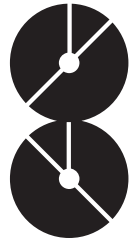


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<sup>1</sup> The letters used in the headings of the different sections of this report refer to the corresponding sections of the standardised model of the IAGC of the Spanish National Securities Market Commission (CNMV for its Spanish acronym).

Banco de Sabadell, S.A. (hereinafter, Banco Sabadell, the Bank, the Institution or the Entity) keeps, one more year, its commitment to strengthen and continuously improve its Corporate Governance, on which it has been working steadily in recent years. During financial year 2021, substantial improvements and progress have been made in the area of Corporate Governance, placing the Entity at the forefront of advanced corporate governance systems and aligned with best practices.

The Annual Corporate Governance Report (hereinafter ACGR) is drawn up with the information from the Bank at year-end 2021 and, together with the Annual Report on Director Remuneration, it forms part of the Directors' Report attached to the separate and consolidated Annual Accounts. It was approved unanimously by the Board of Directors at a meeting on 17 February 2022, in compliance with the provisions of article 540 of the Capital Companies Law and Circular 5/2013 of 12 June of the CNMV (Spanish National Securities Market Commission).

## Corporate Governance of Banco Sabadell in 2021

During the 2021 financial year, Banco Sabadell made substantial changes to improve and strengthen corporate governance, in line with best practices.

The Board of Directors submitted to the General Meeting of Shareholders a proposal to amend certain provisions of the Articles of Association, which was approved on 26 March 2021, and which essentially entailed the following:

- A Chairman with non-executive status, in line with the leading international banks and corporate governance best practices.
- A Strategy and Sustainability Committee to increase the focus of attention on strategic elements, sustainability and commitment to ESG (Environmental, Social and Governance) aspects.
- The Delegated Committee has been abolished and the Credit Delegated Committee has been set up to monitor and supervise credit risks on a weekly basis.
- The Appointments Committee has taken on all corporate governance functions and is now called the Appointments and Corporate Governance Committee, also focusing on the engagement on the ESG perspective.
- The functions of the Audit and Control Committee have been updated and revised.
- The possibility of holding the General Meeting of Shareholders online has been introduced, in line with the main Spanish listed companies.

The preparation and format of the Report is governed by the provisions of Circular 5/2013, as amended by CNMV Circular 2/2018 of 12 June, CNMV Circular 1/2020 of 6 October and CNMV Circular 3/2021 of 28 September. Following the amendment introduced by the Circular 2/2018, of 12 June, the Annual Corporate Governance Report may be submitted in any PDF free format provided that it contains the disclosures defined in the regulations in force. Banco Sabadell, following the 2020 financial year, has once again opted for this format in order to explain and disclose, with maximum transparency, the main aspects contained therein. This document is available in the "Corporate Governance and Remuneration Policy" section of the Bank's corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com).

## Board of Directors

The composition of the Board of Directors during 2021 underwent the following changes:

- Following the amendment of the Articles of Association at the General Meeting of Shareholders held on 26 March 2021, the Chairman of the Board of Directors, Mr Josep Oliu Creus, became a non-executive Director and his status changed to that of Other External Director.
- Having obtained the relevant regulatory authorisations, Mr César González-Bueno Mayer Wittgenstein accepted the position of Chief Executive Officer on 18 March 2021.
- Mr Jaume Guardiola Romojaro resigned as a member of the Board of Directors on the same date being replaced as Chief Executive Officer.
- Director Ms María José García Beato became an Other External Director, effective 31 March 2021.
- Mr José Javier Echenique Landiribar tendered his resignation as Deputy Chairman and Independent Director of Banco Sabadell, for personal and professional reasons, at the meeting of the Board of Directors held on 28 July 2021 and was replaced as Deputy Chairman of the Board of Directors by Mr Pedro Fontana García on the same date.
- Mr Luis Deulofeu Fuguet was appointed Independent Director to fill the vacancy caused by the resignation of Mr José Javier Echenique Landiribar, by resolution of the Board of Directors on 28 July 2021, joining the Board for the first time at the meeting held on 27 October 2021, once the corresponding regulatory authorisations had been received.

Following these changes, the Board of Directors of Banco Sabadell is composed of its Chairman as a non-executive Director, ten Independent Directors, two executive Directors, one Other External Director and one Proprietary Director.

During the 2021 financial year, the Board of Directors of Banco Sabadell, together with its Appointments and Corporate Governance Committee, has had as a priority objective the increase of diversity within the Board. In this regard, the number of Executive Directors has decreased, the number of Independent Directors has been maintained, as well as the percentage of women, and the diversity of knowledge and experience has increased, in line with the recommendations of the CNMV.

On the other hand, during the financial year 2021, both the Board of Directors and the Appointments and Corporate Governance Committee have carried out an intense activity in order to adapt their composition and that of the Board Committees to the amendment of the Articles of Association approved by the General Meeting and the corresponding amendments to the Regulations of the Board of Directors and the Committees.

## Committees of the Board of Directors

### Changes in the Board Committees

Following the amendment of the Articles of Association, the following changes have been made to the structure of the Board of Directors Committees:

- A Strategy and Sustainability Committee has been set up comprising five non-executive Directors, the majority of whom are independent. The Chairman of the Committee shall be the Chairman of the Board of Directors. The Secretary of the Board of Directors shall be the Committee Secretary or, as appropriate, the person who acts as the Board's Deputy Secretary. In matters of strategy, the Chief Executive Officer shall participate in the meetings with the right to speak and vote, and, for this purpose, the Committee shall be composed of six members. Its establishment enables the Board to handle matters of strategy thorough a prior analysis and to increase the focus on monitoring the strategic plan and to prioritise and drive sustainability and ESG engagement, while completing the adaptation of the Bank's governance system to the needs of the new sustainability-driven environment.
- A Credit Delegated Committee has been set up, comprising a maximum of five Directors, the majority of whom are independent, and who shall be appointed by the Board itself. The Board shall appoint one of the Committee members as its Chairman. The Secretary of the Board of Directors shall be its Secretary or, as

appropriate, the person who acts as the Board's Deputy Secretary. The Committee analyses and, where appropriate, resolves credit operations in accordance with the assumptions and limits established by express delegation of the Board of Directors, and also emphasises the control of credit risks by means of weekly meetings on a detailed basis.

- The competences of the Audit and Control Committee in relation to the supervision of financial and non-financial information, the monitoring of the audit plan and internal audit services have been updated in the articles of association and regulations.
- The Appointments Committee has been given additional functions in the area of Corporate Governance and has therefore been renamed the Appointments and Corporate Governance Committee, and now has powers in relation to the reporting of internal corporate policies and standards, the supervision of corporate governance rules and relations with shareholders and investors, proxy advisors and other stakeholders.

### Changes in the Composition of the Board Committees

As a consequence of the changes of the Committees due to the establishment of the new Board Committees and in order to maintain the due differentiation in their composition, on 26 March 2021, the Board of Directors:

- Appointed Ms Mireya Giné Torrens as Chairwoman of the Audit and Control Committee and as a member of the Appointments and Corporate Governance Committee.
- Appointed Ms Alicia Reyes Revuelta as a member of the Risk Committee.
- Appointed Mr Gonzalo Baretino Coloma, General Secretary and Deputy Secretary of the Board, as non-Director Secretary of the Credit Delegated Committee, the Remuneration Committee and the Risk Committee.
- It gave the newly constituted Strategy and Sustainability Committee the following initial composition: as Chairman, Mr Josep Oliu Creus and, as members, Mr José Javier Echenique Landiribar, Mr Pedro Fontana García, Ms María José García Beato, Mr José Manuel Martínez Martínez and Mr César González-Bueno Mayer Wittgenstein<sup>2</sup>, with the Secretary of the Board, Mr Miquel Roca i Junyent, as Secretary.
- It gave the new Credit Delegated Committee the following initial composition: as Chairman, Mr José Javier Echenique Landiribar and, as members, Mr Pedro Fontana García, Ms María José García Beato, Mr César González-Bueno Mayer Wittgenstein and Ms Alicia Reyes Revuelta, with the Deputy Secretary of the Board, Mr Gonzalo Baretino Coloma, as Secretary.

<sup>2</sup> In matters of strategy, the Chief Executive Officer shall participate in the meetings with the right to speak and vote, and, for this purpose, the Board shall be composed of six members.

On 28 July 2021, as a result of his resignation, Mr José Javier Echenique Landiribar ceased, to form part of the Credit Delegated Committee and the Strategy and Sustainability Committee, and Mr Pedro Fontana García is appointed Deputy Chairman of the Board as well as Chairman of the Credit Delegated Committee. On the same date, Mr Luis Deulofeu Fuguet is appointed member of the Credit Delegated Committee as well as the Strategy and Sustainability Committee. Mr Luis Deulofeu Fuguet accepts the positions as member of the Board of Directors and the respective Committees on 26 October 2021 after receiving the corresponding regulatory authorisations.

The current composition of the Board Committees is as follows:

<b>Committee</b>	<b>Name</b>	<b>Position</b>
<b>Strategy and Sustainability</b>	Josep Oliu Creus	Chairman
	Luis Deulofeu Fuguet	Member
	Pedro Fontana García	Member
	María José García Beato	Member
	César González-Bueno Mayer Wittgenstein*	Member
	José Manuel Martínez Martínez	Member
	Miquel Roca i Junyent	Non-member Secretary
<b>Credit Delegated Committee</b>	Pedro Fontana García	Chairman
	Luis Deulofeu Fuguet	Member
	María José García Beato	Member
	César González-Bueno Mayer Wittgenstein	Member
	Alicia Reyes Revuelta	Member
	Gonzalo Baretino Coloma	Non-member Secretary
<b>Audit and Control</b>	Mireya Giné Torrens	Chairman
	Pedro Fontana García	Member
	José Ramón Martínez Sufrategui	Member
	Manuel Valls Morató	Member
	Miquel Roca i Junyent	Non-member Secretary
<b>Appointments and Corporate Governance</b>	José Manuel Martínez Martínez	Chairman
	Anthony Frank Elliott Ball	Member
	Aurora Catá Sala	Member
	Mireya Giné Torrens	Member
	Miquel Roca i Junyent	Non-member Secretary
<b>Remuneration</b>	Aurora Catá Sala	Chairman
	Anthony Frank Elliott Ball	Member
	George Donald Johnston III	Member
	José Ramón Martínez Sufrategui	Member
	Gonzalo Baretino Coloma	Non-member Secretary
<b>Risks</b>	George Donald Johnston III	Chairman
	Aurora Catá Sala	Member
	Alicia Reyes Revuelta	Member
	Manuel Valls Morató	Member
	Gonzalo Baretino Coloma	Non-member Secretary

\* Member on matters of strategy only.

## Matrix of competencies and diversity in the Board of Directors

Since 2019, Banco Sabadell has had a competency and diversity matrix in place, which is revised annually by the Board of Directors. The latest review was carried out on 18 November 2021, coinciding with most recent appointment and the changes that took place within the Board of Directors.

As a result of this review, the competencies have been updated and standardised in the following areas: banking, retail and corporate; financial and capital markets; insurance; other financial competencies; accounting and auditing; risk management; planning and strategy; governance; risk control; anti money laundering and countering the terrorist financing; legal; digital and IT (digital transformation); human resources, culture, talent and remuneration; responsible business and sustainability; international experience; governing bodies; organisational management and leadership; business experience; governance and public policy; consulting; regulatory and supervisory bodies; academics; communication and institutional relations.

The Board has increased its diversity, in relation to the category of Directors and the knowledge, skills and experience, which have been strengthened in the following areas: retail banking and digital transformation.

The appointment of the Chief Executive Officer, Mr César González-Bueno Mayer Wittgenstein, brings to the Board someone with a profile with extensive experience in retail banking at the highest executive level, as well as experience in transformation and modernisation (digitalisation), highlighting his solid profile as Chief Executive Officer developed throughout his extensive career.

The appointment of Mr Luis Deulofeu Fuguet has leveraged the Board's expertise and experience, especially in retail banking and digital and IT (digital transformation) competence, IT risks and risk management, combined with the specific experience in the banking sector and the ability to apply such knowledge and skills to the banking business.

In terms of gender diversity, 27% of the Bank's Board in financial year 2021 were women, in line with the CNMV's general target of 30%. The Board and the Appointments and Corporate Governance Committee have made a commitment to ensure that the Board has a sufficient number of female Directors, promoting compliance with the objective of representing the under-represented sex.

## New organisational structure

The Board of Directors at its meeting of 29 January 2021 appointed Mr Leopoldo Alvear Trenor as Chief Financial Officer, who has obtained the corresponding regulatory authorisation.

On 18 March 2021, the Board of Directors approved a new organisational structure to address the implementation of Banco Sabadell's new strategic plan. The Bank is structured into three large business units in Spain: Retail Banking, headed by Mr Miquel Montes Güell; Business Banking and Branches, headed by Mr Carlos Ventura Santamans; and Corporate Banking, headed by Mr José Nieto de la Cierva, where each unit is responsible for its income statement (income, expenditure, provisions and capital consumption). In this new organisational structure, Mr Gonzalo Baretino Coloma has been appointed General Secretary, Mr Marc Armengol Dulcet as Director of Operations and Technology and Ms Ana Ribalta Roig as Director of Sustainability, all of whom have obtained the corresponding regulatory authorisations.

The appointment of Ms Ana Ribalta as Director of Sustainability and the creation of this position in the structure with her inclusion as a member of the Management Committee represents a new step forward for the Entity in ESG matters.

The organisational structure is completed with the already existing Risk Regulation and Control unit, headed by Mr David Vegara Figueras, the Risk unit, headed by Mr Xavier Comerma Carbonell, and the Organisation and Resources unit, headed by Mr Miquel Montes Güell.

# Sustainability as a key component of Corporate Governance

Sustainability has been a pivotal point during 2021 within Banco Sabadell's business purpose and strategy. In defining the Entity's overall strategy, business objectives and risk management framework, the Board of Directors takes climate and environmental risks into account and exercises effective oversight of these risks.

In July 2021, the Board of Directors updated its Sustainability Policy, which aims to provide a framework for all of the Institution's activities and organisation within ESG parameters, which incorporate environmental, social and corporate governance factors in decision-making and, at the same time, based on those parameters, seeks to respond to the needs and concerns of all of its stakeholders. The sustainability policy establishes the basic principles on which the Banco Sabadell Group is based to address the challenges posed by sustainability, and defines the parameters for managing them, as well as the organisation and governance structure necessary for their optimum implementation.

In 2021, following the amendment of the Articles of Association, a Strategy and Sustainability Committee was set up, which has the following remit with regard to sustainability:

- Review the Entity's sustainability and environmental policies.
- Advise the Board of Directors on any amendments and regular updates of the sustainability strategy.
- Review the definition and amendment of diversity and integration, human rights, equal opportunity and work-life balance policies and evaluate their degree of compliance on a regular basis.
- Review the Bank's social action strategy and its sponsorship and patronage plans.
- Review and report on the Entity's Non-Financial Disclosures Report before the Audit and Control Committee review and report thereon and its subsequent preparation by the Board of Directors.
- Receive information in connection with reports, written notices or communications from external supervisory bodies within the scope of this Committee's competences.

The Sustainability Committee, set up in 2020 and chaired from 2021 by the Deputy General Manager and head of the newly created Sustainability Division in 2021, Ms Ana Ribalta, is the body responsible for establishing the Bank's Sustainable Finance Plan and monitoring its implementation, defining and disseminating the general principles of action in the area of sustainability and promoting the development of projects and initiatives.

In addition, Banco Sabadell's Statement of Non-Financial Information (NFI) for financial year 2021, which forms part of the Consolidated Directors' Report for financial year 2021 and is attached to the Consolidated

Annual Accounts as is this ACGR and is submitted for its approval by the Ordinary General Shareholders' Meeting as a separate item on the agenda, details the actions implemented in the area of sustainability and other non-financial information in accordance with Law 11/2018 in the area of non-financial information and diversity. Among the most relevant aspects of the NFI statement are the following:

- Progress in the Entity's commitment to sustainability and the Sustainable Finance Plan.
- The ESG commitments and initiatives to which the Bank has adhered (e.g. Principles for Responsible Banking, Net Zero Banking Alliance and the disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD)).
- The Entity's ESG materiality approach.
- The management of risks and opportunities linked to climate change.
- The contribution of business to sustainable financing.
- The Bank's commitment to the environment.
- Employee data including SmartWork, talent management, diversity, training and compensation.
- Commitment to society.
- The fight against bribery and corruption.
- Information regarding human rights.
- The actions carried out in terms of transparency and digitalisation.

# Contents of the Annual Corporate Governance Report

## 1. Ownership structure (A)<sup>3</sup>

### 1.1. Share capital (A.1)

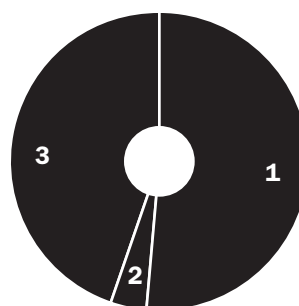
At 31 December 2021, the share capital of Banco Sabadell was 703,370,587.63 euros, represented by 5,626,964,701 registered shares, with a par value of 0.125 euros each, all fully subscribed and paid up, representing 5,626,964 voting rights, at a ratio of one right for every 1,000 shares. The share capital was last amended on 16 November 2017 and the Articles of Association do not contain any provision for additional loyalty voting rights.

Banco Sabadell's shares are in the form of book entries and are listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges and on the Spanish "SIBE"/*Mercado Continuo* stock exchange interconnection system. All shares are of the same class and have the same associated rights.

Banco Sabadell has not issued securities that are not traded on a regulated market in the European Union.

Within the Bank's shareholding structure, at the close of the 2021 financial year, three investor groups reported a shareholding of more than 3% according to data reported to the CNMV; the aggregate shareholding thereof makes up 9.94% of the total share capital. The remaining shareholdings are free-float. The members of the Board of Directors, one of whom is an indirect holder of the voting rights attributed to the shares of one of the aforementioned investors, own 3.67% of the Bank's share capital.

There were 228,432 shareholders as at 31 December 2021, distributed in the following tiers:



<b>1</b>	Retail investors	51.60%
<b>2</b>	Board of Directors	3.67%
<b>3</b>	Institutional investors	44.70%

# 228,432

Number of shareholders as at 31 December 2021

Number of shares	No. of shares	Shares	% of capital
From 1 to 12,000	179,459	573,130,438	10.19
From 12,001 to 120,000	45,899	1,427,423,280	25.37
From 120,001 to 240,000	1,866	307,959,112	5.47
From 240,001 to 1,200,000	1,039	469,333,426	8.34
From 1,200,001 to 15,000,000	139	433,432,171	7.70
More than 15,000,000	30	2,415,686,274	42.93
<b>Total</b>	<b>228,432</b>	<b>5,626,964,701</b>	<b>100.00</b>

<sup>3</sup> The letters used in the headings of the different sections of this report refer to the corresponding sections of the standardised model of the ACGR of the Spanish National Securities Market Commission (CNMV in its Spanish initials).



## 1.2. Significant shareholders

(A.2, A.4, A.5, A.6, A.7 and A.8)

As at 31 December 2021, the direct and indirect holders of significant shareholdings, including Directors with a significant shareholding, in Banco Sabadell were:

Name or company name of shareholder	% of voting rights assigned to shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
Blackrock Inc.	0.00	3.02	0.00	0.41	3.43
Fintech Europe, S.À.R.L.	3.45	0.00	0.00	0.00	3.45
Lewis A. Sanders	0.00	3.47	0.00	0.00	3.47

BlackRock Inc. holds its indirect holding via a number of its subsidiaries.

Mr. David Martinez Guzman, a Proprietary Director, is the indirect owner of the voting rights attributed to the shares held by Fintech Europe, S.À.R.L., as the latter is wholly owned by Fintech Investment Ltd., the mutual fund managed by Fintech Advisory Inc. (FAI). FAI is wholly owned by Mr. David Martínez Guzmán.

Mr Lewis A. Sanders is the controlling owner of Sanders Capital, LLC, which is a US registered investment advisor that provides discretionary investment management services to clients; in connection with this service, certain clients grant proxy voting rights to Sanders Capital, LLC.

The most significant movements in the shareholder structure during the financial year that were reported to the CNMV by the shareholders and whose disclosures are available on the CNMV's website are as follows:

Name or company name of shareholder	Transaction date	Description of the movement
Blackrock Inc.	22/03/2021, 31/05/2021 21/06/2021	Decreased below 3% of voting rights attributed to shares
	04/03/2021, 05/05/2021 03/06/2021, 22/06/2021	Exceeded 3% of voting rights attributed to shares
Norges Bank	01/02/2021	Exceeded 3% of voting rights attributed to shares
	19/01/2021	Decreased below 3% of voting rights attributed to shares
	27/09/2021	Exceeded 3% of voting rights attributed to shares and financial instruments
	28/04/2021, 29/09/2021	Voting rights attributed to shares and financial instruments decreased below 3%

Banco Sabadell is not aware of any family, commercial, contractual or corporate ties between the owners of significant holdings. Moreover, the Bank and the companies that make up Banco Sabadell Group do not have any family, commercial, contractual or corporate ties with the Entity's significant shareholders other than those arising out of ordinary business relations. The Bank has not been notified of any shareholders' agreements, nor is it aware of the existence of any concerted actions among its shareholders, or of the existence of any individual or legal entity that exercises or may exercise control over the Bank in accordance with article 5 of the Securities Market Act.

### 1.3. Board of Directors' stake in share capital (A.3)

The members of the Board of Directors own a total of 3.67% of the Bank's total voting rights. This information is detailed and updated on the Bank's website [www.grupobancosabadell.com](http://www.grupobancosabadell.com). The percentage of voting rights

through financial instruments reflects the rights attributed to long-term supplementary incentives which by their nature are not likely to be exercised.

The information on the position of the Board of Directors in the share capital, excluding Mr David Martínez Guzmán, Proprietary Director, whose shareholding has been identified in the previous section, is detailed below:

Name or company name of shareholder	% of voting rights assigned to shares		% of voting rights through financial instruments		% of total voting rights	% voting rights that can be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Josep Oliu Creus	0.07	0.05	0.01	0.00	0.13	0.00	0.00
Pedro Fontana García	0.00	0.00	0.00	0.00	0.00	0.00	0.00
César González-Bueno Mayer Wittgenstein	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Anthony Frank Elliott Ball	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Aurora Catá Sala	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luis Deulofeu Fuguet	0.00	0.00	0.00	0.00	0.00	0.00	0.00
María José García Beato	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Mireya Giné Torrens	0.00	0.00	0.00	0.00	0.00	0.00	0.00
George Donald Johnston III	0.00	0.00	0.00	0.00	0.00	0.00	0.00
José Manuel Martínez Martínez	0.00	0.00	0.00	0.00	0.00	0.00	0.00
José Ramón Martínez Sufrategui	0.05	0.01	0.00	0.00	0.06	0.00	0.00
Alicia Reyes Revuelta	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Manuel Valls Morató	0.00	0.00	0.00	0.00	0.00	0.00	0.00
David Vegara Figueras	0.01	0.00	0.00	0.00	0.01	0.00	0.00

### 1.4. Own shares (A.9 and A.10)

The Bank is empowered to acquire treasury shares by a resolution adopted by the Ordinary General Meeting of Shareholders of Banco Sabadell on 28 March 2019, under item Eight on the agenda, within a maximum period of five years as from the date of the resolution, so that, directly or through subsidiaries, subject to obtaining prior authorisation from the European Central Bank, it may acquire, at any time and as often as it sees fit, shares of Banco Sabadell by any of the means admitted by law, including against profit for the year and/or unrestricted reserves, and that it may subsequently dispose of or cancel any shares thus acquired or, as appropriate, deliver them to employees or Directors of Banco Sabadell as part of their remuneration or as a result of the exercise of stock options which they may hold, all in accordance with the provisions of articles 146, 509 and concordant articles of the Capital Companies Law.

The limits or requirements for such acquisitions are as follows:

- The par value of the shares thus acquired, directly or indirectly, in addition to any shares already held by Banco Sabadell and its subsidiaries, may not exceed, at any time, the legal limit established from time to time by the legislation in force (currently ten per cent

of share capital), subject in all cases to all the limits for acquisition of treasury shares established by the stock market regulators in the markets on which Banco Sabadell shares are listed.

- The acquisition, plus any shares previously acquired by Banco Sabadell (or a person acting in their own name but on the Bank's behalf) and held by it in its portfolio, must not lead to net equity being less than the amount of share capital plus legal reserves and reserves that are designated as restricted under the Articles of Association.
- The shares acquired must have been fully paid up.
- The acquisition price must be no less than par value and no higher than 20 per cent above the stock market price or any other price whereby the shares may be valued as of the date of their acquisition. All acquisitions of own shares must be made in accordance with general stock market rules and regulations.

At 2021 year-end, Banco Sabadell directly held 40,679,208 own shares, representing 0.72% of share capital. The Bank reported the following changes in treasury stock to the CNMV:

Transaction date	Total number of direct shares acquired	Total number of indirect shares acquired	Total percentage of share capital
16/02/2021	45,563,454	—	0.810
10/08/2021	38,717,784	—	0.688

## 1.5. Estimated free float capital (A.11)

At 2021 year-end, the estimated free float was 89.10%, i.e. the percentage of share capital not held by significant shareholders, members of the Board of Directors or as the Bank's treasury stock.

## 1.6. Transferability and exercise of voting rights (A.12, A.13 and A.14)

There are no restrictions on the free transferability of the Bank's shares such as to hinder the acquisition of control of the Bank through the acquisition of its shares in the market. The only existing restrictions are those established in Spanish law applying to all credit institutions.

Specifically, Law 10/2014, of 26, June, on the Regulation, Supervision and Solvency of Credit Institutions, establishes that in any acquisition of at least 10 per cent of the capital or of the voting rights, or that, without attaining that percentage, enables significant influence to be exercised over the institution, as well as any increases such as to exceed 20%, 30% or 50%, or to grant control of the institution, the purchaser must give advance notice to the Bank of Spain, which will process the request for approval or denial by the European Central Bank. The reduction of a stake below those thresholds must be notified by the seller to the Bank of Spain.

