

Non-Financial Disclosures Report



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0. Introduction

0.1. Vision

Banco Sabadell, S.A. (hereinafter, "Banco Sabadell" or the "Bank") is the parent company of a group of entities which it controls directly and indirectly and which, together with the Bank, form Banco Sabadell Group (hereinafter, the "Group"). Banco Sabadell is comprised of different financial institutions, brands, subsidiaries and investees that cover all aspects of financial business. It operates mainly in Spain, the United Kingdom and Mexico. The corporate information, subsidiaries forming part of the Group and the Group's business model are listed in the Directors' Report. TSB (TSB Banking Group PLC) is a bank that operates nationwide throughout the United Kingdom and represents a substantial portion of the Group's business. The Banco Sabadell Foundation (Fundación Banco Sabadell) steers part of Banco Sabadell Group's commitment to society.

The Group's business is geared towards profitable growth that generates value for shareholders through a business diversification strategy based on profitability, efficiency and service quality, with a conservative risk profile and within the framework of ethical and professional codes, taking into account the interests of the various stakeholders.

The management model is focused on long-term customer retention, through ongoing efforts designed to build customer loyalty based on a resourceful and proactive approach to customer relationships. The Bank has a comprehensive offering of products and services, a qualified workforce, an IT platform that supports growth and a constant focus on the pursuit of quality.

Banco Sabadell has an internal governance framework which sets out, among other aspects, the shareholder structure, the governing bodies, the Group's structure, the composition and operation of corporate governance, the internal control functions, key governance matters, the risk management framework and the Group's policies.

Information on the organisation, markets, objectives and strategies, as well as the principal factors and trends which can impact the evolution of the business, are described in detail in the annual Directors' Report.

With regard to transparency concerning its activities and their impacts, since 2003, Banco Sabadell has voluntarily published an annual report indicating all the actions, policies and initiatives which, aside from its core mission to be a provider of financial products and services, constitute the responsible performance of its business activities, its commitment to its various stakeholders, to the environment and to society in all of the regions in which it operates.

0.2. Sustainability

Banco Sabadell is firmly committed to sustainability, developing its business ethically and responsibly, and guiding its commitment to society in such a way as to ensure that its activity has a positive impact on people and the environment. Every person within the organisation applies the principles and policies relating to sustainability, whilst also guaranteeing high quality and transparency in customer service.

The digitalisation process and the fight against climate change represent a paradigm shift that is generating new economic and business models. In this respect, Banco Sabadell is proactively playing its part in this new global landscape that is characterised by a growing concern about climate change among society, markets and authorities.

In 2019, Banco Sabadell created a Sustainability Division which has taken on the role of the former Corporate Social Responsibility (CSR) Division and which coordinates matters related to Environmental, Social and Governance (ESG) criteria within the organisation. Furthermore, the Bank has developed a Sustainable Finance Plan which aims to incorporate sustainability in a cross-functional way into its business model, risk assessment and management, and its relationships with all stakeholders, so that Banco Sabadell's contribution to sustainable development may be a tangible one. This Plan has been developed by a Working Group that comprises representatives from twenty divisions of the Bank.

Banco Sabadell's commitment to sustainability was reinforced in 2019 when it signed up to the United Nations Principles for Responsible Banking, becoming one of the founding signatories of this initiative. By becoming a signatory, the institution has committed itself to achieving the alignment of its business strategy with the UN Sustainable Development Goals (SDGs) and the Paris Climate Agreement, and it joins a coalition of 130 banks from all over the world that have taken responsibility for working towards a sustainable future. In addition and in the context of the United Nations Climate Change Conference (COP25), held in Madrid, Banco Sabadell also became a signatory of the AEB/CECA/ICO "Collective Commitment to Climate Action", in line with the initiative promoted by UNEP FI, which aims to reduce the carbon footprint on their balance sheets in a way that can be measured according to internationally approved criteria.

In addition to complying with the applicable rules, Banco Sabadell has a set of policies, internal rules and codes of conduct that guarantee this ethical and responsible behaviour throughout the organisation, and which address all of the Group's activity. To that end, the Bank has the instruments needed to measure the results of these policies, the main risks and the implementation of corrective measures, while the Corporate Ethics Committee has responsibility for oversight of compliance in that regard. It also has a Sustainability Committee, which has a cross-cutting role throughout the organisation, with members from different units with responsibilities in these areas, which coordinates all of the actions within the Organisation.

This Non-Financial Disclosures Report for 2019, which forms part of the Banco Sabadell Group consolidated Directors' Report for 2019, and which is annexed to that report as a separate document, complies with the general provisions published in Law 11/2018 of 28 December,

amending Articles 44 and 49 of the Code of Commerce in relation to non-financial disclosures and diversity, using the Global Reporting Initiative standards set out in Annex 2 of this Non-Financial Disclosures Report as a framework of reference.

0.3. Sustainable Development Goals

Banco Sabadell has made the Sustainable Development Goals (SDGs) the focal point of its strategy in the coming years.



Sabadell commitment to the SDGs

Priority SDG

	JOBs programme (SOGEVISO) WORLDCCO		Financial education		Equality policies
	Long-term employment (indefinite contracts)		JOBs programme (SOGEVISO)		Sustainable building and mobility
	Financing and investment in renewable energies		Partnerships WORLDCCO SHIP2B		

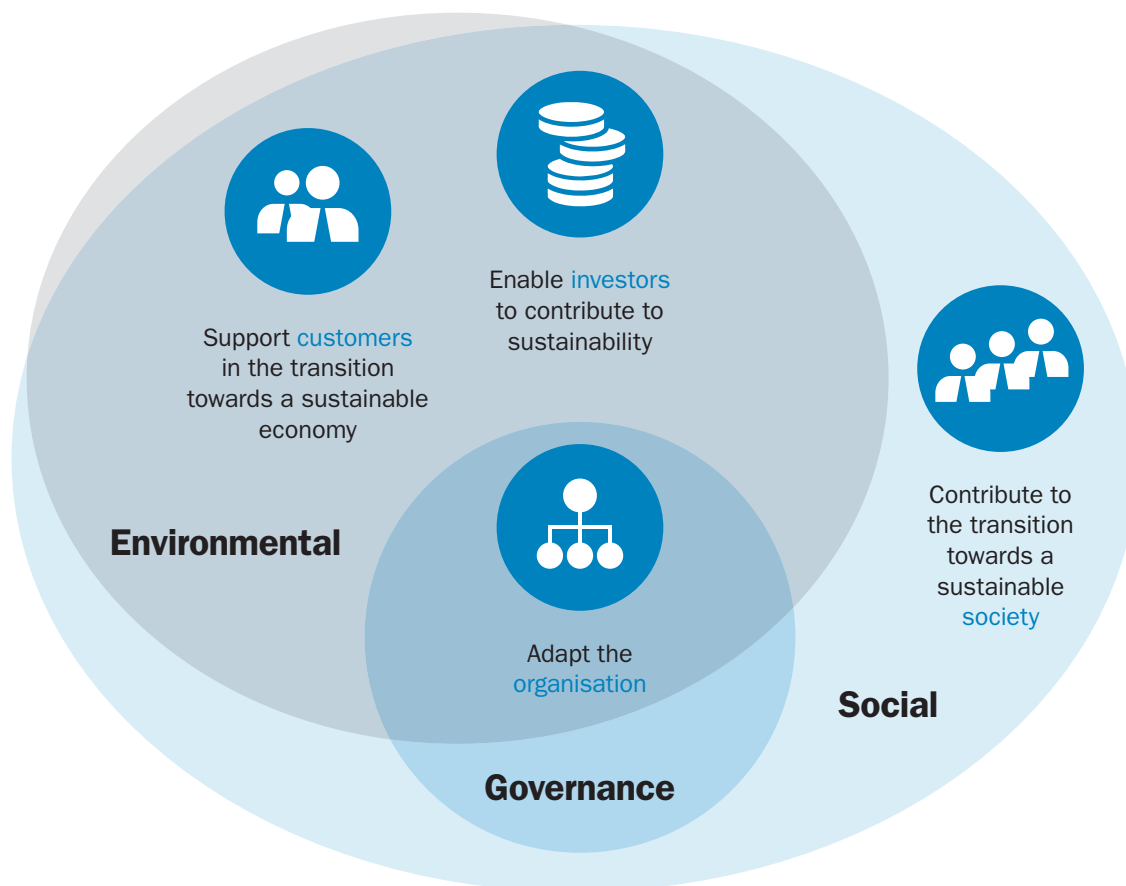
Additional SDG

	Sabadell LIFE (Healthy lifestyle workshops)		Portfolio of finance products and services		Integrating Sabadell criteria into the value chain
	Anticorruption measures				

In June 2019, the Board of Directors approved the SDGs, which are significant and a priority for the Bank in the performance of its activity.

In this respect, the Sustainable Finance Plan, which will enter into force in 2020, establishes the targets and activities associated with the SDGs in relation to the following lines of approach:

1. Support CUSTOMERS in the transition towards a sustainable economy
2. Enable INVESTORS to contribute to sustainability
3. Adapt the ORGANISATION to the new paradigm
4. Contribute to the transition towards a sustainable SOCIETY



1. Responsible business

Banco Sabadell has incorporated sustainability, in a cross-functional way, into its business model, risk assessment and management, and its relationships with stakeholders, in order to step up its contribution to sustainable development. This approach requires a dual focus. On one hand, it involves adapting the organisation and its activities to sustainable practices. On the other hand, it involves focusing squarely on the customer, which also entails adapting the institution's business and its teams to this new vision, seeking financing solutions, savings products and sustainable investment mechanisms, whilst paying special attention to people in vulnerable circumstances.

In risk assessment and management, which is key to all of the institution's activities, the transformation process has already begun in terms of incorporating Environmental, Social and Governance (ESG) criteria and the fight against climate change.

1.1. Sustainable finance



(SDG 1, SDG 9, SDG 10, SDG 11, SDG 13)

Banco Sabadell has a long-standing history of investing and financing renewable energy projects, prioritising financing for hybrid and electric vehicles and helping our customers to buy sustainable housing. Through the Sustainable Finance Plan, which will be up and running in 2020, the Bank will also extend its sustainable product offering to customers, with the aim of helping them to transition towards an economy that is respectful of the environment and the planet.

1.1.1. Financing and investment in sustainable projects

Financing and investment in renewable energies

Through its subsidiary Sinia Renovables, Banco de Sabadell is implementing a new investment cycle, initiated in 2016, with capital of 150 million euros earmarked for investments in this area, encompassing both wind farms and photovoltaic plants.

In terms of business, Banco Sabadell fosters the development of a sustainable energy model through financing and direct investment in renewable energy projects.

This cycle builds on the Bank's sustainability and internationalisation strategy, which includes investments in Spain, Europe, Mexico and other Latin American countries. Sinia has undertaken capital investments in Mexico, where it has interests in wind farms with 247 MW installed capacity in operation in the Tamaulipas and Baja California regions. In Peru it has an equity interest in two wind farms in the north-east region with a combined 37 MW installed capacity, and in Chile it has invested in a 103 MWp photovoltaic plant in the northern region. Construction work for these projects began in 2019 and they are scheduled to be commissioned during 2020. In the Iberian Peninsula, its most notable investment is an equity interest in two wind farms in Navarra with a combined 94 MW capacity, which are also currently under construction. With regard to investments in 2019 to develop projects with a view to commencing construction, Sinia, in partnership with a developer, is investing in a 100 MWp facility in Catalonia and a wind farm in Galicia of approximately 50 MW capacity.

Sinia has an additional portfolio of assets in operation in Spain, comprised of its interest in 71 MW in wind, 3 MW in photovoltaic and a 50% interest in a 22.5 MW

hybrid thermosolar biomass plant. Based on these operational projects, renewable energy generation in Spain attributable to Sinia in 2019 totals 150 GWh, exceeding the total power consumption of Banco Sabadell's branches and corporate buildings. This renewable energy avoids the emission of around 62,000 metric tons of CO₂ equivalent per year, equivalent to the consumption of an average Spanish town with a population of around 40,000 inhabitants.

At a global level, Sinia Renovables has an equity interest in renewable energy projects with a combined installed capacity of 577 MW, of which 297 MW (more than 50%) is attributable to its investments, both in facilities in operation and under construction, corresponding to the sustainable generation of around 950 GWh of electricity annually. These figures position the Group as one of the leaders within the financial sector in equity investment in renewable energy projects.

At Group level, financing of renewable energies during the year, including funding of new projects, refinancing and restructuring, was more than 1,142 million euros. Of this amount, 631 million euros corresponding to the funding of 22 new projects to be developed in Spain is particularly worthy of mention. These projects include both those developed through auctions and 14 merchant projects (this type of project does not receive any State funding) for

which 378 million euros of funding was provided by the Group, which is the leader among its peers in this type of project in the Iberian Peninsula.

Credit facilities with multilateral banks

In 2019, the International Finance Corporation (IFC), member of the World Bank Group, granted Banco Sabadell a 10-year credit facility for 100 million dollars to fund green hotel development and building projects that promote best practice in energy efficiency, rational water management and the removal of environmentally-damaging waste and emissions.

1.1.2. Financing solutions

Solutions for facilities and machinery

The Bank offers an ECO loan for SMEs, a solution for companies that aims to replace power systems in buildings, heating or recycling systems, and commercial or industrial vehicle fleets, with new, more energy-efficient and sustainable versions.

In the field of solutions for agricultural activities, Banco Sabadell offers customers the ECO Agro Loan, intended for agricultural and livestock farmers who wish to transform their production methods to adapt to EC regulations on organic farming. This includes initiatives aimed at improving the energy-efficient management of facilities, the generation and use of renewable energies, improvements to waste recycling and the replacement of farming equipment with other less polluting machinery.

Another business line related to the environment is the hire of energy-efficient equipment and facilities through the rental of products specifically for these types of need, that allow payment on a pay-by-use basis for facilities such as public lighting, biomass boilers, cogeneration facilities and energy-generation equipment (photovoltaic panels). In addition, an ECO leasing product has been launched for assets, such as machinery and facilities, graded A for energy efficiency.

Mobility solutions

The Bank currently includes 20% ECO vehicles (hybrids and fully-electric) in its commercial vehicle hire offering. On the strength of this offering and the awareness-raising campaigns which took place at the beginning of 2019, new hire contracts for ECO vehicles grew 56%, in absolute terms, relative to the previous year. Thus, the fleet-wide average emissions of Sabadell Renting vehicles, currently comprised of more than 20,000 vehicles, is 115.77gr. CO₂/Km, which is below the 120gr. CO₂/km limit considered to be sustainable.

The awareness-raising actions carried out in Madrid and Barcelona also influenced a change in the trend as to the type of fuel chosen by our customers, reducing the selection of diesel vehicles (the most polluting in terms of CO₂ emissions) by 20% relative to 2018 and, consequently,

producing a substantial increase in demand for vehicles running with other types of fuel/energy: petrol (+34%); hybrid and electric (+56%).

In 2020, a series of actions will be carried out with the aim of reducing the environmental impact of the fleet of vehicles:

- Extension of the commercial offering of hybrid and electric vehicles as the main alternative to fossil-fuel combustion.
- Awareness-raising with regard to sustainable mobility solutions through recurrent information campaigns aimed at customers and non-customers.
- Promoting the uptake of new ECO hire contracts through a sustainable charitable action that will accompany each new hire contract for hybrid and electric vehicles.

In addition, since December, the Bank offers customers the opportunity to hire sustainable vehicles with an “ECO” or “Zero” label awarded by the Department of Transport, and applies a 50% discount on the account opening fee.

The Bank also offers an ECO Car Loan. This solution, aimed at retail customers, enables the purchase of a “Zero emissions” or “ECO” labelled vehicle, under attractive conditions, thereby encouraging consumer uptake of vehicles that are less polluting and suited to the new low-emissions zones in larger cities.

Solutions for sustainable renewal

The Bank offers solutions for sustainable renewal, aimed at the sustainable renovation of homes, buildings, offices, premises and replacement of white goods:

- Expansión ECO Loan: Focused on retail customers, this product covers finance to purchase white goods and pay for home improvements aimed at reducing energy consumption.
- Fixed-rate PAC Loan: Aimed at the self-employed and businesses seeking to carry out the refurbishment of premises or offices with the aim of cutting their energy consumption.
- Community Loan: Aimed at refurbishment works in neighbourhood communities to enable reduced demand for energy.

1.1.3. Sustainable bonds

Green, social and sustainable bonds are debt securities which support environmental and/or social improvement projects by meeting certain eligibility criteria.

The funds obtained from issuing these bonds are used to fund green/social projects (renewable energy, energy efficiency, water pollution and management, waste management, healthcare, social inclusion, etc.). They are rated by an external agency that verifies that the bonds identified as sustainable bonds qualify as such and checks that the funds obtained from issuing these bonds are used to fund environmental and/or social projects.

