental and social risks, including those related to human rights' violations, in its financing and/or investment operations in companies, projects or corporate loans.
- It promotes ethical behaviour to prevent possible money laundering and/or the financing of terrorism, which is duly specified in its ANTI-MONEY LAUNDERING AND COUNTER-TERRORIST FINANCING PREVENTION POLICY.
- The Group addresses issues present in the local communities where it operates. Thus, from the parent company, and in the case of its vulnerable mortgage customers, it works to grant affordable and social rents, which contribute to offering a solution to the existing housing problem and to avoid a possible situation of social exclusion; it also supports them through a complementary service of job placement and employment to improve their socio-economic situation.

In this work of continuous support for the benefit of local communities in the countries in which it operates, the various subsidiaries (located in the United Kingdom and Mexico) participate in various charitable causes and initiatives, either on their own or in collaboration with other third sector entities.

- In the case of donations made to foundations and/or non-governmental organisations in the sphere of patronage, cooperation and solidarity, these are carefully analysed and everything related to this area is independently audited by third parties.

2.3 Third stage: establishment of channels for dialogue, and mechanisms for the necessary redress for victims of any adverse impacts



The Group has implemented internal resources and tools for the appropriate management of human rights issues, including the necessary channels of dialogue in terms of the participation and dialogue with its various stakeholders in order to be aware of any incident related to a possible violation of human rights.

In this respect, the Banco Sabadell Group has set up, both externally and internally and in all the countries in which it operates, several communication mechanisms that allow for the confidential submission of queries, complaints, suggestions, irregularities, claims and/or reports on the practical application of human rights, whether by its workforce, customers, investors and shareholders, as well as collaborators, suppliers and third parties with whom it has dealings. In the processing of these communications, the identity of informants is kept confidential and they are protected from any action that could lead to the person in question being discriminated against or penalised for reporting any irregular or inappropriate conduct that may occur in the course of the Group's business.

In addition, the Group publicly discloses human rights aspects in the *Consolidated Non-Financial Disclosures Report*, published annually and available on the corporate website, in compliance with the general provisions published in Law 11/2018 on non-financial information and diversity, which is accessible to all its stakeholders, investors and consumers.

While due diligence aims to prevent or avoid adverse impacts of the Group's activities on the human rights involved, where these have already been caused, the damage must be addressed, and remediation is the system for redressing such damage.

The Group has a clear commitment to redress and remedy the effects on infringed human rights by establishing and effectively managing mechanisms to provide redress to those affected. To this end, such redress to counteract or correct these adverse impacts takes a number of different forms, including:

- public apologies
- restitution or rehabilitation
- financial or non-financial compensation
- prevention of harm through precautionary measures or guarantees of non-repetition.

These corrective measures will vary according to the type of harm done and there may be more than one remedy. In any case, the Group will, as a general rule, inform the affected person as quickly as possible of the actions taken to address the consequences of its activities on the violated human rights, assuming responsibility for the negative effects that the business activity may have directly or indirectly generated, without this exhausting the possibility of taking legal action in the courts.

Finally, aware of the importance of the processes developed with the intention of being able to observe maximum respect for human rights, the Group seeks to evaluate the management systems in place in this regard, to correct, if necessary, any procedures and ensure due diligence, and as part of a continuous learning process, to improve the mechanism and prevent future harm from being done

