

edition of the BValue programme, whose objective is to help professionalise, transform and improve the value proposition of non-profit entities in any field of activity. After a first stage, ten proposals were chosen to receive support for launching a crowdfunding campaign to publicise and validate their idea. The projects will be presented on a Demo Day, at which the Banco Sabadell Foundation will grant financial aid.

Consumers, outsourcing and suppliers

Banco Sabadell has established a Customer Care Service to handle complaints and claims.

The Group also has a Customer Ombudsman with the power to decide on complaints by customers and users of Banco Sabadell, in both the first and second instance, and to decide on issues referred by the Customer Care Service.

The challenge of competitiveness requires a climate of cooperation between Banco Sabadell and its suppliers, whom it views as strategic partners. As a result, the Bank has established protocols and rules to extend its commitment to socially responsible practices to the supply chain. Banco Sabadell involves its suppliers in the Group's environmental policy by incorporating social and environmental responsibility into its supply chain. Banco Sabadell's basic contract with suppliers includes specific clauses on respect for human rights and the ten principles of the United Nations Global Compact. Where appropriate, the contracts also contain clauses relating to the environment.

Corporate standards and institutional commitments

In addition to the actions and initiatives described in this report, Banco Sabadell has a series of codes, policies and rules that shape its commitment to Group objectives, and has also entered into various national and international agreements that provide a framework for this commitment.

Non-financial principles and policies

- 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.
- Corporate Social Responsibility Policy.
- Banco Sabadell Group policy on restrictions on financing and investment in activities associated with the arms industry.
- Policy on ethics and human rights.
- Policies related to stakeholders (shareholders and

investors, customers, employees, the environment, suppliers and social action).

- Banco Sabadell Group Remuneration Policy
- Plan to foster effective 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 business communication.
- Adoption of the Code of Good Banking Practice.
- Tax Strategy and Good Taxation Practices:
 - Tax Strategy.
 - Tax Responsibility and Good Taxation Practices.

Agreements and commitments

- Signatory of the United Nations Global Compact, in respect of human and labour rights, the environment and the fight against corruption.
- Signatory of the Equator Principles, which requires it to take account of environmental, social and governance (ESG) issues in financing major projects and in loans to large corporates.
- Integration of CSR policies into business practice in accordance with ISO 26000 guidelines.
- Signatory to the United Nations Principles for Responsible Investment, in the "investment manager" category.
- Renewed membership of 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.
- Included in the FTSE4Good and FTSE4Good IBEX sustainable stock market indices.
- Awarded the European Foundation for Quality Management (EFQM) Gold Seal of Excellence.
- ISO 9001 certification for 100% of the Group's processes and activities in Spain.
- ISO 14001 certification for the six central services buildings.
- Signatory to the Carbon Disclosure Project (CDP) in connection with action against climate change.
- "Equal-Opportunity Employer Seal" granted by the Spanish Government Ministry of the Presidency, Relations with Parliament and Equality.

People

The Bank has a young highly-qualified and gender-diverse workforce. The human resources strategy is based on key principles which ensure that the goals are achieved (G26).

Three essential premises underpin the group's human resources management approach:

- Focus on talent development.
- Greater proximity to the business.
- Focus on employee satisfaction.

This triple focus is aimed at providing the talent that the Bank requires using the available capacities. It is built

on two fundamental elements in the institution's human resources mission:

- Ensure the workforce continues to be a distinctive feature.
- Make Banco Sabadell the best place for a career.

Human resources strategy and lines of action in 2018

The people management function is now global and fully aligned with the other corporate lines of action.

It operates in an effective, coordinated fashion in each of the lines of action required by the Master Plan 2018-2020, all pursuing the central goal of an attractive organisation that has people with the right skills. All the programmes are implemented under the triple focus:

- Forward-looking.
- Proximity to the business, focusing on:
 - Enhancing productivity.
 - Internal rotation.
 - Pro-active management.
 - Service quality.
- Improve employee satisfaction and evolve behaviour in line with the values.

In 2018, progress was made with a number of programmes, most of which had commenced in previous years, including notably:

— **Global Performance Management**

The cornerstone of a global, integrated standardised approach to talent management throughout the Group, whose main objective is to measure performance objectively, across the entire organisation, in order to enhance each individual's strengths and minimise the areas requiring improvement.

- **Employee Satisfaction Improvement Programme**
Which, based on coordinated efforts by all areas of the Bank, resulted in a significant improvement in the target ratios and reinforced the Group's appeal as an employer.