In 2019, Banco Sabadell underwrote issues of green and sustainable bonds in the capital markets, acting as Joint Lead Manager, for the Comunidad de Madrid (for 1,250 million euros maturing after 10 years) and for the Basque Government (for 600 million euros maturing after 10 years). It was also Joint Lead Manager in the Green bond for a renewable energies project (photovoltaic) for Q Energy, for 130 million euros maturing after 19 years.

1.1.4. Ethical and charitable investing

Banco Sabadell encourages responsible investing by offering customers a number of savings and investment products which also contribute to charitable projects. Products in this area include Fondo de Inversión Sabadell Inversión Ética y Solidaria F.I., (a mutual fund), Sociedad de Inversión Sabadell Urquijo Cooperación, S.I.C.A.V, S.A., (an investment company), Plan de Pensiones BS Ético y Solidario, P.P. and Plan de Pensiones BanSabadell 21 F.P (pension plans), as well as Fondo de Pensiones G.M. PENSIONES, F.P., a pension fund intended for the Bank's employees.

In the area of investment, both pension fund manager BanSabadell Pensiones EGFP SA in 2012 and, since 2016, Aurica Capital, a venture capital enterprise that invests in Spanish companies with plans to expand in foreign markets, have adopted the Principles for Responsible Investment (PRI) in the "investment manager" category. These principles cover social, environmental and good governance criteria in management policies and practices.

In 2019, the Corporate Ethics Committees of Sabadell Urquijo Cooperación, S.I.C.A.V., S.A. (dissolved in May 2019) and Sabadell Inversión Ética y Solidaria, FI selected a total of 33 humanitarian projects mostly aimed at addressing social exclusion risks, improving the living conditions of people with disabilities and meeting basic food and healthcare needs. This year, a sum of 447 thousand euros was granted to charitable organisations and projects.

Through its fund manager, Banco Sabadell launched a new investment fund called Sabadell Economía Verde which invests mainly in shares of companies that pursue activities related to environmental improvement and the reduction of environmental risks, irrespective of their sector of economic activity.

The economic activities currently promoted most vigorously by this "green" initiative are, among others, renewable energies and "clean" energies, activities related to energy efficiency, Industry 4.0, waste management and recycling, efficient water management, pollution control, sustainable

agriculture, the development of sustainable cities and communities, mobility solutions, responsible production and consumption in general, and activities that offer products and services to mitigate the effects of climate change.

With regard to BanSabadell Pensiones, in recent years it has carried out various actions aimed at encouraging the development of socially responsible investment among its pension plans, being one of the first institutions to offer an ethical and charitable pension plan which, in addition to investing according to socially responsible criteria, also donates a portion of the management fee to Oxfam Intermón to fund selected projects. In 2018, BanSabadell Pensiones jointly with Banco Sabadell and the Spanish Workers' Commission (CCOO) signed an agreement on a socially responsible investment (SRI) clause for inclusion in the Statement of investment policy principles of workplace pension funds.

BanSabadell Pensiones currently manages 7 pension funds, one individual fund (Ethical and Charitable Fund) and 6 workplace pension funds, under a Socially Responsible Investment mandate, with assets of 952 million euros.

1.1.5. Social housing management

Through Sogeviso, an institution which is wholly owned by the Bank, Banco Sabadell manages some of the complexities of social housing with the aim of responsibly addressing situations of social exclusion affecting its more vulnerable mortgage borrowers. This is carried out under the framework of the Bank's ESG policies, specifically its commitment to contribute, through its activity, to the transition towards a fairer society. Sogeviso's activities aim to fight against poverty and inequality.

As at 31 December 2019, Sogeviso managed 10,450 properties under social and affordable rental arrangements specifically aimed at these vulnerable customers. In 31% of these cases the "Social Contract" has been incorporated. The Social Contract is an innovative model for managing vulnerable customers. Specifically, it is a service for customers who rent a property under a social rental arrangement, in which specific support is provided by a social manager based on three independent lines of approach: connect these customers with the public services; collaborate with public or private companies and, in particular, with the voluntary sector; and the JoBS programme. The JoBS programme consists of an employability service which aims to empower these customers, through training, coaching or interview preparation, so that they may succeed in finding work.

Since the launch of the Social Contract in 2016, 4,286 families who are customers of Banco Sabadell have improved their situation and 2,134 people have found work thanks to the JoBS programme.

It should also be noted that, of those who have found work, more than 44% were hired for more than 100 days during this financial year and more than 12% were hired for over a year, a fact which increases the chances of improvement in the long term.

The Social Contract currently provides services to 3,197 families, including 1,479 individuals actively seeking employment through the JoBS programme.

Also during 2019, in order to limit the effects of over-indebtedness and facilitate the recovery of debts owed by debtors at risk of social exclusion, the Bank has reiterated its commitment to the Code of Good Banking Practice, approving 88 mortgage loan restructuring operations.

Since 2013, Banco Sabadell has been a participant of the Social Housing Fund (Fondo Social de la Vivienda, or FSV) and has contributed 400 properties to this

initiative, primarily aimed at customers who have had to surrender their properties to settle their debt or who have lost their properties through foreclosure proceedings since January 2008. 85% of the Bank's housing stock is covered by social rental agreements currently in effect.

Furthermore, the Bank has assigned 111 properties to 45 non-profit institutions and foundations, intended to lend support to disadvantaged social groups. In 2019, an FSV Agreement was signed with the Government of Valencia for the assignment of residential properties intended for people who have lost their homes or whose homes sustained serious damage in the wake of storm Dana which occurred in the Valencian Community in September, and the Agreement with the Galician Institute of Housing and Land (Instituto Galego da Vivenda e Solo) to guarantee a home for families facing eviction or foreclosure proceedings was renewed.

1.2. Risk assessment with ESG criteria



(SDG 1, SDG 9, SDG 11, SDG 13)

In 2019, Banco Sabadell signed a total of 25 energy projects which incorporate the Equator Principles, 96% of which relate to renewable energy projects.

Since 2011, Banco Sabadell has adopted the Equator Principles, an international voluntary credit risk management framework, coordinated by the International Finance Corporation (IFC), a sister organisation of the World Bank, which aims to identify, assess and manage environmental and social risks relating to the structured finance projects of USD 10 million or more and corporate loans from USD 100 million upwards. With these principles, a social and environmental assessment is made of the possible impacts,

covering in certain cases the appropriate minimisation, mitigation and offsetting, which is then reviewed by an independent expert. Every year, Banco Sabadell publishes a report on its corporate website which gives full details of each of each and every project associated with the Equator Principles.

Under the framework of the Sustainable Finance Plan, the Bank is working to prepare a rating system for its customers that will grant sustainable labels as from 2020 to

Sector	Number of projects	Category	Country	Region	Designated country	Independent review
Renewable energies	1	B	Mexico	Americas	No	Yes
	19	B	Spain	Europe	Yes	Yes
	2	B	Portugal	Europe	Yes	Yes
	1	B	U.S.A.	Americas	Yes	Yes
	1	B	Chile	Americas	Yes	Yes
Oil and gas	1	B	U.S.A.	Americas	Yes	Yes

companies that comply with ESG criteria, or to companies that are in the process of transitioning towards a sustainable business model.

In addition, the Bank is developing sectoral standards to restrict the financing of activities or sectors considered to be harmful to the environment.

1.3. Tax information



(SDG 8)

Banco Sabadell Group has a firm commitment to promoting responsible taxation, maintaining a cooperative relationship with the tax authority and promoting transparency in communications relating to tax information sent to the various stakeholders.

These commitments are embedded in the Group's Tax Strategy and Good Taxation Practices, published on its corporate website, which lists and describes the Group's principles of action in matters relating to taxation. These principles include the principle of efficiency, prudence, transparency and the mitigation of tax risk, based on which the Group makes its tax contributions in accordance with the law and the relevant international guidelines and principles established by the OECD.

Country	Consolidated pre-tax profit		Corporate income tax paid	
	2019	2018	2019	2018
Spain	597,082	577,796	236,768	(26,693)
United Kingdom	228,024	(290,766)	(14,194)	11,211
United States	95,906	99,632	28,040	40,104
Mexico	26,010	3,919	5,921	5,928
Andorra	11,388	8,765	357	357
Morocco	1,862	1,993	517	896
Cuba	1,493	1,644	—	—
Brazil	—	7	—	—
Bahamas	(54)	(40)	—	—
Luxembourg	(319)	122	58	108
Portugal	(850)	(2,241)	3	—
France	(9,465)	18,034	7,030	7,019
Total	951,077	418,865	264,500	38,930

Consolidated profit before tax and Corporate income tax paid in each country.

Subsidies received in Spain in 2019 (Training) of 2,595,256 euros.

1.4. Transparency and digitalisation



(SDG 16)

1.4.1. Transparency

Before a product or service is brought to market, the product approval committee verifies that it complies with the standards on transparency.

With the entry into force of MiFID II in 2018, Banco Sabadell prioritised an ‘advisory service’ as the service model for the distribution of financial instruments. Since then, the Bank has been using the “Sabadell Inversor” tool, which serves as a guide for managers to recommend the product most suited each customer’s investment characteristics and needs. The information provided to the customer, following the guidelines of the aforesaid directive, is always impartial, clear and unambiguous. This platform incorporates another range of products and services which complement the savings and investment offering.

In accordance with its Customer Policy, the Bank has established mechanisms and arrangements to guarantee that all information provided to customers is transparent and that all of the products and services which it offers are suited to their needs at all times.

The branch network is also given information about products and services through pre-contractual information sheets, which make it easier for relationship managers to give the appropriate explanations to help customers and consumers understand the characteristics of the products which they acquire. At the same time, when advising customers on investments, relationship managers also carry out the necessary tests to ensure that the financial products are in line with their needs and requirements, and assess customers’ knowledge and experience in relation to such products.

The Bank has been a member of the Asociación para la Autorregulación de la Comunicación Comercial (the independent advertising self-regulatory organisation in Spain, more commonly known as “Autocontrol”), and through this membership it is committed to delivering responsible advertising that guarantees the adequacy of the information, acquisition process and operational characteristics of the advertised products.

1.4.2. Digitalisation

In 2019 Banco Sabadell expanded its remote banking services to include new functions. One of the newly added functions is the ability for customers to update their ID details (DNI/NIE) themselves through the Bank’s website and the remote banking app. Other new functions include payment of bills without direct debit orders, local tax and social security payments using a photograph of the corresponding document, which makes payment for these items easier for the customer, as well as the “my profile” function, which enables customers to consult the contact details that the Bank holds for them.

Banco Sabadell has also taken part, together with the other main Spanish banks, in the first sector-wide proof of concept exercise to roll out an interbank platform, managed by Iberpay, which could facilitate payment execution in blockchain networks. This initiative aims to facilitate instant transfers based on smart contracts on a blockchain.

2. People

2.1. Workforce information



(SDG 8)

Banco Sabadell has a committed and professional workforce focused on helping people and companies to make the best financial decisions. Banco Sabadell has a Human Resources Policy approved by the Board of Directors, as well as policies and procedures aimed at developing talent, promoting the commitment of its workforce and encouraging diversity and inclusion.

The Bank currently has 24,454 professionals distributed in the different regions in which the Bank operates, of whom almost all have permanent (indefinite duration) contracts. This workforce is diverse in terms of their location (36% are in international locations) and gender (55.9% are women).

Professionals

24,454

Staff outside Spain

 **36%**

Women

 **55.9%**

Total number and distribution of employees of Banco Sabadell Group

	2019			2018		
	Men	Women	Total	Men	Women	Total
Management staff	511	168	679	500	174	674
Middle management	2,446	1,302	3,748	2,587	1,302	3,889
Specialist staff	6,972	9,192	16,164	7,439	9,552	16,991
Administrative staff	863	3,000	3,863	1,079	3,548	4,627
Total	10,792	13,662	24,454	11,605	14,576	26,181

Professional category

'Management Staff' includes executive directors, senior management, general management, corporate directors and top management. 'Middle Management' includes directors not included in the 'Management Staff' category. In Spain, roles classified as technical roles are included in the 'Specialist Staff' category, in accordance with the Collective Bargaining Agreement for Private Banking.

	2019			2018		
	Men	Women	Total	Men	Women	Total
Under 31	1,170	1,474	2,644	1,404	1,851	3,255
Between 31 and 49	5,729	8,143	13,872	6,332	8,800	15,132
Over 49	3,893	4,045	7,938	3,869	3,925	7,794
Total	10,792	13,662	24,454	11,605	14,576	26,181

Age range

	2019			2018		
	Men	Women	Total	Men	Women	Total
Spain	7,774	8,288	16,062	8,255	8,596	16,851
United Kingdom	2,499	4,936	7,435	2,828	5,560	8,388
Mexico	273	184	457	293	169	462
Other geographies	246	254	500	229	251	480
Total	10,792	13,662	24,454	11,605	14,576	26,181

Country

The Group workforce was reduced in 2018, dropping from 26,181 professionals to 24,454, reflecting the sale of the real estate subsidiary, Solvia, the sale of asset portfolios in Spain, and the workforce rationalisation at TSB in line with its business needs.

Types of contract of the Group

Practically all Group employment contracts (99.4%) are permanent contracts, and only 137 are temporary (of which 99 are in Spain).

Note: The breakdown of part-time contracts is not provided, given that the total number of part-time contracts in Spain, in December 2019, amounted to 35 (0.22% of national contracts).

	2019			2018		
	Men	Women	Total	Men	Women	Total
Permanent	10,738	13,579	24,317	11,518	14,455	25,973
Temporary	54	83	137	87	121	208
Total	10,792	13,662	24,454	11,605	14,576	26,181

Type of contract
Gender

Group data as at 31/12/2019.

	2019			2018		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Management staff	677	2	679	672	2	674
Middle management	3,746	2	3,748	3,885	4	3,889
Specialist staff	16,043	121	16,164	16,820	171	16,991
Administrative staff	3,851	12	3,863	4,596	31	4,627
Total	24,317	137	24,454	25,973	208	26,181

Type of contract
Professional
category

'Management Staff' includes executive directors, senior management, general management, corporate directors and top management. 'Middle Management' includes directors not included in the 'Management Staff' category. In Spain, roles classified as technical roles are included in the 'Specialist Staff' category, in accordance with the Collective Bargaining Agreement for Private Banking.

	2019			2018		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Under 31	2,569	75	2,644	3,175	80	3,255
Between 31 and 49	13,819	53	13,872	15,023	109	15,132
Over 49	7,929	9	7,938	7,775	19	7,794
Total	24,317	137	24,454	25,973	208	26,181

Type of contract
Age range

Number of departures from the Group due to dismissal

	2019			2018		
	Men	Women	Total	Men	Women	Total
Management staff	13	9	22	7	1	8
Middle management	35	15	50	27	7	34
Specialist staff	129	131	260	87	73	160
Administrative staff	30	43	73	15	50	65
Total	207	198	405	136	131	267

Professional
category

Group data as at 31/12/2019.

'Management Staff' includes executive directors, senior management, general management, corporate directors and top management.

'Middle Management' includes directors not included in the 'Management Staff' category. In Spain, roles classified as technical roles are included in the 'Specialist Staff' category, in accordance with the Collective Bargaining Agreement for Private Banking.

	2019			2018		
	Men	Women	Total	Men	Women	Total
Under 31	21	18	39	8	18	26
Between 31 and 49	98	103	201	73	67	140
Over 49	88	77	165	55	46	101
Total	207	198	405	136	131	267

2.2. Commitment to talent



(SDG 4)

The Group's value proposition, for all of its employees, can be summarised as the desire to become the best place to develop a professional career. To make this possible, the following elements are brought to the fore: internal opportunities, promotions, talent incubators and the employer brand.

2.2.1. Activity in 2019

In 2019, efforts were made to increase internal opportunities, both in terms of volume and transparency. As such, in 2019, 652 employees moved to another job internally, representing 3.78% of the workforce. Of these, 40% occurred through internal recruitment processes, in which vacancies are published internally so that any Group employee may apply. In the same vein, a number of internal employability campaigns have been successfully carried out, which have enabled us to fully leverage the skills of our professionals.

Promotions

Meritocracy is key to developing talent in a sustainable way in the long term. Our talent model prioritises the promotion of employees who achieve the expected results, whilst putting our values into practice on a daily basis. In 2019, our performance appraisal models were realigned to better recognise conduct associated with the day-to-day delivery of those values for our customers.

In addition, new promotion protocols were put into action so that applications for roles demanding greater responsibility must be approved by the corresponding internal body, based on an objective, informed and independent point of view. In 2019, 864 professionals were promoted to positions with increased responsibility.

Talent Incubators

The talent acquisition initiative, commenced in 2015, continued in 2019 through young talent incubation programmes. To date, these programmes have attracted the participation of 670 students and 160 young recent graduates. Among them, in 2019, the inclusion of 35

young people, mainly from a STEM background, in a new programme focused on different financial areas as well as control and compliance, is particularly noteworthy.

