

## Corporate Social Responsibility

Banco Sabadell carries on its business in a transparent, ethical way in response to society's concerns. Banco Sabadell accepts its role as a driver of the economy while also ensuring an appropriate impact on society and the environment. Through a rigorous professional approach, each and every person in the organization has a part to play in respecting and applying the corporate social responsibility principles and policies while also ensuring quality and transparency in customer service.

Principles and policies in the area of corporate social responsibility are aimed at responding to the expectations of stakeholder groups in order to establish a long-term relationship and create shared value.

In 2015, the Bank continued to develop its Corporate Social Responsibility Plan, articulated around five general principles: responsible banking, a healthy organization, environmental sustainability, a CSR-supportive culture and shared ethical values.

### Responsible banking

Banco Sabadell complies with the applicable laws as well as the policies, internal standards and codes of conduct that guarantee ethical and responsible conduct at all levels of the organization, using a range of tools throughout the organization 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.
- Internal Code of Conduct in connection with the Securities Markets.
- Suppliers' Code of Conduct.
- Ethics and human rights policy.
- Corporate social responsibility policy.
- Policies related to stakeholders (shareholders and investors, customers, suppliers, employees, the environment and the community).
- Plan to foster genuine equality between women and men at Banco Sabadell.
- Code of conduct governing the use of social media.
- Membership of Autocontrol, a self-regulatory body on advertising.
- Adopting the Code of Good Banking Practice.

In 2015, the Bank expanded the Internal Code of Conduct in connection with the Securities Markets by adding new measures to avoid conflicts of interest in securities research.

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.

Banco Sabadell also encourages responsible investing and offers customers a number of ethical investment products which also contribute to solidarity projects:

- Sabadell Inversión Ética y Solidaria, FI — a mutual fund.
- Urquijo Cooperación SICAV — an investment company.
- Plan de Pensiones Ético y Solidario — a pension plan.
- Plan de Pensiones BanSabadell 21 F.P — a pension plan.

BanSabadell Pensiones EGFP, S.A., a pension fund operator, has adopted the United Nations Principles for Responsible Investment in the “investment manager” category. Those principles cover social, environmental and governance criteria in management policies and practices.

Banco Sabadell's corporate social responsibility is also visible in its support of international initiatives and in the form of certifications and qualifications.

- Adoption of the ten principles of the United Nations Global Compact, which refers to 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 sustainability indices.
- Awarded the European Foundation for Quality Management (EFQM) Gold Seal of Excellence.
- ISO 9001 certification for 100% of financial processes and activities 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.

### Social commitment

Banco Sabadell contributes to the creation of wealth in the Spanish economy in a context of sustainable growth. In 2015, Banco Sabadell directly employed 26,090 people and paid out more than €1,457 million in wages and social welfare contributions.

Banco Sabadell also has a strong commitment to society, as manifested in specific initiatives, both educational and in response to emerging social needs.

## 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. The aim of the Plan is to help the general public become better educated in financial matters by providing people with the basic skills and tools to manage their financial affairs in a well-informed, responsible way. The plan conforms to the recommendations and principles of the Organization for Economic Co-operation and Development (OECD). The website offers a direct link to the [www.finanzaspara-todos.es](http://www.finanzaspara-todos.es) site, where visitors will find a set of information sheets providing basic advice on household finances, investment, and so on.

Banco Sabadell is a member of the Spanish Banking Association (AEB) working group on financial education, which was established in 2015. The group meets every two months with the aim of sharing best practices in financial education and implementing joint actions within the framework of financial education week.

Each year the Bank holds a drawing competition for children with the title "What's money for?"; for each drawing that is submitted, Banco Sabadell donates €1 to UNICEF.

For young people, Banco Sabadell participates in the Schools Financial Education Programme in Catalonia (EFEC), which covers 20% of all schools in Catalonia and aims to help schoolchildren learn how to handle money and understand the basics of financial management. Additionally, in March 2015, it implemented a programme entitled "Your Finances, Your Future" at more than a hundred schools across Spain, with the participation of 6,500 young people. This initiative is in collaboration with the AEB and the Junior Achievement Foundation in the framework of European Money Week, which took place simultaneously in 31 European countries. Banco Sabadell participated in 15 programmes with a total of 30 volunteers in 11 cities across the country.