— **Mobility and Diversity Programme**

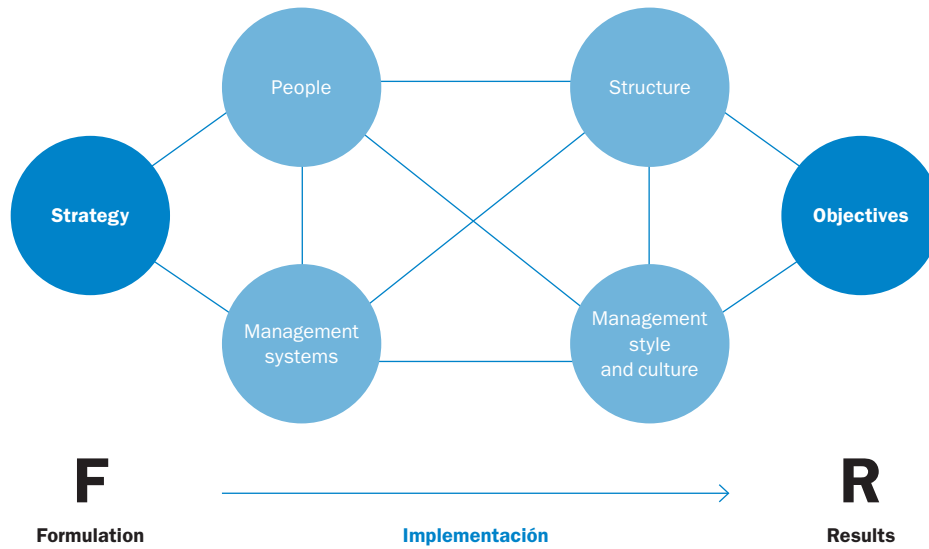
Which translates into a multitude of professional opportunities for internal talent, a special focus on female talent as a competitive advantage and on flexibility as an opportunity to improve productivity and the employee satisfaction.

In addition to these ongoing programmes, there are others that are meaningful for the institution's immediate future:

- Strategic personnel planning, in both quantitative and qualitative terms, with a special focus on the gap between the staff's current capabilities and future challenges.
- Expressing the brand through our employees, as a fundamental competitive advantage in the transition from a branch-based bank to a multi-channel, hyper-connected relationship platform.

Banco Sabadell believes in people and invests in their professional development and lifelong learning, providing the necessary mechanisms to enable employees to realise their full potential.

G27



Composition of Group employees

At the end of 2018, the Banco Sabadell Group had 26,181 employees, an increase of 336 compared with the previous year.

The average employee age was 43.22 years and the average length of service was 16.31 years. The gender split was 44.3% men and 55.7% women.

94.1% of the employees have participated in at least one Sabadell Campus activity.

Projects in the Human Resources area

Hiring and induction

The selective search for external talent continued in 2018, always seeking to acquire a diversity of skills when they cannot be found in-house.

In this framework, there were three major strategic issues in connection with attracting and retaining the new talent that the Bank needs going forward.

Firstly, the Group's employment website, *www.sabadellcareers.com*, which, with the Bank's LinkedIn page, makes up an appealing digital wall to attract talent.

Secondly, the Talent Incubation Programmes; specifically, in 2018 there was the *Data & Analytics Programme*, whose mission is to hire professionals with advanced knowledge to explore and interpret the information contained in data and extract the maximum value in order to personalise our products and services and make strategic business decisions. The first batch under this programme — 12 professionals — joined the Bank in November 2018.

Thirdly, the new onboarding process, which seeks to instil in these professionals a sense of loyalty to the mission and values of Banco Sabadell from day one.

Training and talent

SabadellCampus

Due to the contribution by these schools, the campus has logged over 123,080 learning sessions. 61% of learning took place via remote channels, which contributes to our professionals' work-life balance, while on-site training is reserved for high-impact material and personal and management skills.

Commercial School

Priority has been given to training aimed at increasing the impact of key positions in the creation of business value, especially business managers, SME account managers and business banking branch managers; over 25,036 training hours were logged.

MiFID. Trusted advisors

In line with MiFID and, more specifically, with the CNMV's Technical Guide 4/2017 for the assessment of the knowledge and competence of staff giving information and advice, there was an intense process of certification that far exceeded the established goals. A total of 2,157 employees were been certified, 54.4% more than the

1,400 projected for 2018. As a result, the bank had 4,061 certified staff at 2018 year-end.