In parallel, the impact of the ongoing incubation programmes, both internally and externally, continues to grow. An example is the Datathon carried out in 2019 by members of the Data Programme group (together with other professionals of the Bank) to provide analytical capabilities to Médecins Sans Frontières (MSF) with the aim of enhancing a number of their projects.

Lastly, the internal impact of the two editions of the Talent Graduate Programme continues to grow, with several of its participants attracting attention as a result of their contribution to internal projects.

Employer brand

Banco Sabadell has a personnel selection process which ensures that objective criteria based on professionalism and suitability are applied in finding the right person for each job and career path. The Group facilitates the professional development of its employees by encouraging them to excel and by rewarding hard work. This mutual commitment is set out in the Banco Sabadell Code of Conduct and the internal mobility and recruitment processes.

Keeping a close relationship with universities continues to be a key factor in acquiring talent and building a strong employer brand. This year, it involved the Bank's participation in 21 events, of different kinds, at leading universities.

Throughout 2019, we have continued to build on the capabilities developed in previous years, both in digital channels and in editorial content. Directly stemming from these capabilities, in December 2019 the corporate web page on LinkedIn had attracted more than 100,000 followers, a 28% increase year-on-year.

These actions have led to a consolidation of our position as an employer in external reputation indicators, including the achievement, once again, of a place in the Merco Talento Top 25, the Spanish corporate reputation monitor, which measures the appeal of institutions as employers.

2.2.2. Talent model

In 2019, the talent management model commenced in 2017 was consolidated, with significant improvements in terms of meritocracy, recognition and training. The focus is on fostering the development of internal talent, encouraging collaboration between managers and rewarding the ability to take on new challenges and to contribute vision, perspective and strategic knowledge to decision-making.

Additionally, Banco Sabadell has continued to develop systems to ensure it has the most up-to-date information on current talent, and their potential, to ensure appropriate decision making in terms of people, well as well as effective and efficient management of mobility and the effective development of directors and upcoming directors.

Besides that, implementation of the Personnel Evaluation Committee model has been continued within each General Management Committee, where the following matters are discussed at least once a year:

- Current (and forecast) evolution of the workforce (profile and costs), management results (compensation, performance management, work environment and diversity) and proposals for workforce actions.
- Update of the talent map (directors and upcoming directors) and pool of potential talent.
- Appointment of candidates to new management positions, cases under review, demotions and monitoring of high-potential employees.
- Proposals for workforce actions.

In 2019, the Personnel Evaluation Committee model was rolled out to Mexico and Miami.

Training

The different Schools that comprise the Campus continue to deliver training in step with the constant evolution of the business and its needs. In this respect, most noteworthy are the Commercial School, with its focus on specific training to better serve our customers, and the Regulatory School, which in 2019 focused on compliance with regulatory training requirements.

The institution now has 7,738 employees who are MiFID certified, as a result of the work carried out by our employees. Going forward, the challenge is to complete the ongoing certification of around 1,500 professionals and, above all, to consolidate the continuous training of employees who are already certified, having developed the training materials and platforms required for that purpose. In the area of regulatory training, in 2019, the training needed for the new LCCI mortgage advisor certification was provided, with 1,298 employees already certified to date.

However, investment in training was not only focused on the regulatory side; also of particular importance was the work undertaken in digitalisation, as a result of which 331 employees obtained the Advanced Diploma in Digital Capabilities for Banking awarded by the prestigious EADA business school.

Lastly, worthy of note is the number of training hours carried out at Group level which totalled 973,381 (equivalent to an average of 40 hours per employee), which have added to the professional skills of members of our workforce and enhanced their future employability within the organisation. In Spain, 50% of training is received voluntarily and 60% is performed on-line, which is more convenient for employees and reduces the need for training-related travel. It should be noted that practically all employees (97.2%) received training during the year. This training was focused in particular on specialist staff and middle management staff (with 44.67 and 56.57 hours per person, respectively, in the year).

	2019	2018
Employees who have received training (%)	97%	93%

Training

Serving employees as at 31/12. The training data refers to Group scope. In 2018, the data refers to Group scope excluding Mexico.

	2019		2018	
	Hours of Training	Average Hours	Hours of Training	Average Hours
Management staff	21,980	32.37	25,213	37.58
Middle management	188,551	50.31	155,745	42.24
Specialist staff	634,063	39.23	591,831	35.37
Administrative staff	128,786	33.34	236,299	51.07
Total	973,381	39.80	1,009,087	39.24

Total training hours and average by professional category

The 2019 training data refers to Group scope. In 2018, the data refers to Group scope excluding Mexico. 'Management Staff' includes executive directors, senior management, general management, corporate directors and top management. 'Middle Management' includes directors not included in the 'Management Staff' category. In Spain, roles classified as technical roles are included in the 'Specialist Staff' category, in accordance with the Collective Bargaining Agreement for Private Banking.

In-house trainers

This year, the enormous contribution of our group of in-house trainers is, once again, commendable. They play a key role in the transfer of knowledge and dissemination of the Banco Sabadell culture. A total of 527 professionals have shared their expertise with colleagues, dedicating, on average, 17 hours per trainer.

With regard to TSB, in 2019, the UK subsidiary focused on the identification of talent internally and on producing more detailed and thorough professional development plans for senior employees who demonstrate talent. In this respect, executive coaching is offered to

talented senior employees and employees with specific professional development needs. TSB combines the use of internal training centres with external development opportunities to support talented employees with their professional development.

2.2.3. Leadership programme

Our managers are the backbone of the Group's development. The long-term future of our institution depends on their ability to take care of their people, create an efficient work environment, empower their teams and collaborate with others to ensure that things get done.

Noteworthy in 2019 was the launch of the “You are the Manager” (Eres Mánager) programme, which brings together all initiatives aimed at supporting people responsible for managing a team.

Management Development Programme

In 2019, programmes for Management continued, including a Management Development Programme for Managers reaching the role of Top Management or Corporate Director, aimed at accompanying them during periods of transition within their careers and preparing them for the changing environment of the business, with a special focus on the challenges inherent to their new role. The programme hinges on a learning-by-doing model. It also seeks to create networks linking management staff, offering them opportunities to network and build visibility. During 2019, 95 management staff took part and the programme was given an excellent rating.

Corporate Management Programme

The Corporate Management Programme undertaken by people who reach a position as manager, continues to offer a training pathway for our management staff focusing on skills, collaboration and values. 40 recently appointed managers undertook this demanding training journey in 2019.

High-Potential Employees Programme

As part of the Bank's goal to prepare the professionals who will be required to tackle the challenges of the future, the 1st edition of the Career Acceleration Programme was launched.

The programme was designed with the aim of accelerating the career development of upcoming directors considered to have great potential, who represent the

values and attitudes that the Bank seeks to promote. It will also facilitate the requisite level of diversity that we want to achieve among our management staff.

You are the Manager (Eres Mánager)

“You are the Manager” was created to ensure that our managers are aligned with our goals and embody our values and corporate style. It is a programme to promote change and professional development based on communication, training and other actions to enable those responsible for managing teams to improve their management and leadership capabilities.

More than 4,000 managers have already received information and perceived impacts associated with the programme, in particular, a new digital portal with important information for management staff and a regular newsletter to keep abreast of news about the Bank and support them in their role.

With regard to TSB, in 2019, all TSB managers had access to an online leadership studies scheme: “Leadership Insights”, which included a wide variety of content focused on leading people brilliantly. For new managers, the content is delivered as a training schedule. For more experienced managers, specific learning elements could be selected to suit specific development needs.

In addition, in 2019 the Bank began to design a new programme for all employees responsible for managing others: “The TSB Manager”. This programme focuses on providing insights into people management at TSB, which all managers responsible for others should know and be able to implement. The programme will be launched in full in 2020.

2.3. Diversity



(SDG 5, SDG 10)

Banco Sabadell remains committed to fostering workplace environments in which people are treated with respect and dignity, seeking to further the professional development of its workforce and ensuring equal opportunities in its candidate selection, staff training and promotion processes, offering a workplace environment that is free from any form of discrimination.

The Group views diversity as a source of corporate wealth and promotes actions to encourage diversity in terms of gender, roles and age.

2.3.1. Gender

Banco Sabadell's workforce is diverse in terms of gender, with women making up 55.9% of its total staff.

It continues to pursue the challenge of increasing diversity at management levels, promoting policies and actions that enable it to, on one hand, develop in-house female talent to enable women to attain management positions and, on the other hand, attract female talent in its external recruitment processes.

As a result of its efforts, the Group's workforce is becoming more diverse across all organisational levels. Although management positions are becoming somewhat less diverse in aggregate terms, it is worth noting that the trend differs between Spain and TSB. In Spain, the proportion of women in management positions has increased

from 22.86% to 23.12% (+1.1%), in line with the trend observed in previous years. In terms of middle management roles, which provide an in-house talent pool for future senior management roles, the proportion of women has increased from 33.09% to 34.25% (+3.5%).

It is also worth highlighting the increase in the ratio of promotions given to women (53.01% in 2019 compared to 50.35% in 2018), which demonstrates the commitment to improving gender diversity and the results obtained with the measures that have been put in place.

Another aspect worth noting is that TSB has appointed a woman as its new CEO.

Professional category	2019	2018
Men	10,792	11,605
Women	13,662	14,576
Total	24,454	26,181
In percentages	2019	2018
Management staff	24.7%	25.8%
Middle management	34.7%	33.5%
Specialist staff	56.9%	56.2%
Administrative staff	77.7%	76.7%
Promotions given to women	53.01%	50.35%

Breakdown of Group employees by gender

Promotions given to women

 **53.01%**

Figures have been calculated for the Group's workforce, with the exception of promotions relating to Spain.

'Management Staff' includes executive directors, senior management, general management, corporate directors and top management.

'Middle Management' includes managers not included in the 'Management Staff' category. In Spain, roles classified as technical roles are included in the 'Specialist Staff' category, in accordance with the Collective Bargaining Agreement for Private Banking.

A variety of measures are currently in place, designed to promote diversity from a number of different areas:

— **Talent Management:**

- Involvement in professional development and leadership programmes. One highlight is the increased number of women taking part in High Potential programmes, designed to foster the development of the talent pool for upcoming executives (>50% of participants in the edition launched in 2019 were women)
- Promotions given to women and gender diversity in the workforce are monitored by the Performance Evaluation Committees (with particular emphasis on executives and upcoming executives)

— **Labour relations:**

- Equality Plan and Code of Conduct
- Anti-abuse and anti-discrimination policy

— **Recruitment:**

- Women are present in all three-person panels responsible for selecting staff to occupy management positions
- Monitoring and analysis of new hires, by gender and Division

— **Training:**

- Gender equality course
- Course for promoting and achieving a work-life balance

— **Remuneration:** monitoring of discretionary bonuses to prevent gender bias.

— **Work-life balance:** a series of measures that help both men and women to achieve a balance between their personal and professional lives, such as the option to purchase annual leave, reduce working hours or work from home.

In 2018, Banco Sabadell received the 'Equality in the Workplace' Seal of Distinction ("Distintivo de Igualdad en la Empresa") awarded by the Government of Spain. In 2019, Banco Sabadell signed the general protocol on 'More Women, Better Companies' ("Más Mujeres, Mejores Empresas"), a four-year initiative launched by the Women's Institute in Spain that establishes the commitment to fostering in-house gender diversity in companies. Furthermore, Banco Sabadell's Chief Executive Officer has signed an initiative launched by the Adecco Foundation and the Spanish Confederation of Employers' Organisations (Confederación Española de Organizaciones Empresariales, or CEOE) called 'CEOs supporting diversity' ("CEO por la diversidad").

In terms of internal and external communication, Banco Sabadell has taken part in a number of external events and forums on gender diversity and has shared these internally for the knowledge of its workforce. The efforts

that TSB has made in this regard are worth highlighting. The subsidiary was one of the first companies in the United Kingdom to publish its gender pay gap data, in July 2017, by issuing its Gender Pay Gap Report, thus publicly demonstrating its commitment to creating a diverse and inclusive culture.

In addition to participating in these events, in December 2019, a cooperation programme has been launched to work with the Quiero Trabajo Foundation, through which female staff in the Bank volunteer to mentor women in situations of social exclusion, to advise them on how to reintegrate into the workforce.

Furthermore, various internal initiatives are also being implemented, including the consolidation in 2019 of the Sabadell Women Inspiration Group (SWING), which seeks to empower women in Banco Sabadell and emphasise the value of diversity and its benefits. A number of internal activities have taken place, and more are planned for 2020, which will be open to the entire organisation and which will expand on the work done by this group, offering mentoring to women who do not hold management positions but who have huge potential.

Diversity in the Board of Directors

In terms of the Board of Directors, the Banco Sabadell Director Candidate Selection Policy, approved by the Board of Directors on 25 February 2016 and amended on 28 March 2019, establishes the criteria that must be taken into account when selecting new Board members and when re-appointing existing Board members. The candidate selection process seeks to achieve an adequate gender balance in the Board of Directors, with an overall composition that enriches decision-making and contributes a variety of points of view when discussing matters within its remit.

In 2019, the Appointments Committee notified the Board of Directors of the approval of a Board skills and diversity matrix for Banco Sabadell, defining the skills and knowledge of Board members, particularly those of executive and independent directors. The skills matrix describes the professional profiles of Board members, as well as the cross-cutting and sector-specific competencies required to ensure the continued overall suitability of the Board of Directors. The diversity matrix takes into account diversity in terms of gender and nationality, as well as the length of time during which they have been in their role.

The Appointments Committee also gave notice of the proposed ratification and appointment of a female director appointed by the Board of Directors in 2018, who also holds the role of Executive Director, and proposed the re-appointment of a female Independent Director. After approving these draft motions with a vote in favour at the Annual General Meeting held on 28 March 2019, the gender diversity ratio attained in 2018, which significantly improved the proportion of women on the Board compared to previous years, was maintained.

At the end of 2019, the Board of Directors of the company was formed of three women out of a total of 15

members, one of whom is an Independent Director, one of whom is an Other Non-Executive Director and one of whom is an Executive Director. The independent director is the Chair of the Appointments Committee and of the Remuneration Committee, while the Other Non-Executive Director is a member of the Audit and Control Committee, the Appointments Committee and the Board Risk

Committee. Women thus occupy the role of Chairperson in two of the five Board Committees and they are also members of four out of the five Board Committees. In terms of female membership of Board Committees, women account for 25% of the Audit and Control Committee, 33.33% of the Board Risk Committee, 25% of the Remuneration Committee and 50% of the Appointments Committee.

Age Range	2019		2018	
	Directors	Remuneration	Directors	Remuneration
Men	12	153,492	12	146,693
Women	3	140,167	3	176,000
Total	15	150,827	15	150,880

Diversity and average remuneration of Board Members at Banco Sabadell

Board Members as at 31/12.

Remuneration is calculated for Board Members who have occupied that position during the full year. Only remuneration received for work carried out in the role of Board Member is reported, excluding any amounts received for the management duties included in the categories shown in the previous table.

The number of Board Members reflects the total number of people occupying this position as at year-end.

2.3.2. Disabled persons

The Group establishes measures for the adjustment of workstations as required by those with different abilities, in line with the occupational health and safety service's procedures relating to sensitive risk groups. The institution also assists employees with paperwork and formalities at municipality, autonomous community and state level that help to improve these employees' wellbeing beyond a strictly professional sense. Pursuant to the General Disability Law (Ley General de Discapacidad), the Bank

implements alternative supported employment measures by hiring services and supplies from special employment centres.

As at December 2019, the Group had 531 employees with some form of disability (188 as at the end of 2018). This notable increase with respect to 2018 is due to the increase in the number of employees who have put their name down in TSB's register of employees with disabilities, as a result of the in-house campaign carried out in 2019 to encourage employees with disabilities to come forward and have their names included in the register.

Professional category	2019			2018		
	Men	Women	Total	Men	Women	Total
Management staff	9	4	13	3	—	3
Middle management	25	9	34	13	3	16
Specialist staff	149	158	307	83	69	152
Administrative staff	32	145	177	4	13	17
Total	215	316	531	103	85	188

Employees with disabilities in the Group

In 2019, actions have been taken to support functional diversity both inside and outside the Bank:

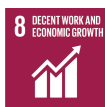
- Project Taskforce: the Catalonia Territorial Division and the Eastern Territorial Division hired 30 people with a disability of 33% or more on an internship contract to provide holiday cover over the summer. After the expiry of these internship contracts, four people have been added to the Group workforce with a permanent contract.
- My Family (Mi Familia) Programme: 30 disabled family members of the Bank's employees received advice and professional assistance from the Adecco Foundation to help them find work.

2.3.3. Multi-generational diversity

The Bank monitors the generational diversity of its workforce, identifying the complexity of experience, skills, abilities and training of each of the generations in the workforce and formulating proposals for improvement that take into account their main interests, needs, expectations and concerns.

In addition to this routine practice, in 2019 the Bank has taken part in external events and forums on multi-generational talent in order to share its knowledge and practices, which are already benchmarks in this field, one that is particularly important given the current demographic situation.