The General Meeting of Shareholders has not adopted neutralisation measures against takeover bids and no securities not traded on a regulated market in the European Union were issued.

## 2. General Meeting of Shareholders (B)

### 2.1. Regulations of the General Meeting (B.1, B.2, B.3, B.6, B.7 and B.8)

The General Meeting of Shareholders is the Bank's main governing body, where the shareholders adopt the resolutions that correspond to them in accordance with the law, the Articles of Association or its own Regulations, and those business decisions that the Board of Directors considers transcendental for the future of the Bank and the corporate interests.

The terms of reference and the basic rules for the conduct of the Banco Sabadell General Meeting of Shareholders, and the system for giving notice and convening meetings and adopting decisions are set out in the Articles of Association and in the Regulation of the General Meeting of Shareholders, which safeguard shareholders' rights and transparency; the system of quora does not differ from that provided in the Capital Companies Law.

This same criterion is applicable to any amendment of the Articles of Association, which is governed by the same principles as established in the Capital Companies Law, both with regard to the requirements for amendment and the required quorum. Additionally, in the cases defined by law, amendments of the Articles of Association require the authorisation of the supervisor exercising the powers assigned thereto by article 10 of Royal Decree 84/2015, of 13 February, implementing Law 10/2014, of 26 June, on Regulation, Supervision and Solvency of Credit Institutions, without prejudice to the functions attributed to the European Central Bank in accordance with the provisions of Council Regulation (EU) No 1024/2013 of 15 October, conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

Under the Articles of Association, it is necessary to possess at least 1,000 shares to attend the General Meeting of Shareholders, and shareholders may cast one vote for every thousand shares they own or represent.

The General Meeting of Shareholders, held on 26 March 2021, approved the amendment of the Articles of Association and the Regulations of the General Meeting of Shareholders' with the aim, among other matters, of providing for the possibility of remote attendance at the General Meeting online and remote voting by any means, including exclusively in the event that the law so permits, in which case, and without prejudice to the terms set forth in the Regulations of the General Meeting of Shareholders, an express resolution of the Board of Directors shall be required authorising the systems and procedure necessary to enable remote attendance and remote voting, and this resolution must be expressly communicated in the announcement calling the General Meeting in question.

In line with best practices in corporate governance, Banco Sabadell broadcasts the entire General Meeting of Shareholders live via webcast on the corporate website.

The information about General Meetings is available on the Group's corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com) accessing directly in the section entitled "Shareholders and investors". Additionally, the information about corporate governance is available on the website directly in the section entitled "Corporate Governance and Remuneration Policy".

### 2.2. General Meeting of Shareholders 2021 (B.4 and B.5)

Data on attendance at the General Meeting of Shareholders in recent years, and the percentages by which the resolutions were passed, are published on the corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com). Below are the attendance figures for the last three General Meetings, at which all items on the agendas were passed by the shareholders:

Date of General Meeting	% in attendance		% represented by proxy		% remote voting		Total
					Electronic voting	Other	
26/03/2021	0.16		60.98		0.00	0.00	61.14
Of which free float:	0.07		57.80		0.00	0.00	57.87
26/03/2020	0.18		61.38		0.00	0.00	61.56
Of which free float:	0.01		61.26		0.00	0.00	61.27
28/03/2019	0.40		58.78		0.00	0.00	59.18
Of which free float:	0.25		58.65		0.00	0.00	58.90

The estimated figures of free float capital may include significant holdings held through international custodians.

## 3. Board of Directors (C)

### (C.1.15)

With the exception of matters falling within the sole remit of the Shareholders' Meeting, the Board of Directors is the highest decision-making body in the Bank and its consolidated Group as it is entrusted, under the law and the Articles of Association, with administering and representing the Bank. The Board of Directors acts mainly as an instrument of supervision and control, and it delegates the management of ordinary business matters to the Chief Executive Officer.

The Board of Directors is subject to well-defined, transparent rules of governance, particularly the Articles of Association and the Board's own regulations, and it conforms to best practices in the area of corporate governance.

The General Meeting of Shareholders held on 26 March 2021 approved the amendment of the Articles of Association and the Regulations of the General Meeting of Shareholders, and took note of the amendment of the Regulations of the Board of Directors approved by resolution of the Board of Directors held on 18 February 2021.

### 3.1. Composition of the Board (C.1, C.1.2, C.1.8 and C.1.29)

At 31 December 2021, the Board of Directors comprised fifteen members, as shown in the following table:

Name or company name of shareholder	Director category	Board Committees	Board position	First appointment	Latest appointment	Election procedure
Josep Olliu Creus	Other External ○ C		Chairman	29/03/1990	28/03/2019	Resolution of a General Meeting of Shareholders
Pedro Fontana García	Independent ○ ● ● C		Deputy Chairman	27/07/2017	19/04/2018	Resolution of a General Meeting of Shareholders
César González-Bueno Mayer Wittgenstein	Executive ○ ● *		CEO	17/12/2020	26/03/2021	Resolution of a General Meeting of Shareholders
Anthony Frank Elliott Ball	Independent	● ●	Lead Independent Director	30/03/2017	26/03/2021	Resolution of a General Meeting of Shareholders
Aurora Catá Sala	Independent	● ● ○ C	Director	29/01/2015	28/03/2019	Resolution of a General Meeting of Shareholders
Luis Deulofeu Fuguet	Independent ○ ●		Director	28/07/2021	28/07/2021	Resolution of the Board of Directors
María José García Beato	Other External ○ ●		Director	24/05/2018	28/03/2019	Resolution of a General Meeting of Shareholders
Mireya Giné Torrens	Independent	● ● C	Director	26/03/2020	26/03/2020	Resolution of a General Meeting of Shareholders
George Donald Johnston III	Independent	● ○ C	Director	25/05/2017	19/04/2018	Resolution of a General Meeting of Shareholders
David Martínez Guzmán	Proprietary		Director	27/03/2014	19/04/2018	Resolution of a General Meeting of Shareholders
José Manuel Martínez Martínez	Independent ○	● C	Director	26/03/2013	19/04/2018	Resolution of a General Meeting of Shareholders
José Ramón Martínez Sufregui	Independent	● ●	Director	18/09/2010	28/03/2019	Resolution of a General Meeting of Shareholders
Alicia Reyes Revuelta	Independent	● ○	Director	24/09/2020	26/03/2021	Resolution of a General Meeting of Shareholders
Manuel Valls Morató	Independent	● ○	Director	22/09/2016	26/03/2021	Resolution of a General Meeting of Shareholders
David Vegara Figueras	Executive		Director	28/05/2015	28/03/2019	Resolution of a General Meeting of Shareholders

\*Member on strategy issues only.

#### Committees of the Board of Directors

- Strategy and Sustainability Committee
- Credit Delegated Committee
- Audit and Control Committee
- Appointments and Corporate Governance Committee
- Remuneration Committee
- Risk Committee
- C Chairman

# 11/15

Number of Directors  
in the Articles

# 15

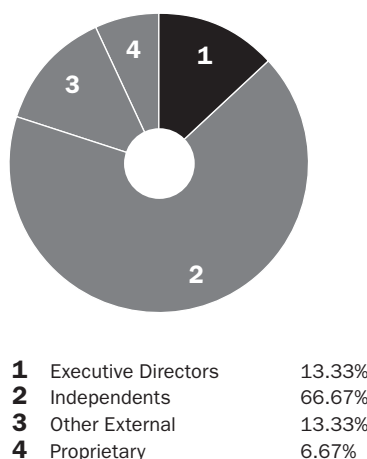
Directors set by the  
General Meeting

# 15

Members of the  
Board of Directors

During the 2021 financial year, there have been changes in the category of the Directors Mr Josep Oliu Creus and Ms María José García Beato, who have become Other External Directors, their previous category being that of Executive Directors.

Of the fifteen members of the Board of Directors, two are Executive Directors (13.33 % of the total Board) and thirteen are Non-Executive Directors, of whom ten are Independent (66.67 % of the total Board), two are Other External (13.33 % of the total Board) and one is Proprietary (6.67 % of the total Board).



Mr Miquel Roca i Junyent, has been non-voting secretary since 13 April 2000. Mr Gonzalo Baretino Coloma was appointed Non-Director Deputy-Secretary on 26 March 2021. There have been no appointments of proprietary Directors at the proposal of shareholders owning less than 3% of capital.

The following resignations from the Board of Directors of Banco Sabadell took place in 2021 and have been duly reported to the CNMV in the form of other relevant information disclosures:

Mr Jaume Guardiola Romojaro, after obtaining the corresponding regulatory authorisations for the appointment of Mr César González-Bueno Mayer as Executive Director and CEO, tendered his resignation as a member of the Bank's Board with the category of Executive Director with effect from 18 March 2021, in a letter addressed to all the members of the Board of Directors, in which he expressed his deep satisfaction at having carried out this important stage of his career at Banco Sabadell.

Mr José Javier Echenique Landiribar tendered his resignation as Deputy-Chairman and Independent Director on 28 July 2021 by a letter addressed to all members of the Board of Directors, in which he stated that personal and professional commitments made it difficult for him to continue performing this role.

## 3.2. Director profiles (C.1.3)

Below is the Matrix of competencies and diversity of the members of the Board of Directors, which lists the horizontal and sectoral competencies of the Board of Directors. The Matrix is published in Banco Sabadell's Internal Governance Framework on the website [www.grupobancosabadell.com](http://www.grupobancosabadell.com), in the section "Corporate Governance and Remuneration Policy".

Sectoral competencies	Chairman	Deputy Chairman	Chief Executive Officer	Director
	Josep Oliu Creus	Pedro Fontana García	César González-Bueno Mayer	Anthony Frank Elliott Ball
	<b>Ext. D.</b>	<b>Ind. D.</b>	<b>Exec. D.</b>	<b>Lead. I.D.</b>
Banking Retail	●	●	●	
Corporate	●	●	●	
Financial and capital markets	●	●	●	●
Insurance	●	●	●	
Other financial competences	●	●	●	●
Accounting and auditing	●	●	●	
Risk Management	●	●	●	
Planning and strategy	●	●	●	●
Governance	●		●	●
Risk control	●	●	●	●
Anti-money laundering and countering the financing of terrorism.	●		●	
Legal	●		●	
Digital and IT (digital transformation)	●		●	●
Human resources, culture, talent and remuneration	●		●	●
Responsible business and sustainability	●		●	
International experience:				
Spain	●	●	●	●
United Kingdom	●		●	●
Mexico	●			●
Other	●	●	●	●
<b>Cross-organisational competencies</b>				
Governing bodies	●	●	●	●
Organisation management and direction	●	●	●	●
Business experience	●	●	●	●
Government and public policy	●		●	
Consultancy			●	
Regulatory and supervisory bodies	●		●	
Academic	●		●	
Communication and institutional relations	●		●	●

Sectoral competencies		Board Members										
		Aurora Catá Sala	Luis Deulofeu Fuguet	María José García Beato	Mireya Giné Torrens	George Donald Johnston III	David Martínez Guzmán	José Manuel Martínez	José Ramón Martínez Sufrategui	Alicia Reyes Revuelta	Manuel Valls Morató	David Vegara Figueras
		Ind. D.	Ind. D.	Ext. D.	Ind. D.	Ind. D.	Prop. D.	Ind. D.	Ind. D.	Ind. D.	Ind. D.	Exec. D.
Banking	Retail		●	●		●		●	●	●		
	Corporate	●		●		●				●		
Financial and capital markets		●		●	●	●	●	●		●		●
Insurance								●		●	●	
Other financial competences		●	●	●	●	●	●	●	●	●	●	●
Accounting and auditing		●		●	●			●	●	●	●	●
Risk Management			●	●		●	●	●		●	●	●
Planning and strategy		●	●	●	●	●	●	●	●	●	●	●
Governance		●	●	●	●	●		●		●		●
Risk control			●	●		●	●			●	●	●
Anti-money laundering and countering the financing of terrorism.				●		●				●		●
Legal				●						●		
Digital and IT (digital transformation)		●	●		●							
Human resources, culture, talent and remuneration		●	●	●	●	●		●	●	●		●
Responsible business and sustainability				●								
International experience												
	Spain	●	●	●	●	●	●	●	●		●	●
	United Kingdom			●		●	●			●		●
	Mexico						●					●
	Other		●	●	●	●	●	●		●		●
<b>Cross-organisational competencies</b>												
Governing bodies		●	●	●	●	●	●	●	●	●	●	●
Organisation management and direction		●	●	●	●	●	●	●	●	●	●	●
Business experience		●	●	●	●	●	●	●	●	●	●	●
Government and public policy			●	●							●	●
Consultancy		●	●		●							●
Regulatory and supervisory bodies				●				●		●	●	●
Academic				●	●					●		●
Communication and institutional relations			●	●				●		●		



<b>Josep Oliu Creus</b> Non-Executive Chairman	<b>Profile</b> Banking/Retail & Corporate Banking/ Financial/ Academic/ International	He holds a degree in Economics from the University of Barcelona and a PhD in Economics from the University of Minnesota. (USA). Professor of Economic Theory at the University of Oviedo. Appointed Director-General Manager of Banco Sabadell in 1990. Chairman of Banco Sabadell since 1999. Non-executive Chairman of Exea Empresarial and the latter's representative Director on the board of Puig, S.L. Member of FEDEA (Fundación de Estudios de Economía Aplicada) and of the Board of Trustees of the Princess of Asturias Foundation and the Princess of Girona Foundation.
<b>César González-Bueno Mayer Wittgenstein</b> Chief Executive Officer	<b>Profile</b> Banking/Retail & Corporate Banking/ Financial/ Regulatory/ International/ Digital and IT (digital transformation)	Double degrees in Law and Business Administration from ICADE, Madrid, and an MBA from Yale School of Management, Yale University, Connecticut (USA). Founder and CEO of ING Direct, N.V. Branch in Spain (1998-2010), General Manager for Spain, France, Italy and the United Kingdom of ING Direct, N.V. (2004-2010), Regional Head of Europe of ING Bank (2010-2011), CEO of Novagalicia Banco (now Abanca) (2011-2013), CEO of Gulf Bank (2014-2016), CEO of ING Spain and Portugal (2017-2019) and Non-Executive Director of TSB Bank, PLC and TSB Banking Group, PLC of the Banco Sabadell Group (2020-2021). Member of the Board of Trustees of the <i>Ciudad Escuela de los Muchachos</i> Foundation.
<b>David Vegara Figueras</b> Director General Manager	<b>Profile</b> Financial/ Risks/ Academic/ Regulatory	A graduate in economics from the Autonomous University of Barcelona, he holds an MA in economics from the London School of Economics. Former Secretary of State for the Economy in the Spanish government (2004-2009), Deputy Director of the International Monetary Fund (2010-2012) and Deputy Chief Executive Officer, Banking, in the European Stability Mechanism (2012-2015). Associate professor in the Department of Economics, Finance and Accounting at ESADE (2015-2018). Member of the Supervisory Board of Hellenic Corporation of Assets and Participations, S.A. and Trustee of the Pasqual Maragall Foundation. He is a non-executive Director of TSB Bank, PLC and TSB Banking Group, PLC of the Banco Sabadell Group.
<b>David Martínez Guzmán</b> Proprietary Director	<b>Profile</b> Business/ Financial/ International	Holds a degree in Electrical & Mechanical Engineering from the National Autonomous University of Mexico, Diploma in Philosophy from Universitas Gregoriana (Italy), and an MBA from Harvard Business School. Founder of Fintech Advisory in 1987, the fund management company of Fintech Investments Ltd. (New York and London). Director of listed companies Alfa, S.A.B., Vitro, S.A.B. and Cemex, S.A.B. Mr. David Martinez Guzman, a proprietary Director, is the indirect owner of the voting rights attributed to the shares held by Fintech Europe, S.À.R.L., as the latter is owned 100% by Fintech Investment Ltd., the investment fund managed by Fintech Advisory Inc. (FAI). FAI is owned 100% by Mr. David Martinez Guzman.
<b>Pedro Fontana García</b> Independent Deputy Chairman	<b>Profile</b> Banking/ Retail Banking/ Business	Holds a degree in Business Sciences from ESADE and an MBA from Harvard Graduate School of Business Administration, Boston, Massachusetts (USA). General Manager of COOB'92 (1990-1993), General Manager of Turisme de Barcelona (1993-1994), Chairman of Banca Catalana (1994-1999), General Manager of BBVA Catalonia (2000-2009), Executive Chairman of AREAS (Elior Group) (2012-2017), Deputy General Manager of Elior Group, S.A. (2017-2018), and representative of EMESA Corporacion Empresarial, S.L. on the board of the listed company Elior Group, S.A. (2018-2019). Independent Director of Grupo Indukern, S.L. and of Pax Equityco, S.A.R.L., Chairman of Asociación para el Progreso de la

Dirección -Catalonia Chapter, Member of the Board of Trustees of Fundació Privada Cercle d'Economía and of Fundació Barcelona Mobile World Capital, and a Director of Fira Internacional de Barcelona.

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**Anthony Frank Elliott Ball**  
Lead Independent Director

**Profile**  
Business/  
International

Chartered Engineer; MBA from Kingston Business School, Kingston University (London). Honorary Doctorate from the Kingston University Faculty of Business and Law and from Middlesex University. Former Chairman and CEO of Fox Sports International (1995-1996), CEO of Fox Liberty Networks LLC. (1996-1999), Chief Executive Officer of BSkyB Plc. (1999-2004), Chairman of Kabel Deutschland GmbH (2005-2013) and Independent Director of BT Group (2009-2018).

Director of Ambassadors Theatre Group Ltd, Chairman of Bité Group and Proprietary Director of Masmovil Ibercom, S.A., companies in which Providence Equity Partners LLC has an interest.

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**Aurora Catá Sala**  
Independent Director

**Profile**  
Business/  
Consultant/  
Financial/Human  
Resources

Holds a degree in Industrial Engineering (major in Industrial Organisation) from the Polytechnic University of Catalonia and an MBA and PADE from IESE Barcelona. Chief Financial Officer of Nissan Motor Ibérica, S.A. (1991-1996), CEO of Planeta 2010 (1999-2002), Founder of ContentArena (2002-2003), General Manager of Audiovisual Media of Recoletos Grupo de Comunicación (2003-2008), Member of the Governing Board of the *Institut Català de Finances* (2014) and Independent Director of Atresmedia Corporación de Medios de Comunicación, S.A. (2019-2021). Formerly held a number of Directorships. Independent Director of Repsol, S.A. and Atrys Health, S.A. Chairman of Barcelona Global and Member of the Executive Committee of IESE alumni. Director of Sabadell Information Systems, S.A. (a technology subsidiary of Banco Sabadell).

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**Luis Deulofeu Fuguet**  
Independent Director

**Profile**  
Banking/  
Retail Banking/  
Digital IT (Digital  
Transformation)/  
Business/  
Consultant

Qualified as an Advanced Telecommunications Engineer from the Polytechnic University of Catalonia, "Finance for Executives" at ESADE and PDG from IESE (Barcelona). Senior Manager at Andersen Consulting (1988-1994), Head of Technical Services & Development of New Projects at Acesa (1994-2001), Chief Technology Officer at La Caixa (2001-2011), Managing Director for Internal Resources and Efficiency at Abertis Infraestructuras (2011-2014). Managing Director of Sanef (2014-2018) and Deputy CEO of Cellnex Telecom (2018-2020). He has been Founder and Administrator of Acesa Telecom (today Cellnex Telecom), and Founder and Director of the *Parc Logístic de la Zona Franca* (Duty-Free Zone Logistics Park), as well as Vice-Chairman of the Catalan Research and Innovation Foundation and Trustee of the Barcelona Digital Foundation, and Board member of numerous entities such as e-La Caixa, Abertis Telecom, Invercaixa Gestión, Sanex, Xfera, Cellnex Telecom, Hispasat, DDST-Tradia, among others. Since 2020, Director of Sabadell Information Systems, S.A., a technology subsidiary of Banco Sabadell and Member of the Technology Committee (CATED). Senior Advisor at Cellnex Telecom and Chairman of the Cellnex Foundation.

<b>Mireya Giné Torrens</b> Independent Director	<b>Profile</b> Financial/ Academic/ Governance/Digital and IT (Digital Transformation)	BA and MA (Cum Laude) in Economics from Pompeu Fabra University, and PhD from the University of Barcelona. Director of International Initiatives, Wharton Research Data Services (WRDS) since 2012, and Associate Professor in the Department of Finance at IESE Business School since 2018. Researcher at the European Corporate Governance Institute since 2018, a member of the World Economic Forum's network of experts since 2019, and member of the Center for Economic Policy since 2020. Independent Director of Sabadell Asset Management (2018-2020). Member of the Board of Trustees of the Aula Escola Europea Foundation.
<b>George Donald Johnston III</b> Independent Director	<b>Profile</b> Banking/ Corporate Banking/ Internacional	Bachelor of Arts in Political Science from Middlebury College, Vermont, (USA). Master of Arts in International Economics and Latin American Studies from the Johns Hopkins University School of Advanced International Studies, Washington DC. (USA). Executive Director at Salomon Brothers (1979-1990), Director of Bankers Trust International and member of its Global Executive Committee (1992-1999), Group Head of M&A for Europe and Member of the Europe Executive Committee and of the Global Operating Committee within the investment banking division of Deutsche Bank (1999-2005), Chairman of the M&A Group for Europe at Deutsche Bank (2005-2010). Independent Director of listed companies Acerinox, S.A. and Merlin Properties, SOCIMI, S.A.
<b>José Manuel Martínez Martínez</b> Independent Director	<b>Profile</b> Business/ Insurance/ Financial/ International	A Public Works Engineer, he obtained a degree in Economics and Actuarial Science at the University of Madrid. Former Chairman of MAPFRE (2001-2012), Chairman of Fundación MAPFRE (2007-2012) and former member of the Board of Directors of <i>Consortio de Compensación de Seguros</i> and the International Insurance Society. Honorary Chairman of MAPFRE.
<b>José Ramón Martínez Sufreguiegui</b> Independent Director	<b>Profile</b> Banking/Business	An architect specialising in urban development, he holds an Executive MBA from IE Business School, Madrid. Former Director of Banco Guipuzcoano (1990-2010). Owner and Chairman of an extensive group of companies, he is currently Chairman of Centro Fuencarral, S.A., Comercial del Campo, S.A., Edificios Cameranos, S.A., Inversiete, S.A., Produccion y Desarrollo, S.A., Títulos e Inversiones, S.A., and Villa Rosa, S.A.
<b>Alicia Reyes Revuelta</b> Independent Director	<b>Profile</b> Banking/Retail & Corporate Banking/ Financial/ International	Double degrees in Law and Business Administration from ICADE, Madrid. PhD in Quantitative Methods and Financial markets from ICADE. Formerly held a number of Directorships. Country Manager of Bear Stearns for Iberia (2002-2006), Global Head of Structuring of Financial Institutions and Global Head of Insurance Solutions and Strategic Capital Derivatives at Barclays Capital (2010-2014). Partner of Olympo Capital (2014-2015). Independent Director (2015-2016), Chief Executive Officer (CEO) for the EMEA business (2016-2020) and Acting Chairwoman (2019) of Wells Fargo Securities International LTD. She is a guest lecturer at the Institute of Finance and Technology in the Engineering Faculty of University College London (UCL), and a trustee of the NGO, Fareshare. Independent Director of Ferrovial, S.A. and Non-Executive Director of TSB Bank, PLC and TSB Banking Group, PLC of the Banco Sabadell Group.

**Manuel Valls Morató**  
Independent Director

**Profile**  
Auditor/Financial

He holds a degree in Economics and Business Studies from the University of Barcelona and a post-graduate qualification in Business Administration from IESE/University of Navarre; he is a registered auditor and has been a member of Spain's official register of auditors since its creation. Partner of PwC (1988-2013), Head of the Audit Division at PwC (2006-2013) and Chairman of PwC Auditores (2006-2011). Independent member of the Governing Board of Institut Català de Finances (2015-2016). He is Lead Independent Director of the listed company Renta Corporación Real Estate, S.A. and Chairman of the Audit, Control and Risk Committee at COBEGA. Director of Sabadell Information Systems, S.A., a technology subsidiary of Banco Sabadell.

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**María José García Beato**  
Other External  
Director

**Profile**  
Banking/  
Legal/  
Regulatory/  
Governance

Degree in Law and Diploma in Criminology. Spanish State Attorney (1991). Former positions include State Attorney at the Madrid High Court of Justice, Chief Legal Counsel at the Data Protection Agency, State Attorney as consultant to the Directorate of the State Legal Service, Head of the General Secretariat of Communications, and State Attorney at the National Court. Chief of Staff and Under-Secretary at the Ministry of Justice (2000-2004). She has been Head of the Legal Department (2005-2008), General Secretary (2008-2021) and Executive Director (2018-2021) of Banco Sabadell. Independent Director of the listed company Red Eléctrica Corporación, S.A. (2012-2021). Non-Executive Director of MdF, S.A., Member of the Board of Trustees of Fundación Banco Sabadell and of the Foundation of the Spanish Banking Association and member of the Advisory Board of the Board of Trustees of Fundación CajaSur.

### 3.3. Positions held by Directors in other Banco Sabadell Group companies and other listed and unlisted companies (C.1.10, C.1.11 and C.1.12)

#### 3.3.1 Positions in other Group companies

Mr Josep Oliu Creus is non-executive Chairman of the subsidiary Sabadell Consumer Finance, S.A.U.;

Mr David Vegara Figueras and Ms Alicia Reyes Revuelta are non-executive Directors of TSB Bank, Plc and TSB Banking Group, Plc;

Ms Aurora Catá Sala, Mr Manuel Valls Morató and Mr Luis Deulofeu Fuguet are non-executive Directors of Sabadell Information Systems, S.A.U. (SABIS).

#### 3.3.2 Positions in other listed and unlisted companies

The positions held by Banco Sabadell Directors in other entities, as well as, where applicable, the remunerated activities they perform are detailed in section C.1.11 of the Statistical Annex to the Annual Corporate Governance Report of Listed Companies 2021 appended to this Report.