The Bank offers customers a "Personal Finance" tool which gives them access to full details of their income and expenditure, organized by category, enabling them to manage their household finances.

For the elderly, Banco Sabadell launched an advertising campaign entitled "How long are we going to live?" The campaign is organized around four full-length talks in which four highly regarded scientists seek to answer that question. 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 plan for retirement. The initiative is complemented by a retirement guide entitled "How to build the future day by day", which raises awareness about the need to save for retirement.

For SMEs, Banco Sabadell, AMEC, Arola, CESCE, Esade and Garrigues launched a programme called "Export to grow" in order to support small and medium-sized

enterprises in the process of internationalization as a means of overcoming the crisis. In 2015, 9 seminars for business people were held, which were attended by close to 1,000 people.

## Equality, integration and work-life balance

Banco Sabadell guarantees and is committed to equality of opportunity in all areas of employee relations: recruitment, training, promotion and working conditions. The commitment in each of the aspects of this list is set out in the equality plan, human resources policy and Code of Conduct.

Human resources policy is grounded in respect for human dignity, fair and competitive remuneration, transparency and truthfulness in reporting, and lasting cooperation.

In 2014, Banco Sabadell signed a cooperation agreement with the Spanish Ministry of Health, Social Services and Equality on adapting measures to increase the presence of women in executive positions and management committees. This commitment seeks to actively ensure equality and to recognize and value women's merits and capabilities in internal training, hiring and promotion processes.

Banco Sabadell promotes employee diversity and integration in the workplace and non-discriminatory recruitment policies. The Group takes measures to adapt job briefs where needed. The Bank also assists employees with paperwork in their dealings with municipal, regional and national governments, thus helping to improve employees' well-being outside the strictly professional sphere. In 2015, a total of 254 employees had some form of disability.

Employees are provided with a series of benefits agreed by Banco Sabadell and union representatives in relation to work-life balance, often in excess of the legal requirements. All employees have been properly informed of these benefits and full details are available on the intranet, the employee's online guide, and the Bank's website.

Benefits include time off from work, paid (e.g. to nurse an infant) or unpaid; unpaid leave (to care for a child or relative); leave in special circumstances; paternity leave; and flexitime arrangements.

## Assistance in cases of mortgage default

Banco Sabadell has delegated to Solvia Sociedad Gestora Vivienda Social S.L (SOGEVISO), a company created in 2015, the task of managing and administering affordable/ social housing.

At the end of the year, the Banco Sabadell Group had 4,858 homes let at reduced rents to customers facing financial hardship as a result of mortgage foreclosure, repossession in lieu of payment, or squatting.

In 2015, 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 of social exclusion; it approved 450 mortgage

restructuring agreements and 13 cases of repossession in lieu of payment.

Also in 2015, the Bank increased the number of homes allocated to the Social Housing Fund ("FSV") and signed amendments to the agreement to relax the eligibility requirements for FSV housing and allow the reduced rents payable by occupants of reposessed homes to be covered by FSV rules. The 400 homes contributed by Banco Sabadell to FSV had an 82% occupancy rate.

The Bank also assigned 98 properties to 50 charitable and not-for-profit organizations with a mandate to assist and support the underprivileged and the needy.

To address these policies with the right information, Banco Sabadell is in regular contact with charities and other organizations (Caritas, ICAV, IGVS, 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.

Banco Sabadell is also a member of several working groups created by autonomous regional governments or municipalities to address social emergencies in housing.