2.4. Remuneration policy



(SDG 8)

Banco Sabadell Group's remuneration policies are consistent with the objectives of its risk and business strategy, its corporate culture, the protection of its shareholders, investors and customers, the Group's values and long-term interests, as well as with customer satisfaction targets and the measures implemented to prevent conflicts of interest without encouraging excessive risk-taking.

The Banco Sabadell Group Remuneration Policy is based on the following principles:

- 1. Foster medium-to-long term business and social sustainability, as well as the alignment with Group values.**
This entails:
 - Aligning remuneration with shareholder interests and with the creation of long-term value.
 - Implementing rigorous risk management, considering measures to prevent conflicts of interest.
 - Ensuring an alignment with the Group's long-term business strategy, objectives, values and interests.
- 2. Rewarding performance in order to align remuneration with individual results and the level of risk assumed:**
 - Finding an adequate balance between the various remuneration components.
 - Taking into consideration risks and current and future results, without encouraging employees to take risks that go beyond the Group's risk appetite.
 - Ensuring that the remuneration scheme is simple, transparent and clear, as well as intelligible and easily shared with all staff.
- 3. Ensuring the existence of a competitive and fair remuneration system (external competitiveness and internal fairness) that:**
 - Is able to attract and retain the best talent.
 - Rewards professional experience and responsibility, irrespective of the employee's gender. Remuneration Policies are based on providing equal remuneration to employees for the same work or for work of equal value.
 - Is aligned with market standards and flexible, so that it can be adapted to changes in the environment and in the sector's requirements.

Remuneration Policies are based on providing equal remuneration to employees for the same work or for work of equal value, they are aligned with market standards, and they are also flexible, so that they can be adapted to changes in the environment and in the sector's requirements.

All of these principles on which the Group Remuneration Policy is based are compliant with European

Directives and Regulations and other regulations currently in force, particularly Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, EBA Guidelines EBA/GL/2015/22 of 27 June 2016, on sound remuneration policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and the disclosures under Article 450 of Regulation (EU) No 575/2013 (hereinafter, "EBA/GL/2015/22 Guidelines"), EBA Guidelines on internal governance (GL/2017/11) of 26 September 2017, Bank of Spain Circular 2/2016 of 2 February, to credit institutions, on regulation and solvency, which completes the transposition into Spanish law of Directive 2013/36/EU and Regulation (EU) No 575/2013, Commission Delegated Regulation (EU) No 604/2014, of 4 March 2014, supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile and the Senior Managers and Certification Regime (SMCR) in the United Kingdom.

With regard to the gender pay gap, Banco Sabadell, when dealing with the same roles, responsibilities and length of service, does not make any type of wage discrimination between genders when recruiting staff or during its employees' salary reviews.

In Spain, taking into account the different groups of management, specialist and administrative staff, and without establishing any additional criteria, the pay gap has been calculated at 11.87% (see calculation note), which represents a reduction with respect to the 2018 figure of 11.95% and also a reduction since it first began measuring its pay gap, in 2017. This pay gap is primarily due to the shorter length of service of women at the organisation and the smaller proportion of women holding management positions.

Actions taken in previous years to reduce the pay gap have continued to be further implemented, again with positive results:

- The proportion of women in management positions has increased from 22.86% to 23.12%. In terms of women in middle management roles, which provide an in-house talent pool for future senior management roles, the proportion of women has increased from 33.09% to 34.25%.
- 53% of promotions have been given to women (28% in senior positions), through careful monitoring by the Performance Evaluation Committees, ensuring that women formed part of the three-person candidate selection panels.
- Monitoring of discretionary bonuses.

In the case of TSB, the average gender pay gap published in October 2019 (following the calculation methods defined by the local supervisor, which gives the difference between

the average remuneration paid to men and the average remuneration paid to women), shows a reduction of 0.1pp, falling to 31.1% in 2019 from 31.2% in 2018 (details of the calculation are available on TSB's website). The pay gap in TSB is explained by the smaller number of women in senior positions and by the higher percentage of women in positions of less responsibility. It is worth highlighting the appointment of TSB's new CEO, Debbie Crosbie, in 2019. If one applies the calculation carried out in the UK to estimate the pay gap in Spain, based on the annual average salaries of men and women, in 2019 the pay gap in Spain

would be 24.48%, down from its 2018 pay gap of 24.56%.

It is also worth noting that in August 2016, TSB became an accredited Living Wage employer, thus becoming part of a pioneer group of companies in the UK that go beyond the legal requirement to pay a minimum wage, undertaking to pay both its direct staff and third party contractors who work regularly in its facilities the established Living Wage or higher.

Average total remuneration in Banco Sabadell Spain

Professional category	2019						2018					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Management staff	379	114	493	186,491	135,930	174,799	361	107	468	192,770	140,984	180,930
Middle management	2,081	1,084	3,165	71,861	62,414	68,625	2,188	1,082	3,270	71,788	61,484	68,379
Specialist staff	5,257	6,953	12,210	47,269	42,007	44,273	5,609	7,193	12,802	46,852	41,684	43,948
Administrative staff	57	137	194	23,152	23,363	23,301	97	214	311	22,874	22,394	22,544
Total	7,774	8,288	16,062	60,462	45,660	52,824	8,255	8,596	16,851	59,561	44,932	52,098

'Management Staff' includes executive directors, senior management, general management, corporate directors and top management. 'Middle Management' includes directors not included in the 'Management Staff' category. Roles classified as technical roles are included in the category of Specialist Staff, in accordance with the Collective Bargaining Agreement for Private Banking.

Age range	2019						2018					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	311	267	578	35,708	32,448	34,202	336	301	637	34,240	32,467	33,402
Between 31 and 49	4,107	5,731	9,838	54,317	43,995	48,304	4,587	6,187	10,774	54,494	43,377	48,110
Over 49	3,356	2,290	5,646	70,276	51,367	62,607	3,332	2,108	5,440	69,090	51,276	62,187
Total	7,774	8,288	16,062	60,462	45,660	52,824	8,255	8,596	16,851	59,561	44,932	52,098

The calculation of average total remuneration takes into account: Fixed remuneration, variable remuneration, personal bonus payments and benefits, as well as annualised remuneration paid.

Average total remuneration in TSB

Professional category	2019						2018					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Management staff	109	51	160	237,420	215,482	230,428	120	65	185	254,707	212,468	240,005
Middle management	172	120	293	109,037	105,277	107,492	183	122	305	113,179	113,069	113,135
Specialist staff	1,405	1,897	3,301	48,726	44,111	46,074	1,537	2,038	3,575	54,577	49,515	51,693
Administrative staff	790	2,850	3,640	26,104	26,504	26,417	970	3,318	4,288	28,014	28,600	28,469
Total	2,476	4,918	7,394	54,005	37,177	42,812	2,810	5,543	8,353	57,824	40,318	46,204

Exchange rate as at 31/12/2019: GBP 0.8508 = EUR 1

Age Range	2019						2018					
	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	760	1,118	1,878	31,915	29,177	30,285	976	1,475	2,451	31,851	30,078	30,783
Between 31 and 49	1,281	2,137	3,418	61,271	41,897	49,158	1,397	2,343	3,740	63,524	42,799	50,550
Over 49	435	1,663	2,098	71,200	36,490	43,686	437	1,725	2,162	69,102	37,447	43,808
Total	2,476	4,918	7,394	54,005	37,177	42,812	2,810	5,543	8,353	53,390	37,746	43,006

Exchange rate as at 31/12/2019: GBP 0.8508 = EUR 1

The calculation of average total remuneration takes into account: Fixed remuneration, variable remuneration, personal bonus payments and benefits, as well as annualised remuneration paid.

Note on calculating remuneration: remuneration in Spain has been calculated based on target remuneration. In TSB, remuneration figures represent remuneration received in the year (in the case of deferred remuneration, they consider the full remuneration earned in the year).

Note on calculating pay gap: the pay gap in Spain has been calculated based on the sum of the average total pay gap, weighted by category.

— **Formula for calculating average total pay gap**

(1- Average total remuneration received by women / average total remuneration received by men)

— **Formula for calculating average total pay gap, weighted by category**

(Average total pay gap of category * (employees in category/total employees)

— **Weighted average total pay gap**

Sum of average total pay gap, weighted by category

2.5. Workplace environment and organisation



(SDG 3)

Changes in the business, labour relations and society as a whole require the creation of more flexible and efficient workplace environments that incorporate technology into the services provided by the company and its employees.

2.5.1. Work-life balance

The Bank's workforce has access to a series of social benefits established by the Group and union representatives in the agreement on measures to improve the work-life balance of employees. All of these benefits have been communicated to the entire workforce, and they are published on the employee intranet, therefore they are well-known by all employees, who have been requesting and enjoying these benefits for some time.

These benefits include: a reduction of working hours (paid, unpaid, for nursing mothers), extended leaves of absence (maternity leave, to care for family members), special leave (for studies, personal reasons or international adoption), extension of leave for the birth of a child and flexible working hours.

The Group also offers a wide range of measures aimed at improving the work-life balance of its workforce, enabling them to arrange services and purchase products via the employee portal, which not only offers them a chance

to save money, but it also allows them to save time, as they receive these products at their place of work, thus saving the time that would otherwise be spent on travel or on having to run the errand outside of their working hours. In addition to these benefits, it is also worth mentioning the range of services available to staff working in central services, which are designed to make it easier for them to run personal errands.

The option to work from home is one of the options that generates the most employee satisfaction and it has also increased productivity according to managers; by the end of 2019, 455 employees worked at least some of their hours remotely.

Employees continue to make use of the measures launched in previous years, such as the option to purchase annual leave and the advice offered by the work-life balance consultant ('gestor de conciliación'), unique aspects of our employee value proposition.

TSB has a flexitime policy that gives all employees the opportunity to request a temporary or permanent change in their way of working, at any stage of their careers and regardless of their personal reasons for requesting this change. Although the flexitime option is not a right, nor are requests automatically approved, our flexitime policy provides a fair and consistent basis on which to make requests, to ensure that requests to work flexitime hours are only rejected if such an arrangement will have a clear, detrimental impact on the business. TSB's policy is to help employees find a good balance between their work and their lives outside of work. This enables the company to retain a qualified workforce and to attract and recruit the best talent available. A positive approach to flexible working arrangements helps make TSB Bank a great place to work. There are six main flexible working arrangements to choose from, although people can combine different options and suggest their own alternatives.

In addition, our aim is to be an inclusive organisation in which employees with disabilities are treated fairly and can compete in equal conditions to further their professional careers.

2.5.2. Health and safety

The Group applies a policy of hazard prevention and continuous improvement of the health and safety conditions of employees. In accordance with current legislation, the Bank has an occupational hazard prevention plan that includes all of the preventative activities carried out by the company, which are published annually in a report that is available on the employee intranet and on the corporate website.

The training course is completed through publications, ergonomic handbooks and manuals on how to use work equipment, all relating to the risks inherent in the Bank's activity.

In Spain, Banco Sabadell also carries out an initial occupational hazard assessment for each new work centre, and whenever work centres are reformed or updated. Equally, when a certain period of time has elapsed since

All of the Group's existing staff and all new hires receive information on occupational hazard prevention and complete mandatory training relating to health and safety in the workplace through an online course.

the assessment, individual workstations and common areas are assessed in all of the facilities, along with the installations and technical aspects of the workspace (temperature, lighting etc.).

Banco Sabadell guarantees the basic rights of employees in relation to freedom of association and collective bargaining, in accordance with Spanish law. These principles are set out in the human resources policy, specifically, Human Resources 7305 – Basic Applicable Labour Law, which makes specific reference to the Collective Banking Agreement for Banks. These rights are set out in chapter twelve of this agreement, on Union Rights, in Articles 58, 59 and 60.

The Bank currently has 11 trade union sections in Spain, including state and regional sections. Workers' representatives are voted in every four years, in accordance with the guidelines set forth by the Spanish Banking Association (Asociación Española de Banca, or AEB), together with the most representative state union sections of the Spanish banking industry. The results of the union elections determine the composition of the different Works Councils, as well as staff delegates, who are the main points of contact representing the company and who take part in collective bargaining negotiations. If no specific negotiations are taking place, they meet as and when required. The elected trade union representatives are allocated hours from their normal working hours to engage in their trade union activities. 100% of employees are covered by collective bargaining agreements in Spain. In other countries, the legislation in force in each country is applied.

Workers' representation in formal health and safety committees of employees and employers in Spain:

- State Health and Safety committees created in companies:
 - Banco de Sabadell S.A.
 - Sabadell Asset Management., S.A.
 - Business Services for Operational Support, S.A.
 - Sabadell Information Systems, S.A.
- Prevention delegates (role envisaged in legislation that can be held by a maximum of eight people per company or work area).

Lastly, in the meeting of the 'Negotiating Table' (Mesa de Negociación) of the XXIV Collective Bargaining Agreement for Banks held on 18 December, a partial motion of the collective bargaining agreement for banks on keeping a daily record of hours worked, which is applicable to all

associate entities, was signed between the AEB and the union confederations CCOO, UGT and FINE which, together, represent 82.92% of all employees represented on the 'Agreement Table' (Mesa de Convenio). In accordance with this agreement, the Bank is already implementing measures to meet the new regulatory requirements in relation to this daily record of hours worked, which will be complemented in 2020 with new flexitime and digital downtime arrangements aimed at enhancing productivity and improving employee satisfaction.

In terms of TSB, the subsidiary has undertaken to maintain the highest health, safety and fire protection standards in all of its business activities. The Bank constantly strives to do the right thing by implementing appropriate measures that are aligned with TSB's values in order to support employees and help them understand that they too have a legal and moral obligation to themselves and to those around them. TSB uses training, skill sets and adequate methods of communication throughout the Bank to enable all employees to embrace these measures and avoid taking unnecessary risks, with clear standards and guidelines that allow controls to be implemented.

TSB also offers specific training on health and safety. Completion of this training is mandatory for all employees and training sessions are scheduled as part of TSB's annual mandatory training calendar.

All of TSB's workspaces are subject to general and specific risk assessments designed to control, reduce or eliminate any risks to the health and safety of all employees and third party contractors working in TSB's facilities.

TSB has the obligation, under the Health and Safety at Work Act of 1974, to provide a written policy on health and safety and make this available to staff via the in-house intranet.

In terms of participation in TSB, there is a fluid and direct relationship with workers' representatives (24 meetings a year, equivalent to two meetings a month). There are currently two recognised unions (Unite the Union and Accord) and one unrecognised union (TBU). Workers' representatives in Unite the Union and Accord are elected by TSB employees. In 2019, new representatives were elected to Accord, however, the representatives on Unite the Union remained the same. No further elections will be necessary in 2020. Unions follow the legislation laid down by the UK government, as well as the guidelines established by the Advisory, Conciliation and Arbitration Service (ACAS), a non-departmental public body in the United Kingdom.

Indicators of absence from work

Indicators of absence from work in Spain	2019	2018
Total hours (accidents and illness)	936,560	890,120

Indicators of absence from work in TSB	2019	2018
Total hours (accidents and illness)	460,373	409,506

Indicators of absence from work

Workplace accidents

	2019			2018		
	Men	Women	Total	Men	Women	Total
Work centre	42	65	107	44	75	119
<i>In itinere</i>	43	102	145	48	86	134
Travel during the work day	15	23	38	14	26	40
Other work centres	0	2	2	1	1	2
Total	100	192	292	107	188	295

Types of accident in Spain

Calculation note: in relation to the data published in 2018, the disclosed number of hours of absence from work has been adjusted to include illness for which no leave was requested and extended temporary incapacity leave. 2018 data relating to the severity rate have also been recalculated and now only include accidents excluding *in itinere* (this figure remains the same) and hours of leave excluding *in itinere*.

	2019			2018		
	Men	Women	Total	Men	Women	Total
Total hours	6,749	6,297	13,046	6,027	6,283	12,310
Frequency rate	4.22	6.30	5.29	4.18	7.00	5.61
Severity rate	0.05	0.04	0.05	0.04	0.04	0.04

Accident rate in Spain

Data relating to workplace accidents exclude figures for the companies Aurica Capital, LSP Finance and Pay TVP, with a total of 42 employees as at 31/12/2019, as this information was not available. Rates calculations exclude accidents occurring *in itinere*. The severity rate relates to the length of the absence from work (working hours lost/ theoretical working hours * 100).

TSB, in compliance with UK legislation, does not keep a record of accidents. Social Security does not define any occupational illnesses in the banking industry.

2.5.3. Communication and participation

Listening to employees is essential to anticipate their needs and build the best place for them to develop their professional careers. This practice has already firmly taken root in the corporate culture and it is widely used by departments associated with organisation, human resources and business matters.

Banco Sabadell has a long history of using tools to listen to its employees. In 2019, these tools were enhanced and a Listen to Employees Division was created that

regulates for and establishes criteria in this field, and also incorporates the Employee Assistance Office.