#### 3.3.3 Specific rules for credit institutions regarding the number of positions a member of the Board of Directors can hold.

In addition, in accordance with article 26 of Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, the maximum number of positions on company boards of which Directors may form part is as follows:

- one executive Directorship and two non-executive Directorships.
- four non-executive Directorships.

For these purposes, executive or non-executive positions held within the same group shall be counted as a single position.

For the purpose of determining the maximum number of positions, positions held in non-profit or non-commercial organisations or entities shall not be counted.

### 3.4. Diversity Policy at Banco Sabadell (C.1.4, C.1.5, C.1.6, C.1.7, C.1.14 and C.2.2)

Banco Sabadell, in general terms, has policies governing diversity in terms of age, gender, disability, and professional training and experience.

The Banco Sabadell Director Candidate Selection Policy, approved on 25 February 2016 (most recently amended on 30 September 2021), establishes criteria to be considered in the process of selecting new members and re-appointing incumbent members of the Board of Directors in order to foster diversity. This Policy is available in the “Corporate Governance and Remuneration Policy” section of the Bank’s corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com).

Under Article 66 of the Articles of Association, the Appointments and Corporate Governance Committee is entrusted with the function of ensuring compliance with the qualitative composition of the Board of Directors, establishing a target for representation of the gender that is less represented on the Board of Directors and drawing up guidelines on how to achieve that target.

The candidate selection process pursues an appropriate balance in the composition of the Board of Directors, which, as a whole, enriches decision-making and contributes plural viewpoints to the discussion of matters within its remit.

The Appointments and Corporate Governance Committee in fulfilling its duties has implemented the Policy and measures to increase the diversity of gender, age, background, knowledge and experience that contributes to the collective suitability of the Board, reporting favourably on the ratification and appointment of the Chief Executive Officer and proposing the ratification and appointment of one female Independent Director and the appointment of one Independent Director, as well as the re-election of two Independent Directors in 2021 who meet these criteria.

In compliance with Recommendation 14 of the Good Governance Code for listed companies, with the function assigned in section 4.17 of its Regulations and with the Banco Sabadell Director Candidate Selection Policy, the Appointments and Corporate Governance Committee verified compliance with the Policy in the appointments and re-elections made in 2021 by the General Meeting of Shareholders and the Board of Directors. This verification proved compliance with the parameters and requirements of both the Policy and the regulations in force for the position of member of the Board of Directors of a credit institution, and concluded that the appointments approved in 2021 favour an appropriate composition of the Board of Directors, by increasing its diversity in relation to the category of the Directors and the knowledge, competencies and experience which have been strengthened, thus complying with the mandate of the Board of Directors and the Appointments and Corporate Governance Committee itself to contribute to increasing competencies diversity within the Board. In particular, the areas of retail banking, digital competency and IT (digital transformation), IT risk and risk management have been strengthened.

To select candidates, the Appointments and Corporate Governance Committee drew on the Matrix of competencies and diversity of the members of the Board of Directors of Banco Sabadell, which defines the Directors' aptitudes and knowledge. In addition, the Committee has relied on external consultants who have provided it with profiles of candidates meeting the competency profiles prioritised by the Appointments and Corporate Governance Committee.

At the close of financial year 2021, there were four female Directors: three female Independent Directors (out of a total of ten Independent Directors) and one female Other External Director.

The trend in the number of female Directors in the Board of Directors and its committees in recent years is as follows:



	Number of female Directors				% of total Directors in each category			
	Financial year 2021	Financial year 2020	Financial year 2019	Financial year 2018	Financial year 2021	Financial year 2020	Financial year 2019	Financial year 2018
Executives	—	1	1	1	—	25.00	20.00	25.00
Proprietaries	—	—	—	—	—	—	—	—
Independents	3	3	1	2	30.00	30.00	12.50	20.00
Other Externals	1	—	1	—	50.00	—	100.00	—
<b>Total</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>26.67</b>	<b>26.67</b>	<b>20.00</b>	<b>20.00</b>

The presence of women on the Board of Directors' Committees is as follows: two female independent Directors are the Chairwoman of the Remuneration Committee and the Chairwoman of the Audit and Control Committee, respectively, as well as members of the Risk Committee and the Appointments and Corporate Governance Committee; another female independent Director is a member of the Credit Delegated Committee and the Risk Committee; and finally, the female other external Director is a member of the Credit Delegated Committee

and the Strategy and Sustainability Committee. Thus, women chair two committees and are present in all Board Committees. Hence their presence reaches 16.67% (on strategy matters) and 20% (on sustainability matters) of the Strategy and Sustainability Committee, 40% of the Credit Delegated Committee, 25% of the Audit and Control Committee, 50% of the Appointments and Corporate Governance Committee, 25% of the Remuneration Committee and 50% of the Risks Committee.

#### Number of female Directors

	Financial year 2021		Financial year 2020		Financial year 2019		Financial year 2018	
	Number	%	Number	%	Number	%	Number	%
Strategy and Sustainability Committee	1	16.67*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Credit Delegated Committee	2	40.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Audit and Control Committee	1	25.00	1	25.00	1	25.00	1	25.00
Appointments and Corporate Governance Committee	2	50.00	1	33.33	2	50.00	2	50.00
Remuneration Committee	1	25.00	1	25.00	1	25.00	2	50.00
Risk Committee	2	50.00	1	33.33	1	33.33	1	25.00

\* 20% on Sustainability matter.

27 % of the Board members in Banco Sabadell were women in financial year 2021, in line with the general target set by the CNMV of 30 %. The Board and the Appointments and Corporate Governance Committee have committed to promoting the diversity of the Board, ensuring that it has a sufficient number of female Directors, promoting compliance with the objective of representing the under-represented gender.

In addition, Banco Sabadell has a set of policies, internal rules and codes of conduct that guarantee ethical and responsible behaviour throughout the organisation and have an impact on diversity and are equally applicable to the Board of Directors, both in the Director selection procedure and in the day-to-day performance of their functions, in matters such as training and professional experience, age, ability and gender. These regulations, which are applicable to the entire organisation, guarantee an increase in its diversity.

The percentage of women in senior management is 10%. The percentage of female executives at Banco Sabadell is 29.3%, having increased by 3.5 percentage points with respect to 2020 (25.8%).

### **3.5. Director Selection (C.1.16, C.1.21, C.1.22 and C.1.23)**

In accordance with the provisions of Articles 50, 53, 59 and 66 of the Articles of Association, of articles 17, 23 and 24 of the Board of Directors Regulations, the Banco Sabadell Director Candidate Selection Policy, dated on 25 February 2016, (most recently amended on 30 September 2021), in the renewal Plan of the Board of Directors of Banco Sabadell for financial years 2021-2024, and in the Procedure for assessing the suitability of the members of the Board of Directors and key function holders of Banco Sabadell, and the procedures for appointment, reappointment, evaluation and removal of Directors are as follows:

#### **Selection**

The Appointments and Corporate Governance Committee is responsible for analysing the competencies and diversity of the Board of Directors in order to determine the profile of candidates for Director, for which purpose it relies on the Matrix of competencies and diversity of the members of the Board of Directors. In compliance with the Policy it has the remit to assess the skills, knowledge and experience required for the appointment of members of the Board of Directors in advance and, for this purpose, it shall take into account the balance of knowledge, ability, diversity and experience of the members of the Board of Directors and, for these purposes, it shall define the duties and skills required of the candidates who will fill each vacancy and it shall assess the time and dedication required for them to perform their duties effectively.

# +3.5p.p.

**Increase in the number of female executives**

For candidate selection, the Appointments and Corporate Governance Committee may, if it sees fit, commission a consultancy firm of recognised standing in the field of personnel selection to initiate a process to search for candidates who match the desired profile. Additionally, any Director may suggest candidates for Director provided they meet the requirements laid down in the Policy.

#### **Suitability assessment**

Once a candidate has been selected, the procedure for assessing the suitability of Board members and key function holders must be applied; on this basis, the Appointments and Corporate Governance Committee analyses the information about the selected candidates and the reports submitted to it by the Board Secretary, drawn up by the Bank's General Secretariat, as to their commercial and professional integrity, knowledge and experience and their willingness to provide good governance, by application of the requirements defined in Law 10/2014, of 26 June, and taking due account of the criteria for assessing the suitability of the members of the Board of Directors as set out in Royal Decree 84/2015, of 13 February, implementing the aforementioned Law 10/2014, of 26 June, and the European Central Bank guidelines to assess the suitability of members of management bodies and key office holders (EBA/GL/2017/12 and EBA/GL/2021/05 from 31 December 2021). The Appointments and Corporate Governance Committee checks that candidates meet the requirements as to integrity, knowledge, experience and good governance laid down in the applicable regulations and draws up its suitability assessment report of the candidates. In addition, candidates for Directorships must be vetted in terms of their suitability by the European Central Bank.

The Appointments and Corporate Governance Committee is also entrusted with assessing Director suitability on an ongoing basis, as well as evaluating the profile of the persons most suited to being members of the various committees, and making proposals in this regard to the Board of Directors; in particular, it must seek to ensure that the rules on the qualitative composition of the Board of Directors are complied with.

## Appointment

After assessing the suitability of the candidate for Director, the Appointments and Corporate Governance Committee is entrusted, among its basic responsibilities in accordance with Article 66 of the Articles of Association, with making proposals to the Board for the appointment of Independent Directors either by co-opting or for submission to a vote by the General Meeting of Shareholders, and must advise on the proposals to appoint other Director categories by co-opting or by submitting the selection to the General Meeting of Shareholders to decide.

Members of the Board of Directors are appointed by the General Meeting of Shareholders. Likewise, any vacancies arising on the Board of Directors are filled by the General Meeting of Shareholders unless the Board of Directors decides, in the interests of the Bank, to act in accordance with the provisions of the Capital Companies Law. Directors appointed by co-optation hold office until the next General Meeting of Shareholders.

The Appointments and Corporate Governance Committee ensures that the appointment process favours both diversity and an appropriate balance in the composition of the Board, between the different types of Directors, Independent, Proprietary and Executive.

## Re-appointment

Directors are appointed for a term of at most four years and they can be re-appointed one or more times for periods of the same maximum duration.

The Articles of Association and Board of Directors Regulation do not establish an age or term limit for Directors or any other requirements for independent Directors that are stricter than those provided by law.

## Specific requirements applicable to the Chairman and Chief Executive Officer

The Succession Plan for the Chairman and Chief Executive Officer of Banco Sabadell establishes the specific requirements for appointment as Chairman of the Board of Directors and Chief Executive Officer; in general, they must be of acknowledged commercial and professional integrity, have suitable knowledge and experience to perform the duties of the office, and be willing to exercise good governance of the Bank.

In particular, they must have proven experience in the financial sector and/or in Senior Management functions,

have sufficient technical training in the fields of finance and/or business management and administration for the performance of the executive functions inherent to their position, and they must be able to demonstrate a professional track record that demonstrates leadership and/or entrepreneurship, in addition to meeting the conditions of suitability required of a Director of a credit institution in accordance with the applicable regulations.

## Removal

Directors must step down when their term of office ends if they are not re-appointed, or when the General Meeting of Shareholders or the Board of Directors so decides using the powers vested in them by law or the Articles of Association. The Appointments and Corporate Governance Committee is empowered to make proposals for the removal of independent Directors by the General Meeting of Shareholders, and to advise on proposals to remove Directors in the other categories. The Board does not currently have any powers in this respect under the law or the Articles of Association. The General Meeting of Shareholders may remove Directors at any time, as provided in article 50 of the Articles of Association.

## Restrictions

The following may not hold office as members of the Board of Directors:

- Minors.
- Persons disqualified by law, undischarged bankrupts or insolvents, those with convictions involving disqualification from holding public office, and those convicted of serious breaches of the law or Company regulations, or who are prevented from engaging in business activities due to their position.
- Government officials whose duties are related to, or have a bearing on, the Bank's business activities.
- Those in default with respect to any past-due obligation to the Bank.
- Persons in any of the situations of incompatibility or limitation on holding office as provided by law.

## 3.6. Reasons for which a Director is obliged to resign (C.1.19, C.1.36 and 1.37)

Under article 50 of the Articles of Association and article 24 of the Regulations of the Board of Directors, and in compliance with the Banco Sabadell Group Code of Conduct and its Policy on Conflicts of Interest of Directors and Senior Management, they must disclose any case where there might be a conflict of values or interests in order to enable the Bank to manage such situations appropriately.

Directors are obliged to resign when they are disqualified on the grounds of incompatibility, prohibition or limitation as laid down in the applicable regulations.



Additionally, in accordance with article 24 of the Banco Sabadell Board of Directors Regulation, Directors must step down when their term ends and when the General Meeting of Shareholders or the Board of Directors so decides using the powers conferred on them by law or the Articles of Association, and;

- If they are disqualified by any of the conditions of incompatibility or prohibition by law or the Articles of Association.
- If they are arraigned for an alleged crime or are the subject of disciplinary proceedings by the supervisory authorities for a serious or very serious infringement.
- Where their continuance on the Board may jeopardise the company's interests.

During financial year 2021, the Board of Directors was not informed and did not otherwise become aware of any situation affecting a Director, whether or not related to their performance in the Bank itself, that might impair the Bank's credit and reputation; consequently, it was not necessary to record any such case.

## 3.7. Workings of the Board

(C. 1.9, C.1.20, C.1.24 and C.1.35)

### 3.7.1. Proxies

Directors must attend meetings of the Board of Directors in person. However, when they can not attend in person, they may grant proxy to another Director. Article 60 of the Articles of Association establishes that non-executive Directors may grant proxy only to another non-executive Director.

Additionally, the Director Remuneration Policy for financial years 2021, 2022 and 2023, approved by the Shareholders' Meeting on 26 March 2021, which establishes the system of remuneration for Directors for their functions as members of the Board of Directors, establishes, in addition to the fixed remuneration for membership of the Board, per diems for meeting attendance, capped at 11 per diems for ordinary meetings; Directors may collect per diems for up to two meetings per year missed for just cause provided that they grant proxy.

### 3.7.2. Adopting resolutions

No supermajority is required other than the legal majority.

### 3.7.3. Powers delegated by the Board

The Chief Executive Officer Mr César González-Bueno Mayer Wittgenstein has all the powers of the Board - except those that cannot be legally delegated - necessary for the effective management of the Institution as its first executive. The Chief Risk Officer, Mr David Vegara

Figueras, has general powers of attorney necessary for the exercise of his executive functions in the Entity.

The Credit Delegated Committee has been delegated powers by the Board of Directors to analyse and, where appropriate, resolve credit transactions in accordance with the assumptions and limits established by express delegation of the Board of Directors, as set out in the Regulations of the Credit Delegated Committee and detailed in section 4.2.

### 3.7.4. Information and documentation

The Bank has procedures for providing the Directors with the necessary information and material to prepare for meetings of the Board of Directors and its committees in a timely manner.

Article 21.1 of the Regulations of the Board of Directors establishes that the notice of the meeting shall always include its agenda, which must contain, among other items, those that concern information about subsidiary companies and Board Committees, as well as the proposals and suggestions made by the Chairman and the other members of the Board and by the General Managers of the Bank, provided that notice is given at least five business days prior to the date of the Board Meeting, as well as proposals that must be supported by any relevant material for their distribution to the Directors.

Additionally, article 25 provides that:

- Directors are vested with the broadest powers to be informed about any aspect of the company, to examine its books, records, documents and other background information on the company's transactions and operations and to inspect all of its facilities and installations. The right to information extends to subsidiaries, both domestic and foreign.
- So as not to disturb the ordinary running of the company, requests by Directors for information must be channelled through the Chairman or the Board Secretary, who must attend to the Director's requests by giving the information directly, providing appropriate access to individuals at the relevant level of the organisation, or providing the means by which the Director may carry out the desired examination and inspection on site.

Banco Sabadell has a procedure for providing the Directors with the necessary material to prepare for meetings of the Board of Directors and its committees in a confidential and encrypted manner, using the Diligent Boards software running on iPads. Information for Board meetings is circulated to the Directors one week in advance, and it is elaborated upon or updated in the boardbook as needed; hence, they are duly informed.

### 3.8. Number of Board and Committee meetings, and attendance (C.1.25 and C.1.26)

The following table shows the number of meetings held by the Board of Directors and its Committees in 2021:

#### Number of meetings

<b>15</b>	<b>0</b>	<b>9</b>	<b>21</b>	<b>12</b>	<b>16</b>	<b>12</b>	<b>14</b>
Board of Directors	Board of Directors meetings without the attendance of the Chairman	Strategy and Sustainability Committee	Committee Credit Delegated Committee	Audit and Control Committee	Appointments and Corporate Governance Committee	Remuneration Committee	Risk Committee

Additionally, the Lead Independent Director held 1 meeting with the other Directors which no executive Directors attended either in person or by proxy.

Data on attendance at Board of Directors meetings is shown in the following table:

#### Number of meetings

**15/15**

Number of meetings in which at least 80% of Directors were present in person

**15/15**

Number of meetings with attendance of all Directors either in person or by proxies, given specific instructions

%

**99.10%**

Attendance in person as a % of total votes during the year

**100%**

Votes cast in person and by proxies with specific instructions, as a % of total votes during the financial year

### 3.9. Takeover bids (C.1.38)

The Bank has not entered into any significant agreements which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

### 3.10. Assessment of the Board and its Committees (C.1.17 and C.1.18)

Every year since 2007, the Bank has evaluated the performance of the Board of Directors and its committees (currently the Strategy and Sustainability Committee, the Credit Delegated Committee, the Audit and Control Committee, the Appointments and Corporate Governance Committee, the Remuneration Committee and the Risk Committee). In compliance with the provisions of Recommendation 36 of the Good Governance Code of Listed Companies (revised in June 2020), at least every three years the Board of Directors of Banco Sabadell engages an external facilitator to aid in the evaluation process. This facilitator's independence is verified by the Appointments and Corporate Governance Committee.

It was decided that the performance assessment of the Board of Directors and its committees for 2021 will be performed internally by the Entity in the first quarter of financial year 2022. The internal assessment methodology is based on two main elements: (i) input from the Directors, and (ii) analysis of significant corporate documentation of Banco Sabadell relating to significant aspects of the Bank's corporate governance system.

In accordance with the recommendations of the Code of Good Governance for listed companies (revised in June 2020), the evaluation of the performance of the Board of Directors, its Committees and the Chief Executive Officer, as well as the Secretary and the Deputy Secretary, is organised and coordinated by the Chairman of the Board of Directors, with the Lead Independent Director leading the evaluation of the Chairman.

The areas to be evaluated are those indicated in the CNMV's Technical Guide on Appointments and Remuneration Committees, which extends the scope of the evaluation provided for in Recommendation 36 of the Good Governance Code of Listed Companies (revised in June 2020): quality and efficiency of the functioning of the Board and its committees, including the degree of effective performance and contributions of its members; the size,

composition and diversity of the Board and its Committees; the performance of the Chairman, the Deputy Chairman, the Chief Executive Officer, the Lead Independent Director and the Secretary of the Board; the performance and contribution of the Directors; the frequency and duration of meetings; attendance; the content of the agenda and whether sufficient time was devoted to dealing with the issues in accordance with their importance; the quality of the information received; the breadth and openness of the deliberations; and training.

On 18 February 2021, the Board of Directors, following a report from the Appointments Committee, approved the 2020 evaluation carried out internally by the Entity, with satisfactory results.

As a result of the evaluation, in 2021 (i) the systems and procedures have been strengthened to ensure that the documentation of the Board meetings is available to the Directors sufficiently in advance and in an appropriate and comprehensible manner; (ii) a new profile has been incorporated, which provides different and complementary skills to those already existing on the Board of Directors, specifically targeting persons with sectoral knowledge and experience in retail banking; (iii) special monitoring of the adaptation of the Bank's remuneration policies to the measures derived from new regulations on remuneration, as well as their effective implementation; (iv) reinforcement and continuation of the training programmes for Directors on matters related to their specific needs and corporate governance, within the framework of the Training Programme for Directors approved by the Board of Directors for this financial year; and (v) monitoring of compliance with the specific action plans approved by the various Committees for the financial year 2021.

On 17 February 2022, the Board of Directors, following a report from the Appointments and Corporate Governance Committee, approved the evaluation of 2021, carried out internally by the Entity, with a satisfactory result.

### 3.11. Remuneration of Directors and Senior Management (C.1.13 and C.1.14)

Further details of Director remuneration may be found in the Annual Report on Director Remuneration for financial year 2021, approved by the Board of Directors on the same date as the Annual Report on Corporate Governance, which is published on the website of the CNMV and available on the corporate website of Banco Sabadell, [www.grupobancosabadell.com](http://www.grupobancosabadell.com), in the section "Corporate Governance and Remuneration Policy".

Remuneration accrued in favour of the Board of Directors in the financial year (thousands of euros)	44,604
Amount of funds accumulated by current Directors for long-term savings schemes with vested financial rights (thousands of euros)	4,696
Amount of funds accumulated by current Directors for long-term savings schemes with non-vested financial rights (thousands of euros)	2,471
Amount of funds accumulated by former Directors for long-term savings schemes (thousands of euros)	3,703

The remuneration accrued in the financial year in favour of the Board of Directors incorporates the amounts corresponding to 2021 of everyone who was a member of the Board of Directors in that year. Some of the amounts correspond to extraordinary events that happened during 2021 concerning the Executive Directors who make the bases non comparable to 2020 and with significant differences. These events are the consolidation of economic rights of long-term savings plans whose contributions have been made during the previous years and the severance pay amounts for the executive Directors, in the terms of this section 3 of the Annual Report on Directors' Remuneration. If these events did not happen and only the amounts arising from the regular activity were considered, the amount of the remuneration accrued in companies of the group in 2021 would amount to 7,179 thousands of euros instead of the 44,604 thousands of euros.

Additionally, in 2020, as a responsibility measure against the crisis brought about by COVID-19, the Chairman and the executive Directors voluntarily waived their variable annual remuneration for 2020. If this had not happened, the amount of the remuneration accrued in companies of the group in 2020 would amount to 7,644 thousands of euros.

The comparable ordinary remunerations in 2021 decreased 465 thousand of euros (-6,1%) regarding remunerations in 2020.

	2021	2020
<b>Summary of the Directors' comparable remunerations (thousands of euros)</b>	<b>7,179</b>	<b>7,644</b>
Extraordinary events in each year		
Consolidation of Directors' severance pay and pensions	37,425	
Directors' waiver of the variable remuneration payment for 2020		865
Total amounts published in the statistical annex, including extraordinary events	44,604	6,779

The members of Banco Sabadell's Senior Management and the Head of Internal Audit, excluding executive Directors, as at 31 December 2021, are as follows:

#### Senior Management:

##### General Manager

Leopoldo Alvear Trenor  
Miquel Montes Güell  
José Nieto de la Cierva  
Carlos Ventura Santamans

##### General Secretary

Gonzalo Baretino Coloma

##### Deputy General Manager

Marc Armengol Dulcet  
Xavier Comerma Carbonell  
Ana Ribalta Roig

##### Deputy Chief Executive

##### Director of Internal Audit

Nuria Lázaro Rubio

Total remuneration of Bank's Senior Management and the Head of Internal Audit (thousands of euros)	9,253
Combined contributions to pension plans, structured through insurance policies, in financial year 2021 (thousands of euros)	1,426

The total remuneration of the Bank's Senior Management includes the amounts received by all members who were senior managers at any time during 2021, in proportion to their time in the position. It includes accrued and not subject to deferral amounts.

### 3.12. Severance pay, guarantee clauses and golden handshakes agreed between the Bank and its Directors, executives or employees

(C.1.39)

— 35 beneficiaries

— Description of beneficiaries:

Chairman, Chief Executive Officer, Director General Manager, and 32 Executives.

— Description of agreements:

The Chairman's contract of employment contains an early termination clause with two years' remuneration for non-voluntary eventualities linked to no-compete.

The Chief Executive officer's contract contains a post-contractual non-compete clause with two years' salary starting from the date of unfair dismissal or change of control and one year's salary in all other cases. The

Director General Manager contract contains a post-contractual non-compete clause lasting two years which would be applied at most until the first date of ordinary retirement in the amount of two years' salary of fixed remuneration.

There are 20 executives whose contracts have a clause providing indemnity in the amount of 2 years' fixed remuneration for cases of unfair dismissal or some limited cases of change of control. A further 12 executives have a post-contractual no-compete clause, 10 of them for a duration of two years, at the latest until the first date of ordinary retirement for an amount of two years' fixed remuneration, and 2 for a duration of one year from the date of unfair dismissal or due to some limited cases of change of control, at the latest until the first date of ordinary retirement for an amount of one year's fixed remuneration.

These contracts have been notified to and/or approved by the Board of Directors, and the General Meeting of Shareholders is informed of these clauses.

### 3.13. Audit of the financial statements

(C.1.27, C.1.28, C.1.30, C.1.31, C.1.32, C.1.33 and C.1.34)

The individual and consolidated Annual Accounts of Banco Sabadell for the financial year 2021 are certified in advance by the Chief Executive Officer and the Chief Financial Officer.

The Bank's internal services draw up the financial statements so as to present a true and fair view of Banco Sabadell's net worth, financial situation and results, by applying generally accepted accounting principles to all the financial and accounting information, so that the financial statements are drawn up in accordance with current accounting standards.

The Audit and Control Committee reviews Banco Sabadell's financial statements, both separate and consolidated, before referring them to the Board of Directors, and exercises vigilance to ensure compliance with the law and the proper application of generally accepted accounting principles. To this end, it holds regular meetings with the external auditors in order to be informed punctually about the audit process and to be aware sufficiently in advance of any discrepancies or differences of opinion that might arise. In the event of a discrepancy that might lead to a qualification in the auditors' report, the Committee seeks to resolve it before the Annual Accounts are prepared. The auditors attend the Board of Directors meeting to report on the degree to which the Annual Accounts conform to the accounting standards.

If the discrepancies cannot ultimately be resolved before the Annual Accounts are authorised, the annual report of the Audit and Control Committee must expressly describe the discrepancies and its position in connection with them.

The auditors' reports on the individual and consolidated Annual Accounts for financial year 2021 were unqualified.

