

Corporate Social Responsibility



Corporate Social Responsibility (CSR)

Banco Sabadell operates in a transparent and ethical manner. In the current climate, the Group seeks to address the concerns of the community by accepting its role as a driver of the economy and ensuring an appropriate impact on society and the environment. Each and every person in the organization has a part to play in the process of transforming the business and helping, in a disciplined and professional way, to make it ever more competitive while respecting the principles and policies of corporate social responsibility.

CSR Master Plan

In 2013, the Bank approved a Corporate Social Responsibility (CSR) Master Plan reaffirming the values and ethical principles that govern its actions, at a time when there was a need to demonstrate its commitment to maintaining the trust and reliance placed on it by stakeholders. The Plan comprises five main action areas: responsible banking, a healthy organization, environmental sustainability, a CSR-supportive culture and value sharing.

During 2014 the Bank started work on drawing up programmes for the different action areas of its CSR Master Plan. The healthy company line of action is detailed in the section on human resources under Banco Sabadell's key stakeholders.

Responsible banking

Commitment to business ethics

For Banco Sabadell it is of vital importance to ensure the strictest compliance with the law and with the policies, internal procedures and codes of conduct that guarantee ethical and responsible conduct at all levels of the organization, using a range of tools throughout the organisation and in all Group activities.

- Code of conduct: applies generally to all persons directly involved with the Group, whether as employees or as members of its governing bodies.
- The Internal Code of Conduct in connection with the securities market.
- The Suppliers' Code of Conduct.
- Policy on ethics and human rights.
- Policy on corporate social responsibility.
- Policies related to stakeholders (shareholders and investors, customers, suppliers, employees, the environment and the community).
- A plan to foster genuine equality between women and men at Banco Sabadell.
- A code of conduct governing the use of social networks.
- Membership of Autocontrol, a self-regulatory body on business communication.
- Adopting the Code of Good Banking Practice.

The Bank has a standing Corporate Ethics Committee whose chairman and five other members are appointed by the Board of Directors to advise the Board on the adoption of CSR-related policies. Any employee may contact the

Corporate Ethics Committee, in complete confidence via a special email address, to raise any issue relating to ethical business practices in the organization.

Social commitment

Banco Sabadell plays a responsible role in society, both as a creator of employment and a provider of finance to people and business projects. This contributes to the creation of wealth in the Spanish economy in a context of sustainable growth. In 2014 Banco Sabadell was directly employing 17,529 people and disbursed more than €1,202 million in wages and social welfare contributions. It spent €2,037 million on procurement of goods and services (T8).

Assistance in cases of mortgage default

In 2014, the Bank confirmed its support for the Code of Good Banking Practice to mitigate the effects of indebtedness and facilitate the rehabilitation of debtors at risk from social exclusion. In this framework, the Bank also accepted proposed amendments to the Social Housing Fund ("FSV") that would relax the eligibility requirements for FSV housing and allow the reduced rents payable by occupants of repossessed homes to be included in FSV provisions.

Additionally, measures were established to ensure that persons at risk of social exclusion do not lose their habitual abode.

Where a customer is unable to pay their mortgage, the Bank works with the customer to look for solutions that will help them to overcome any temporary difficulty and avoid foreclosure. Wherever possible, the Bank proposes changes to the terms of the mortgage based on the borrower's ability to pay. This may mean lengthening the payment period, granting a grace period or reviewing the rate of interest. The Bank may also agree to take possession of the property and release the customer from his debt; this has happened in 2,706 cases involving loans totalling €460 million.

Where a mortgage is foreclosed, the Bank does not take forcible eviction proceedings. In 84% of repossessions, the property involved was already unoccupied. In the remaining cases, where a family is at risk of social exclusion, the Bank enters into discussions with the occupants to look for the best way of avoiding eviction. The Bank may offer a customer the option of remaining in their property or moving to another one and paying a subsidized rent.

It reaffirmed its support for the FSV's mandate by increasing from 260 to 400 the number of repossessed homes let to their former owners in 286 different municipalities all over Spain; at the close of the year arrangements of this kind were in place in 84% of these properties.

The Bank also transferred 92 properties to 49 charitable and not-for-profit organizations with a mandate to assist and support the underprivileged and the needy.

The Banco Sabadell Group has 3,494 homes let at reduced rents to customers facing financial hardship as a result of mortgage foreclosure, repossession in lieu of payment, or living in substandard or unsuitable accommodation.

	2014	2013
Direct economic value generated(€'000)	5,037,474	4,020.687
Net sales plus revenues from financial investments and sales of assets (includes gross income and capital gains on asset sales)	5,037,474	4,020.687
Direct economic value distributed(€'000)	3,448,361	2,567,217
Payments to suppliers	2,036,626	1,267,452
Personnel expenses (includes social welfare costs)	1,202,604	1,135,175
Corporate income and other taxes (*)	209,131	160,260
Investment in community and cultural programmes	5,492	4,330
Economic value retained(€'000)	1,589,113	1,453,470
Other information		
Customers(million)	6.4	6.5
Shareholders	231,481	262,589
Branches in Spain	2,267	2,418
Employees	17,529	18,077

(*) Figures for 2013 were restated due to early application of IFRIC 21.

Banco Sabadell is in regular contact with charities and other organizations (Caritas, ICAV, Ofideute, local social services, etc.), as well as Plataformas de Afectados por la Hipoteca (an organization that supports people with mortgage difficulties), central government and local authorities. The Bank is a member of an evictions panel set up by the Catalan Government at the request of the Catalan Parliament.