Both of these capacities come together in a sophisticated system for listening to employees, whose central pillar is the semi-annual survey called 'The Bank we aim to be' (El Banco que queremos ser). A large number of employees complete this survey and provide valuable feedback, and the survey is also a key indicator of the company's organisational health and trends.

‘The Bank we aim to be’ survey

A consistent majority of employees who complete this survey (65%) think that the Bank’s general progress is either ‘good’ or ‘very good’. Employees also highlight the strongly rooted corporate values in day-to-day interactions with customers and other stakeholders. There is some room for improvement in particular areas, such as the perceived speed of internal processes.

The aim is to continue implementing and improving policies and measures that contribute to maintaining and improving employees’ views of the company and their level of satisfaction with Banco Sabadell.

Employee Assistance Office

This year, the EAO responded to 42,874 queries from 12,338 employees and provided those responsible for human resources processes with valuable information regarding the impact of these processes for our workforce, in both qualitative and quantitative terms. Thanks to this activity, the EAO joins other tools, such as Banco Sabadell

Idea and the employee survey, which help to continuously improve the experience of customers and employees.

In TSB, “Link” is an employee forum that has been in place since TSB was created in 2013. Its members act as spokespersons for employees and come from all departments and levels within the Bank. “Link” has 115 members who are split into five regional groups. All of the groups discuss the same topics and the agenda is jointly set by the groups themselves and the Executive Committee (ExCo). Every quarter, following the regional Link Group meetings, four Link members sit down with the ExCo and go through their thoughts, feedback and recommendations. In 2019, for the very first time, representatives from the Link Group attended TSB’s Board Meeting to share their progress and present their recommendations for 2019, including initiatives on how to reduce work travel and save money by digitising marketing and customer materials. Link feedback also directly contributed to the development of the new TSB strategy during 2019.

3. Environment

As a signatory of the Principles for Responsible Banking, the Collective Commitment to Climate Action and the Carbon Disclosure Project (CDP), the Bank also takes on the commitment to establish specific goals to reduce its CO₂ emissions.

As part of its Corporate Social Responsibility Policy, approved by the Board of Directors in 2003, and specifically, in its Environmental Policy approved by the Board of Directors in 2009, Banco Sabadell defines the framework of its commitment to environmental sustainability and to combatting climate change.

In addition to incorporating sustainability in every aspect of its business model and business strategy, in relation to environmental matters, the Bank seeks to minimise the impact of its processes and facilities.

In terms of environmental training and awareness, the entire workforce has access to an online training course, completion of which is mandatory for all employees in the various certified corporate buildings. Employees can use the internal platform “Banco Sabadell Idea” to submit their ideas and suggestions on how to improve the organisation’s environmental aspects and help it combat climate change.

3.1. CO₂ emissions



(SDG 11, SDG 12, SDG 13)

Banco Sabadell is a signatory of the Carbon Disclosure Project, thus undertaking a commitment to actively combat climate change. In 2015, a new CO₂ emissions reduction target of 3% was set for the 2015-2020 period in Spain. To achieve this, every year the Bank implements energy efficiency measures in both its facilities and its services.

In tonnes (tn) of CO ₂	2019	2018	2017	2016	2015	2014
Scope 1 / Direct activities: emissions generated by company facilities and vehicles	3,088 ⁽¹⁾	4,472 ⁽¹⁾	763	648	600	552
Scope 2 / Indirect activities: emissions due to electricity usage in Spain	18	20	22	54	3,321	12,890
Scope 3 / Other indirect activities: emissions derived from business trips and travel (plane, train and car), use of materials ² and waste management ²	4,298 ⁽²⁾	5,660 ⁽²⁾	3,337	3,477	3,862	3,143
Total CO₂ emissions generated by the Group in Spain	7,403 ⁽³⁾	10,152 ⁽³⁾	4,122	4,179	7,783	16,585
Total CO₂ emissions generated per employee	0.5 ⁽³⁾	0.6 ⁽³⁾	0.2	0.2	0.5	1.0

(1) In 2019, these include leaks of fluorinated gases and figures for 2018 have been recalculated using the same criteria.

(2) In 2019, these include use of materials (water, paper and plastic) and waste management (paper, cardboard and plastic). Figures for 2018 have been recalculated using the same criteria.

(3) Figures include new items for 2019 and 2018.

Scope 1: Includes emissions generated by facilities through the use of fuel such diesel (including that used in mobile branches), propane gas, natural gas, fluorinated greenhouse gases⁽¹⁾ and the fleet of company vehicles (excluding travel between home and the work centre).

⁽¹⁾ In 2019, in order to get a fuller picture of the emissions within this scope, an initial estimate was made of emissions of fluorinated greenhouse gases in 2019 and 2018, estimated at a total of 2,091 and 3,320 tonnes (tn) of CO₂, respectively.

The figures relating to fluorinated greenhouse gases correspond to the leaks of F-gases due to breakdowns of HVAC systems in corporate buildings and branches. To reduce these leaks, every year the Bank renovates its air conditioning systems, introducing more effective equipment that uses gas with a lower environmental impact. Each year, approximately 8% of the equipment is replaced.

Scope 2: Considers emissions resulting from electricity usage in Spain. These measures are particularly important when it comes to procuring energy with a renewable energy guarantee of origin (REGO), which has allowed Scope 2 emissions in Spain to be reduced by 99.85% since 2014.

Scope 3: This scope includes other indirect activities in Spain and takes into account emissions during travel by train, aeroplane and car (except company cars), and for 2019 and 2018 the Bank has included new aspects in relation to the use of water, paper and plastic, as well as waste management, in Spain.

In 2019, emissions in tonnes (tn) of CO₂ as a result of the use of water, paper and plastic amounted to 845 tn CO₂, compared to 1,475 tn CO₂ in 2018. Other waste was identified in Banco Sabadell in 2019 but, as its total volume is less than 0.10 tonnes, it was included in full in the disclosures of each scope. Emissions in relation to the management of material waste (paper, cardboard and plastic) amounted to a total of 2.54 tn CO₂ in 2019 and 102 tn CO₂ in 2018. In 2019, materials made of single-use plastics were analysed to promote a change to more sustainable materials (bags, pens, etc.). The usage of these materials is expected to start falling from 2020 onwards, as the existing stocks of these materials are still being used up.

With regard to the impact related to business trips and travel, environmental and expenditure rationalisation criteria are applied, encouraging the use of transport with lower CO₂ emissions. Car-pooling is encouraged for commuting, and employees can advertise spare seats for car-pooling in the main buildings. Furthermore, the use of videoconferencing for meetings and one-on-one videoconference calls, teleworking pilots as well as the use of virtual communities for areas such as learning and ongoing training is also encouraged.

Pilot teleworking schemes lay the foundations for the option to work from home to be offered to a larger portion of the workforce in future. There are multiple objectives and benefits associated with teleworking, ranging from an improved work-life balance to an evident saving in time, energy and emissions.

3.2. Circular economy and waste management & prevention



(SDG 11, SDG 12, SDG 13)

Banco Sabadell Group has internal procedures in place to ensure that 100% of confidential paper and plastic is removed and recycled by authorised waste management firms. Corporate buildings and branches are equipped with facilities for the collection of packaging, organic waste and batteries.

Specific control mechanisms exist for waste management in branches due to be closed or merged.

Surplus computer equipment and furniture in good condition at branches or work centres due to be closed or merged are donated by the Bank to NGOs and local non-profit organisations.

3.3. Sustainable use of resources



As regards its in-house infrastructure, Banco Sabadell has an environmental management system (EMS) that follows the international ISO 14001 standard as well as six certified corporate buildings in Spain. In 2019, 16.93% of the workforce in Spain worked in one of these certified buildings (16.22% in 2018). In parallel, the environmental management system is being progressively rolled out to other work centres.

3.3.1. Energy consumption

In 2019, Banco Sabadell's total energy consumption in Spain was 82,779 MWh.

In 2019, electricity consumption in Spain was 78,533 MWh (compared to 81,962 MWh in the previous year) with 99.96% of energy deriving from renewable sources, mainly through Nexus Renovables, an energy supplier with 100% renewable energy guarantee of origin (REGO).

	2019	2018	2017	2016
Total energy consumption (MWh)	78,533	81,962	82,824	89,809
Electricity provided by Nexus Renovables, 100% REGO (% supplied out of total electricity)	99.96%	99.94%	99.93%	99.84%

Total electricity consumption

Compared to 2014, CO₂ emissions corresponding to electricity consumption (scope 2) have been reduced by 99.85%.

To reduce its energy consumption, Banco Sabadell continuously develops measures to improve the eco-efficiency of its facilities and processes:

- Every year, it replaces 8% of its HVAC equipment with more efficient models, and it has gradually been updating the lighting systems of its branches, opting for LED (Light Emitting Diode) technology.
- The majority of the branch network is equipped with a centralised low energy consumption HVAC and lighting system, as well as light activation systems for billboard advertising adapted to daylight hours. Additionally, most branches are equipped with Thin Client computers (central network infrastructure, where applications and software are virtually linked to servers) which consume 90% less energy. Since 2015 these computers have also started to be installed in corporate buildings.
- Corporate buildings are equipped with motion-sensitive lighting systems and LED lights. In these corporate buildings and larger offices, HVAC installations are equipped with energy recovery systems.

3.3.2. Water consumption

The Group's water consumption in Spain was 396,260 m³. This consumption is limited to sanitary use and for the watering of certain landscaped areas. 100% of the water consumed comes from the supply network. The Group's headquarters are located in urban areas where the water collected and discharged is done so through the urban network.

With regard to eco-efficiency, bathroom facilities and taps are fitted with water-saving mechanisms. The

headquarters in Sant Cugat have a device that collects rainwater and greywater to reuse it as irrigation water. At the same time, the landscaped areas are comprised of native plants with low irrigation requirements.

3.3.3. Paper consumption

Paper consumption in Spain in 2019 amounted to 1,030 tonnes, compared to 1,047 tonnes in 2018.

The reduced use of paper is the result of the implementation of a series of measures, such as the set-up of a

24-hour service for customers through remote channels and digital platforms, the use of tablets and digital systems in branches, which allow customers to sign documents digitally and thus eliminate the use of pre-printed documents, in addition to the change of printing settings in the bank's printers so that the default option is for double-sided printing. In 2019, the initiative to use only recycled paper was extended to the entire Group.

The conventional paper used by the Bank is certified by the quality and environmental management system ISO 9001/ISO 14001, and its production is chlorine-free under the criteria of the FSC (Forest Stewardship Council), with a Blue Angel certification and an EU Ecolabel.

	2019	2018	2017	2016
Volume of paper (DIN A4 format) used during the year (tonnes)	1,030	1,047	988	1,062
Recycled paper used in branches and corporate buildings in relation to total paper consumption (white and recycled) in Spain (%)	100%	52%	9%	9%
Recycled paper used in 13 corporate buildings with a postal service (courier) in relation to total paper consumption (white and recycled) (%)	100%	87%	80%	84%

Paper consumption

Simplification

In 2019, Banco Sabadell developed a scheme to reduce correspondence, which helps to reduce its use of paper. The consolidation of the digital channel as new customers' preferred way of banking, together with the decision to send all paper documentation in a single, monthly delivery with the current account statement, have helped to reduce paper consumption by 12.31% compared to the previous year. In other areas, the Bank has improved the process for accepting customer direct debits, advising customers ahead of time when they will have outstanding bills due to a lack of funds in their account and offering them alternative funding options. The direct debit is kept as pending for two days to allow the customer to pay the outstanding balance.

- £1.1 million are currently being invested in LED lighting in the headquarters at Henry Duncan House (HDH).
- The reduced frequency of use of the internal mailing system in branches, from daily to weekly, directly contributes to reducing emissions.
- Plastic food containers have been replaced with biodegradable VegWare in restaurants and all plastic cups have been removed from the London branch.

Paper consumption

	Base unit	Annual
Volume of paper (DIN A4 format) used during the year	(tonnes)	147
Use of recycled paper in branches and corporate buildings in relation to total paper consumption	(%)	3%

Energy consumption and use of resources in TSB

The main indicators and actions taken by TSB in 2019 are shown below.

	Base unit	Annual consumption
Electricity	MWh	28,312
Natural gas	MWh	13,917
Water	m ³	93,370

Consumption

Figures estimated for November and December 2019 based on actual data from the previous year.

In addition to the consumption shown above, around 10,000 litres of fuel were used for heating.

In terms of efficiency measures:

- Close to £350,000 (€411,377)¹ have been spent on replacing old equipment in branches with newer, more energy-efficient systems (e.g. HVAC and boilers).

Note ⁽¹⁾: Exchange rate as at 31/12/2019: GBP 0.8508 = EUR 1

4. Information regarding human rights



(SDG 5, SDG 8, SDG 10)

Banco Sabadell has a Code of Conduct and an Ethics and Human Rights Policy in place, both of which were approved by the Board of Directors in 2003.

The Bank has also implemented a Code of Conduct for Suppliers, through which it ensures that its own commitment to safeguarding human rights is also applied throughout its supply chain.

Furthermore, the Group is a signatory of a number of major national and international agreements relating to human rights:

- The United Nations Global Compact, which it signed in 2005, officially undertaking to commit to the ten principles, including the first and second principles on human rights and labour.
- The Equator Principles, a risk management framework for determining, assessing and managing environmental and social risk, which considers a number of aspects including the responsibility to respect human rights by undertaking due diligence in order to prevent, mitigate and manage adverse impacts.

These commitments aim to eliminate discrimination in respect of employment and occupation, uphold the freedom of association and recognise the right to collective bargaining pursuant to the legislation of the country in which the institution's employees work (ILO Convention No. 87 on freedom of association and the right to organise and ILO Convention No. 98 on the right to organise and collective bargaining). They also aim to foster measures for improving the wellbeing of staff and helping them to achieve a work-life balance.

The Bank also encourages and maintains an environment in which all employees are treated with dignity and respect and where they are treated fairly, without any form of discrimination by reason of gender, race, skin colour, age, social background, religion, nationality, sexual orientation, political opinion, physical or psychological disability or membership of labour unions.

It also prohibits all forms of forced and compulsory labour, servitude and labour under indentured labour contracts. It also does not hire any minors under the legal working age and in no case under the age of 15.

Regarding customers and society in general, the Bank offers products and services that contribute to generating a positive impact on people's lives through responsible business practices: risk prevention through assessments of the risk of human rights violations in Project Finance, social housing management and financial inclusion.

In 2017, the Bank reiterated its commitment to the Code of Good Banking Practice, in order to limit the effects of over-indebtedness of people and families and thus enable the financial inclusion of debtors at risk of social exclusion.

Regarding procurement management, the Bank has procedures in place which ensure that human rights are respected throughout the end-to-end supplier accreditation, selection and evaluation process, as described in the relevant section of this report.

In connection with TSB, the Modern Slavery Act is designed to prevent people from being forced to work, from being exploited, trafficked or purchased or sold as 'property', or controlled with mental or physical threats. TSB adheres to the Modern Slavery Act and every year it publishes a specific statement in which it sets out the actions taken over the year to prevent any and all risks of modern slavery related to its business or its suppliers.

In its latest statement, which is available on its website and relates to 2018, TSB undertakes to create a positive and inclusive culture, supporting the wellbeing of its partners. In terms of the ways in which it works with customers, TSB gives its partners guidance on the risks that need to be considered at all stages of its customer relationships.

TSB has also developed internal policies to ensure that its suppliers are aware of the values of TSB and apply them in their own business activities. Some examples of the policies implemented in 2018 are the TSB Partner Employment Policy, the Anti Money Laundering & Counter Terrorist Financing Policy and the Whistleblowing Policy.

5. The fight against corruption and bribery



(SDG 16)

Banco de Sabadell, S.A. is committed to safeguarding integrity and promoting a culture against corruption, expressly prohibiting any action of this nature. In this regard, as a signatory of the United Nations Global Compact, it is committed to complying with the ten principles it establishes, among which is that of working against corruption in all its forms, including extortion and bribery.

One of the basic elements for consolidating a corporate culture is to have a body of regulations applicable to 100% of the Bank's members, showing a solid commitment to compliance with legislation from the Board down. Banco Sabadell, which already had a Code of Conduct and Policies on Compliance, Conflicts of Interest, Anti Money Laundering and Counter Terrorist Financing and Corporate Crime Prevention, this year incorporated an Anti-Corruption Policy, applicable to the entire Group.

This Anti-Corruption Policy defines all those actions that would be included in the concept of corruption, as well as those related actions that would not be allowed.

With regard to the identification and control of corruption-related risks, the institution has a Programme for the Prevention of Corporate Crime, which has a specific section on the fight against corruption.

The Bank also pays particular attention to the oversight of loans and accounts held by political parties by following a very rigorous customer onboarding protocol. Similarly, the Bank does not make contributions of any kind to political parties, politically exposed persons or related institutions. In terms of transparency, all donations to NGOs and foundations are analysed and assessed by the Bank's Sponsorship Committee or the Board of Trustees of the Foundation, in accordance with the principles laid down in the Bank's Social Action Policy. The accounts of the Banco Sabadell Foundation are also duly audited.