Additionally, a certification process is carried out on the financial and non-financial information reported in the Annual Accounts, to provide greater robustness to the control framework of the preparation of accounts. This process is based on 3 levels of certification and it flows hierarchically along the organisation to the members of the Management Committee.

In connection with the external auditors, article 65 of the Articles of Association provides that the Audit and Control Committee has the following competencies:

- “4. To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment or re-election of the external auditors, establishing the conditions for hiring them, the scope of their professional mandate and, if appropriate, their revocation or non-renewal; to review compliance with the audit contract, and regularly obtain information from them on the audit plan and its execution, in addition to preserving their independence in the performance of their duties, ensuring that the opinion on the Annual Accounts and the

main contents of the audit report are drafted clearly and accurately.

- 6. To establish the appropriate relationships with the external auditors, in order to receive information on any issues which may jeopardize their independence, so that they may be examined by the Committee, and any other information or communications related to the process of the conduct of the account auditing and in the auditing standards.”

The Regulations of the Board of Directors state in similar terms whose article 34 provides that: “Relations between the Board and the company's external auditors will be channelled through the Audit and Control Committee”.

The Audit and Control Committee consisted of four independent Directors during the financial year 2021. The Committee's Regulations, in force in 2021, include the provisions of the Articles of Association and the Regulations of the Board of Directors; article 8.4 provides that, as Directors and members of the Committee, the said members must act with independence of judgment and action from the rest of the organisation (...).

On 19 April 2016, in conformity with Law 22/2015, of 20 July, on Auditing, and Regulation (EU) No 537/2014, of 16 April, the Audit and Control Committee approved the Group policy for safeguarding auditor independence. The last review of same was approved on 26 January 2022 by the Board of Directors on 26 January 2022, following a recommendation by the Audit and Control Committee. The policy is implemented through procedures that make provision for measures to preserve auditors' independence by monitoring possible incompatibilities arising from personal circumstances, prohibited services, staff turnover requirements and fee limits, as well as measures in the processes of auditor selection, appointment, reappointment or replacement, and processes for authorising all the auditor's services, particularly in connection with non-audit services that the auditor is not prohibited from providing.

Additionally, based on information received from the auditors, the Committee vetted the procedures and tools used by the firm to ensure compliance with the auditor independence requirements. Written confirmation of the firm's independence with respect to Banco Sabadell Group was received on 27 July 2021 and 24 January 2022. Based on the results of these checks, the Committee issued a report to the Board of Directors giving a favourable opinion on compliance with the auditor independence requirement before the auditor's report on the accounts was issued, and it issued its annual report on that independence.

Banco Sabadell complies with the principles of transparency and non-discrimination set out in the current legislation with respect to other market players. Specifically, Banco Sabadell: i) takes care not to provide financial analysts with any information that might put them in a position of privilege with respect to other market participants, ii) regularly uses the services of four prestigious

rating agencies (Fitch, DBRS, Moody's and Standard and Poor's), and iii) where Banco Sabadell receives advice from investment banks in certain transactions and, in the course of said advice, such investment banks become privy to inside information, the Institution includes the persons who become privy to such information in its internal control systems, and expressly notifies such persons of the obligation to fulfil their duty of confidentiality and comply with any trading restrictions, where applicable, and ensure that others comply with them also.

Additionally, Banco Sabadell conforms to the rules set out in its General Policy on Conflicts of Interest approved by the Board of Directors, whose ultimate and fundamental objective is that the persons who are bound by it should act in accordance with the ethical norms and principles that govern the Bank's activities, based on the following guidelines:

- Existence of measures to prevent conflicts of interest from arising.
- Where conflicts of interest arise or are going to arise, existence of measures that enable them to be detected for the purpose of recording and addressing them immediately.
- Whenever possible, they must be eliminated; otherwise, steps must be taken to reveal their nature and origin to the customer or the decision-making bodies, as appropriate, for the appropriate decisions to be made.

Banco Sabadell also acts in accordance with the principles established in the Banco Sabadell Policy on Outsourcing of Functions, approved by the Board of Directors.

### 3.13.1. External audit

During the 2021 financial year Banco Sabadell has been audited by KPMG Auditores, S.L. for a second year, after the Board of Directors, following a reasoned recommendation by the Audit and Control Committee, at a meeting held on 20 December 2018, and as communicated in significant event number 273,045, agreed to select KPMG as auditor of the accounts of Banco Sabadell and of the consolidated Annual Accounts of the Banco Sabadell Group for the 2020, 2021 and 2022 financial years. This decision was adopted in compliance with current legislation on auditor rotation and as a result of a selection process performed in accordance with the provisions of Regulation (EU) 537/2014 of 16 April, on specific requirements regarding statutory audit of public-interest entities. Following a proposal by the Board of Directors, the Ordinary General Meeting of Shareholders approved that appointment on 28 March 2019.

The audit firm has carried out other non-audit work for Banco Sabadell, the fees for which and the amount they represent of the fees billed for audit work for the Company and the Group were as follows:

	Individual	Consolidated	Total
Amount invoiced for non-audit services (thousands of euros)	211	46	<b>257</b>
Amount invoiced for non-audit work/Amount for audit work (in %)	8.88%	0.70%	<b>2.86%</b>

The amount of fees for non-audit work does not include audit-related services for a total of 502 thousand euros (316 thousand euros in respect of the Company and 186 thousand euros in respect of Group subsidiaries), since they are independent assurance services, some of which are required by law.

The number of consecutive years that the current audit firm has been auditing the individual and consolidated Annual Accounts of Banco de Sabadell, and the percentage that the number of years audited by the current audit firm represents of the total number of years in which the Annual Accounts have been audited, are as follows:

	Individuals	Consolidated
Number of consecutive financial years	2	2
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	4.88	5.41

## 4. Board of Directors Committees (C) (C.2.1 and C.2.3)

There are currently six operational Board Committees with the functions defined in the Articles of Association and the Regulations of the Board of Directors, which are implemented and complemented by the committees' own regulations. Those documents are available on the website [www.grupobancosabadell.com](http://www.grupobancosabadell.com), under "Corporate Governance and Remuneration Policy".

The Committees have sufficient resources to perform their functions, can draw on external advice and are entitled to obtain information about any aspect of the institution, with unrestricted access to senior management and Group executives and to any type of information or documentation at the Bank's disposal in connection with the matters within their competency.

All Board committees draw up an annual assessment report on their activities, which is submitted to the Bank's Board of Directors for evaluation. This assessment is carried out, at least, every three years with the help of an external consultant. The last assessment carried out with the support of an external consultant was performed in 2019. Additionally, the Audit and Control Committee, Appointments and Corporate Governance Committee, Remuneration Committee and Risk Committee draw up annual reports on their functions and activities, which are available on the website [www.grupobancosabadell.com](http://www.grupobancosabadell.com) in the section on "Corporate Governance and Remuneration Policy".

Finally, before going into detail on the current Board Committees, it should be noted that, once the regulatory authorisations to the amendment of the Articles of Association approved by the General Meeting of 26 March 2021 had been received, on 10 June 2021 the Delegated Committee was removed, and the first meeting of the Credit Delegated Committee was held.

## 4.1. Strategy and Sustainability Committee

### Membership and attendance at meetings

Chairman	Josep Oliu Creus	Other External	9/9
Members	Luis Deulofeu Fuguet*	Independent	2/2
	Pedro Fontana García**	Independent	8/9
	María José García Beato	Other External	9/9
	César González-Bueno Mayer***	Executive	9/9
	José Manuel Martínez Martínez**	Independent	8/9



\* Number of meetings which the Director attended with respect to the number of meetings held during the period in 2021 in which he/she was a member.

\*\* Both Directors gave specific instructions to a proxy for meetings from which they were absent.

\*\*\*Member on strategy issues only. The Strategy Committee is composed of 6 members, 50% of whom are independent Directors.

On 26 March 2021, at a meeting of the Board of Directors following the General Shareholders' Meeting held on the same date, the establishment of the Strategy and Sustainability Committee was approved, which held its first meeting on 22 April 2021. Its initial composition was as follows: Chairman, Mr Josep Oliu Creus; Members: Mr Javier Echenique Landiribar, Mr Pedro Fontana Garcia, Ms María José García Beato, Mr José Manuel Martínez Martínez and Mr César González-Bueno Mayer (on strategy issues only).

As a result of his resignation as Director, on 28 July 2021, Mr José Javier Echenique Landiribar stepped down as Director and Mr Luis Deulofeu Fuguet was appointed in the same category. On 26 October 2021, after obtaining the relevant regulatory approvals, he accepts the position.

### Regulation and operation

The Strategy and Sustainability Committee is expressly regulated by article 63 of the Articles of Association and article 14 of the Board of Directors Regulations, and it has its own regulations approved by the Board of Directors on 27 May 2021 that govern its organisation and functioning.

In accordance with the Regulations of the Board of Directors, the Strategy and Sustainability Committee shall be composed of a maximum of five Directors appointed by the Board of Directors, all of them non-executive, the majority of them being independent. The Chairman of the Committee shall be the Chairman of the Board of Directors. In matters of strategy, the Chief Executive officer shall participate in the meetings with the right to speak and vote, and, for this purpose, the Board shall be composed of six members. The Secretary of the Board of Directors shall be the Committee Secretary or, as appropriate, the person who acts as the Board's Deputy Secretary.

The Regulations of the Strategy and Sustainability Committee stipulate that the members of the Committee shall have overall expertise and experience appropriate to the functions they are called upon to perform, taking

into account that some of them have specific experience in the following areas: strategy, banking business, digital transformation, international and sustainability. Efforts will be made to promote diversity, both in terms of gender, professional experience, skills, sectoral knowledge, international experience and geographical origin in the appointment of members of the Committee. The Committee shall meet as often as necessary and at least once every three months, when convened by its Chairman, at his own initiative or at the initiative of any member of the Committee, or whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions.

### Functions

Without prejudice to the other duties assigned to it by law, the Articles of Association, the Board of Directors, the Board of Directors Regulations or its own regulations, the Strategy and Sustainability Committee has the following basic duties:

#### On Strategy:

1. To evaluate, propose and recommend to the Board of Directors actions of strategic relevance in matters of growth, development, diversification, business transformation and technology of the Company.
2. To inform and advise the Board of Directors on the long-term strategy of the Company, identifying new opportunities for value creation and submitting to the Board of Directors corporate strategy proposals in relation to new investment or divestment opportunities, financial transactions with a material accounting impact and relevant technological or organisational structural transformations. To study and propose recommendations or improvements to the strategic plans and their updates



that are submitted to the Board of Directors from time to time.

**3.** To issue and submit to the Board of Directors, on an annual basis, a report containing the proposals, evaluations, studies and work carried out by the Committee in relation to the foregoing matters.

### **On Sustainability:**

**1.** Reviewing the Company's sustainability and environmental policies, and advising the Board of Directors on possible amendments and regular updates of the sustainability strategy.

**2.** Reviewing the definition and amendment of diversity and integration, human rights, equal opportunity and work-life balance policies and evaluating their degree of fulfilment on a regular basis.

**3.** Reviewing the Bank's social action strategy and its sponsorship and patronage plans.

**4.** Reviewing and reporting on the Non-Financial Disclosures Report before the Audit and Control Committee reviews and reports on it and it is subsequently authorised by the Board of Directors.

**5.** Receiving information in connection with reports, written communiqués or communications from external supervisory bodies within the scope of this Committee's competencies.

**6.** To oversee the model for identifying, monitoring and managing sustainability risks and opportunities, including, where appropriate, environmental and climate change risks.

## **Activities carried out during the financial year**

The main issues that arose in relation to the matters within the Committee's remit and the main activities carried out by the Committee since it was constituted are described below:

In the area of strategy, the Committee reviewed, evaluated and reported to the Board on corporate projects and operations of strategic importance in the areas of growth, development, diversification, as well as business transformation and technological transformation projects implemented by the Bank. It also reported favourably to the Board on the approval of Banco Sabadell's 2021-2023 Strategic Plan, monitoring it, and informed the Board of the relevant changes in the organisational structure.

In Sustainability, the Committee reported to the Board for approval of the Sustainability Plan, the creation of the Group's sustainability policy and the review of the Policy for the Integration of ESG Risks in Banco Sabadell's savings-investment products. Moreover, it

submitted the Non-Financial Disclosures Report for financial year 2021 before the Audit and Control Committee's review and report on it and its subsequent drafting by the Board of Directors. It has also been informed and has analysed communications from supervisory bodies within the scope of its competences.

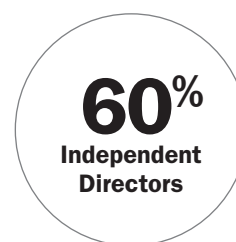
Within the framework of the Bank's social action strategy, the Committee reported favourably to the Board of Directors on the approval of the contribution to the Banco Sabadell Private Foundation to carry out its Action Plan for 2022.

In addition, in 2022 it carried out a self-assessment of its performance for the 2021 financial year with a satisfactory result.

## 4.2. Credit Delegated Committee

### Membership and attendance at meetings

Chairman	Pedro Fontana Garcia	Independent	21/21
Members	Luis Deulofeu Fuguet*	Independent	7/7
	María José García Beato**	Other External	20/21
	César González-Bueno Mayer	Executive	19/21
	Alicia Reyes Revuelta	Independent	21/21



\* Number of meetings which the Director attended with respect to the number of meetings held during the period in 2021 in which he/she was a member.

\*\* The committee member gave specific instructions to a proxy for meetings from which she was absent.

On 26 March 2021, at a meeting of the Board of Directors following the General Meeting of Shareholders held on the same date, the new competencies of the Delegated Committee, which was later replaced by the Credit Delegated Committee, were established, following regulatory approvals. Subsequently, it held its first meeting on 10 June 2021.

### Regulations and operation

The Credit Delegated Committee is expressly regulated by article 64 of the Articles of Association and article 15 of the Board of Directors Regulation, and it has its own regulations approved by the Board of Directors on 27 May 2021 that govern its organisation and functioning.

In accordance with the Regulations of the Board of Directors, the Credit Delegated Committee shall be composed of a maximum of five Directors, the majority of whom shall be independent, and who shall be appointed by the Board of Directors itself with the favourable vote of two thirds of its members. The Board shall appoint one of the Committee members as its Chairman. The resolutions of the Committee must be entered in a minutes book, and the minutes must be signed by the Chairman and the Secretary or, where applicable, by those who performed those roles at the meeting in question.

It is also established that it shall meet as often as called by its Chairman, and that its meetings may be attended, in order to be heard, by any person, whether or not they are an officer or employee of the Company, who is called for this purpose, by resolution of the Committee itself or of its Chairman, for such purposes as may be determined, in view of the purpose of the matter in question; and that the Secretary of the Committee shall be the person who is Secretary of the Board of Directors or, where appropriate, the person acting as Deputy Secretary thereof.

### Functions

The duties and responsibilities of the Credit Delegated Committee are to analyse and, where appropriate, terminate credit operations in accordance with the assumptions and limits established by express delegation of the Board of Directors. In particular, the following are included:

- 1. Risk admission decisions:** Operations of 80 million euros or more at Operation level and up to a maximum of 350 million euros. For the General State Administration, Autonomous Communities and Local Bodies, operations of an amount equal to or greater than 150 million euros and up to a maximum of 350 million euros. Risks of an amount of 125 million euros or more at Group level and up to a maximum of 500 million euros.
- 2. Within the limits of the previous point, decisions to refinance and restructure risks with gross write-offs of 15 to 40 million euros.**
- 3. Decisions to sell foreclosed assets with a gross asset value (GAV) of 50 million euros or more and 15 million euros and up to 40 million euros gross loss per transaction.**
- 4. Exceptionally, decisions exceeding the above thresholds, whenever necessary for reasons of urgency, shall be submitted for subsequent ratification by the Board of Directors.**
- 5. To report to the Board of Directors on all credit operations that must be approved by the Board.**
- 6. To be informed of transactions approved by the relevant credit committees and to be submitted to the Board for information.**
- 7. To report on and monitor those matters within the competence of the Board of Directors relating to credit risk.**

The Board may also require the Committee to prepare reports on matters within its sphere of action.

## Activities carried out during the year

The main issues that arose in relation to the matters within the Committee's remit and the main activities carried out by the Committee since it was constituted are described below:

In the course of 2021, the Credit Delegated Committee approved decisions on risk acceptance, refinancing and restructuring of risks and the sale of foreclosed assets within the above assumptions and limits set by the Board of Directors.

The Committee also reported favourably to the Board of Directors on all credit transactions whose approval is within the Board's competence, including credit transactions granted to members of the Board and the Bank's senior management, as well as on the transactions of persons related to them.

The Committee has been informed of the transactions approved by the relevant lower credit committees and which must be submitted to the Board for information, and has also reported and followed up on those matters within the competence of the Board of Directors in relation to credit risk.

In addition, in February 2022, the Credit Delegated Committee carried out a self-assessment of its functioning for the 2021 financial year, with satisfactory results.

## 4.3. Audit and Control Committee

### Membership and attendance at meetings

Chairman	Mireya Giné Torrens	Independent	12/12
Members	Pedro Fontana García	Independent	12/12
	José Ramón Martínez Sufrategui	Independent	12/12
	Manuel Valls Morató	Independent	12/12



On 26 March 2021, the Independent Director Ms Mireya Giné Torrens was appointed Chairman of the Committee, replacing the Independent Director Mr Manuel Valls Morató, who continued as a member of the Committee once the maximum period as Chairman of the Committee permitted by Spanish law had expired.

### Regulation and operation

The Audit and Control Committee is expressly regulated by article 65 of the Articles of Association and article 16 of the Board of Directors Regulation, and it has its own terms of reference that regulate its organisation, functioning and governance. The last amendment of this Regulation, approved by the Board of Directors during a meeting, took place on 27 May 2021.

The members of the Audit and Control Committee and, in particular, its Chairwoman, have knowledge and experience in accounting, auditing or both.

In accordance with the Regulations of the Board of Directors, the Audit and Control Committee shall comprise at most five Directors, appointed by the Board of Directors, none of whom may be an executive Director; at least a majority of them must be independent Directors, and at least one of them must be appointed on the basis of their knowledge and experience of accounting and/or auditing, and it shall be ensured that, as a whole, the members have the necessary knowledge not only in accounting and auditing, but also in finance, internal control, information technology, risk management and the banking business.

The Board will appoint its Chairman from among the independent Directors that form part of it, with the vote in favour of two thirds of its members. The Secretary of the Board of Directors shall be its Secretary or, as appropriate, the person who acts as the Board's Deputy Secretary. The Chairman of this Committee will exercise his post for a maximum term of four years and may only be re-elected after one year has elapsed since ceasing to hold his/her office. The Secretary must take minutes of every meeting, which must be approved at the end of the meeting itself or at the next meeting. The business transacted at Committee meetings must be reported to the Board of Directors at the next meeting by means of a reading of the minutes.

The Committee shall meet at least once every three months and whenever convened by its Chairman whether

at the latter's own initiative or by a member of the Committee, or at the request of the Board of Directors or external auditors.

### Functions

The functions of the Audit and Control Committee, among others, include those defined in article 65 of the Articles of Association of Banco Sabadell, those defined in Article 16 of the Regulations of the Board of Directors, as well as all the functions set out in the Regulations of the Audit and Control Committee and those attributed to it by law.

The Audit and Control Committee has the following responsibilities in accordance with the Articles of Association and notwithstanding their further elaboration as a result of the Board of Directors Regulation:

- 1.** Reporting to the General Meeting on all issues raised by shareholders that are within its remit, particularly about the outcome of the audit, and describing how the audit contributed to the integrity of financial reporting and the function that the Committee played in this process.
- 2.** To supervise the effectiveness of the company's internal control, the Internal Audit and the risk management systems, including those related to taxes, as well as to discuss the significant weaknesses of the internal control system detected in the performance of the audits with the account auditors or audit companies, without any of the foregoing affecting their independence. To that end, presenting any recommendations or proposals to the Board of Directors and the corresponding period for follow-up.
- 3.** To supervise the process of preparation and presentation of regulated financial and non-financial information and submit recommendations or proposals to the Board of Directors aimed at safeguarding its integrity.
- 4.** To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment or re-election of the external auditors, establishing the conditions for hiring them, the scope of their professional mandate and, if appropriate, their revocation or non-renewal; to review compliance with the audit contract, and regularly obtain information from them on the audit plan and its

execution, in addition to preserving their independence in the exercise of their functions, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are drafted clearly and accurately.

**5.** To report, beforehand, to the Board of Directors on the financial information and the management report, which shall include the mandatory non-financial information that the Company must periodically publish, as well as the quarterly and half-yearly financial statements and the prospectuses that must be submitted to the regulatory or supervisory bodies, monitoring compliance with legal requirements and the correct application of generally accepted accounting principles, as well as reporting on proposals to amend these principles.

**6.** To establish the appropriate relations with the external auditors in order to receive information on matters that may jeopardise their independence, the declaration at least once a year of their independence from the entity or entities related to it, directly or indirectly, and detailed and individualised information on additional services of any kind rendered and the corresponding fees received from these entities by the external auditor, or by persons or entities related to the latter in accordance with the provisions of the regulations governing the auditing of accounts, for examination by the Committee, and any other information or communications related to the process of auditing accounts and auditing standards, as well as, where appropriate, authorisation of services other than auditing and not categorised as prohibited, in accordance with the regulations on auditing of accounts.

**7.** To annually issue, prior to the issuance of the audit report, a report expressing an opinion on whether the independence of the auditors or audit firms is compromised, with a reasoned evaluation of the provision of each and every one of the additional services referred to in the previous item, individually considered and as a whole, other than the statutory audit and in relation to the independence regime or to the regulations governing the activity of auditing accounts.

**8.** To supervise the internal audit services, their independence and budget, reviewing their action plans and resources in order to ensure that they are appropriate for the Company's needs; to propose, where appropriate, the appointment and replacement of the head of internal audit; and to verify that the Bank's senior management takes into account the conclusions and recommendations of its reports.

**9.** To report on all matters which, within the framework of its powers, are submitted to it for consideration by the Board of Directors and, in particular, on the creation or acquisition of holdings in special purpose vehicles or entities domiciled in countries or territories considered tax havens and related party transactions.

**10.** To perform its own functions for those subsidiaries of the Entity which, by application of their specific regulations at any given time, must have such bodies.

**11.** The Board may require the Committee to prepare reports on matters within its sphere of action.

**12.** All the other issues which are attributed to it by law or by the articles and regulations that implement them, and any resulting from the generally applied standards of good governance, and any resulting from regulations and codes of good governance applicable to the Company.

## Activity carried out during the financial year

The main issues that arose in relation to the matters within the Committee's remit and the main activities carried out by the Committee in 2021 are described below:

### Functions related to financial and non-financial reporting

During this financial year, in accordance with the functions entrusted to the Committee, the sufficiency, clarity and integrity of all the financial and related non-financial information that the Bank has published was supervised and analysed prior to its submission to the Board of Directors and its dissemination to the market and supervisory bodies and the Committee has followed the most significant aspects.

Among these, the most significant aspects, namely the significant judgements and estimates and measurement bases used by the Group in the preparation of the financial statements, as well as the accounting standards and criteria of corporate transactions carried out during 2021.

The scope of the Committee's oversight included the Annual Corporate Governance Report, the prudential relevant information prepared and published, in compliance with the Pillar III Disclosures rules, the ICAAP and ILAAP, and the Universal Share Prospectus, covering specific aspects relating to the impacts of the COVID-19 pandemic, before they were released to the market, the monthly reports of the Bank's treasury stock progress, as well as the development and updating of the accounting policies, prior to submission to the Board of Directors for approval.

In regard to the supervision of effectiveness of the internal control system over financial reporting in accordance with the requirements established by the applicable regulations, the reports from those responsible for its design, implementation, management and operation, from the internal control functions, as well as from the external auditor, have been assessed.

The Committee carried out a review to verify that banking and accounting best practices are being applied at all levels of the organization, assuring, on the basis of reports from the persons in charge of internal control at the Bank and from the external auditor, that suitable

steps were being taken at General Management level and by other executive directions to ensure that the Group's main risks were being appropriately identified, measured and controlled.

During 2021, the Committee also received periodic information about messages received and sent to Group undertakings by national and international supervisors, as well as the half-yearly reports of the Group's Corporate Ethics Committee and the Group's tax affairs, on a half-yearly basis.

### **Functions related to external audit**

The auditor of Banco Sabadell and its consolidated group is KPMG Auditores, S.L. (hereinafter, KPMG) following its appointment for the financial years 2020, 2021 and 2022 at the General Shareholders' Meeting held on 28 March 2019.

During the year, the Committee has established the appropriate relations with the Group's external auditors in order to receive detailed information on their strategy, planning, audit work plan for both the annual and half-yearly accounts, the degree of progress and main conclusions and any issues that could jeopardise its independence.

In relation to the independence requirements established by the regulations governing the auditing of accounts and the Group's policies, the contracting of non-audit services to be provided by KPMG to Banco Sabadell and the companies linked to it by a control relationship has been submitted for approval by the Group's Audit Committee, assessing the permissibility of the services as well as the possible threats and the safeguard measures, if any. Likewise, KPMG confirmed independence for Banco Sabadell and its group

The Committee has issued a report expressing a favourable opinion on the independence of the external auditor, following the relevant verifications, prior to the issuance of the audit report on the Annual Accounts for the year, stating the reasons for the provision of each and every one of the services considered individually and as a whole, other than the statutory audit and in relation to the independence regime or the regulations governing the auditing of accounts and the performance of KPMG as auditor during the financial year 2021, and has assessed the audit fee proposal for the financial 2022, ensuring that the auditor's remuneration does not compromise the quality of its work or its independence.

Lastly, the Committee was informed of the results of other verification work carried out by KPMG or companies in its network, such as the report on information relating to ICFR, the annual and half-yearly Information of Prudential Relevance and the Customer Asset Protection Report of Banco Sabadell.

### **Functions related to the internal audit**

The Committee assessed in detail the annual plan of internal audit activities, together with the associated budget,

ensuring that it has the material and human resources to perform its duties, and decided to report favourably to the Board of Directors on both the plan and its budget.