Transparency towards customers

One of the responsible banking programmes is transparency vis-à-vis customers.

Since 2010, the Bank has been a member of Autocontrol, an organization that promotes responsible advertising, thus making a commitment to responsible advertising and to ensuring that all information, contract terms and operating features conform to current legislation.

Financial education

Another responsible banking programme is Financial Education. In 2011, Banco Sabadell became party to an agreement with the Spanish Banking Association (AEB), the CNMV and the Bank of Spain to carry out a programme of activities as part of the National Financial Education Plan, with the aim of encouraging greater financial awareness among the general public.

The Bank has taken other initiatives related to financial education: for the very young (at <http://paraquesirveeldinero.com>); for school-age children (current and retired employees of the Group are working as volunteers on a scheme entitled “Financial Education for Schools in Catalonia”, a pioneering project in Spain led by the Financial Studies Institute); to help manage a household

economy (the “Personal Finance” tool available on BS Online); and for SME's (the “Exporting for Growth” programme offers businesses a range of tools and resources to assist them with foreign trade).

To set people thinking, in 2013 the Bank launched a campaign entitled “How long are we going to live?” The campaign was organized around four full-length talks (which can be viewed on www.bancosabadell.com/futuro) in which four well-known scientists give their answers to the question that defined the campaign. The scientists set out reasons why life expectancy in the Spanish population is set to increase significantly in the future. Given this foreseeable trend, the Bank invites viewers to think about the need to set up a plan to save for their retirement.

Environmental sustainability

We care about the future and about sustainability. This is why Banco Sabadell has an environmental policy in place and promotes commitment to the environment globally. The Bank's environmental policy is to minimize the potential impacts of processes, facilities and services; to manage effectively the environmental threats and opportunities inherent in its business, and to promote a global commitment to the environment. The Bank adheres to a number of global initiatives, including the Equator Principles and the Carbon Disclosure Project (CDP).

Banco Sabadell promotes the development of a more sustainable energy model by investing directly in, and providing funding for, renewable energy projects (lending €141 million in 2014), investing in power generation projects using renewable energy and advising on this type of project. It has also participated as a speaker at the main fora in Spain: these included events organized by the

Spanish Wind Energy Association and the Association of Renewable Energy Producers.

The Bank has an environmental management system (EMS) which was set up in 2006 in accordance with the ISO 14001:2004 standard and has been certified for six Central Services buildings. With regard to environmental training and awareness-raising, all Group employees have access to an on-line training course which is obligatory for staff at Central Service facilities certified to ISO 14001. Employees also have an online guide, *"Connect with the Environment"* which gives them ready access to information about the Bank's environmental footprint, resource consumption and waste management at branches or Central Services buildings.

The Bank also informs all suppliers of the Group's environmental policy and uses a range of mechanisms to incorporate environmental and social responsibility into its supply chain. Banco Sabadell's basic contract with suppliers includes specific clauses on compliance with environmental criteria, human rights and the Ten Principles of the United Nations Global Compact, as well as acceptance of the Supplier Code of Conduct.

Shared value

Creation of shared value and Social and cultural action
Banco Sabadell nurtures and gives recognition to people's talent and transformative potential. It does this through such awards as the UPFemprèn Prize for entrepreneurial initiative by students, Imagine Cultura Barcelona and the ESADE Alumni-Banco Sabadell Prize for Best Business Start-up.

It also supports and works to channel the capacity for innovation shown by employees, customers and consumers and add value to society as a whole. Examples include the BStartup 10 high-performance scheme for 10 young Spanish business start-ups showing high potential, in each of which it has invested €100,000 to help them grow and internationalize; organizing the first "hackathon" on digital banking, in which the winning project, Wallabe, introduced a new concept in banking that included "socialbanking" and "socialcash"; and keeping channels open for customers and employees to put forward their ideas.

Banco Sabadell's policy of support for the community and for cultural activities is part of its commitment to society and to value creation. Its activities in these areas are conducted in cooperation with Banco Sabadell Foundation. The Foundation presents several distinctions, such as the SabadellHerrero Award for Economic Research and the Banco Sabadell Award for Biomedical Research.

Adoption of national and international initiatives

In recent years, the implementation of social responsibility policies at Banco Sabadell has resulted in the Bank joining or associating itself with a number of initiatives and receiving awards and distinctions.

- Adoption of the ten principles of the United Nations Global Compact in the areas of human rights, labour, the environment and the fight against corruption.
- Signing the Equator Principles, which requires it to take account of social and environmental issues in financing major projects and in loans to large corporates.
- Integration of CSR policies into business practice in accordance with ISO 26000 guidance.
- A signatory of the United Nations Principles for Responsible Investment in the "investment manager" category.
- Party to an agreement between the Spanish Banking Association (AEB), the CNMV and the Bank of Spain to carry out a programme of activities as part of the National Financial Education Plan.
- Banco Sabadell is among the stocks included in the FTSE4Good, FTSE4Good IBEX, Euronext Vigeo Europe 120 and Euronext Vigeo Eurozone 120 sustainable stock market indices.
- Awarded the European Foundation for Quality Management (EFQM) Gold Seal of Excellence.
- ISO 9001 certification for 100% of processes and operations of the group's financial undertakings in Spain.
- A signatory of the Carbon Disclosure Project (CDP) for action against climate change and its Water Disclosure programme. Banco Sabadell has been disclosing its CO2 emissions since 2009.

For more details of the Group's CSR policies, see the CSR section of the Bank's website (www.grupobancosabadell.com).