The Banco Sabadell Group Code of Conduct explicitly provides for the non-acceptance of gifts from customers, as well as the obligation to comply with the provisions of internal regulations with regard to gifts from a supplier, in order to avoid this limiting or otherwise affecting the ability to make decisions.

The institution also has a communication channel that is easily accessible all employees, where they can make queries, suggestions or complaints, even anonymously. The institution's Corporate Ethics Committee is informed of the how all such communications are handled and their outcome.

Conduct risk is also a key part of TSB's strategic planning, decision-making, proposition development and performance management processes. Throughout the end-to-end customer journey, it is key to ensure fair treatment of customers, the delivery of fair outcomes and to seek to avoid customer harm.

TSB has an Anti-Money Laundering, Anti-Bribery and Corruption Policy. The identification, assessment, management and reporting of conduct risks is the responsibility of each Executive Committee member, with respect to their relevant business areas, as set out in its Statement of Responsibility (SOR) under the United Kingdom's Senior Managers and Certification Regime (SMCR).

TSB promotes an environment of zero tolerance for illicit activities to protect its partners, customers and communities from financial crime through policies and annual training courses comprising:

- Anti-money laundering and counter-terrorist financing requirements with respect to customer due diligence measures, applicable to different types of customers and in consideration of the geographical, industry and product risk associated with each relationship; enhanced due diligence measures applicable in higher risk situations; and ongoing monitoring controls to ensure that TSB knows and understands its customers throughout the life cycle of the relationship.

TSB designates a Nominated Officer in charge of receiving and submitting suspicious activity reports to the National Crime Agency (NCA) and of ensuring that appropriate controls have been implemented to monitor and manage the investigation into reports of suspicious activities.

- Financial sanctions requirements are in place to ensure compliance with obligations under the UN, EU, UK and US sanctions regimes. TSB takes a prohibitive stance towards transactions and relationships with customers in countries subject to comprehensive international financial sanctions, or of ownership or control by individuals located in such countries.

Partners, customers, suppliers and transactions are screened regularly against relevant sanctions lists and investigated accordingly.

- Anti-bribery and corruption requirements to ensure risk assessment and due diligence practices are in place to assess bribery or corruption exposure via third-party relationships, event sponsorship and charitable donations.

The offer and acceptance of gifts, entertainment and hospitality is permitted, provided these are not seen to be improper or excessive and provided they cannot be viewed as a bribe or potential bribe and as long as they are approved and recorded in accordance with TSB's Compliance, Conflicts of Interest and Market Abuse Policy.

TSB prohibits all activities considered as facilitation payments, political donations or actions which could facilitate tax evasion.

TSB's compliance with requirements of the financial crime framework is monitored via ongoing control testing, assurance, audits, the provision of management information and senior governance committees.

The Bank's subsidiary in Mexico has a Conceptual Manual for Anti Money Laundering and Counter Terrorist

Financing, which mainly aims to establish the measures and procedures that the Bank will carry out in order to prevent, detect and report acts, omissions or operations that could favour or provide any form of help, assistance or cooperation in the perpetration of crimes detailed in Article 139 *quater* of the Federal Criminal Code or that could be included in the cases listed in Article 400 bis of this legal code.

It also defines policies and establishes the criteria, procedures and standards that must be complied with by all directors, representatives, officers and employees of the Bank, as well as all third parties authorised and involved in the customer identification process. The Policies and Procedures are aimed at protecting the Bank and its staff

against any attempt to be used for money laundering or terrorist financing.

6. Society

The Bank's commitment to society is channelled through its volunteer scheme, the initiatives pursued by the Bank's various divisions and through the Banco Sabadell Foundation.

Banco Sabadell also makes good on its commitment through a dialogue with the general public, participating and promoting multiple initiatives in the fields of education, solidarity and other activities and partnerships with a social impact.

The Banco Sabadell Foundation carries out the majority of its activities in collaboration with the leading institutions in the sector in order to achieve its objectives in both the cultural and talent spheres, thus succeeding in highlighting the work of other institutions with extensive experience and impact. In 2019, the Banco Sabadell Foundation received 5 million euros from the Bank to carry out its activities.

In relation to the SDGs and in order to promote culture and talent as factors of progress and social welfare, the Banco Sabadell Foundation has prioritised the goals relating to Quality Education (SDG 4) and Partnerships (SDG 17).

6.1. Commitment to sustainable development



(SDG 1, SDG 4)

6.1.1. Commitment to education

Banco Sabadell continues to promote and take part in a number of financial education initiatives. From the institution's perspective, this type of activity involves not only meeting the different training requirements of consumers and society in general, but also being by their side to help them develop skills and decision-making abilities.

These initiatives are aimed at different target audiences:

For children up to age 13: The children's drawing competition "What is money for?" (*¿Para qué sirve el dinero?*), at <http://paraquesirveeldinero.com/>, has been running since 2010 and is aimed at customers and non-customers of the institution. It includes a series of educational activities and materials, prepared in cooperation with teachers and educators, to encourage the development of creativity and the understanding of the importance of saving, the value of money and solidarity. Furthermore, since last year, it

includes a children's financial dictionary that is linked to an educational guide, which helps children become more familiar, word by word, with the uses of money and provides answers to their questions and concerns.

At the same time, a couple of years ago, an educational resource for schools was developed, which helps to initiate a dialogue between teachers and pupils about the solidarity aspect of money, thus encouraging schools to work on concepts related to money and its role in solidarity.

For each drawing submitted, Banco Sabadell makes a donation to a charitable cause. The drawings that receive the most votes on social media are also awarded a prize. Since its inception, more than 43,500 drawings have been submitted. As at 31 December, more than 2,380 entries had been received (the closing date of the competition is 31 January). In this edition, donations will go to the Unicef project, 'For me and for all my fellow classmates' (Por mí y por todos mis compañeros).

For adolescents: For the seventh consecutive year and since its inception, Banco Sabadell is participating in the Financial Education for Schools in Catalonia (EFEC, for its acronym in Spanish) programme, in which, thanks to the corporate volunteers of the participating institutions, more than 106,265 students have been trained in basic finance.

In this edition, the programme was taught in more than 400 schools, and Banco Sabadell participated with 87 volunteers, contributing with their knowledge and together with the other partnering institutions to the training of 18,602 young people. Likewise, and in relation to the initiative 'Your finances, Your future' (Tus Finanzas, Tu Futuro) of the Spanish Banking Association (AEB) and the Junior Achievement (JA) Foundation, the Bank has renewed its commitment to take part for 2020.

Banco Sabadell is also a signatory of the agreement signed between the Spanish Banking Association (AEB), the National Securities Market Commission (CNMV) and the Bank of Spain within the framework of the National

Plan for Financial Education. This Plan, which was renewed in 2018 and which follows the recommendations of the European Commission and the OECD, is designed to improve public understanding of financial matters by providing citizens with basic knowledge and tools to enable them to manage their finances in a well-informed and responsible way.

For entrepreneurs and young talent: Another commitment to society is to support flagship universities with the awarding of aid and scholarships to contribute to increased opportunities in education.

Young artistic talent in any of its disciplines and young talent working in the social sector are promoted through awards, training and support programmes.

The Bank also contributes to research excellence by awarding grants to pre-PhD students, supplementing other grants they currently receive. Similarly, through the Foundation, young people who are brilliant in their respective disciplines participate in each of the Celera calls, the only people accelerator that currently exists in Spain, and which each year selects 10 exceptional young people to give them resources, training and opportunities.

The Banco Sabadell Foundation Awards for Biomedical, Economic and Scientific Research aim to encourage and recognise the careers of young Spanish researchers who stand out for their excellence and innovation in their lines of research in these three fields.

The awards are among the most prestigious in their fields.

The Foundation is also committed to collaborations that aim to help university students in finding employment, such as the University of Murcia's TOOLBOX project.

For SMEs: With regard to the commitment to training to meet the challenges of internationalisation of small- and medium-sized enterprises, Banco Sabadell, in collaboration with AENOR, AMEC, Arola, CESCE, Cofides, Esade and Garrigues, has been promoting the “Export to Grow” (Exportar para crecer) programme since 2012. This programme supports SMEs in their internationalisation process, through online tools, specialised information services and the organisation of roundtables throughout the country, which have already been attended by nearly 10,000 companies.

In addition, Banco Sabadell collaborated in the AMEC Forum, the main Association of Internationalised Industrial Companies in Spain, which this year has focused on new competitiveness scenarios. Banco Sabadell, in addition to having collaborated in the previous seven editions, was the only banking institution to take part in 2019, participating via roundtables with companies and contributing knowledge on international business.

As part of its ongoing commitment to supporting and advising corporate customers, Banco Sabadell has also launched the third edition of the Sabadell International Business Program, a training programme certified by the University of Barcelona (UB), which is held simultaneously in cities such as Barcelona, Madrid, Zaragoza, La Coruña, Las Palmas and Alicante. Since its first edition, 230 companies with international activity have already taken part.

Another initiative designed to support and assist companies is Sabadell Link, an audio-visual channel which, among other features, facilitates contact with key management staff at the representative offices in Europe, Asia, Africa and America. The Exporter Kit, which is available on the International Business website, is a set of tools for engaging in foreign trade operations with the maximum guarantees, and it is therefore another frequently used resource when it comes to firms’ internationalisation process.

In addition, in September the Bank began issuing a monthly international business newsletter with professional information on the international markets and activity sectors most prone to internationalisation or exports, aimed at corporate customers with international business. Likewise, in the last quarter of this year, more than 25 conferences were held for companies to explain the changes introduced at the level of the International Chamber of Commerce

Incoterms, which will enter into force at the beginning of 2020. The participation rate in these sessions (conferences with an approximate duration of 4 hours) has been very high, with an average of 60-100 participating companies per session.

For families/society: In relation to the general public, bringing culture closer has been another lever of social commitment, acted on through the joint promotion, together with flagship cultural centres, of exhibitions and performing arts productions with differential value that contribute to a more informed and fairer society.

“Atempo, arts i formació”, another of the projects supported by the Foundation, aims to establish ties between the educational world and the artistic world with the objective of training professionals from both sectors (education and culture), facilitating access and active involvement of young people in cultural life and encouraging teaching innovation processes through the interaction between professionals. This programme offers tools for understanding and taking action to improve awareness in a cultural and artistic environment, to reflect on the different trends of educational reform and to learn creative ways to overcome obstacles in social relations through the Arts. It is worth highlighting the ConectArte Conferences for their ability to connect the cultural institutions with which they collaborate, as well as projects such as Imagine Circular Economy, Aertec Challenge, Imagine Express, the Entrepreneurship and Leadership Programme of the Reina Sofia School of Music for young classical musicians, the Impulsa Cultura Programme and the B-Value Social Innovation Programme.

The Bank also contributes to promoting gender equality by supporting projects and initiatives, such as the “Women who transform the world” (Mujeres que transforman el mundo) event in Segovia or the active involvement of women in conferences, workshops and roundtables, with the aim of achieving parity and making women’s actions in different areas more visible. The Foundation has changed the rules of its awards, starting this year, to give the opportunity to those women scientists who have been forced to suspend their research for maternity reasons. Therefore, the age of female candidates for the Awards can be extended by a maximum of one year per child when there have been career breaks due to maternity.

6.1.2. Solidarity

Cooperation and solidarity

Through cooperation and solidarity initiatives and programmes, the Bank and its Foundation are also committed to the achievement of poverty eradication (SDG 1).

Noteworthy initiatives in this area include:

- Support has been given to projects of third sector organisations that participate in the B-Value social innovation programme. All of them have the goal of assisting any type of disadvantaged group or group at risk of social exclusion. Since the first edition of B-Value in 2017, the Foundation has awarded different monetary prizes to the finalist organisations that have taken part. An award that helps them to continue with each of their projects and that also gives visibility to the causes they work for.
- Another institution with which the Foundation collaborates and which stands out for its cooperation and solidarity projects is the HEMAV Foundation, which promotes projects such as 'Locust', which has drones fly over remote areas to identify and control locust plagues and thus fight against hunger in areas such as Mauritania, and 'Freedra' (in collaboration with Proactiva Open Arms), which has involved developing a search drone to detect people adrift in the Mediterranean Sea. These projects have been carried out by young engineers from HEMAV.
- In the last three years, the Banco Sabadell Foundation has also offered the opportunity to involve Bank employees as volunteer mentors and to help third sector organisations in the B-Value social innovation programme. This year, thirty employees assisted cultural and third sector organisations in the development of their impact and innovation projects.
- Furthermore, Banco Sabadell facilitates and encourages employees to engage in community and volunteer work by providing them with the necessary means and resources. Through Sabadell Life, a consolidated internal portal in place since 2016 and which has over 11,500 users, the Bank and its employees have the possibility of proposing charitable and/or volunteering initiatives.

The more community-minded employees either donated directly or exchanged their prizes for donations, using gamification, to one of the charitable causes sponsored by Sabadell Life through the Actitud Solidaria platform with Worldcoo.

In relation to employee engagement in solidarity campaigns, the following actions are noteworthy:

- Trailwalker, a charitable sports event aimed this year at bringing water to the populations of Sub-Saharan Africa and Latin America. Banco Sabadell has participated in the last six editions, and in 2019 48 teams took part. 75,000 euros were raised by employees on behalf of Intermon Oxfam.
- Banco Sabadell has participated in Milla Náutica Solidaria, a non-competitive aquatic crossing managed by the Barcelona Fire Brigade in which the Bank has been collaborating for the last 3 years to help organise the event. In 2019, 10 corporate volunteers participated in the crossing, and the Bank raised 9,000 euros through the sale of race bibs, donated entirely to the Catalan Association of Hereditary Ataxias.
- The contribution of 30,000 euros to two charitable projects, Soñar Despierto, which aims to provide educational support to young people in juvenile facilities, and the project of the Diversión Solidaria Foundation, aimed at improving the quality of life of cancer patients through different fun and rewarding experiences, through the Retos Campaign, a programme that fosters the integration of in-house teams and in which more than 900 employees have participated by carrying out more than 300 after-work activities in collaboration with Indra and Everis.
- Blood and plasma donations by Banco Sabadell employees, aimed at increasing Red Cross and blood bank reserves. In 2019, six donation days were held at the corporate buildings in Barcelona, Madrid, Alicante and Valencia. The collaboration with the Blood and Tissue Bank of Catalonia is especially noteworthy, as the Bank is the first company to offer its employees the possibility of donating plasma in-house.
- The collaboration in the 'Reyes Magos' charity campaign organised by the Magone Foundation, responding to the wishes of over 500 real letters to the Three Wise Men from boys and girls at risk of social exclusion in different regions such as Alicante, Barcelona, Bilbao, Madrid, Malaga, Oviedo, Galicia, Zaragoza, Valencia and Murcia.
- With regard to food collections, Family Day, a charity open day at the corporate building in Sant Cugat del Vallès (Barcelona), stands out. More than two tonnes of non-perishable food were collected in one day and donated to the Barcelona Food Bank. During the year,

other campaigns were carried out in the Murcia region, collecting 800 kg of food on behalf of Cáritas Molina de Segura.

In addition, in 2019, the Bank was also able to respond effectively to several calls for emergency aid through the IT platform of Worldcoo, a start-up partly owned by the Bank through the BStartup10 programme, following incidents such as Cyclone Idai in Mozambique and the Dana storm in the Spanish east coast region. In addition, two campaigns have been launched, selected from among those working in the Bank, to help care for children with neurofibromatosis and their families and to finance cartoon scholarships for children of families living below the poverty line. A total of 32,700 euros was raised.

Meanwhile, in 2019 the Corporate Ethics Committees of Sabadell Urquijo Cooperación, S.I.C.A.V., S.A. and Sabadell Inversión Ética y Solidaria, FI, selected a total of 33 humanitarian projects mostly aimed at addressing social exclusion risks, improving the living conditions of people with disabilities and meeting basic food and healthcare needs. A total of 447,172.19 euros were granted to charitable organisations and projects during the year.

In relation to housing management, the Bank signed an agreement with the Government of Valencia for the assignment of residential properties intended for people who have lost their homes or whose homes sustained serious damage in the wake of a storm in the Valencian Community in September, and it renewed the Agreement with the Galician Institute of Housing and Land (Instituto Galego da Vivenda e Solo) to guarantee a home for more than 140 families facing eviction or foreclosure proceedings. Moreover, the Bank has assigned 111 properties to 45 non-profit institutions and foundations, aimed at supporting the most disadvantaged social groups, and since 2013 it has been contributing to the Social Housing Fund (Fondo Social de la Vivienda, or FSV) with 400 homes mostly for customers, obtained from payments in kind or foreclosures made since January 2008.

In 2019, TSB promoted two social responsibility programmes: the 'Local Charity Partnership Programme' and a second corporate volunteer programme. Through its social action initiatives, TSB managed to support more than 450 social causes in the local communities where the company operates, thanks to its employees and customers.