It has regularly followed up on the audits and reports issued as foreseen in the business plan and on the evolution of the recommendations identified. It reviewed the update of the audit plan following prioritisation to adapt it to the Group's new strategic plan, supervisory requirements and corporate operations for the year. It has also been informed of the new Internal Audit Strategic Plan for the financial years 2021-2023.

The Committee has reviewed and agreed to report favourably to the Board of Directors on the updated Internal Audit policies for approval.

The Committee has been presented with the annual report on Internal Audit activities for the 2021 financial year, with details of all the activities and reports carried out during the year and an inventory of the recommendations and action plans contained in the various reports, as well as the results of the Internal Audit Quality Assurance and Improvement Programme, including the implementation of the action plans derived from the external evaluations of the function. Following the review, it decided to approve the fulfilment of internal audit objectives and projects during the said financial year.

Based on all of the above, the Committee has been able to assess the adequacy and effectiveness of the internal audit function, as well as the performance of its executive officer, which has been reported to the Appointments and Corporate Governance Committee and the Board of Directors for the determination of her variable remuneration.

### **Other functions**

The Committee approved the prior reports of the Audit and Control Committee on two transactions with related parties that met the terms and conditions established in prevailing regulations for consideration as related parties and for requiring the authorisation of the Board and, in the case of one of them, were actually entered into, for publication on the corporate website and communication to the CNMV. Based on their basic terms and conditions and other information received and sufficient in the opinion of the Committee, it is considered that these are fair and reasonable transactions from the point of view of the company and, if applicable, of the shareholders other than the related party.

The Committee also reviewed the information on related-party transactions that was disclosed in the Annual Accounts.

In addition, in February 2022, the Audit and Control Committee carried out a self-assessment of its functioning for the 2021 financial year, with satisfactory results.

For further information, please refer to the Audit and Control Committee's activity report for the financial year 2021, available in the section "Corporate Governance and Remuneration Policy/Reports of the Committees" on the Bank's corporate website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)).

## 4.4. Appointments and Corporate Governance Committee

### Membership and attendance at meetings

Chairman	José Manuel Martínez	Independent	16/16
Members	Anthony Frank Elliott Ball	Independent	16/16
	Aurora Catá Sala	Independent	16/16
	Mireya Giné Torrens*	Other External	12/12



\* Number of meetings which the Director attended in relation to the number of meetings held during the period in 2021 in which she was a member.

The Independent Director, Ms Mireya Giné Torrens, was appointed Member of the Committee in March 2021. The Appointments and Corporate Governance Committee is regulated by article 66 of the Articles of Association, article 17 of the Regulations of the Board of Directors and its own Regulations approved by the Board of Directors on 27 May 2021, which regulate the basic rules of organisation and operation.

### Regulation and operation

In accordance with the Regulations of the Board of Directors, the Appointments and Corporate Governance Committee shall comprise a maximum of five members nominated by the Board of Directors, all non-executive, two of whom, at least, must be independent Directors, and in any event the Chairman of the Committee will always be appointed from among the independent Directors that are members thereof. The Secretary of the Board of Directors shall be its Secretary or, as appropriate, the person who acts as the Board's Deputy Secretary.

The Regulations of the Appointments and Corporate Governance Committee stipulate that the Committee shall meet as often as necessary and at least once every three months, when convened by its Chairman, at his own initiative or at the initiative of any member of the Committee, or whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions. In any case, it must meet once per year to provide advice in advance on the Board's performance evaluation.

### Functions

Without prejudice to the other duties assigned to it by law, the Articles of Association, the Board of Directors, the Board of Directors Regulations or its own regulations, the Appointments and Corporate Governance Committee has the following basic duties:

**1.** Making proposals to the Board of Directors for the appointment of independent Directors, for appointment by co-optation or for referral to the General Meeting of

Shareholders, and for the re-appointment or removal of the said Directors,

**2.** To report on proposals for the appointment of the remaining Directors, proprietary, other external or executive members, for appointment by co-optation or for submission to the decision of the General Meeting, as well as proposals for their re-election or removal;

**3.** To ensure compliance with the qualitative composition of the Board of Directors, in accordance with the provisions of article 53 of the Articles of Association, assessing the balance of knowledge, capacity, diversity and experience of the Board of Directors. To this end, it must define the necessary functions and skills to be possessed by candidates for each vacancy, as well as the time that it considers needs to be dedicated to properly perform their duties;

**4.** Ensuring that, when filling new vacant positions or appointing new Directors, the selection procedures favour diversity of experience and knowledge, facilitate the selection of female Directors and, in general, are not affected by implicit biases that could result in any discrimination;

**5.** To assess the suitability, competences, knowledge and experience required of the members of the Board of Directors and their dedication regarding the authorisation of their appointment by the competent authorities.

**6.** To report on proposals for the appointment and removal of senior executives and members of the Identified Group and assess their suitability.

**7.** To report on the terms and conditions of the contracts of the executive Directors, which must be approved by the Board and recorded as a schedule to the minutes;

**8.** To examine and organise the succession plans for the Chairman of the Board and the Chief Executive Officer of the Bank and, where appropriate, to make proposals to the Board and, where appropriate, to comply with the provisions of the duly approved and published Succession Plan;

- 9.** To establish a target for representation of the gender that is less represented on the Board of Directors and draw up guidelines on how to achieve that target;
- 10.** To periodically, and at least once a year, assess the structure, size and composition of the Board of Directors and its Committees, and to advise the Board on the most appropriate configuration, reporting on proposals regarding the appointment or removal of members of such Committees;
- 11.** To propose to the Board of Directors the assignment of Directors to the corresponding category, their continuance in this category in the event of re-election or their amendment when appropriate; to annually review the category of Directors and report to the Board of Directors for their inclusion in the Annual Corporate Governance Report;
- 12.** To report to the Board of Directors on proposals for the appointment of the Deputy Chairman or Deputy Chairmen, as the case may be;
- 13.** To report to the Board of Directors on proposals relating to the appointment and removal of the Secretary and, where appropriate, the Deputy Secretary of the Board of Directors, who may or may not be Directors;
- 14.** To make proposals to the Board of Directors for the appointment, removal or re-appointment of the Lead Independent Director;
- 15.** To develop and regularly update a competency matrix of the Board of Directors, assessing the knowledge, skills and experience of the members of the Board of Directors and the Board as a whole, for approval thereby;
- 16.** To periodically review and make proposals to the Board for the amendment of the policies regarding the selection and diversity of the members of the Board of Directors, and verify compliance with them annually, informing the Board of Directors as to the degree of compliance;
- 17.** To design and organise regular refresher programmes for Directors;
- 18.** To report on the terms and conditions of senior executive contracts, without prejudice to the remuneration powers of the Remuneration Committee;

And, in terms of corporate governance, they are:

- 1.** To advise the Board of Directors on the Company's internal corporate policies and regulations, except in matters that are the responsibility of other Committees;
- 2.** To supervise compliance with the Company's corporate governance rules, excluding those in respect of spheres that are the responsibility of other Committees;
- 3.** To report to the Board of Directors, for its approval and annual publication, the Annual Corporate Governance Report, except in matters that fall within the scope of other Committees;
- 4.** To supervise, within the scope of its responsibilities, the Company's communications with shareholders and investors, proxy advisors and other stakeholders, and inform the Board of Directors in this regard.
- 5.** To provide advice each year on performance reviews for the Board of Directors and for the Chairman of the Board of Directors and the Chief Executive Officer;
- 6.** To submit to the Board of Directors the evaluations of the Board Committees with the results of their evaluation together with a proposal for an action plan or with recommendations to correct possible deficiencies detected or to improve the functioning of the Board and its Committees;
- 7.** To propose amendments to these Regulations and report on proposals to amend these Regulations and on proposals to amend the Regulations of the General Meeting of Shareholders of Banco Sabadell;
- 8.** To ensure that the composition of the Board Committees is appropriate, especially the Audit and Control Committee and the Risk Committee;
- 9.** Any other actions that may be necessary to ensure good governance of all the Company's activities.

## Activities carried out during the year

The main issues that arose in relation to the matters within the Committee's remit and the main activities carried out by the Committee in financial year 2021 are described below:

In the area of Appointments, the Committee has analysed, proposed, reported on and assessed the suitability for ratification, appointment and re-election of members of the Board and its committees, changes in the category of Directors and the new appointments of the Deputy-Chairman and Deputy Secretary of the Board. In equivalent terms with regard to proposals for the appointment of senior management and issues concerning the Identified Staff.



During 2021, the Appointments and Corporate Governance Committee and the Board of Directors as part of the ongoing evaluation of the Directors have carried out a continuous assessment of the Proprietary Director due to the imposition of an administrative sanction by the CNMV, in relation to the communication of significant shareholdings in Banco Sabadell shares. The assessment concluded that the Director's suitability to hold the position and exercise the function of Director with the qualification of Proprietary Director is maintained. The Board submitted the suitability assessment before the European Central Bank on 11 October 2021.

In relation to the Group's organisational and governance structure, the Committee has informed the Board of Directors of proposed changes to the Group's organisational and governance structure and to the structure of the Group's management committees.

In the area of corporate governance, it verified compliance with Banco Sabadell's Director Candidate Selection Policy and reported on its modification; verified compliance with Banco Sabadell's Chairman and CEO Succession Plan for the orderly succession of the CEO, and assessed the structure, size and qualitative composition of the Board and the Committees. It also reported favourably to the Board of Directors on the approval of the update of the Matrix of competencies and diversity of the members of the Board of Directors and the update of the Internal Governance Framework of Banco Sabadell.

In February 2022, the Committee carried out a self-assessment of its performance for the 2021 financial year, with satisfactory results, and reported on the annual assessment of the performance of the Board of Directors and the other Committees, the Chairman of the Board and the Chief Executive Officer.

It also reported favourably to the Board on the proposal to amend the Articles of Association, the Regulations of the General Shareholders' Meeting and the Regulations of the Board of Directors, as well as its own Regulations.

For further information, please refer to the Report on the activities of the Appointments and Corporate Governance Committee for the financial year 2021, available in the section "Corporate Governance and Remuneration Policy/Reports of the Committees" on the Bank's corporate website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)).

## 4.5. Remuneration Committee

### Membership and attendance at meetings

Chairwoman	Aurora Catá Sala	Independent	12/12
Members	Anthony Frank Elliott Ball	Independent	12/12
	George Donald Johnston III*	Independent	10/12
	José Ramón Martínez Sufrategui*	Independent	10/12



\* The committee member gave specific instructions to a proxy for meetings from which he was absent.

The Remuneration Committee is expressly regulated by article 67 of the Articles of Association and article 18 of the Board of Directors Regulation, and it has its own regulations approved by the Board of Directors on 27 May 2021 that regulate its organisation and functioning.

### Regulation and operation

In accordance with the Regulations of the Board of Directors, the Remuneration Committee shall comprise a maximum of five members nominated by the Board of Directors, all non-executive, two of whom, at least, must be independent Directors, and the Chairman of the Committee will always be appointed from among the independent Directors who are members thereof. The Secretary shall be the Secretary of the Board of Directors or, as the case may be, the Deputy Secretary of the Board of Directors. The Regulations of the Remuneration Committee stipulated that it shall meet as often as necessary and at least once every three months, when convened by its Chairman, at his own initiative or at the initiative of any member of the Committee, or whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper performance of its functions. In any event, the Committee must meet once a year to prepare the information on Directors' remuneration that the Board of Directors must approve and include in its annual public documentation.

### Functions

Without prejudice to the other duties assigned to it by law, the Articles of Association, the Board of Directors, the Board of Directors Regulations or its own regulations, the Remuneration Committee has the following basic duties:

1. To propose to the Board of Directors, for submission to the General Meeting of Shareholders, the remuneration policy for Directors, and to submit the corresponding report, all in accordance with the terms established from time to time in the applicable regulations.
2. To determine the remuneration of non-executive Directors, in accordance with the provisions of the Directors' remuneration policy, submitting the corresponding proposals to the Board.
3. To determine, so that they may be contractually agreed, the extent and amount of individual remuneration, rights and compensation of a financial nature, as well as the other contractual conditions of executive Directors, in accordance with the Directors' remuneration policy, submitting the corresponding proposals to the Board of Directors;
4. To propose to the Board of Directors the remuneration policy for General Managers or those who perform senior management functions under the direct supervision of the Board, the Delegated Committee or Chief Executive Officers;
5. To report on share-based and/or option-based remuneration schemes;
6. To periodically review the general principles of remuneration as well as the remuneration schemes of all employees, assessing their compliance with these principles;
7. To annually review the remuneration policy to ensure that it is aligned with the Bank's short, medium and long-term strategy and situation and market conditions and to assess whether it contributes to long-term value creation and adequate risk control and management. Furthermore, to inform the Board of Directors via the Annual Report on Director Remuneration;
8. To ensure that the Bank's remuneration policy and practices are up to date, proposing any necessary changes, and that they are subject to a central and independent internal review at least once a year;
9. To verify that the remuneration policy is properly applied and that no payments are made to Directors that are not provided for in the policy;
10. To evaluate the mechanisms and systems in place to ensure that the remuneration system takes due account of all types of risks, liquidity and capital levels and that the remuneration policy promotes and is consistent with

sound and effective risk management, and that it is in line with the business strategy, objectives, corporate culture and values and the long-term interests of the Bank;

**11.** To review the various possible scenarios to analyse how remuneration policies and practices react to internal and external events, and back-test the criteria used to determine vesting and ex ante risk adjustment based on actual risk outcomes.

**12.** To review the conditions of the contracts with executive Directors and the Bank's senior management and provide advice in this connection to the Board of Directors, and verify that they are consistent with the current remuneration policy;

**13.** To assess the degree of compliance with the criteria and objectives established in relation to the previous financial year, which should determine the proposal on the individual remuneration of Directors, especially executive Directors, and the Bank's Senior Management and members of the Identified Staff, including the variable components in the short, medium and long term, involving, where appropriate, the external adviser.

**14.** To propose to the Board of Directors the determination of the remuneration accrued by the Directors and the Bank's Senior Management;

**15.** To propose to the Board of Directors the determination of the bonus for the Bank's senior management and that of its subsidiaries;

**16.** Verify whether the circumstances justifying the application of malus and clawback clauses to variable remuneration have arisen, and propose the appropriate measures to recover any amounts that may apply;

**17.** To approve the appointment of external remuneration consultants that the Committee may decide to contract for advice or support;

**18.** To ensure that potential conflicts of interest do not impair the independence of external advice;

**19.** To ensure that remuneration is transparent;

**20.** To verify the remuneration information contained in the various corporate documents, including the annual and half-yearly financial reports, the Annual Directors' Remuneration Report, the Annual Corporate Governance Report and the Non-Financial Disclosures Report.

**21.** To review that the information that the Bank disseminates on its website on matters within the competence of the Committee on Directors and members of the Bank's senior management is sufficient and appropriate and follows the applicable Good Corporate Governance recommendations.

## Activity carried out during the financial year

The main issues that arose in relation to the matters within the Committee's remit and the main activities carried out by the Committee in financial year 2021 are described below:

The Committee reported favourably to the Board of Directors to propose to the General Meeting of Shareholders, held on 26 March 2021, the Remuneration Policy for Directors of Banco Sabadell for the financial years 2021, 2022 and 2023, submitting, for this purpose, the corresponding report. The Remuneration Committee also reported favourably to the Board of Directors on the submission for approval by the General Meeting of Shareholders of the maximum limit on variable remuneration for the Group's Identified Staff in an amount equivalent to 2 years' remuneration, i.e. 200% of the annual fixed remuneration assigned to each of them.

The Committee reviewed and reported on the terms and conditions of the contracts of executive Directors and the Bank's senior management, the modification thereof and/or exit conditions, verifying that they are in line with the entity's remuneration policy. The Committee reported favourably to the Board of Directors on the degree of compliance with the 2020 objectives for the Executive Directors, the Bank's Senior Management, Internal Audit and the entire Group, assessing the possible application of ex ante adjustments for risks to the 2020 variable remuneration and the non-application of malus and clawback clauses, as well as their fixed and variable remuneration for the 2021 financial year. It reported the approval of the individual objectives of the CEO and executive Directors, the members of the Bank's senior management and the members of the Group's Identified Staff, comparing the remuneration benchmark with reports from external consultants and analysing the Risk Committee's report on the consistency of these objectives with the level of risk appetite. It also reported on the fixed remuneration for Group's entire workforce and the increase in the total salary expense for the financial year 2021.

The Remuneration Committee reviewed and reported favourably to the Board of Directors on Banco Sabadell's remuneration policies, as well as those of the Group. To this end, the Committee analysed the independent report issued by a consultant on the Prudential Evaluation of Remuneration 2020, which was carried out in order to analyse whether Banco Sabadell's remuneration policy and remuneration practices were in line with the requirements and recommendations of the supervisory bodies, and which concluded that the aforementioned Policy and practices are in line with current prudential remuneration requirements and follow best practices in Good Corporate Governance and Transparency. It also examined the report submitted annually by the Human Resources Division in order to provide the Remuneration Committee with the basic elements that enable it to perform the functions entrusted to it. It analysed the Annual Internal Audit Report on the Remuneration Policy of the Group

and Subsidiaries, the purpose of which is to review the alignment of the guidelines of the European Banking Authority (EBA) and the applicable regulations with respect to the remuneration policies of the organisation (Group and subsidiaries), adequately monitoring its recommendations and ensuring their implementation.

Throughout the year, the Committee analysed the impact of Covid-19 on variable remuneration, with a detailed study and analysis of simulations of possible target achievement.

The Committee actively collaborated in the Corporate Governance Roadshow held in 2021, with proxy advisors and the most significant shareholders, explaining the most relevant issues related to the Remuneration Policy and ensured the correct dissemination of information on remuneration through the corporate website, in accordance with the applicable regulations and Good Corporate Governance recommendations.

In addition, in February 2022, the Remuneration Committee carried out a self-assessment of its performance for the 2021 financial year, with satisfactory results.

For further information, please refer to the Committee's Activity Report for the financial year 2021, available in the section "Corporate Governance and Remuneration Policy/Reports of the Committees" on the Bank's corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com).

## 4.6. Risk Committee

### Membership and attendance at meetings

Chairman	George Donald Johnston III	Independent	14/14
Members	Aurora Catá Sala*	Independent	12/14
	Alicia Reyes Revuelta**	Independent	10/10
	Manuel Valls Morató	Independent	14/14



\* The committee member gave specific instructions to a proxy for meetings from which she was absent.

\*\* Number of meetings which the Director attended with respect to the number of meetings held during the period in 2021 in which she was a member.

The independent Director, Ms Alicia Reyes Revuelta, was appointed member of the Risk Committee on 26 March 2021. The Risk Committee is regulated by article 68 of the Articles of Association, article 19 of the Board of Directors' Regulations and its own Regulations, approved by the Board of Directors on 27 May 2021, which govern the basic rules of organisation and operation.

### Regulation and operation

In accordance with the Regulations of the Board of Directors, the Risk Committee shall comprise a maximum of five members nominated by the Board of Directors, all non-executive, who have the appropriate knowledge, ability and experience to fully understand and control the risk strategy and possible risks of the Entity, two of whom, at least, must be independent Directors, and the Chairman of the Committee will always be appointed from among the independent Directors who are members thereof. The Secretary shall be the Secretary of the Board of Directors or, as the case may be, the Deputy Secretary of the Board of Directors. In the exercise of its duties, the Risk Committee may directly request the information it considers relevant both from the Director General Manager of Risks and from the various Directorates reporting to him/her, including the Internal Control Directorate and the Credit Risk Control Directorate; and in accordance with its Regulations, the Committee shall meet as often as necessary and at least once every two months, when called by its Chairman, at his own initiative or at the initiative of any member of the Committee, or whenever the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for the proper performance of its duties.

### Functions

Its functions are focused on supervising and exercising oversight to ensure that all the risks of the Bank and its consolidated Group are assumed, controlled and managed appropriately, and reporting to the Board on the performance of its duties and responsibilities, in accordance with the law, the Articles of Association, the Board of

Directors Regulations and its own regulations. The main functions of the Risk Committee are as follows:

1. To supervise implementation of the Global Risk Policy.
2. To report each quarter to the Board in plenary session about the levels of risk assumed, investments made and their performance, and the potential repercussions on Group revenues of variations in interest rates, and the degree to which they conform to the VAR levels approved by the Board of Directors.
3. To monitor and detect any excess above the approved tolerance thresholds, and oversee the activation of the contingency plans established for this purpose.
4. To advise the Remuneration Committee as to whether the employee compensation programmes are consistent with the Bank's levels of risk, capital and liquidity.
5. To advise and support the Board of Directors on the monitoring of the Bank's risk appetite and overall risk strategy, taking into account all types of risks, to ensure that they are in line with the Bank's business strategy, objectives, corporate culture and values.
6. To assist the Board of Directors in monitoring the implementation of the Bank's risk strategy and the corresponding limits set.
7. To monitor the implementation of the Bank's capital and liquidity management strategies, as well as all other relevant risks, to assess their alignment with the approved strategy and risk appetite.
8. To recommend to the Board of Directors any adjustments to the risk strategy deemed necessary as a result of, inter alia, changes in the Bank's business model, market developments or recommendations made by the risk control function.
9. To advise on the appointment of external consultants in the field of the Bank's supervisory activity.

**10.** To analyse a range of possible scenarios, including stress scenarios, to assess how the Bank's risk profile would react to external and internal events.

**11.** To monitor consistency between all major financial products and services offered to customers and the Bank's business model and risk strategy. The Risk Committee will assess the risks associated with the offered financial products and services and will take into account how the prices of those products and services relate to the returns obtained.

**12.** To assess internal or external auditors' recommendations and verify proper implementation of any measures that are adopted.

**13.** To coordinate with the Audit and Control Committee in relation to the latter's functions relating to supervising and assessing the effectiveness of the internal control and risk management policies and systems as a whole, covering financial and non-financial risks relating to the Entity, including operational, technological, legal, social, environmental, political, reputational and corruption-related risks, and to ensure that the main direct or indirect risks are reasonably identified, measured and controlled, as well as to discuss with the auditor any significant weaknesses in the internal control system detected during the course of the audit. To this end, meetings may be held with senior managers of the Bank's business units to explain business trends and associated risks and, where appropriate, to submit recommendations or proposals to the Board of Directors and the corresponding timeframe for their follow-up.

**14.** To report to the Board in plenary session regarding the performance of its functions under this article and other applicable legislation and the provisions of the Articles of Association.

## Activities carried out during the year

The main issues that arose in relation to the matters within the Committee's remit and the main activities carried out by the Committee in financial year 2021 are described below:

The main function of the Risk Committee is to ensure that all risks are adequately assumed, controlled and managed in accordance with the Group's Risk Appetite Statement (RAS). Therefore, the main activities of the committee during 2021 included regular monitoring of the evolution of all risks through the monitoring of the SAR, with special emphasis on those most affected by the pandemic, such as the evolution of problem assets, ICO-guaranteed operations and those granted in the framework of moratoriums, and Leveraged Transactions. The committee was also informed about the situation and management of the different types of risks through specific studies on technological risks, operational risk and structural balance sheet risks, among others.

It also reviewed various aspects of regulatory compliance (such as the review of the MiFID report and the annual report of the Expert on the Prevention of Money Laundering and Terrorist Financing) and reported to the Remuneration Committee on the consistency of the remuneration schemes with the Bank's risk, capital and liquidity levels. It also supervised the capital adequacy (ICAAP) and liquidity (ILAAP) processes and the risk assessment on the financial projections reflecting the core elements of the Bank's strategic plan.

In addition, in February 2022, the Risk Committee carried out a self-assessment of its functioning for the 2021 financial year, with satisfactory results.

For further information, please refer to the Committee's Activity Report for the financial year 2021, available in the section "Corporate Governance and Remuneration Policy/Reports of the Committees" on the Bank's corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com).

## 5. Related party and intra-group transactions (D) (D.1, D.2, D.3, D.4, D.5, D.6 and D.7)

### 5.1. Procedure and competent bodies and officers for the approval of related-party and Intragroup transactions (D.1, D.2, D.3, D.4, D.5 and D.7)

Law 5/2021, of 12 April, amending the revised text of the Corporate Companies Law, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, established a new set of rules that applies to related party transactions, by means of Chapter VII second. Related Party Transactions, of the Capital Companies Law.

In accordance with the regulations mentioned, the power to approve related party transactions whose amount or value is equal to or over 10% of the total of the company's assets according to the last annual balance sheet approved by the Company shall correspond to the General Shareholders' Meeting. The power to approve the remaining related party transactions will be entrusted to the Board of Directors, and this power shall be non-transferable.

Approval of a related party transaction by the General Meeting or the Board must be subject to prior reporting before the Audit and Control Committee. The Committee must include in its report an assessment of whether the transaction is fair and reasonable from the point of view of the organisation and, if applicable, of the various shareholders different from the related party. Likewise, the report must include the estimates it was based on as well as the methods used.

However, in accordance with the aforementioned regulations, the Board of Directors may delegate approval of the following related party transactions if they meet the following conditions:

- (i) transactions between companies in the same group carried out in the ordinary course of business and on an arm's length basis and
- (ii) transactions based on contracts with standardised conditions applicable en masse to a large number of customers, carried out at prices or rates generally established by the supplier of the good or service and for an amount not exceeding 0.5% of the company's net turnover.

The Board of Directors of Banco Sabadell, pursuant to the provisions of the Capital Companies Law, approved the delegation to the Bank's Regulatory Compliance Division to be the body that reviews whether transactions with related parties should be considered as related party transactions for the purposes of the Capital Companies Law and, if so, to approve them if they meet the aforementioned conditions.

The approval of these operations by the Regulatory Compliance Division on the basis of the Board's delegation does not require a prior report from the Audit and Control Committee.

On an annual basis, the Regulatory Compliance Division shall report to the Audit and Control Committee the result of the review of related-party transactions, for the purpose of verifying the fairness and transparency of such transactions and, where appropriate, compliance with the applicable legal criteria for their delegated approval by the Regulatory Compliance Division, giving details of:

- Number of transactions reviewed.
- Related-party transactions approved by the Regulatory Compliance Division in exercise of the powers delegated by the Board of Directors.
- Related party transactions escalated to the Board of Directors for approval.
- Other information to enable verification and compliance as indicated.