### Environmental sustainability

Banco Sabadell has an environmental policy in place and promotes a commitment to the environment globally. The Bank's environmental policy is to minimize the potential impacts of processes, facilities and services, to effectively manage 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 over €157 million), investing in power generation projects using renewable energy and advising on this type of project. At year-end, the Bank had financed 488.86 MW of facilities of this type. It has also participated as a speaker at the main fora in Spain: these included events organized by the Spanish Wind Energy Association, 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 values and cultural action

Banco Sabadell nurtures and gives recognition to people's talent and transformative potential through such awards as the UPFemprèn Prize for entrepreneurial initiatives by students, Imagine Cultura Barcelona, and the ESADE Alumni-Banco Sabadell Prize for Best Business Start-up.

The Bank also works to channel the capacity for innovation shown by employees, customers and consumers so as to add value to society as a whole. In this regard, the BStartup 10 high performance programme focuses on young Spanish digital companies with great potential; the Bank invests €100,000 each in ten chosen start-ups in order to drive their growth and internationalization.

Banco Sabadell's culture policy is underpinned by the Group's commitment to society and to value creation. Its activities in these areas are conducted in cooperation with Banco Sabadell Foundation. The Foundation maintained its system of awards, such as the SabadellHerrero Award for Economic Research and the Banco Sabadell Award for Biomedical Research.

### Employee engagement and volunteer programme

Banco Sabadell has an internal website, SabadellLife, which agglutinates all the actions involving our employees in the field of health, solidarity and sport.

Community action and corporate volunteer initiatives are posted on this site. The successes achieved year after year led to a substantial increase in the number of volunteers and in the activities organized in 2015, many of which were proposed by the employees themselves.

Below is a summary of some of the main activities in 2015:

- Intermón Oxfam Trailwalker. A total of 324 people represented Banco Sabadell in the 2015 event, making us the company with the largest number of employees taking part and raising more than €90,000 to be used for Oxfam's water management projects in the Sahara.
- Sant Jordi Solidari at CBS, 901-SC and Torre Diagonal. Associations such as Escuela Taiga (special-needs education), the Sabadell rescue shelter, Ayuda en Acción and the order of Saint John of God, among others, garnered a high level of employee participation in raising funds for their projects.
- Collecting toys and school supplies for children at risk of social exclusion in the various regions.
- Working with the food bank. With the result that over one ton of food was collected for distribution to the needy, in all the Bank's regions.

- With the Catalonia Blood and Tissue Bank, Banco Sabadell organizes the blood donation drive, with donor numbers rising from year to year.
- For the third consecutive year, 120 volunteers from the Bank participated in workshops for secondary school students as part of the Schools Financial Education Programme in Catalonia (EFEC). The collaboration agreement with Catalonia's regional government and the Instituto de Estudios Financieros covered 20% of schools. In Catalonia in 2015 Banco Sabadell also participated in the AEB's "Your Finances, Your Future" programme, in which 30 volunteers shared knowledge of basic finance with students in 2nd and 3rd year of compulsory secondary school.
- In 2015, a number of corporate volunteer programmes were implemented related to entrepreneurship through the senior segment in cooperation with foundations with considerable social impact and relevance: Fundación Emprèn, Fundación Princesa de Girona, Proyecto Cecrem, ADEIT Generalitat Valenciana, Fundación Novia Salcedo, Fundación Cares-Codec, Mes que Emprenedors-COTM and Proyecto Hombre de reinserción laboral.
- A total of 475 "letters to Santa" from children at risk of social exclusion were sponsored through the Magone Foundation by employees of Banco Sabadell, who responded with gifts.
- In 2015, 120 volunteers participated in the TV3 Telethon, which raised funds for cardiovascular disease on this occasion.
- COACH Foundation: this corporate volunteer initiative aims to improve the employability of young people at risk of social exclusion through coaching and mentoring. Ten young people benefited from the programme in 2015.
- Social Business Mentoring with the SHIP2B Foundation. 17 Banco Sabadell executives participated as mentors in the B-Ready social start-up accelerator programme.
- "Feina amb Cor" project. In cooperation with Caritas, six people aged over 45 year who were at risk of social exclusion were hired through temporary employment agencies. \*

⊛ For more details of the Bank's CSR policies, see the CSR section of the Bank's website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)).