Creation of the Digital School

More than 3,500 employees are developing their digital potential in the eight training programmes offered by the Digital School (Information Management, Networking, Digital Skills, Digital Vision, Digital Communication, Digital Identity, Continuous Learning, and Security).

Employees who complete the +Digital Programme will qualify to graduate, in June next year, from the EADA Advanced Digitalisation Course, which focuses on blockchain.

Expanding the team of internal trainers

The internal trainer team is a key component of Banco Sabadell's new training approach. Internal trainers share their knowledge and talent with co-workers, providing training in all territories when needed.

The number of in-house trainers expanded considerably in 2018, in terms of both number (470) and impact, as they provided support in critical processes such as the MiFID Programme. These professionals provided more than 50,000 hours of training, an average of over 19 hours per trainer, sharing their knowledge with the rest of the workforce.

TSB conducted a training plan for the migration involving key groups associated with the process in order to prepare them and fully align capacities by the implementation date. This process is part of a broader focus on human factors, which also measures other elements related to occupational health during the entire process.

Professional development

Internal hires

To vitalise the Bank's internal recruitment process, create opportunities for professional development and encourage internal mobility for Group employees, the following actions were put in hand:

- Partial in-sourcing of the Bank's selection team to retain employees' knowledge.
- The stages of the selection process that cause the greatest delays were reviewed and amended in cooperation with the personnel involved so as to shorten execution times and gain efficiency.

Flexibility and work-life balance

In 2018, new flexibility and work-life balance measures were introduced, including the possibility of purchasing additional days of vacation, the progressive

implementation of telework, and the creation of the position of work-life balance manager.

Banco Sabadell also offers a broad range of measures aimed at improving work-life balance for its staff, by enabling them to purchase goods and services via the employee intranet, saving time and money as the products are delivered to the office.

Additionally, the corporate services buildings in Sant Cugat del Vallès and Madrid offer employees a range of time-saving services, such as a gym, dry cleaning, parapharmacy, travel agency and hair salon.

Talent management

The people management model is based on merit and the development of each person's innate talent.

The model is built around three axes: the annual performance review, manager support, and development initiatives based on each person's needs and potential.

All the Bank's professionals undergo an annual performance review. The review considers what has been achieved, and how it was achieved.

It contributes to a meritocracy, hence the importance of a meaningful review. This year we enhanced the objectivity of the process by incorporating the possibility of evaluations by former managers and functional managers.

Just as important as the annual performance review is the assessment of the employees' potential with a view to the following year, in order to adopt the best decisions regarding their professional development (internal mobility, promotion, development programmes), align aspirations with professional opportunities, and design the development agenda.

On that basis, Banco Sabadell provides employees with specific training tools and programmes under an approach in which they share responsibility for their career.

In particular, executives reaching the corporate director level benefit from an executive development programme to assist them with the career transition and prepare them for the changing business environment, focusing particularly on the challenges inherent to the new leadership role.

Banco Sabadell has also continued to develop the model with the aim of having the best information about our current talent and its potential in order to ensure appropriate decision-making, effective and efficient management and effective development of our executives and pre-executives.

In this way, we maintain the system of People Assessment committees within each Division (17 in total), to discuss the following issues:

- Current (and projected) evolution of the workforce (profile and costs) and management results (compensation, performance management, both high and low, and employee satisfaction).
- Update of the talent map (executive and pre-executive) and potential pool.

- Decisions on candidates for new management positions and proposed designation of high-potential employees.
- Proposals for initiatives in connection with the workforce.

Improved employee satisfaction

Applying the Great Place to Work approach to excellence, the Group continues to measure and act on its constituent areas in order to continue building trust internally. All areas of the Bank have made a commitment to this objective, and many initiatives to enhance employee satisfaction have been implemented.

Prizes and distinctions

Equal-Opportunity Employer Seal

This seal was granted by the Ministry of the Presidency, Relations with Parliament and Equality in recognition of policies in favour of equal professional opportunities for women and men, as published in Spain's Official State Gazette.

Banco Sabadell joined the DIE Network, comprised of 147 companies in Spain, which employ approximately 236,000 people, 42% of whom are women.

Mercotalento

Banco Sabadell continues to rank highly in this prestigious indicator of the ability to attract talent: it placed #21 among the top 100 places where people would like to work.