Intragroup transactions are subject to the same approval procedures as customer transactions, requiring at least the approval of the Group Risk Transactions Committee and at most the approval of the Board of Directors.

There were no transactions that were material because of their amount or nature between the Bank or any Group undertaking and the Bank's significant shareholders.

There are no transactions with Directors and executives of the Bank that could be considered relevant, other than those considered "related-party transactions" in accordance with article 529 twentieth of the Capital Companies Law, and carried out with the application of the corresponding approval procedure and, if applicable, publicity established in accordance with articles 529 twenty-first et seq of the Capital Companies Law. Those that did take place were in the normal course of the company's business and were conducted at market prices or under the terms normally applicable to employees. The Bank is not aware of any transactions carried out at non-market prices with any persons or entities related to the Bank's Directors or Senior Management staff.

In relation to significant transactions due to their amount or relevant due to their subject matter carried out by the Bank with other related parties, on 18 November 2021, the Board of Directors, following a favourable report from the Audit and Control Committee, approved a related party transaction consisting of a loan to Acerinox, S.A. for an amount of 205 million euros, with a term of five years (the first two years of grace period), which was formalised on 23 December 2021. The transaction is considered a related party transaction, since Acerinox, S.A. is a company in which a Director of Banco Sabadell is also an

independent Director and on whose committees he holds positions (member of the executive committee and chairman of the audit committee of Acerinox, S.A.).

As its amount exceeds 2.5% of the turnover of the consolidated Annual Accounts of Banco Sabadell for the financial year 2020, it was published as Other Relevant Information together with the corresponding report of the Audit and Control Committee in the CNMV on 23 December 2021 with registry number 13,328, in accordance with the provisions of article 529 twenty-first of the Capital Companies Law.

The balances of transactions with related parties are disclosed in note 40 to the Group's consolidated Annual Accounts and in note 36 to the separate financial statements.

The Bank is not controlled by any other entity, listed or otherwise, in the meaning of article 42 of the Commercial Code.

## **5.2. Mechanisms established for detecting, determining and resolving possible conflicts of interest between the company and/or its group, and its Directors, executive or significant shareholders (D.6)**

Banco Sabadell has mechanisms for detecting, determining and resolving possible conflicts of interest between the Bank and/or its Group, and its Directors, executives or significant shareholders.

- 1.** The General Conflicts of Interest Policy of the Banco Sabadell Group and the General Conflicts of Interest Policy of Banco Sabadell are internal rules approved by the Board of Directors of Banco Sabadell, reviewed annually. These policies are intended to be effective in identifying, assessing, managing, mitigating, preventing or ultimately disclosing potential or actual conflicts of interest. The Regulatory Compliance Division has been delegated with the responsibility for correctly applying those policies and, when necessary, it will call on the other departments in the Group to which they apply to take the necessary action.
- 2.** The Policy on Conflicts of Interest of Directors and the Bank's Senior Management, approved by the Board of Directors on 28 January 2016 and amended by the Board of Directors on 30 July 2020, establishes the necessary measures for managing conflicts of interest of Directors and senior executives and their related parties in connection with corporate transactions or non-banking activities and also with ordinary banking business.

The Group's Risk Transactions Committee analyses all credit transactions carried out by Directors, members of the Bank's senior management: and their related parties and makes proposals to the Board of Directors for their approval.

Royal Decree 84/2015, implementing Law 10/2014, of 26 June, on the Regulation, Supervision and Solvency of Credit Institutions, sets out the requirements in connection with disclosure of transactions by Directors, senior executives and their related parties to the competent authority and for authorisation by the latter.

- 3.** In addition, in 2021, the Board of Directors approved the new version of the Group's Code of Conduct, which has undergone an in-depth revision and update in order to bring it into line with regulatory requirements, supervisory guidelines and reports, as well as with market standards. The Code contains a catalogue of principles, obligations and duties that must govern the actions of all members of the Group. In addition, the purpose of this Code is to define the criteria to be followed to ensure ethical and responsible conduct, both in relationships within the Group itself and in relationships with clients, suppliers, shareholders, investors and other stakeholders. The introduction of the new version of the Group's Code of Conduct requires the express adherence of the Group's entire workforce.
- 4.** Banco Sabadell Group's Internal Code of Conduct in connection with the securities markets (IRC), approved by the Board of Directors on 24 May 2018 and updated in September 2021, is applicable to the members of the Bank's Board of Directors, and to all executives and employees whose work is directly or indirectly related to activities and services in the field of the stock markets or who have frequent or habitual access to price-sensitive information related to the Bank itself or Group companies.

Section 4 of the IRC sets out the mechanisms for identifying, preventing and resolving possible conflicts of interest that are detected by persons bound by the code, who are obliged to declare any significant relations of a financial, family or other nature with customers of the Bank in connection with services related to the securities markets or to companies listed on the Stock Exchange, as well as any other relationships that, in the opinion of an external and neutral observer, might compromise the impartiality of the persons concerned.

- 5.** Banco Sabadell Group's Corporate Ethics Committee is responsible for fostering ethical conduct throughout the organisation and for giving advice to the Board of Directors, via the Audit and Control Committee, and advising the corporate and business units on decisions involving issues that might lead to conflicts of interest. The Committee is also responsible for overseeing the Group's compliance with its obligations as set out in the Code of Conduct and in the Internal Code of Conduct in connection with the securities market.

To achieve its objectives, the Corporate Ethics Committee can call upon the resources of the Compliance Division, and has been given extensive powers by the Board to gain access to all the documents and information it requires to perform its supervisory function.



- 6.** Under the Regulations of the Board of Directors, all Board members are bound by a duty of loyalty and confidentiality and are required to disclose any holdings they may have in the company itself or interests in other companies outside the Group.

Specifically, Article 29 of the Regulations states that a Director may not provide professional services to Spanish companies whose corporate purpose coincides wholly or partly with that of the company. An exception is made for offices they hold in companies in the Group. Directors must notify the Appointments Committee and Corporate Governance before accepting any executive appointment in another company or institution.

Article 31 of the Board of Directors Regulations states that Directors must inform the company of any company shares which they own directly or through companies in which they hold a significant stake.

They must also disclose any shares held, directly or indirectly, by their close relatives. Directors must also inform the company of all positions that they hold and activities that they perform in other companies or entities and, generally, of any fact or situation that may be material in connection with their performance as Directors of the company.

- 7.** The Capital Companies Law establishes that Directors have a duty to avoid conflicts of interest, and it lists the situations in which a Director must abstain from acting and, in any case, establishes the duty to notify the other Directors and, where appropriate, the Board of Directors of any situation where their interests, or those of their related parties, may be in conflict, directly or indirectly, with the interests of the company.

## 6. Risk control and management systems (E)

### 6.1. Scope of the Bank's Risk Control and Management System, including that relating to tax risks (E.1)

For risk management and control, Banco Sabadell Group has defined a Global Risk Framework that is formalised in a set of principles, embodied in policies and deployed in procedures, strategies and processes that seek to increase the likelihood of achieving the strategic goals of the Group's various activities by facilitating management in a context of uncertainty.

The Group's Global Risk Framework includes, among other aspects, all those actions associated with identification, decision-making, measurement, evaluation, monitoring and control of the risks to which the Group is exposed, including tax risk. These activities include the functions performed by the entire Group's various divisions and business units.

The Global Risk Framework comprises the Global Risk Framework Policy, the Risk Appetite Framework (RAF), the Risk Appetite Statement (RAS) and the set of policies for each of the risks, together with the operating and conceptual Procedures and Manuals that make up the regulations of the Group and its subsidiaries.

The Board of Directors of Banco Sabadell has also approved the Group's tax strategy. That strategy is governed by the principles of efficiency, prudence, transparency and minimisation of tax risk, it is broadly aligned with Banco Sabadell Group's business strategy, and it is applied in all the companies controlled by the Group, regardless of their geographical location.

### 6.2. Bodies of the Bank responsible for drawing up and executing the Risk Control and Management System, including tax risk (E.2)

The Board of Directors of Banco de Sabadell, S.A. assumes, among its other duties, the identification of the Group's main risks and the implementation and monitoring of the appropriate internal control and reporting systems, including the challenging and monitoring and strategic planning of the Group and the oversight of the management of relevant risks and the alignment thereof with the profile defined by the Group.

To this end, it participates directly (or through the Bank's Risk Committee) in monitoring the risk strategy, including the definition of risk appetite, RAF, RAS and policies; monitoring the implementation of the risk culture throughout the organisation, and in reviewing the adequacy of the organisational structure to that strategy.

The Board of Directors is the body responsible for establishing the general guidelines on the organisational distribution of the risk management and control functions and for determining the main lines of strategy in this respect, ensuring their consistency with the Group's short- and long-term strategic objectives, as well as with the business plan, capital and liquidity planning, risk capacity and remuneration schemes and policies.

The Board of Directors has non-delegable responsibility for: (i) determining the tax strategy; (ii) approving investments or transactions considered strategic on the basis of their amount or special characteristics, strategic nature or particular tax risk, unless their approval is a matter to be determined by the General Meeting; (iii) approving the creation of special-purpose vehicles or entities resident in jurisdictions considered tax havens, or the acquisition of holdings in such undertakings; and (iv) the approval of any other transactions or operations of a comparable nature whose complexity might impair the transparency of Banco Sabadell and its Group.

Additionally, the Credit Delegated Committee, the Risk Committee, the Remuneration Committee and the Audit and Control Committee are involved in the Group's Global Risk Framework and, therefore, in risk management and control. In addition, various Committees and Divisions are significantly involved in the risk function.

Specifically, the following committees have been created and have risk control and management functions within the Global Risk Appetite Framework:

- Technical Risk Committee (CTR), which holds meetings on a monthly basis and has the following functions: (i) supporting the Risk Committee in fulfilling its functions (which include determining, proposing, reviewing and tracking the body of regulations relating to risk, the Risk Appetite Framework and the frameworks associated with each portfolio and/or risk; supervising the institution's risk on an overall level; tracking the tolerance thresholds of first- and second-tier metrics in the RAS on the basis of established governance, and any adaptation plans); (ii) tracking, analysing and, as appropriate, approving matters in the Committee's remit (approving the limits of certain RAS metrics according to the established governance, making proposals to the Risk Committee regarding material changes in internal models for referral to the Board for approval, and approving asset allocation), which includes the policies and metrics related to credit risk (iii) tracking management of doubtful assets and foreclosed assets that together make up the Non-Performing Assets (NPAs), and reporting on this to the Risk Committee; (iv) analysing ad-hoc issues in specific portfolios or risk classes, for referral and inclusion in risk management.

- Group's Risk Transactions Committee, with the following functions: (i) approval of credit and asset management transactions, including transactions/limits for countries and banks, and of specific criteria in line with the policies under the established delegation of powers; (ii) establishment of autonomies for risk acceptance by lower committees, and referring proposals to the Credit Delegated Committee on the basis of established delegations; and (iii) monthly reporting to the Delegated Committee of the transactions approved and performed in the previous month.

Committee created at the end of 2020 as a result of the new organisational structure of the risk function. The full roll-out of its functions took place in the first half of 2021.

- NPA Monitoring and Management Committee (CSyGAP): management body responsible for coordinating the activities of the recovery cycle, including the prevention and containment of the potential entry into default by promoting anticipation strategies, which is responsible for the following functions: (i) monitoring the performance of the Bank's loan book, on a sub-portfolio basis, with a focus on forecasting, identifying returns by sector/sub-portfolio, and setting limits in sectors/sub-portfolios with higher risk; (ii) establishing management priorities to be communicated to the Business Units based on the portfolios/sectors/exposures to be focused on at any given time in order to anticipate potential default and a potential classification as non-performing; (iii) ensuring coordination between the Risk Department and the Business units to reduce the potential for default and delinquency; (iv) monitoring the portfolio of non-performing assets and the recovery strategy for those assets; and (v) establishing frameworks, tools and/or algorithms to facilitate decision-making for both monitoring sub-portfolios and managing non-performing assets.

Committee created at the end of 2020 as a result of the new organisational structure of the risk function. It became fully operational in 2021, with full deployment of its functions.

- Assets and Liabilities Committee (ALCO): management body responsible for optimising and monitoring the management of structural risk in the Group's balance sheet that is assumed in the commercial activity, and the market risk; it has the following functions: (i) approving and tracking macroeconomic and financial scenarios generated by the Group Chief Economist. Additionally, it must be informed regularly of economic, financial, political and geopolitical events and, generally, of other external factors capable of influencing the Group's structural risks; (ii) approving and tracking management of the structural risks in the balance sheet by the Balance Sheet Management unit at Banco Sabadell Spain (UGB BS) and the Group, including liquidity risk, IRRBB, CSRBB and currency risk; (iii) delegate monitoring of market risk

to the Investment and Liquidity Committee (CIL), and receive regular reports on this issue; (iv) optimise the balance sheet structure vis-a-vis those structural risks in accordance with the guidelines, goals and policies defined by the Board of Directors; (v) monitor and define management guidelines in relation to the structural liquidity position, securities issues, interest rate risk, the ALCO portfolio, transfer prices and the structural currency position; (vi) functions related to corporate (Group) and local structural risks at the level of UGB BS (centralised coordination and supervision of the corporate management function, monitoring of the Group's financial activity and that of UGB BS, with breakdown of margins, business performance, performance of the various products, and monitoring of hedges arranged to manage the IRRBB at the level of UGB BS); (vii) activate and, as appropriate, close down the Liquidity Contingency Plan, with the possibility of delegating management of a liquidity crisis situation to the Investment and Liquidity Committee.

- Internal Control Body (OCI): The management body responsible for implementing the policies and procedures established in the Law on the prevention of money laundering and terrorist finance, with the following functions: (i) deciding whether to notify the Spanish government's anti-money laundering agency (SEP-BLAC) of transactions or events likely to be related to money laundering or terrorist financing; (ii) approving files arising from alerts raised by employees which, after analysis by the Money Laundering and Terrorist Finance Prevention Department (DPBCFT), it is decided not to report to SEPBLAC; (iii) validating proposals for responses to requests by SEPBLAC for information about customers and/or transactions; (iv) deciding on whether to maintain or terminate business relationships with customers that are analysed, on the basis of the established procedure; (v) authorising or rejecting proposals for the establishment of commercial relations with financial institutions resident in high-risk countries and/or sanctioned countries and the establishment and/or maintenance of commercial relations with politically exposed persons or their related parties; (vi) approving or rejecting requests to create exceptions for certain customers with respect to sending alerts of unusual transactions, requests from customers that operate with countries where there are certain international restrictions, requests to exempt customers with transactions that require prior authorisation, and proposals for corporate transactions, in accordance with the section of Group manual 4815 on Money Laundering Prevention; (vii) approving the annual training plan on the prevention of money laundering and terrorist financing; (viii) approving updates to the internal regulation manuals on the prevention of money laundering and terrorist financing of the Bank and the domestic Group companies that are subject to the Law; (ix) designating the members of the internal control body (OCI) to perform the functions delegated

to them with respect to any decision that cannot wait until the OCI's next scheduled meeting; any actions they take must be reported to the next meeting; (x) approving special analysis files arising from court orders; and (xi) approving reports regarding material information on possible breaches of the law for the prevention of money laundering and terrorist financing that have been communicated by the Bank's employees, executives or agents, including anonymous reports.

### 6.3. Main risks (E.3)

The Group has established a risks taxonomy that includes the risks to which it is exposed in the performance of its activities. Specifically, it identifies the following first-tier and second-tier risks:

#### 6.3.1. Strategy risk

Risk of losses (or negative impacts in general) as a result of the adoption or subsequent implementation of strategic decisions. It also includes the inability to adapt the Group's business model to the evolution of the environment in which it operates. This risk includes:

- Solvency risk: this is the risk of not having sufficient capital, either in quality or quantity, required to achieve strategic and business objectives, withstand operational losses or comply with regulatory requirements and/or the expectations of the market in which it operates.
- Business risk: the possibility of incurring losses arising from adverse events that negatively affect the capacity, strength and recurrence of the income statement, either because of their viability (short-term) or sustainability (medium-term).
- Reputational risk: this is the current or future risk of loss arising from failures in the areas of processes and operations, strategy and corporate governance, which generate a negative perception by customers, counterparties, shareholders, investors or regulators and which may negatively affect the Group's ability to maintain its business relationships or establish new ones, and to continue to access funding sources.
- Climate risk: the risk of loss arising from current and potential future impacts on the climate risk factors of customers and the Bank's own business. These factors can be mainly physical (the physical effects of change from a changing climate, including more frequent extreme weather events and gradual changes in climate) and transitional (resulting from adjustment processes towards a lower-emission economy). Climate risk acts, where appropriate, as a driver of other risks such as credit risk.

#### 6.3.2. Credit risk

The possibility that losses may be incurred as a result of borrowers failing to meet their payment obligations or through losses in value due simply to deterioration in borrower quality. This risk includes:

- Borrower default risk: the risk that borrowers fail to honour their payment obligations in a timely manner; it also includes the risk of fraud in applications for credit.
- Concentration risk: complementary to credit risk, concentration risk refers to exposures that can potentially generate losses large enough to threaten the institution's solvency or the viability of its ordinary business activity.
- Counterparty credit risk is a type of credit risk that refers to the risk of a counterparty defaulting before definitively settling cash flows of either a transaction with derivatives or a transaction with a repurchase commitment, with deferred settlements or collateral financing.
- Country risk is defined as the risk of a country's debts taken as a whole due to factors inherent to the sovereignty and the economic situation of a country, i.e. for circumstances other than regular credit risk. It manifests itself in a debtor's potential inability to honour their foreign currency payment obligations to external creditors due, among other reasons, to the country preventing access to foreign currency, the inability to transfer it, or the non-enforceability of legal action against borrowers for reasons of sovereignty, war, expropriation or nationalisation. Country risk affects not only debts contracted with a State or entities guaranteed by it but also all private debtors that belong to such a State and who, for reasons outside their control and not intentionally, find themselves generally unable to honour debts.
- Non-performing asset (NPA) risk: the risk of incurring higher costs or losses associated with managing doubtful and/or foreclosed assets received to pay off a debt.
- Equity risk: the risk of incurring losses as a result of adverse changes in the value of an equity instrument. This basically includes the Bank's own portfolio of equity holdings (listed and unlisted), including the portfolio of associate entities in which it has significant influence.

#### 6.3.3. Finance risk

The possibility of obtaining insufficient returns or having insufficient liquidity such as to prevent compliance with future requirements and expectations. This risk includes:

- Liquidity risk refers to the possibility of losses being incurred as a result of the institution being unable, albeit temporarily, to honour payment commitments due to a lack of liquid assets, or of its being unable to access the markets to refinance debts at a reasonable cost. This risk may be associated with factors of a systemic nature or specific to the Institution/Group itself.

- Exchange rate risk: risk arising from changes in exchange rates between currencies and the possibility that these movements may result in losses in the P&L on financial investments and on permanent investments in foreign branches and subsidiaries.
- Interest Rate Risk in the Banking Book (IRRBB): the risk of incurring losses as a result of the impact caused by interest rate fluctuations on the income statement (revenues and expenses) and on an entity's equity structure (current value of assets, liabilities and off-balance sheet positions sensitive to interest rates).
- Market risk is defined as the risk of financial asset positions losing their market value due to changes in risk factors affecting their quoted price or market performance, their volatility, or the interconnections that exist between them. This refers in particular to trading positions.
- Insurance risk: this is the risk arising from pension commitments and from the holding of control in insurance companies, which are mainly affected by actuarial risk in addition to other risks (market, counterparty, operational, etc.).
- Credit Spread Risk in the Banking Book (CSRBB): is the risk of potential losses arising from changes in market perceptions of the price of credit risk, the liquidity premium and other potential components of instruments bearing credit risk, which generate fluctuations in the price of credit risk, the liquidity premium and other potential components. This risk is explained neither by IRRBB nor by the expected credit risk or immediate default risk.

#### 6.3.4. Operational risk

Operational risk is defined as the risk of incurring losses due to inadequate or deficient processes, personnel and internal systems or due to external events. This definition includes, among others, legal risk, model risk and information and communication technology (ICT) risk and excludes strategic risk and reputational risk. This risk includes:

- Fraud risk: the possibility, present or future, of losses arising from actions, by employees or by third parties, with the intent to defraud, misappropriate, or evade regulations, laws or company policies.
- Conduct risk: is the possibility, current or future, of losses arising from the inadequate provision of financial services, including cases of wilful or negligent conduct, including those arising from non-compliance with regulations or legal provisions.
- Process risk: the possibility of incurring losses due to failures in process management, execution or delivery or to inadequate processes.
- Technology risk: Technology risk (or ICT (information and communication technology) risk) is defined as the current or future risk of incurring losses due to inadequacies or failures of technical infrastructures' hardware and software, which could compromise the availability, integrity, accessibility and security of these infrastructures and data, or make it impossible for information and communication technology platforms to be changed at a reasonable cost and within a reasonable time frame to respond to changes in the needs of the environment or of the business. It also includes security risks resulting from inadequacies or failures of internal processes or external events, including cyberattacks or inadequate physical security in data centres.
- Outsourcing risk: the risk, present or future, of losses arising from the use of a third party's resources on a normalised stable, permanent basis to perform processes of the subcontracting company, which inherently entails exposure to a series of underlying risks, such as operational risk, including conduct risk, information and communication technology (ICT) risk, legal and compliance risk; reputational risk, concentration risk, step-in risk and country risk.
- Talent/management risk: the risk of incurring losses related to events with an impact on employees, e.g. non-availability of suitable profiles, workforce turnover and replacement, dissatisfaction among employees, etc. This category also includes losses arising from actions in breach of legislation or agreements in the areas of employment, workplace health and safety, personal injury claim payouts, or diversity/discrimination events.
- Property risk: the risk of incurring material losses on buildings and other tangible assets, including losses arising from incidents in physical safety.
- Model risk: the risk, present or future, to an institution as a result of decisions based primarily on the results of internal models, due to errors in the design, application or use of those models.
- Risk Data Aggregation Risk: is the risk associated with inappropriate processing and/or consideration of data within the entity that could affect the accuracy, preparation, dissemination and, where appropriate, publication of relevant reporting used in decision making, including, but not limited to, risk, regulatory and financial reporting data.
- Compliance risk: the risk, present or future, of losses arising from legal or administrative penalties, significant financial losses or an impairment of reputation due to a breach of laws, regulations, rules, self-regulation codes or codes of conduct applicable to its banking activities.
- Tax risk: the probability of failing to comply with the objectives set out in the institution's tax strategy from a dual perspective due to either internal or external factors:
  - (i) On the one hand, the probability of failing to comply with tax obligations, potentially resulting in an undue shortfall of income, or the occurrence of any other event that generates potential harm or loss for the Bank in terms of meeting its objectives.
  - (ii) On the other hand, the probability of making an undue payment when complying with tax obligations, thus negatively affecting shareholders and other stakeholders.

## 6.4. Levels of risk tolerance, including tax risk (E.4)

The Group has a Risk Appetite Framework (RAF) that establishes the structure and mechanisms associated with the governance, definition, disclosure, management, measurement, monitoring and control of the Group's Risk Appetite. In addition to the Group's RAF, each subsidiary has a Local RAF which, based on the principle of proportionality, is adapted to the local situation but is aligned at all times with the Group RAF.

The Risk Appetite Statement (RAS) is the written articulation of the types of risks the Group is willing to accept, or wishes to avoid, in order to achieve its business objectives. Therefore, depending on the nature of each risk, the RAS includes both qualitative and quantitative metrics. Consequently, the RAF is a key element in setting the risk strategy since it determines the scope of action.

In addition to the Group's RAF, each subsidiary has a Local RAF which, based on the principle of proportionality, is adapted to the local situation but is aligned at all times with the Group RAF.

As for tax risk, one of the main principles of the tax strategy referred to in section "6.1 Scope of the Bank's Risk Control and Management System, including that relating to tax risks (E1)" above is to minimise tax risk.

This statement applies to all risks identified in section "6.3 Main risks (E3)" above.

## 6.5. Risks, including tax risks, that materialised during the year (E.5)

The Group provides detailed information of the risks in Note 4 "Risk Management" in the Notes to the Consolidated Financial Statements of Banco Sabadell Group, which are available on the corporate website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)- Information for shareholders and investors - Financial information -Annual Reports).

Throughout 2021, the various mitigating measures taken in 2020 to mitigate the effects of the pandemic have been expiring and no increase in arrears is being observed as a result of the expiry of these measures. In this respect, expectations about the duration and intensity of the negative impact on economic activity remain uncertain, and developments continue to be monitored.

## 6.6. Response and supervision plans for the Bank's main risks, including tax risks, as well as the procedures applied by the Bank to ensure that the Board of Directors responds to emerging challenges (E.6)

In accordance with the provisions of the Risk Appetite Framework (RAF), the Group's Risk Appetite Statement (RAS) has a solid governance process which ensures its proper deployment to all participants in the decision-making process. Consequently, the RAS follows a set of guidelines for approval/review, regular monitoring and oversight (including notification of breaches) and deployment to Group subsidiaries.

Specifically, the mechanisms for regular tracking of the RAS ensure a high degree of involvement at all times by the Group's governing bodies, which must have an updated vision of compliance and adaptation to the Risk Appetite defined for the Group, which enables it to make informed decisions. Accordingly, depending on their nature and hierarchy, the metrics in the Group RAS are reported regularly to different governing bodies (including the Board of Directors and the Risk Committee) and committees, and there is a procedure for giving notice of breaches.

In the event of a breach, the RAF identifies the Governing Bodies and Committees that must receive notice of the breach, as well as the need to define an Adaptation Plan, and defines its main characteristics, such as the parties responsible for approving it, deadlines, and mandatory content.