At the corporate volunteer level, about 6,000 hours were spent on different social causes, and around 900 employees attended over 350 financial education sessions on a variety of topics, such as 'Fraud Awareness', 'Careers in Banking', 'It all adds up (budgeting)' and 'Own your Future'.

Social integration

The Foundation collaborates in projects aimed at social integration, such as Balia Foundation's 'Conecta Mayores-Conecta Jóvenes', which unites two different generations in order to break down stereotypes and eliminate the digital divide between young people and adults.

Another example of an integrating project with which the Foundation collaborates is the 'Accessible and Inclusive Culture Programme' by the Emaleza Foundation, which aims to encourage people with disabilities to develop and use their creative, artistic and intellectual potential. Along the same lines, the Entrepreneurship and Leadership Programme of the Reina Sofía School of Music should be highlighted. Through it, young classical musicians create innovative projects, many of which are aimed at the social sector in order to take classical music to groups at risk of social exclusion.

In relation to programmes that leverage the knowledge and experience of employees to benefit vulnerable sectors and those at risk of social exclusion, the following initiatives stand out:

- The Exit Foundation's Coach Project, designed to improve, through mentoring, the future employability of young people in vulnerable situations. In 2019, 15 corporate volunteers have volunteered 375 hours, mentoring young people between 16 and 18 years of age in Barcelona, Alicante, Palma and Elche.
- The collaboration with the Quiero Trabajo Foundation, which aims to empower women, enhancing their skills and attitudes, and providing them with tools to successfully approach a job interview. Ten women volunteers with management profiles from the Bank participated as mentors in the programme, making their expertise available to the candidates.

Among the projects aimed at labour integration and improving employability, the following are noteworthy:

- The partnership with Cáritas in the Feina amb Cor programme, an employment integration programme aimed at people with family burdens, who are over the age of 45 and have been unemployed for a long time. Six people joined the team at the Barcelona and Madrid branches during the summer, carrying out administrative tasks relating to customer service.
- The JoBS programme of Sogeviso, an institution wholly owned by Banco Sabadell, which manages the complex issue of social housing. Since the beginning of the specific programme for assistance and labour market insertion (JoBS), 2,134 people have found work. It is important to note that over 44% of these were hired for more than 100 days and more than 12% were hired for long-term positions, a fact which increases the chances of improvement in the long term.

Medical research and health

In addition to the three Awards for Biomedical, Economic and Scientific Research, the Foundation also supports scientific research through programmes promoted by flagship institutions in the sector. For example, as members of the Board of Trustees of Barcelona Institute of Science and Technology (BIST), with which the Science

and Engineering Award has been awarded since 2017. It is also worth mentioning programmes such as “Intensificat al Taulí” promoted with the Parc Taulí hospital to give scientists the opportunity to dedicate 12 months of their time to their lines of research, and the programme of Research Grants that are awarded to students at the San Jorge University in Zaragoza.

Another of the flagship research institutions with which the Foundation collaborates is the National Cancer Research Centre (CNIO, for its acronym in Spanish), which offers various conferences to showcase the most significant cancer research advances. Since 2018, the Foundation has been part of SciTech DiploHub, the Barcelona Science and Technology Diplomacy Hub, a non-profit, independent and non-partisan civil initiative led by an interdisciplinary and international team of scientists, engineers and professionals in foreign affairs and public policies. The Foundation is committed to making Barcelona the first city in the world to implement a science and technology diplomacy strategy.

Economic development

It is worth highlighting the collaboration with projects that contribute to the reflection and dissemination of new paradigms in the development of sustainable cities, such as the Biennal Ciutat project or the Imagine Circular Economy Programme, promoted by the Foundation with the aim of contributing to the development of projects to raise awareness and create new forms of consumption and responsible use among citizens.

Together with AERTEC, the Foundation is promoting the ‘AERTEC Solutions Challenge’ in which young university students put forward business ideas that contribute to improvements in the aeronautics sector.

Ethics and artificial intelligence

Banco Sabadell has sought to promote the ethical use of artificial intelligence in projects with social impact through the ‘We The Humans’ think tank. The Bank supported a competition of ideas for projects with social aims whose objective was to connect companies with start-ups that wanted to develop social impact projects using artificial intelligence in an ethical and responsible way.

6.2. Consumers, outsourcing and suppliers

6.2.1. Consumers



(SDG 5, SDG 8, SDG 13)

In Spain, Banco Sabadell has a Customer Care Service in place which deals with complaints and claims. Customers and users may also appeal to the Customer Ombudsman, an independent body of the institution that has the authority to resolve any issues referred to it, both in the first and second instances. Decisions by the Customer Care Service or the Ombudsman are binding on all the bank's units.

The Customer Care Service and its head, who is appointed by the Board of Directors, report directly to the Secretary General. Its main function is to handle and resolve complaints and claims brought forward by customers and users of the Group's financial services, when these relate to their interests and legally recognised rights arising from agreements, transparency and customer protection regulations or from good financial practices and uses, in accordance with the Banco Sabadell Regulations for the Protection of Customers and Users of Financial Services.

The SAC (for its acronym in Spanish), in accordance with its Regulations, handles and resolves complaints and claims from customers and users of Banco de Sabadell, S.A., as well as those deriving from other entities associated with it: Bansabadell Financiación, E.F.C., S.A., Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal, Urquijo Gestión, S.G.I.I.C, S.A. and Sabadell Consumer Finance, S.A.U.

In addition to its main activity, which is to resolve complaints and claims, the Customer Care Service also provides assistance and information to customers and users on matters that do not take the form of complaints or claims, in accordance with Ministry of Economy Order 734/2004 of 11 March, and the Regulations for the Protection of Customers and Users of Financial Services of Banco Sabadell.

By type, in 2019 a total of 34,789 complaints, claims and requests were received, 26.51% less than in 2018, of which 2,035 were complaints (5.85%), 31,662 were claims (91.01%) and 1,092 were requests (3.14%), in addition to a further 1,665 cases that were pending as at 31/12/2018. Of this overall total, 35,677 were processed in 2019, of which a total of 27,315 were accepted for processing and resolved, 8,362 were declined and 777 remained pending as at 31/12/2019.

See Note 42 to the 2019 consolidated annual financial statements for further details.

In the case of TSB, if we use the figure for the year up to December 2019, the number of recorded complaints, claims and other communications is 98,125 (98,000). The volume recorded during the same period in 2018

was 215,038 (215,000) and, therefore, 2019 represents a 54% reduction (116,913 or 117,000) on these figures. The decrease is due to migration-related complaints that were recorded and resolved during 2018. Of the total number of complaints, claims and other communications recorded in 2019, a total of 96,121 (98%) were resolved before the end of the year, 31/12/2019.

6.2.2. Outsourcing and suppliers

The new challenges of competitiveness require cooperative behaviour between the Group and its suppliers, considering the latter as strategic partners and collaborators through which we also interact within and outside the region in which we operate.

In order to establish this long-term cooperation, it is necessary to understand the needs and goals of suppliers, maintaining a willingness to honour commitments and making them compatible with the Group's requirements and vision. Based on this principle, the Bank has a Supplier Policy, as well as several protocols and standards with which it extends to the supply chain both its own commitment to socially responsible practices and the explicit advocacy of the areas of human rights, labour, environment and freedom of association. These mechanisms cover the entire relationship with suppliers and include the monitoring of environmental, social and governance (ESG) criteria from their approval through to the procurement process.

In 2019, the top 20 suppliers represented 48.06% of supplier invoices.

	2019	2018
Total number of suppliers who have invoiced more than 100,000 euros at year-end	520	595
% of major ¹ suppliers and providers of essential services ² (out of total suppliers)	2.11%	2.35%
Total number of approved suppliers	831	740
Amount invoiced by special employment centres	€2.8m	€2.3m
Average time taken to pay suppliers (days payable outstanding)	30.86	32.89

Suppliers.
Key figures.

Average time taken to pay suppliers (days payable outstanding)

30.86%

1 Suppliers invoicing more than 250,000 euros

2 According to the criteria of the EBA/GL/2019/02 Guidelines

Registration and approval of suppliers

The Bank has an online portal where suppliers who wish to register must accept the General Contract Conditions, as well as the Code of Conduct for Suppliers, which includes:

- The United Nations Universal Declaration of Human Rights.
- International Labour Organisation conventions.
- United Nations Convention on the Rights of the Child.
- The principles of the United Nations Global Compact, signed by the Bank in February 2005, in the areas of human rights, labour, environment and freedom of association.

In order to proceed with the approval process, suppliers must provide their legal documentation, financial information, quality certificates, proof that they are up to date with their social security payments and tax obligations, as well as their CSR/sustainability policy. Accordingly, ISO certifications (ISO 9001, ISO 14001 and other certificates related to quality, environmental management, labour relations and occupational hazard prevention or similar) are requested, as well as disclosures of information related to the company's corporate social responsibility and/or sustainability. In addition, details of the characteristics of the products made available to the Bank by the supplier (recycled, ecological and reusable products) may also be requested. Banco Sabadell does not carry out on-site audits

of its suppliers. However, the Bank periodically checks that the documentation provided by suppliers is fully up-to-date to ensure compliance with supplier approval criteria, establishing mechanisms for sending periodic alerts.

The basic contract with suppliers includes clauses on safeguarding human rights and abiding by the ten principles of the United Nations Global Compact with regard to human rights, labour, the environment and anti-corruption. Where required due to the activity involved, contracts also include environmental clauses.

In addition, the Bank maintains final control over the activities carried out by suppliers, ensuring that outsourcing does not entail any obstacle or restriction upon the implementation of internal control models or the intervention by the Supervisor or any other competent supervisory authority or body.

Furthermore, the Bank ensures compliance with the laws and regulations applicable at all times. Contracts should stipulate the ability to require suppliers to adapt their activities and service level agreements to these regulations.

Supplier recruitment in the international network is decentralised, hiring only local suppliers and affecting only products for the sole use by the relevant branch or office in its daily activities. The hiring of local suppliers (those whose tax identification number coincides with the country of the company receiving the goods or services) contributes to the economic and social development of the regions in which the Group operates.

Moreover, in relation to the supplier approval process of the UK subsidiary TSB, the Bank carries out its overall supplier due diligence as part of its selection process and before contractual terms are agreed. Supplier due diligence checks include financial due diligence, policy due diligence, subcontractors' management and concentration risk. A supplier's corporate social responsibility is assessed as part of the policy due diligence process. TSB assesses suppliers' CSR as part of the supplier approval process. There are three key areas in the assessment, which includes more than 20 questions that the supplier must answer:

- Responsible company: it assesses whether the supplier has a documented CSR policy, a community engagement policy and what kind of charitable and volunteer activities are carried out.
- Labour standards: it assesses whether the supplier has a Labour Standards Policy which includes slavery, whistleblowing and internal audits.

- Environment: it assesses whether the supplier has an environmental policy, including ISO14001 certification, its environmental records and its environmental improvement plans.
- Details of the supplier questionnaire are included in TSB's Policy Due Diligence Tool.

Blockchain technology and suppliers

In 2019, Banco Sabadell has taken part in the first phase of the Digitalis project, together with Repsol, Ferrovial, Cepsa, Grupo Red Eléctrica and MAPFRE. This pilot project applies blockchain technology to the verification of supplier documentation, something that usually leads to complicated certification and validation processes. The objective is to make relationships between corporations and their suppliers more agile, efficient and secure. The initiative has received a series of awards from ARCE (the Spanish Association of Purchasing, Contract and Procurement Professionals) in different categories, winning the first prize in Supplier Integration, the second prize in Innovation and an honourable mention in Corporate Social Responsibility and Transformation of the Procurement department.

Annex 1.

Corporate standards and institutional commitments

Beyond the actions and initiatives summarised in this Non-Financial Disclosures Report, Banco Sabadell has a series of codes, policies and standards in place which determine its commitment to the Group's corporate purpose, and it is also a signatory of various national and international agreements which also enshrine this commitment. The policies and commitments listed below are those corresponding to the institution's non-financial areas and they are available on the website.

Non-financial principles and policies



(SDG 17)

- Code of Conduct: this applies to all persons who directly form part of the Group, whether through a professional association or through their membership of its governing bodies.
- Internal Code of Conduct relating to the securities market.
- Code of Conduct for Suppliers.
- Corporate Social Responsibility Policy.
- Banco Sabadell Group Policy on restrictions on financing and investment in activities associated with the arms industry.
- Ethics and Human Rights Policy.
- Shareholders and Investors Policy.
- Customers Policy.
- Human Resources Policy.
- Environmental Policy.
- Suppliers Policy.
- Social Action Policy.
- Banco Sabadell Group Remuneration Policy.
- Banco Sabadell Equality Plan.
- Guidance for the use of social media.
- Tax Strategy and Good Taxation Practices:
 - Tax Strategy.
 - Tax Liability and Good Taxation Practices.

Pacts, agreements and commitments



(SDG 5, SDG 13, SDG 17)

- Signatory of the United Nations Global Compact on human rights, labour, the environment and anti-corruption.
- Founding signatory of the UNEP Finance Initiative's Principles for Responsible Banking (UNEP FI), committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change.
- Adherence to the collective commitment of Spanish banks to climate action.
- Signatory of the Equator Principles, which incorporate social and environmental criteria in the funding of large-scale projects and corporate loans.
- Integration of CSR into corporate practices following ISO 26000 guidelines.
- Adherence to the United Nations Principles for Responsible Investment in the "asset management" category.
- Renewal of its membership of the agreement signed between the Spanish Banking Association (AEB), the Spanish Securities Market Commission (CNMV) and the Bank of Spain for the pursuit of courses of action within the framework of the National Plan for Financial Education.
- Adherence to the Code of Good Banking Practice.
- Membership of AUTOCONTROL (the independent advertising self-regulatory organisation in Spain).
- Inclusion in sustainable indices FTSE4Good and FTS-E4Good IBEX.
- Gold Seal of Excellence from the European Foundation for Quality Management (EFQM).
- ISO 9001 Certification in effect for 100% of the Group's processes and activities in Spain.
- ISO 14001 Certification for the six corporate buildings.
- Signatory of the Carbon Disclosure Project (CDP) for action against climate change and its CDP Water Disclosure programme.
- Awarded the "Equality in the Workplace" ("Igualdad en la Empresa") Seal of Distinction by the Ministry of the Presidency, Relations with the Courts and Equality.

Annex 2.

Table of contents Law 11/2018

Reference: Directors' Report (DR)

Business model / Policies / Results of KPI policies

Area	Content	Response/Section	GRI Standards	GRI Description
Business model	Brief description of the Group's business model, which includes: 1.) its business environment, 2.) its organisation, 3.) its geographical presence, 4.) its targets, objectives and strategies, 5.) key factors and trends that could affect its future performance.	DR 1.1 Organisational structure	102-1	Company name
		DR 1.1 Organisational structure	102-2	Activities, brands, products and services
		DR 1.1 Organisational structure	102-3	Location of headquarters
		DR 1.1 Organisational structure	102-4	Location of operations
		DR 1.2 Business model, main objectives achieved and actions implemented	102-6	Markets served
		DR 1.1 Organisational structure	102-7	Size of the organisation
		DR 1.2 Business model, main objectives achieved and actions implemented	102-7	Size of the organisation
		DR 1.1 Organisational structure	102-6	Markets served
Policies	A description of the policies applied by the Group in relation to such matters, which includes: 1.) due diligence procedures applied for the identification, assessment, prevention and mitigation of risks and significant impacts, 2.) verification and control procedures, including the measures that have been adopted.	1.1.4 Ethical and charitable investing; 1.1.5 Social housing management; 1.2. Risk assessment with ESG criteria; 2.4. Remuneration policy; 2.5. Workplace environment and organisation; 4. Information regarding human rights; 3. Environment; 5. The fight against corruption and bribery; 6. Society; Annex 1 - Corporate standards and institutional commitments	103	Management approach disclosures for each area; it will be necessary to highlight what internal policies are in place
Results of KPI policies	The results of these policies, which must include the relevant non-financial key performance indicators to enable: 1.) monitoring and assessment of progress made, 2.) the comparability between companies and sectors, in accordance with national, European and international frameworks of reference used for each subject matter.	1.1 Sustainable finance (1.1.5. Social housing management); 1.2. Risk assessment with ESG criteria; 2.1. Workforce information; 2.5.2. Health and safety; 2.2.2. Talent model; 1.2. Risk assessment with ESG criteria; 3.1. CO ₂ emissions; 3.3. Sustainable use of resources; 6. Society.	103	Management approach disclosures for each area