The main mechanisms implemented by the Group for monitoring and supervising risks are the following:

- Risk governance through the definition of the Risk Appetite in the RAS (through quantitative metrics and qualitative aspects) and the set of risk policies.
- Evaluation of the risk profile through a systematic process that provides a comprehensive view of the risks and risk tracking.
- Regular reporting of risks (including tax risk), mainly via the Risk Committee scorecard, which facilitates risk tracking. Specifically, this reporting covers at least the principal risks, maintaining a balance between qualitative data and comments, and, where possible, it incorporates prospective measures, information on risk appetite limits and emerging risks. It also exercises oversight to ensure a homogeneous view that provides an integrated perspective at Group level, without prejudice to including the local perspective.
- Forward-looking risk management by using stress scenarios in cases where this is considered to be meaningful, which also makes it possible to identify new risks.

More information regarding the systems for controlling the risks to which the Group is exposed can be found in the Annual Report, specifically Note 4 “Risk Management” of the Notes to the Consolidated Financial Statements of Banco Sabadell Group, available on the corporate website: [www.grupobancosabadell.com](http://www.grupobancosabadell.com) - Shareholder and Investor Information - Financial Information - Annual Reports.

# 7. Internal Control Systems and Risk Management over Financial Reporting (ICFR) (F)

## 7.1. Control environment (F.1)

### 7.1.1. Governance and governing bodies

Article 5 of the Regulations of the Board of Directors states that the Board of Directors is an instrument of supervision and control whose responsibility is to identify the company's and the consolidated Group's main risks and implement and monitor suitable internal control and reporting systems, as well as designing policies for the reporting and disclosure of information to shareholders, the markets and the general public.

In addition, as provided in Article 16 of its Regulations, the Board of Directors delegates supervision of internal control systems to the Audit and Control Committee.

The functions of the Internal Audit Department include the support of the Audit and Control Committee in the oversight of the correct design, implementation and effective functioning of risk management and control systems, including the SCIIF - Financial Information Control System.

The Internal Control Division is responsible, among other functions, for ensuring the effective control of all risks related to SCIIF, as well as management compliance with the established risk appetite levels and the established procedures.

The Group's Finance Division contributes to implementing the general framework of the internal control systems that are rolled out across the entire organisation.

Part of that contribution materialises in responsibility for designing and implementing internal control systems for financial information that ensure the accuracy of the financial information that is generated.

### 7.1.2. Positions of responsibility

The design and review of the organisational structure is the responsibility of the Global Organisation and Corporate Projects Department, based on Banco Sabadell Group's Master Plan and current banking regulations. This Management analyses and adapts the functions and organisational structure of each General Management to bring it into line with the set objectives and the current regulations. Amendments to the organisation structure of the members of the Management Committee are submitted to the Board of Directors for approval, while amendments to the organisation structure of the reports to the members of the Management Committee are presented to the Management Committee for approval.

At the same time, the details of all the departments/units/offices are sent on a monthly basis to the Human Resources Division showing all the amendments that have been made, so as to equip them with the resources considered necessary to perform their duties.

The organisation chart of Banco Sabadell Group arising from the above process encompasses all the departments, areas and divisions into which Banco Sabadell Group is divided. This organisation chart is complemented by the policies and procedures of each Division, which determine the framework for action and the responsibilities of each unit of the Bank.

### 7.1.3. Code of conduct

The Banco Sabadell Group has a Group Code of Conduct which, as indicated above, was thoroughly reviewed and updated in 2021. The new text, approved by the Board of Directors, is available to all members of the Group and requires their express adherence to it. Its fundamental principles include a commitment to transparency and, in particular, it reflects the commitment to make all financial and corporate information available to shareholders. The purpose is to comply strictly with Banco Sabadell Group's obligation to offer reliable financial reporting prepared in accordance with the regulations so as to present a true and fair view of various companies that comprise it. It also includes the responsibilities of its employees and executives to ensure this is so, via both proper discharge of their duties and notification to the governing bodies of any circumstance which might affect this commitment.

There is a Corporate Ethics Committee, whose functions include fostering ethical behaviour throughout the organisation, making proposals and advising both the Board of Directors and the various corporate and business units in connection with decisions that refer to issues that may lead to conflicts of values.

Among the tasks carried out by the Corporate Ethics Committee is the analysis of compliance with the Code of Conduct or any other existing code or self-regulation. In order to perform its functions, it has access to the human and material resources of the Compliance Department. If, as a consequence of performing its duties and responsibilities, it detects any breach, it must advise the Human Resources Division for the application of corrective actions and penalties. Additionally, the Corporate Ethics Committee has been designated by the Board of Directors as the Body in charge of Supervision and Compliance with the Crime Risk Organisation and Management Model.



### 7.1.4. Whistleblower channel

Banco Sabadell Group has, and encourages the use of, an autonomous independent whistleblower channel to report all types of irregularities or crimes, including breaches of the General Code of Conduct. Any reports received are treated confidentially and, once handled by the Corporate Ethics Committee, are referred to the Audit and Control Committee, if appropriate. This channel is managed internally and may be contacted by email at [CanalDenunciasGBS@bancsabadell.com](mailto:CanalDenunciasGBS@bancsabadell.com).

### 7.1.5. Training

With regard to training and refresher programmes, and in particular the process of preparing financial information, the Banco Sabadell Group's Finance Division holds training sessions, depending on the needs that arise, in order to cover new aspects in relation to the Entity's internal accounting/financial operations, applicable national and international regulations and the use of IT tools, with the aim of facilitating the management and control of financial information. In addition, professionals from the Finance Division regularly participate in workshops and events dealing with aspects related to accounting and prudential regulations applicable to the Institution.

Training is taught chiefly by internal professionals of Banco Sabadell Group and by external experts who are specialists in each area.

In addition, the Human Resources Division places at the disposal of Banco Sabadell Group employees a series of financial training courses which they can take online. The most notable courses refer to IFRS (International Financial Reporting Standards), financial mathematics, financial analysis, Spain's General Accounting Plan and general tax matters.

The Internal Audit Department has a training plan in place for all management professionals which includes a University Specialist Programme in Bank Internal Auditing (PSAI for its Spanish initials) at a prestigious academic institution. The course covers areas such as accounting principles and financial reporting, the basics of auditing, and financial risk monitoring and management. In 2021, 8 audit professionals had completed this programme, and 71 members of the Internal Audit Department currently hold PSAI certificates. In addition, during 2021, members of the Internal Audit Department took part in workshops on the impact of new regulatory developments in relation to credit risk, sustainability, non-financial reporting, reporting to the supervisor and Next Generation funds. In terms of technology certifications in 2021, one auditor has been certified in ITIL v4 Foundation and CDMP (Certified Data Management Professional), another auditor in CISSP (Certified Information Security Systems Security Professional) and one auditor in ISO27001. In addition, 71 auditors are certified in the Internal Control - Integrated Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

## 7.2. Assessment of financial reporting risks (F.2)

Banco Sabadell Group's process of identifying the risk of error or the probability of fraud in financial reporting is documented in a manual which sets out the frequency, methods, types of risks and other basic features of the process.

The process covers all the financial reporting objectives (existence and occurrence; integrity; valuation; presentation, itemisation and comparability; and rights and obligations) and focuses on identifying risks of material error based on transaction complexity, quantitative and qualitative materiality, complexity of the calculations and application of judgements and estimations, updated on a quarterly basis. In any case, if in the financial year (i) circumstances not previously identified lead to the possibility of errors in the financial information, or (ii) material changes to the operations of Banco Sabadell Group arise during the year, the Finance Department assesses the risks to be added to those already identified.

The process is structured such that, on a half-yearly basis, an analysis is conducted to identify where material transactions arise, in terms of the areas or processes and the companies and locations.

Once they have been identified, they are reviewed so as to analyse the potential risks of error for these types of transactions in each financial reporting objective. In the case of one-off transactions (i.e. quite complex non-recurring transactions), a specific analysis is performed on a quarterly basis to assess whether new risks have arisen that need to be mitigated.

The process for delimiting the consolidation scope is detailed in section "7.3. Control activities (F.3, F.6)" of this document.

In addition, the process considers the risk of error in certain processes not linked to specific transaction types but which are especially important in view of their impact on financial reporting, such as the process of reviewing judgements and estimates, significant accounting policies and the closing and consolidation process. In this respect, and with a view to covering the risks of these processes, Banco Sabadell Group has the control activities described in the next section "7.3 Control activities (F.3, F.6)" of this document. It should also be noted that the risk identification process takes into account the possible effects of other types of risks (operational, technology, financial, legal, reputational, environmental, etc.), insofar as these may affect the financial statements.

The aforementioned process is conducted and documented by Banco Sabadell Group's Finance Department and is supervised ultimately by the Audit and Control Committee.

## 7.3. Control activities (F.3, F.6)

### 7.3.1. Procedures for reviewing and authorising financial reporting

The procedures for reviewing and authorising Banco Sabadell Group's financial reporting to the markets commence with a review by the Finance Department. In accordance with the Board of Directors Regulations, the individual and consolidated financial statements and half-yearly summary consolidated financial statements are reviewed by the Audit and Control Committee prior to being authorised by the Board of Directors. In accordance with its regulations, the Audit and Control Committee reads and discusses the information with the heads of the Finance and Internal Audit departments and with the external auditors prior to submission to the Board of Directors.

Once the Audit and Control Committee has vetted the information and either approved it or attached its comments, the CFO, the Chairman and the Chief Executive Officer of Banco Sabadell Group sign the accounts and submit them to the Board of Directors for authorisation. Although it is not mandatory, the mid-year summary consolidated financial statements are audited by the external auditor.

The Audit and Control Committee reviews the quarterly financial disclosures (income statement and trend of the main balance sheet items) before they are submitted to the Board of Directors. In addition, on a monthly basis, they monitor the most significant developments from a technical accounting point of view as well as the results.

With regard to the activities and controls directly relating to transactions that may have a significant impact on the financial statements, Banco Sabadell Group has descriptions of the controls in place to mitigate the risk of material error (intentional or otherwise) in the information reported to the markets. For the critical areas of Banco Sabadell Group, special emphasis is placed on developing solid descriptions of the flows of activities and controls, which cover, among others:

- Credit investment
- Fixed-income portfolio and issuance
- Equity portfolio
- Customer deposits
- Derivatives
- Foreclosed real estate

These descriptions contain information on what form the control activity should take, its purpose (risk to be mitigated), the party responsible for executing it and the frequency. The descriptions cover controls on the proper accounting, measurement, presentation and disclosure of these areas.

Banco Sabadell Group also has procedures for mitigating the risk of error in processes not related to specific transactions. In particular, there are procedures defined

for the accounting close which include the consolidation process and specific review procedures for material judgements and estimates, which are escalated to senior management when appropriate.

With regard to the consolidation process within the accounting close, procedures have been implemented to ensure proper identification of the consolidation perimeter. In particular, for example, Banco Sabadell Group conducts a monthly analysis of the consolidation perimeter, requesting the necessary information from all subsidiaries; the analysis covers all types of corporate structures.

The review of judgements and estimates is carried out at different levels by members of the Finance Department. In addition, in its financial statements Banco Sabadell Group describes the most important areas in which judgements and estimates are made, together with the key assumptions in this connection. It also has procedures for reviewing accounting estimates. In this regard, the main judgements and estimates made relate to the determination of the business models under which financial assets are managed, the determination of the significant increase in the risk of financial assets, impairment losses on certain financial assets, actuarial calculations relating to pension liabilities and commitments, the useful life of tangible and intangible assets and their impairment losses, the valuation of goodwill, provisions and the consideration of contingent liabilities, the fair value of certain unquoted financial assets, the fair value of mortgaged property, the recoverability of non-monetisable deferred tax assets and tax credits, the term of finance leases in which Banco Sabadell acts as lessee and the discount rate of financial liabilities under leases.

The Banco Sabadell Finance Department has implemented a software application that includes and formalises all the ICFR controls referred to above while, at the same time, ensuring ongoing identification of new risks to be considered and updates to mitigating controls in each accounting close. This application enables the controls to be validated on time and properly with the aim of guaranteeing the reliability of the financial reporting. The software features are designed to take account of the recommendations in the CNMV's guide entitled "Internal Control over Financial Reporting in Listed Companies," based on the principles and good practices contained in the COSO report (Committee of Sponsoring Organizations of the Treadway Commission).

Additionally, in order to strengthen the ICFR validation process, a certification process of the controls included in the ICFR is carried out for the closing of annual and half-yearly accounts; this process consists of three sequential certification levels and flows hierarchically through the organisation up to the members of the Management Committee.

### 7.3.2. Internal control policies and procedures over information systems

Banco Sabadell Group uses information systems to maintain an adequate record and control of its operations and is, consequently, highly dependent on them working properly.

As part of the process to identify risks of error in financial reporting, Banco Sabadell Group identifies which systems and applications are important in each of the areas or processes considered to be material. The identified systems and applications include those used directly in preparing the financial information and those that are important for ensuring that the controls to mitigate the risk of errors are effective.

The design and implementation of the applications define a methodological framework that establishes various points of control to ensure that the solution complies with user requirements and meets the required standards of reliability, efficiency and maintainability.

Any change regarding infrastructures or applications is handled via the change management service, which defines the change approval flow, which may be escalated to the Change Committee, with a definition of the impact and the possibility of roll-back.

The Technological Security Department establishes policies governing measures to protect the information systems so as to guarantee secure access and combat emerging cyber threats. These measures include role-based access control and periodic recertification of these permissions, two-factor remote access, malware protection systems and a 24x7 cyber incident monitoring and response team. In addition, the availability of redundant infrastructures and regularly tested recovery procedures are ensured to guarantee the continuity of technological services.

### 7.3.3. Internal control policies and procedures for outsourced activities and appraisals outsourced to independent experts

Banco Sabadell Group regularly examines whether activities carried out by third parties are material to the financial reporting process or might indirectly affect its reliability. To date, Banco Sabadell Group has not outsourced processes with a material impact on financial reporting. However, Banco Sabadell Group regularly uses reports from independent experts for measuring transactions that may materially affect the financial statements.

For financial year 2021, the activities outsourced to third parties (assessments, appraisals and calculations by independent experts) were connected with real estate valuations, valuing equity holdings, checking the accounting treatment of corporate transactions, measuring post-employment benefits for employees, and reviewing goodwill/ Cash Generating Units.

The units of Banco Sabadell Group responsible for these operations exercise oversight on the work of the external experts to check their competence, skills, accreditation and independence together with the validity of the data and methods used and the reasonableness of the assumptions applied, as described in the preceding section “7.3.1 Procedures for reviewing and authorising financial reporting”.

## 7.4. Information and communication (F.4)

### 7.4.1. Function in charge of accounting policies

The Accounting Regulation and Financial Reporting Department (under the Financial Reporting Department) is the unit responsible for identifying and defining the accounting policies that affect Banco Sabadell Group and for responding to accounting queries from the subsidiaries and business units.

The Financial Reporting Department is responsible for informing Senior Management of Banco Sabadell Group regarding new accounting standards, the results of their implementation and their impact on the financial statements of Banco Sabadell Group.

The functions of the Technical Committee on Accounting and Financial Disclosures also include reviewing and updating policies related to financial reporting, approving the general accounting criteria and procedures, approving and reporting on the accounting treatment adopted by the Management Committee and the Audit and Control Committee, and determining the transactions that, in accordance with the established procedures, need to be cross-checked by an independent accounting expert.

Banco Sabadell Group has guides on accounting procedure that conform to the needs, requirements and dimension of Banco Sabadell Group; they set out and explain the rules for preparing financial reporting and describe how to apply the rules to the Bank's specific operations. These documents not only refer explicitly to the rules that apply to each type of transaction, but also elaborate and explain the interpretation of these rules.

These documents are updated at least annually. Significant amendments are notified to the dependent companies to which they are applicable.

### 7.4.2. Mechanisms for preparing financial reporting

The main IT systems and applications used in generating financial reporting by Banco Sabadell Group are centralised and interconnected. There are procedures and controls that monitor system development and maintenance, as well as their proper performance, continuity and security.

During consolidation and the preparation of the financial reporting, inputs such as the financial statements issued by Group subsidiaries are used in the established formats, together with the rest of the financial information required both for accounting harmonisation and for meeting the disclosure requirements.

Banco Sabadell Group has a software application for consolidation, including a series of controls to ensure the reliability and proper processing of the information received from subsidiaries, notably checks to ensure consolidation entries were posted correctly, an analysis of variations in all balance sheet and income statement items, variations in the results obtained with respect to proper insertion of Group undertakings' financial statements, the monthly and annual budget, and specific Bank of Spain checks on the financial statements, in which the balance sheet and profit and loss account items are cross-checked.

Banco Sabadell Group also has a computer application for producing full-year and mid-year financial statements and Directors' reports. The application makes it possible to add checks to ensure that the information in the accounts is internally consistent and that the arithmetic totals of the financial statements and the tables contained in the notes in the annual report are correct.

## 7.5. Supervision of system operation

(F.5)

### 7.5.1. ICFR supervision activities

In accordance with the Regulations of the Board of Directors, the Audit and Control Committee is entrusted with oversight of Internal Audit. In addition, the Audit and Control Committee, among other functions, reports to the Board of Directors on the internal audit plan for approval by the Board, evaluates the results of each audit and prioritises and monitors corrective actions.

The Bank's Internal Audit Department reports directly to the Audit and Control Committee, which grants it hierarchical and functional independence from the rest of Banco Sabadell's departments and positions the function at an appropriate level of the organisation.

On the basis of its policy, which was approved by the Board of Directors, the functions of the Internal Audit Department include supporting the Audit and Control Committee in supervising the proper design, implementation, and effective functioning of the risk management and control systems.

The Internal Audit Activities Plan that the Board of Directors approved at a meeting on 20 January 2021, based on a favourable report by the Audit and Control Committee, set out, inter alia, the actions to be implemented with respect to the areas or processes considered to have the highest residual risk on the basis of a risk assessment. The actions set out in the plan were performed in 2021, after a prioritisation scheme created for the purpose of adjusting the Plan to the group's new strategic plan as well as supervisor requirements and significant changes and exceptional

transactions throughout the year; in some cases, the control environment was reviewed and, in particular, the proper identification of risks in processes was assessed, along with the sufficiency, design, implementation and effective functioning of the existing controls. In addition, the general controls on reporting systems indicated in the preceding section, "7.3.2 Internal control policies and procedures over information systems", are reviewed every year.

At each financial close, the Financial Department assesses the internal control model, considering its periodicity, the risks in the financial reporting processes, and the adequacy and effectiveness of the controls that mitigate them, and it produces and custodies evidence that each specific control was performed. The Finance Division also continuously evaluates aspects that may lead to changes in the internal control model — including regulatory changes, the introduction of new products and amendments to Banco Sabadell's processes — and identifies the risks associated with them and designs controls to mitigate them; it also reviews the criticality of the controls and the changes in the materiality of processes with an accounting impact.

The Internal Control Division is responsible, among other functions, to ensure the effective control of all the risks related to ICFR, as well as compliance with the established procedures and alignment of these risks management with the risk appetite level defined.

In addition to the aforementioned supervisory activities carried out by the ICFR Department, the Audit and Control Committee and the Internal Audit Department, in 2021 the external auditor reviewed the information relating to the ICFR, with no adverse findings in the auditor's report on "Information on ICFR" as indicated in section "7.6 External auditors' report (F.7)" in this report.

### 7.5.2. Detecting and managing weaknesses

The Audit and Control Committee meets at least once every three months (prior to the publication of the regulated disclosures) in order to obtain and analyse the necessary information to fulfil the functions entrusted to it by the Board of Directors in connection with supervision of the process of producing and presenting the mandatory financial disclosures.

In these meetings, an in-depth review is carried out of the annual and half-yearly accounts and the interim financial statements of the company together with the rest of the information made available to the market. To carry out this process, the Audit and Control Committee first receives all the documentation and conducts meetings with the Chief Financial Officer, the internal control functions and the external auditor and the external auditor (in the case of the annual and half-yearly accounts) in order to ensure proper application of the current accounting standards and the reliability of the financial reporting. In addition, during this discussion process, any ICFR weaknesses that were identified are assessed, and, where applicable, the proposals to correct them and the status of any actions that have been taken.

The Group's auditor has direct access to the Group's Senior Management and holds regular meetings to obtain the necessary information to perform his/her work and to report on control weaknesses, if any, detected during the audit. With regard to the latter aspect, each year the external auditor submits a report to the Audit and Control Committee detailing any internal control weaknesses that were detected in the course of his/her work or certifying that there were none. This report incorporates comments by Group management and, where applicable, any action plans implemented to remedy the relevant internal control weaknesses.

## 7.6. External auditor's report (F.7)

The Banco Sabadell Group has submitted the ICFR information submitted to the markets for the 2021 financial year for review by the external auditor. The report of the External Auditor (KPMG Auditores, S.L.) will, when issued, be included as an appendix to this Annual Corporate Governance Report.

The scope of the auditor's review is determined by "Gufa de Actuación y Modelo de Informe del Auditor referidos a la Información relativa al Sistema de Control Interno sobre la Información Financiera (SCIIF) de las Entidades Cotizadas" [Action Guidebook and Model Report of the Auditor referring to the Information related to the Internal Control System on Financial Information (SCIIF) of Listed Entities], issued by means of Circular E14/2013, dated 19 July 2013, of the Instituto de Censores Jurados de Cuentas de España [Spanish Institute of Chartered Accountants].

## 8. Degree of compliance with Corporate Governance Recommendations (G)

The degree to which Banco Sabadell complies with the recommendations in the Good Governance Code for Listed Companies is detailed in section G of the Statistical Annex to the 2021 Annual Corporate Governance Report of listed companies attached to this report.

## 9. Other useful information (H)

Since 2017, Banco Sabadell has adhered to the Code of Good Tax Practices approved by the Large Company Forum on 20 July 2010 and applies its recommendations.

Accordingly, Banco Sabadell informs that it voluntarily submitted the "Annual Tax Transparency Report" for financial year 2020 to the Spanish Tax Authority.

In addition, through its subsidiary in the United Kingdom, it has been a signatory since 2014 to the "*Code of Practice on Taxation for Banks*" promoted by the UK tax authorities, complying with its contents.

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This Annual Corporate Governance Report was approved by Banco Sabadell's Board of Directors at its meeting held on:

17/02/2022

No Directors who voted abstained or voted against the approval of this Report.

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The English version is a Translation of the original in Spanish and is provided for information purposes only. In case of discrepancy, the original version in Spanish shall prevail.