Short-, medium- and long-term risks

Non-financial key performance indicators

Area	Content	Response/Section	GRI Standards	GRI Description
Short-, medium- and long-term risks	<p>The main risks related to these matters linked to the Group's activities, including, where relevant and proportionate, their business relationships, products and services which could have negative effects on these areas, as well as</p> <ul style="list-style-type: none"> * the way in which the Group manages these risks, * explaining the procedures used to detect and assess such risks in accordance with national, European or international frameworks of reference applicable to each subject matter. * Information must be included on any impacts detected, providing a breakdown of such impacts, particularly in relation to the main short-, medium- and long-term risks. 	<p>1.2. Risk assessment with ESG criteria;</p> <p>DR.4 Risks</p>	102-15	Key impacts, risks and opportunities
Non-financial key performance indicators	<p>Relevant indicators in relation to the existing corporate diversity and which meet comparability, materiality, significance and reliability criteria.</p>	<p>1.1 Sustainable finance: (1.1.1. Financing and investment in sustainable projects; 1.1.2. Financing solutions; 1.1.3. Sustainable bonds, 1.1.4. Ethical and charitable investing)</p> <p>1.2. Risk assessment with ESG criteria;</p> <p>3.1. CO₂ emissions; 3.3. Sustainable use of resources; 6.1.1. Commitment to education.</p>	FS1, FS2	Financial services sector supplement indicators: (FS1) Policies with specific environmental and social components applied to business lines; (FS2) Procedures for assessing and controlling social and environmental risks in business lines (FS2)

Environmental matters

Area	Content	Response/Section	GRI Standards	GRI Description
	Global environment			
	1.) Detailed information about the current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety, environmental assessment or certification procedures;	3. Environment (introduction)	103	Management approach disclosures for each area
	2.) Resources dedicated to environmental risk prevention;	3. Environment (introduction)	102-11	Precautionary principle or approach
	3.) Application of the precautionary principle, the amount of provisions and guarantees for environmental risks.	1.2. Risk assessment with ESG criteria; 3.1. CO ₂ emissions; 3.3. Sustainable use of resources.		
	Pollution			
Environmental matters	1.) Measures to prevent, reduce or remedy carbon emissions that severely affect the environment;	3.1. CO ₂ emissions; 3.3. Sustainable use of resources.	103	Management approach disclosures –Emissions
	2.) Taking into account any form of atmospheric pollution caused by a specific activity, including noise and light pollution.			
	Circular economy and waste management & prevention			
	Waste: Measures on the prevention, recycling, reuse and other forms of recovery and disposal of waste;	3.1. CO ₂ emissions; 3.2. Circular economy and waste management and prevention; 3.3. Sustainable use of resources.	103	Management approach disclosures – Effluents and waste
	Actions to combat food waste.	At the headquarters, which has a restaurant, the Bank has a protocol in place designed to reduce food waste.	103	Management approach disclosures – Effluents and waste

Environmental matters

Area	Content	Response/Section	GRI Standards	GRI Description
Environmental matters	Sustainable use of resources			
	Water consumption and water supply in accordance with local restrictions;	3.3. Sustainable use of resources	303-1	Water withdrawal by source
		3.3. Sustainable use of resources	303-2	Water sources significantly affected by water withdrawal
		3.3. Sustainable use of resources	303-3	Recycled and reused water
	Consumption of raw materials and measures adopted to make their use more efficient;	3.3. Sustainable use of resources	103	Management approach disclosures – Materials
		3.3. Sustainable use of resources	301-1	Materials used by weight or volume
		3.3. Sustainable use of resources	301-2	Recycled consumables
	Direct and indirect energy consumption, measures taken to improve energy efficiency and the use of renewable energy.	3.3.1. Energy consumption	103	Management approach disclosures – Energy
		3.3. Sustainable use of resources	302-1	Energy consumption within the organisation
		3.3. Sustainable use of resources	302-4	Reduction of energy consumption
	Climate change			
	Key aspects of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods it produces and the services it provides;	3.1. CO ₂ emissions;	103	Management approach disclosures –Emissions
		3.1. CO ₂ emissions;	305-1	Direct emissions of GHG (scope 1)
		3.1. CO ₂ emissions;	305-2	Indirect emissions Energy indirect GHG emissions (scope 2).
		3.1. CO ₂ emissions;	305-3	Other indirect GHG emissions (scope 3)
		3.1. CO ₂ emissions;	305-4	GHG emissions intensity
		3.1. CO ₂ emissions;	305-5	Reduction of GHG emissions
	The measures adopted to adapt to the consequences of climate change;	3.1. CO ₂ emissions;	103	Management approach disclosures –Emissions
	The voluntary reduction targets established for the medium and long term to reduce greenhouse gas emissions and the measures implemented for such purposes.	3.Environment (introduction); 3.1. CO ₂ emissions; 3. Sustainable use of resources	103	Management approach disclosures –Emissions
	Protection of biodiversity			
Measures taken to preserve or restore biodiversity;	Banco Sabadell's activities do not have any significant impacts on biodiversity or on protected areas.	103	Management approach disclosures – Biodiversity	
Impacts caused by activities or operations in protected areas.	Not applicable. Banco Sabadell's activities do not have any significant impacts on biodiversity or on protected areas.	304-2	Significant impacts of activities, products and services on biodiversity	

Corporate and staff related matters

Area	Content	Response/Section	GRI Standards	GRI Description
EMPLOYEES				
Corporate and staff related matters	Total number and breakdown of employees by gender, age, country and professional category	2.1. Workforce information; 2.2. Commitment to talent	103	Management approach disclosures – Employees
		2.1. Workforce information;	102-8	Information on employees and other workers
		2.1. Workforce information; 2.3. Diversity	405-1	Diversity of governance bodies and employees
	Total number and breakdown of types of employment contracts	2.1. Workforce information	102-8	Information on employees and other workers
	Annual average of permanent contracts, temporary contracts and contracts for part-time work by gender, age and professional category	2.1. Workforce information;	102-8	Information on employees and other workers
		2.1. Workforce information	405-1	Diversity of governance bodies and employees
	Number and breakdown of dismissals by gender, age and professional category	2.1. Workforce information	401-1	New employee hires and staff turnover
		Average remuneration and its evolution, broken down by gender, age and professional category or its equivalent	2.4. Remuneration policy	405-2
	Gender pay gap, remuneration for equal positions or average remuneration within the company	2.4. Remuneration policy	103	Employment + Diversity and equal opportunity
		2.4. Remuneration policy	405-2	Ratio of basic salary and remuneration between men and women
Average remuneration of directors and management staff, including variable pay, subsistence allowances, severance pay, payments into long-term retirement plans or any other amounts received, broken down by gender	2.3.1. Gender	102-35	Governance: remuneration policies	

Corporate and staff related matters

Area	Content	Response/Section	GRI Standards	GRI Description
	Implementation of policies safeguarding employees' right to disconnect,	With regard to digital disconnection, the sectoral framework agreement of 18/12/2019 with the AEB was signed.	103	Management approach disclosures – Employees
	Employees with disabilities	2.3.2. Disabled persons	405-1	Diversity of governance bodies and employees
	Organisation of working hours	2.5. Workplace environment and organisation 2.5.1. Work-life balance 2.5.2. Health and safety	103	Management approach disclosures – Employees
	Number of hours of employee absence	2.5.2. Health and safety	403-2	Types of accident and incidence rates of accidents, occupational illnesses, days not worked, absence and number of deaths per workplace accident or occupational illness
	Measures aimed at facilitating the achievement of a work-life balance and encouraging the equal enjoyment of such measures by both parents.	2.5.1. Work-life balance	103	Management approach disclosures – Employees
Corporate and staff related matters	Health and safety			
	Health and safety conditions in the workplace;	2.5.2. Health and safety	103	Management approach disclosures – Health & Safety in the Workplace
	Workplace accidents, in particular their frequency and severity;	2.5.2. Health and safety	403-2	Types of accident and incidence rates of accidents, occupational illnesses, days not worked, absence and number of deaths per workplace accident or occupational illness
	Occupational illnesses; broken down by gender.	2.5.2. Health and safety	403-3	Workers with a high incidence rate or at high risk of illnesses related to their activity
	WORKPLACE RELATIONS			
Organisation of social dialogue, including procedures for informing and consulting with staff and for negotiating with them;	2.5.2. Health and safety	103	Management approach disclosures – Relationships between workers and the company	
Percentage of employees covered by a collective bargaining agreement, by country;	2.5.2. Health and safety	102-41	Collective bargaining agreements	
Status of collective bargaining agreements, particularly in relation to occupational health and safety.	2.5.2. Health and safety	403-1	Representation of workers in formal committees between employees and employers on health and safety	

Corporate and staff related matters

Area	Content	Response/Section	GRI Standards	GRI Description
Corporate and staff related matters	Training			
	Policies implemented in relation to training;	2.2.2. Talent model	103	Management approach disclosures – Training and education
	Total hours of training, broken down by professional category;	2.2.2. Talent model	404-1	Average hours of training per year per employee
	Universal accessibility for people with disabilities.	2.3.2. Disabled persons	103	Management approach disclosures
	Equality			
	Measures adopted to promote equal treatment and opportunities between men and women;	2.3.1. Gender	103	Management approach disclosures – Diversity and equal opportunity + Non-discrimination
	Equality Plans (Chapter III of Organic Law 3/2007, of 22 March, on effective equality between men and women), measures adopted to promote employment, protocols against sexual abuse and sexual harassment, integration and universal accessibility for people with disabilities;	2.3.1. Gender	103	Management approach disclosures – Diversity and equal opportunity + Non-discrimination
Policy against all forms of discrimination and, where applicable, gender diversity management.	2.3.1. Gender	103	Management approach disclosures – Diversity and equal opportunity + Non-discrimination	

Human rights

Area	Content	Response/Section	GRI Standards	GRI Description
Human rights	Application of due diligence procedures in relation to human rights	4. Information regarding human rights	103	Human rights screening + Freedom of association and collective bargaining + Child labour + Forced or compulsory labour
		4. Information regarding human rights 1.2. Risk assessment with ESG criteria	102-16	Values, principles, standards and codes of conduct
		4. Information regarding human rights	102-17	Mechanisms for advice and concerns about ethics
	Prevention of risks of human rights violations and, where applicable, measures to mitigate, manage and redress any such violations	4. Information regarding human rights	103	Human rights screening + Freedom of association and collective bargaining + Child labour + Forced or compulsory labour
	Reported human rights violations	In 2019, an allegation of workplace harassment was received, which was resolved as unsubstantiated.	406-1	Cases of discrimination and corrective actions taken
	Advocacy of and compliance with the provisions of fundamental conventions of the International Labour Organisation related to safeguarding the freedom of association and the right to collective bargaining	4. Information regarding human rights	407-1	Transactions and suppliers whose freedom of association and right to collective bargaining could be at risk
	The elimination of workplace discrimination and job discrimination	4. Information regarding human rights 2.3.1. Gender	103	Management approach disclosures – Non-discrimination
The elimination of forced or compulsory labour	4. Information regarding human rights	409-1	Activities and suppliers at significant risk of forced or compulsory labour	
Effective abolition of child labour	4. Information regarding human rights	408-1	Activities and suppliers at significant risk of child labour	

Corruption and bribery

Area	Content	Response/Section	GRI Standards	GRI Description
Corruption and bribery	Measures adopted to prevent corruption and bribery	5. The fight against corruption and bribery	103	Management approach disclosures – Anti-corruption
		5. The fight against corruption and bribery	102-16	Values, principles, standards and codes of conduct
		5. The fight against corruption and bribery	102-17	Mechanisms for advice and concerns about ethics
		5. The fight against corruption and bribery	205-2	Communication and training about anti-corruption policies and procedures
	Measures to combat money laundering	5. The fight against corruption and bribery	205-2	Communication and training about anti-corruption policies and procedures
Contributions to foundations and non-profit organisations	6. Society; 6.1.2. Solidarity 1.1.4 Ethical and charitable investment 1.1.5 Social housing management	408-1	Activities involving the local community, impact assessments and development schemes	

Society

Area	Content	Response/Section	GRI Standards	GRI Description
The company's commitments to sustainable development				
SOCIETY	The impact of the company's activities on local employment and development	1.1.5. Social housing management	103	Management approach disclosures – Local communities + Indirect economic impacts
		6.1.1. Commitment to education		
		6.1.2. Solidarity		
		1.1.5. Social housing management		
	6.1.1. Commitment to education			
	6.1.2. Solidarity			
	1.1.5. Social housing management	203-2	Significant indirect economic impacts	
	6.1.1. Commitment to education			
	6.1.2. Solidarity			
	1.1.5. Social housing management	413-1	Activities involving the local community, impact assessments and development schemes	
6.1.1. Commitment to education				
6.1.2. Solidarity				
The impact of the company's activities on local communities and in the area	1.1.5. Social housing management	203-1	Infrastructure investments and services supported	
	6.1.1. Commitment to education			
6.1.2. Solidarity				
	1.1.5. Social housing management	413-1	Activities involving the local community, impact assessments and development schemes	
	6.1.1. Commitment to education			
	6.1.2. Solidarity			
The relationships with key members of local communities and the different forms of dialogue with the same	1.1.5. Social housing management	102-43	Approaches to encourage the involvement of stakeholders	
	6.1.1. Commitment to education			
	6.1.2. Solidarity			
	1.1.5. Social housing management	413-1	Activities involving the local community, impact assessments and development schemes	
	6.1.1. Commitment to education			
	6.1.2. Solidarity			
Association and sponsorship activities	6.1.1. Commitment to education	102-12	External initiatives	
	6.1.2. Solidarity			
	Annex 1. Corporate standards and institutional commitments			
	6.1.1. Commitment to education	102-13	Membership of associations	
	6.1.2. Solidarity;			
	Annex 1. Corporate standards and institutional commitments			

Society

Area	Content	Response/Section	GRI Standards	GRI Description
	Outsourcing and suppliers			
	* Inclusion in the procurement policy of social, gender equality and environmental matters;	6.2.2. Outsourcing and suppliers	102-9	Supply chain
	* Consideration in relationships with suppliers and subcontractors of their social and environmental responsibilities;	6.2.2. Outsourcing and suppliers	103	Environmental assessment of suppliers + Evaluation of suppliers' social matters
		6.2.2. Outsourcing and suppliers	308-1	Environmental assessment of suppliers
		6.2.2. Outsourcing and suppliers	414-1	Evaluation of suppliers' social matters
	Supervision and audit systems and their results.	6.2.2. Outsourcing and suppliers	103	Management approach disclosures – Procurement practices
	Consumers			
	Consumer health and safety measures;	1.4.1. Transparency 1.4.2. 1.4.2 Digitalisation 6.1.1. Commitment to education	103	Customer health and safety + Marketing and labelling + Customer privacy
	Whistle-blowing systems, complaints received and their resolution.	6.2.1. Consumers 1.5 The customer Consolidated Annual Financial Statements, Note 42	103	Customer health and safety + Marketing and labelling + Customer privacy
	Tax information			
	Country-by-country earnings obtained	1.3. Tax information	103	Economic performance + Quantitative data on taxes and earnings
	Corporate income tax paid	1.3. Tax information	103	Economic performance + Quantitative data on taxes and earnings
	Public subsidies received	1.3. Tax information	201-4	Financial assistance received from government

**Banco de Sabadell, S.A.
and subsidiaries**

Independent verification report
of the Non-Financial Information Statement
for the year ended 31 December 2019



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent verification report

To the shareholders of Banco de Sabadell, S.A.,

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Non-Financial Information Statement (“NFIS”) for the year ended 31 December 2019 of Banco de Sabadell, S.A. (parent company) and subsidiaries (hereinafter “Banco Sabadell” or the “Group”) which forms part of Banco Sabadell’s consolidated management report.

The content of the consolidated management report includes additional information to that required by the current mercantile legislation related to non-financial information reporting which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in Annex II: “Table of Contents Law 11/2018”, of the accompanying NFIS.

Responsibility of the Board of Directors of the parent company

The preparation of the NFIS included in Banco Sabadell’s consolidated management report and the content thereof are the responsibility of the Board of Directors of Banco de Sabadell, S.A. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and following the selected criteria of the Sustainability Reporting Standards of the Global Reporting Initiative (“GRI Standards”) in line with the details provided for each matter in Annex II: “Table of Contents Law 11/2018” of the mentioned NFIS.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free from any material misstatement, due to fraud or error.

The Board of Directors of Banco de Sabadell, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“IESBA”) which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system, which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

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Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several Banco Sabadell units that were involved in the preparation of the NFIS, in the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with Banco Sabadell personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFIS for 2019, based on the materiality analysis carried by Banco Sabadell, considering the content required under current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in NFIS for 2019.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFIS for 2019.
- Verification, through sample testing, of the information relating to the content of the NFIS for 2019 and its adequate compilation using data supplied by the Banco Sabadell's sources of information.
- Obtainment of a management representation letter from the Board of Directors and Management of the parent company.

Conclusions

Based on the procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Banco Sabadell's NFIS, for the year ended 31 December 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile legislation and the selected criteria of the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") in accordance with the details provided for each matter in Annex II: "Table of Contents Law 11/2018" of the mentioned NFIS.



Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

PRICEWATERHOUSECOOPERS AUDITORES, S.L.

Original in Spanish signed by
Ignacio Marull

31 January 2020