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ISSUER IDENTIFICATION DATA

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Date of end of reference year: [ 31/12/2021 ]

Tax ID Number: [ A-08000143 ]

Company name:

[ BANCO DE SABADELL, S.A. ]

Registered address:

[ AV. OSCAR ESPLA N.37 (ALICANTE) ]

**A. OWNERSHIP STRUCTURE**

A.1. Complete the following table on the share capital and voting attributed, including, where applicable, those corresponding to shares with loyalty votes, as at closing date of the financial year:

Indicate whether the company's articles of association contain a provision for double loyalty voting:

Yes  
 No

Date of last modification	Share capital (€)	Number of shares	Number of voting
16/11/2017	703,370,587.63	5,626,964,701	5,626,964

Indicate whether there are different classes of shares with different associated rights:

Yes  
 No

A.2. List the direct and indirect borrowers of significant holdings at the closing date of the financial year, including directors with significant holding:

Name or company name of shareholder	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
BLACKROCK INC.	0.00	3.02	0.00	0.41	3.43
FINTECH EUROPE, S.À.R.L.	3.45	0.00	0.00	0.00	3.45
MR. LEWIS A. SANDERS	0.00	3.47	0.00	0.00	3.47

Breakdown of the indirect holding:

Name or company name of the indirect borrower	Name or company name of the direct borrower	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights
BLACKROCK INC.	BLACKROCK, INC. several subsidiaries	3.02	0.41	3.43
FINTECH EUROPE, S.À.R.L.	MR. DAVID MARTINEZ GUZMAN	3.45	0.00	3.45
MR. LEWIS A. SANDERS	SANDERS CAPITAL, LLC	3.47	0.00	3.47

- A.3. List the holding, whatever the percentage, at closing date of financial year of the members of the Board of Directors who are borrowers of voting attributed to shares in the company or through financial instruments, excluding the directors identified in section A.2 above:

Name or company name of director	% of voting rights attached to the shares		% of voting rights through financial instruments		% of total voting rights	Voting that <u>can be transferred</u> through financial instruments (%)	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. JOSEP OLIU CREUS	0.07	0.05	0.01	0.00	0.13	0.00	0.00
MR. PEDRO FONTANA GARCÍA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MR. ANTHONY FRANK ELLIOTT BALL	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. AURORA CATÁ SALA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. LUIS DEULOFEU FUGUET	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. MARIÁ JOSÉ GARCÍA BEATO	0.01	0.00	0.00	0.00	0.01	0.00	0.00
MS. MIREYA GINÉ TORRENS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. GEORGE DONALD JOHNSTON III	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	0.05	0.01	0.00	0.00	0.06	0.00	0.00
MS. ALICIA REYES REVUELTA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. MANUEL VALLS MORATÓ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MR. DAVID VEGARA FIGUERAS	0.01	0.00	0.00	0.00	0.01	0.00	0.00

% of total voting borrowed by Board of Directors	3.67
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Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct borrower	% of voting rights attached to the shares	% of voting rights through financial instruments	% of total voting rights	Voting that <u>can be transferred</u> through financial instruments (%)
No data					

Give details of the total percentage of voting represented on the board:

Total voting represented on the Board of Directors (%)	3.67
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A.7. Indicate whether the company has been notified of any shareholder agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:

Yes  
 No

Indicate whether the company is aware of any concerted shares among its shareholders. If so, provide a brief description:

Yes  
 No

A.8. Indicate whether any natural person or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them::

Yes  
 No

A.9. Complete the following table with details of the company's treasury shares:

At closing date of the year:

Number of direct shares	Number of shares Indirect(*)	% of total of share capital
40,679,208		0.72

(\*) Through:

Name or company name of direct borrower of the holding	Number of direct shares
No data	

A.11. Estimated capital float:

	%
Estimated capital float	89.10

A.14. Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes  
 No

## B. GENERAL MEETING

B.4. Give details of attendance at general meetings held during the reporting year and the two previous years:

Date of general meeting	Attendance data					Total
	% in attendance	% represented by proxy	% remote voting			
			E-voting	Other		
28/03/2019	0.40	58.78	0.00	0.00		59.18
Of which free float	0.25	58.65	0.00	0.00		58.90
26/03/2020	0.18	61.38	0.00	0.00		61.56
Of which free float	0.01	61.26	0.00	0.00		61.27
26/03/2021	0.16	60.98	0.00	0.00		61.14
Of which free float	0.07	57.80	0.00	0.00		57.87

B.5. Indicate whether there has been any item on the agenda at the general meetings held during the year that has not been approved by the shareholders for any given reason:

Yes  
 No

B.6. Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend the general meeting, or to vote remotely:

Yes  
 No

Number of shares required to attend the general meeting	1,000
Number of shares required for voting remotely	1,000

**C. STRUCTURE OF COMPANY'S ADMINISTRATION**

**C.1. Board of Directors**

C.1.1 Maximum and minimum number of directors expected in the articles of association and the number established by the general meeting:

Maximum number of directors	15
Minimum number of directors	11
Number of directors set by the general meeting	15

C.1.2 Complete the following table with Board members:

Name or company name of director	Representative	Director category	Board position	Date first appointed	Date of last appointment	Election procedure
MR. JOSEP OLIU CREUS		Other external	CHAIRMAN	29/03/1990	28/03/2019	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. PEDRO FONTANA GARCÍA		Independent	DEPUTY CHAIRMAN	27/07/2017	19/04/2018	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN		Executive	CHIEF EXECUTIVE OFFICER/ CEO	17/12/2020	26/03/2021	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. ANTHONY FRANK ELLIOTT BALL		Independent	INDEPENDENT LEAD DIRECTOR	30/03/2017	26/03/2021	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MS. AURORA CATÁ SALA		Independent	DIRECTOR	29/01/2015	28/03/2019	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. LUIS DEULOFEU FUGUET		Independent	DIRECTOR	28/07/2021	28/07/2021	BOARD OF DIRECTORS RESOLUTION
MS. MARÍA JOSÉ GARCÍA BEATO		Other external	DIRECTOR	24/05/2018	28/03/2019	GENERAL MEETING OF SHAREHOLDERS

Name or company name of director	Representative	Director category	Board position	Date first appointed	Date of last appointment	Election procedure
MS. MIREYA GINÉ TORRENS		Independent	DIRECTOR	26/03/2020	26/03/2020	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. GEORGE DONALD JOHNSTON III		Independent	DIRECTOR	25/05/2017	19/04/2018	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. DAVID MARTÍNEZ GUZMAN		Proprietary	DIRECTOR	27/03/2014	19/04/2018	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ		Independent	DIRECTOR	26/03/2013	19/04/2018	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI		Independent	DIRECTOR	18/09/2010	28/03/2019	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MS. ALICIA REYES REVUELTA		Independent	DIRECTOR	24/09/2020	26/03/2021	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. MANUEL VALLS MORATÓ		Independent	DIRECTOR	22/09/2016	26/03/2021	GENERAL MEETING OF SHAREHOLDERS RESOLUTION
MR. DAVID VEGARA FIGUERAS		Executive	DIRECTOR	28/05/2015	28/03/2019	GENERAL MEETING OF SHAREHOLDERS RESOLUTION

Total number of directors	15
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Indicate if any directors, whether through resignation or by agreement of the general meeting, have left the Board of Directors during the period subject to this report:

Name or company name of director	Category of the director at the time of cessation	Date of last appointment	Date of disposal	Specialised Commissions of which the director was a member	Indicate whether the cessation took place before the finish date of the mandate
MR. JAIME GUARDIOLA ROMOJARO	Executive	19/04/2018	18/03/2021	Delegated Committee	YES
MR. JOSÉ JAVIER ECHENIQUE LANDIRIBAR	Independent	28/03/2019	28/07/2021	Strategy and Sustainability Committee and Credit Delegated Committee	YES

C.1.3 Complete the following tables with the members of the Board and their categories:

EXECUTIVE DIRECTORS		
Name or company name of director	Post in organisation chart of the company	Profile
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	CHIEF EXECUTIVE OFFICER/ CEO	BANKING/RETAIL & CORPORATE BANKING/FINANCIAL/ REGULATORY/INTERNATIONAL/DIGITAL AND IT (Digital transformation) Double degree in Law and Business Administration from ICADE, Madrid, and an MBA from Yale School of Management, Connecticut (USA). Founder and CEO of ING Direct, N.V. Branch in Spain (1998-2010), General Manager for Spain, France, Italy and United Kingdom of ING Direct, N.V. (2004-2010), Regional Head of Europe at ING Bank (2010-2011), CEO of Novagalicia Banco (now Abanca) (2011-2013), CEO of Gulf Bank (2014-2016) and CEO of ING Spain and Portugal (2017-2019) and non-executive director of TSB Bank, PLC and TSB Banking Group, PLC of Banco Sabadell Group. (2020-2021) Trustee of the Ciudad Escuela de los Muchachos Foundation.
MR. DAVID VEGARA FIGUERAS	DIRECTOR-GENERAL MANAGER	FINANCIAL/RISKS/ACADEMIC/REGULATORY. A graduate in economics from the Autonomous University of Barcelona, he holds an MA in economics from the London School of Economics. Secretary of State for Economic Affairs (2004-2009), Deputy Director at the International Monetary Fund (2010-2012) and Deputy Managing Director for Banking of the European Stability Mechanism (2012-2015). Associate professor in the Department of Economics, Finance and Accounting at ESADE (2015-2018). Member of the Supervisory Board of the company Hellenic Corporation of Assets and Participations, S.A. and Trustee of the Foundation

EXECUTIVE DIRECTORS		
Name or company name of director	Post in organisation chart of the company	Profile
		Pasqual Maragall. He is a non-executive director of TSB Bank, PLC and TSB Banking Group, PLC of the Banco Sabadell Group.

Total number of executive directors	2
Percentage of Board	13.33

EXTERNAL PROPRIETARY DIRECTORS		
Name or company name of director	Name or corporate name of the significant shareholder he/she represents or who has proposed its appointment	Profile
MR. DAVID MARTÍNEZ GUZMÁN	FINTECH EUROPE, S.À.R.L.	BUSINESS/FINANCIAL/INTERNATIONAL. Degree in Electrical & Mechanical Engineering from the National Autonomous University of Mexico, Diploma in Philosophy from Universitas Gregoriana (Italy), and MBA from Harvard Business School. Founder of Fintech Advisory in 1987, the fund management company of Fintech Investments Ltd. (New York and London). Director of listed companies Alfa, S.A.B., Vitro, S.A.B. and Cemex, S.A.B.

Total number of proprietary directors	1
Percentage of Board	6.67

EXTERNAL INDEPENDENT DIRECTORS	
Name or company name of director	Profile
MR. PEDRO FONTANA GARCÍA	BANKING/RETAIL BANKING/BUSINESS. Degree in Business from Escuela Superior de Administración y Dirección de Empresas (ESADE), Barcelona, and MBA from Harvard Graduate School of Business Administration, Boston-Massachusetts (EE.UU.) General Manager of COOB'92 (1990-1993), General Manager of Turisme de Barcelona (1993-1994), Chairman of Banca Catalana (1994-1999), General Manager of BBVA Catalonia (2000-2009), Executive Chairman of AREAS (Elior Group) (2012-2017), Deputy General Manager of Elior Group, S.A. (2017-2018), and nominee of EMESA Corporación Empresarial, S.L. on the board of listed company Elior Group, S.A. (2018-2019). Independent Director of Grupo Indukern, S.L. and of Pax Equityco, S.À.R.L., Chairman of Asociación para el Progreso de la Dirección -Catalonia Chapter, Chairman of the Board of Trustees of Fundació Privada Cercle d'Economia, Member of the Board of Trustees of Fundació Barcelona Mobile World Capital, and a Director of Fira Internacional de Barcelona.

EXTERNAL INDEPENDENT DIRECTORS	
Name or company name of director	Profile
MR. ANTHONY FRANK ELLIOTT BALL	BUSINESS/INTERNATIONAL. Chartered Engineer and MBA from Kingston Business School, Kingston University (London). Honorary Doctorate from the Kingston University Faculty of Business and Law and from Middlesex University. Chairman and CEO of Fox Sports International (1995-1996), CEO of Fox Liberty Networks LLC. (1996-1999), Chief Executive Officer of BSkyB Plc. (1999-2004), Chairman of Kabel Deutschland GmbH (2005-2013) and Independent Director of BT Group (2009-2018). Director of Ambassadors Theatre Group Ltd, Chairman of Bité Group and Proprietary Director of Masmovil Ibercom, S.A., companies in which Providence Equity Partners LLC has an interest.
MS. AURORA CATÁ SALA	BUSINESS / CONSULTING / FINANCE / HUMAN RESOURCES. Degree in Industrial Engineering (major in Industrial Organisation) from the Polytechnic University of Catalonia and an MBA and PADE from IESE Barcelona. Chief Financial Officer of Nissan Motor Ibérica, S.A. (1991-1996), CEO of Planeta 2010 (1999-2002), Founder of Content Arena (2002-2003), General Manager of Audiovisual Media of Recoletos Grupo de Comunicación (2003-2008), Member of the Governing Board of the Institut Català de Finances (2014) and Independent Director of Atresmedia Corporación de Medios de Comunicación, S.A. (2019-2021). Formerly member of a number of Board of Directors. Independent Director of Repsol, S.A. and Atrys Health, S.A. Chairman of Barcelona Global and Member of the Executive Committee of IESE alumni. Director of Sabadell Information Systems, S.A. (a technology subsidiary of Banco Sabadell).
MR. LUIS DEULOFEU FUGUET	BANKING/RETAIL BANKING/DIGITAL AND IT (Digital Transformation)/BUSINESS/CONSULTANT Telecommunications Engineer from the Polytechnic University of Catalonia, "Finance for Executives" at ESADE and PDG from IESE (Barcelona). Senior Manager at Andersen Consulting (1988-1994), Head of Technical Services & Development of New Projects at Acesa (1994-2001), Chief Technology Officer at La Caixa (2001-2011), Managing Director for Internal Resources and Efficiency at Abertis Infraestructuras (2011-2014). Managing Director of Sanef (2014-2018) and Deputy CEO of Cellnex Telecom (2018-2020). He has been Founder and Administrator of Acesa Telecom (today Cellnex Telecom), and Founder and Director of the Parc Logístic de la Zona Franca (Duty-Free Zone Logistics Park), as well as Deputy Chairman of the Catalan Research and Innovation Foundation and Trustee of the Barcelona Digital Foundation, and Board member of numerous entities such as e-La Caixa, Abertis Telecom, Invercaixa Gestión, Sanex, Xfera, Cellnex Telecom, Hispasat, DDST-Tradia, among others. Since 2020, Director of Sabadell Information Systems, S.A. (technology subsidiary of Banco Sabadell) and Member of the Technology Committee (CATED). Senior Advisor at Cellnex Telecom and Chairman of the Cellnex Foundation.
MS. MIREYA GINÉ TORRENS	FINANCE / ACADEMIC / GOVERNANCE / DIGITAL & IT (Digital Transformation) Holds a bachelor's degree and an MA (Cum Laude) in economics from Pompeu Fabra University, and a PhD from the University of Barcelona. Director of International Initiatives, WRDS from Wharton Business School in Pennsylvania since 2012, and Associated Professor in the Department of Finance at IESE Business School since 2018. Researcher at the European Corporate Governance Institute since 2018, Expert on Corporate Governance issues at the World Economic Forum from 2019 and a Member of the Center for Economic Policy from 2020. Independent Director of Sabadell Asset Management (2018-2020), Trustee of the Aula Escola Europea Foundation.



EXTERNAL INDEPENDENT DIRECTORS	
Name or company name of director	Profile
MR. GEORGE DONALD JOHNSTON III	BANKING/CORPORATE BANKING/INTERNATIONAL. BA in Political Science from Middlebury College, Vermont; MA in International Economics and Latin American Studies from Johns Hopkins University School of Advanced International Studies, Washington DC. (USA). Executive Director at Salomon Brothers (1979-1990), Director of Bankers Trust International and member of its worldwide Executive Committee (1992-1999), head of the M&A group for Europe and member of the Executive Committee for Europe and of the Global Operating Committee within Deutsche Bank's investment banking division (1999-2005), Chairman of Deutsche Bank's European M&A group (2005-2010). Independent Director of listed companies Acerinox, S.A. and Merlin Properties, SOCIMI, S.A.
MR. JOSÉ MANUEL MARTÍNEZ	BUSINESS / INSURANCE / FINANCE / INTERNATIONAL. Public Works Engineer, he obtained a degree in Economics and Actuarial Science at the University of Madrid. Chairman of MAPFRE (2001-2012), Chairman of Fundación MAPFRE (2007-2012) and member of the Board of Directors of Consorcio de Compensación de Seguros and the International Insurance Society. Honorary Chairman of MAPFRE.
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	BANKING / BUSINESS. Architect specialised in urban development, he holds an Executive MBA from IE Business School of Madrid. Formerly director of Banco Guipuzcoano (1990-2010). Owner and Chairman of an extensive group of companies, he is currently Chairman of the companies of the group Centro Fuencarral, S.A., Comercial del Campo, S.A., Edificios Cameranos, S.A., Inversiete, S.A., Producción y Desarrollo, S.A., Títulos e Inversiones, S.A., and Villa Rosa, S.A.
MS. ALICIA REYES REVUELTA	BANKING / RETAIL & CORPORATE BANKING / FINANCE/ INTERNATIONAL Double degree in Law and Business Administration from ICADE, Madrid. PhD in Quantitative Methods and Financial markets from ICADE. Formerly member of a number of Board of Directors. Country Manager of Bear Stearns for Iberia (2002-2006), Global Head of Structuring of Financial institutions and Global Head of Insurance Solutions and Strategic Capital Derivatives at Barclays Capital (2010-2014). Partner of Olympo Capital (2014-2015). Independent Director (2015-2016), Chief Executive Officer (CEO) for the EMEA business (2016-2020) and Acting Chairman (2019) of Wells Fargo Securities International LTD. Guest lecturer at University College London (UCL) Institute of Finance and Technology, and trustee of NGO Fareshare. Independent Director of Ferrovial, S.A. and Non-Executive Director of TSB Bank, PLC and TSB Banking Group, PLC of Banco Sabadell Group.
MR. MANUEL VALLS MORATÓ	AUDITOR / FINANCE. Degree in Economics and Business Studies from the University of Barcelona and a post-graduate qualification in Business Administration from IESE/University of Navarra; he is a registered auditor and a member of Spain's official register of auditors since its creation. Partner of PwC (1988-2013), Head of the Audit Division at PwC (2006-2013) and Chairman of PwC Auditores (2006-2011). Independent member of the Governing Board of Institut Català de Finances (2015-2016). Lead Independent Director of listed company Renta Corporación Real Estate, S.A. and Chairman of the Audit, Control and Risk Committee at COBEGA. Director of Sabadell Information Systems, S.A., a technology subsidiary of Banco Sabadell.
Total number of independent directors	10

Percentage of Board	66.67
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Indicate whether any director classified as independent receives from the company, or any company in its group, any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
No data		

**OTHER EXTERNAL DIRECTORS**

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Grounds	Company, manager or shareholder to which or to whom the director is related	Profile
MR. JOSEP OLIU CREUS	He held executive functions until 26 March 2021 and in accordance with the Capital Companies Law	BANCO DE SABADELL, S.A.	BANKING/RETAIL & CORPORATE BANKING/FINANCIAL/ ACADEMIC/INTERNATIONAL He holds a degree in economics from the University of Barcelona and a PhD in Economics from the University of Minnesota. Professor of Economic Theory at the University of Oviedo. Appointed Director-General Manager of Banco Sabadell in 1990. Chairman of Banco Sabadell since 1999. Non-executive Chairman of Exea Empresarial and the latter's representative on the board of Puig, S.L. Member of FEDEA (Fundación de Estudios de Economía Aplicada), Trustee of the Fundación Princesa de Asturias and the Fundación Princesa de Girona.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:			
Name or company name of director	Grounds	Company, manager or shareholder to which or to whom the director is related	Profile
MS. MARIA JOSE GARCIA BEATO	Held executive functions until 31 March 2021 and in accordance with the Capital Companies Act.	BANCO DE SABADELL, S.A.	BANKING/LEGAL/ REGULATORY/GOVERNANCE Degree in Law and Diploma in Criminology. Spanish State Attorney (1991). Former positions include State Attorney at the Madrid High Court of Justice, Legal Counsel at the Data Protection Agency, State Attorney as consultant to the State Legal Service, Head of the General Secretariat of Communications, and State Attorney at the Spanish National Court. She has been General Counsel (2005-2008), General Secretary (2008-2021) and Executive Director (2018-2021) of Banco Sabadell. Independent Director of the listed company Red Eléctrica Corporación, S.A. (2012-2021). Non-Executive Director of MdF, S.A., Trustee of Fundación Banco Sabadell and of the Fundación de la Asociación Española de Banca and member of the Advisory Board of the Board of Trustees of Fundación Cajasur.

Total number of other external directors	2
Percentage of Board	13.33

Indicate any changes that have occurred during the period in each director's category:

Name or company name of director	Date of change	Previous category	Current category
MR. JOSEP OLIU CREUS	26/03/2021	Executive	Other external
MS. MARIA JOSE GARCIA BEATO	31/03/2021	Executive	Other external

C.1.4 Complete the following table with information relating to the number of female directors at closing date of the past four years, as well as the category of each:

	Number of female directors				% of total directors in each category			
	Year 2021	Year 2020	Year 2019	Year 2018	Year 2021	Year 2020	Year 2019	Year 2018
Executives		1	1	1	0.00	25.00	20.00	25.00
Proprietaries					0.00	0.00	0.00	0.00
Independents	3	3	1	2	30.00	30.00	12.50	20.00
Other Externals	1		1		50.00	0.00	100.00	0.00
Total	4	4	3	3	26.67	26.67	20.00	20.00

C.1.11 List any position of director or administrator, or representative of them, held by directors or representatives of directors who are members of the company's Board of Directors in other entities, whether or not they are listed companies:

Identification of the director or representative	Company name of the listed or unlisted entity	Position
MR. JOSEP OLIU CREUS	SABADELL CONSUMER FINANCE, S.A.U.	CHAIRMAN
MR. JOSEP OLIU CREUS	EXEA EMPRESARIAL, S.L.	CHAIRMAN
MR. JOSEP OLIU CREUS	PUIG, S.L.	REPRESENTATIVE OF DIRECTOR
MR. JOSEP OLIU CREUS	BARCELONA GRADUATE SCHOOL OF ECONOMICS FUNDACIÓN PRIVADA	REPRESENTATIVE OF DIRECTOR
MR. JOSEP OLIU CREUS	FUNDACIÓ BOSCH I CARDELLACH	REPRESENTATIVE OF DIRECTOR
MR. JOSEP OLIU CREUS	FUNDACIÓN DE ESTUDIOS DE ECONOMÍA APLICADA	DIRECTOR
MR. JOSEP OLIU CREUS	FUNDACIÓN PRINCESA DE ASTURIAS	REPRESENTATIVE OF DIRECTOR
MR. JOSEP OLIU CREUS	FUNDACIÓN PRINCESA DE GIRONA	REPRESENTATIVE OF DIRECTOR
MR. PEDRO FONTANA GARCÍA	GRUPO INDUKERN, S.L.	DIRECTOR
MR. PEDRO FONTANA GARCÍA	PAX EQUITYCO, S.À.R.L.	DIRECTOR
MR. PEDRO FONTANA GARCÍA	GARNIEL, S.L.	SOLE ADMINISTRATOR
MR. PEDRO FONTANA GARCÍA	ASOCIACION PARA EL PROGRESO DE LA DIRECCION - APD CATALUÑA	CHAIRMAN

Identification of the director or representative	Company name of the listed or unlisted entity	Position
MR. PEDRO FONTANA GARCÍA	FIRA INTERNACIONAL DE BARCELONA	DIRECTOR
MR. PEDRO FONTANA GARCÍA	FUNDACION BARCELONA MOBILE WORLD CAPITAL	DIRECTOR
MR. PEDRO FONTANA GARCÍA	FUNDACIO PRIVADA CERCLE D'ECONOMIA	CHAIRMAN
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	FUNDACIÓN CIUDAD ESCUELA DE LOS MUCHACHOS	DIRECTOR
MR. ANTHONY FRANK ELLIOTT BALL	AMBASSADORS THEATRE GROUP LTD.	DIRECTOR
MR. ANTHONY FRANK ELLIOTT BALL	BITE GROUP	CHAIRMAN
MR. ANTHONY FRANK ELLIOTT BALL	MASMOVIL IBERCOM, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	SABADELL INFORMATION SYSTEMS, S.A.U.	DIRECTOR
MS. AURORA CATÁ SALA	ATRY'S HEALTH, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	REPSOL, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	BOZO CONSULTING, S.L.	JOINT ADMINISTRATOR
MS. AURORA CATÁ SALA	LIZARD INVERSIONES, S.L.	JOINT ADMINISTRATOR
MS. AURORA CATÁ SALA	ASOCIACIÓN BARCELONA GLOBAL	CHAIRMAN
MR. LUIS DEULOFEU FUGUET	SABADELL INFORMATION SYSTEMS, S.A.U.	DIRECTOR
MR. LUIS DEULOFEU FUGUET	EIXAMPLE 2 ASSESSORS, S.L.	JOINT ADMINISTRATOR
MR. LUIS DEULOFEU FUGUET	FUNDACIÓN CELLNEX	CHAIRMAN
MS. MARÍA JOSÉ GARCÍA BEATO	MdF, S.A.	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	FUNDACIÓN PRIVADA BANCO SABADELL	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	FUNDACIÓN ASOCIACIÓN ESPAÑOLA DE BANCA	DIRECTOR
MS. MIREYA GINÉ TORRENS	REAL ANALYSIS, S.L.	SOLE ADMINISTRATOR

MS. MIREYA GINÉ TORRENS	FUNDACIÓN AULA ESCUELA EUROPEA	DIRECTOR
MR. GEORGE DONALD JOHNSTON III	ACERINOX, S.A.	DIRECTOR
MR. GEORGE DONALD JOHNSTON III	MERLIN PROPERTIES, SOCIMI, S.A.	DIRECTOR
MR. GEORGE DONALD JOHNSTON III	YANKEE KINGDOM ADVISORY, LLC	SOLE ADMINISTRATOR
MR. DAVID MARTÍNEZ GUZMÁN	ALFA, S.A.B DE C.V.	DIRECTOR
MR. DAVID MARTÍNEZ GUZMÁN	CEMEX, S.A.B. DE C.V.	DIRECTOR
MR. DAVID MARTÍNEZ GUZMÁN	VITRO, S.A.B. DE C.V.	DIRECTOR
MR. DAVID MARTÍNEZ GUZMÁN	ICA TENEDORA, S.A. DE C.V.	DIRECTOR
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	MAPFRE (HONORARY CHAIRMAN)	CHAIRMAN
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	FUNDACIÓN PEDRO GUILLÉN	DIRECTOR
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	FUNDACIÓN PEDRO CANO	DIRECTOR
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	CENTRO FUENCARRAL, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	COMERCIAL DEL CAMPO, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	EDIFICIOS CAMERANOS, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	INVERSIETE, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	PRODUCCIÓN Y DESARROLLO, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	S.A. VILLA ROSA	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	TITULOS E INVERSIONES, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	ADMINISTRACIÓN Y EXPLOTACIÓN HOTELERA, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	CAVISA, S.A.	CHAIRMAN

Identification of the director or representative	Company name of the listed or unlisted entity	Position
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	DRUGSTORE MADRID, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	EMPRESA TURÍSTICA HOTELERA, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	EXPLOTACIONES AGRÍCOLAS EL ABUELITO, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	HOTEL NUEVO BOSTON, S,A,	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	INMOBILIARIA MOGAN, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	LONJAS INDUSTRIALES, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	PROMOCIONES CANTERAS, S.A.	CHAIRMAN
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	PROMOTIONS JOMARSA, S.A.	CHAIRMAN
MS. ALICIA REYES REVUELTA	FERROVIAL, S.A.	DIRECTOR
MS. ALICIA REYES REVUELTA	TSB BANK, PLC	DIRECTOR
MS. ALICIA REYES REVUELTA	TSB BANKING GROUP, PLC	DIRECTOR
MS. ALICIA REYES REVUELTA	NGO FARESHARE	DIRECTOR
MR. MANUEL VALLS MORATÓ	SABADELL INFORMATION SYSTEMS, S.A.	DIRECTOR
MR. MANUEL VALLS MORATÓ	COBEGA, S.A. (AUDIT, CONTROL AND RISK COMMITTEE)	CHAIRMAN
MR. MANUEL VALLS MORATÓ	RENTA CORPORACIÓN REAL ESTATE, S.A.	DIRECTOR
MR. MANUEL VALLS MORATÓ	ERBERA M & A, S.L. (INACTIVE COMPANY)	JOINT ADMINISTRATOR
MR. DAVID VEGARA FIGUERAS	TSB BANK, PLC	DIRECTOR
MR. DAVID VEGARA FIGUERAS	TSB BANKING GROUP, PLC	DIRECTOR
MR. DAVID VEGARA FIGUERAS	HELLENIC CORPORATION OF ASSETS AND PARTICIPATION, S.A.	DIRECTOR
MR. DAVID VEGARA FIGUERAS	FUNDACIÓN PASQUAL MARAGALL	DIRECTOR

The positions indicated in Foundations and other non-profit entities listed above correspond to the position of Trustee. Below is a list of the entities in which the directors of Banco de Sabadell, S.A. hold remunerated positions: ACERINOX, S.A.; ALFA, S.A.B. DE C.V.; AMBASSADORS THEATRE GROUP LTD.; ATRYS HEALTH, S.A.; BITE GROUP; CEMEX, S.A.B. DE C.V.; COBEGA, S.A.; EXEA EMPRESARIAL, S.L.; FERROVIAL, S.A.; GRUPO INDUKERN, S.L.; HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS, S.A.; ICA Tenedora, S.A. DE C.V.; INVERSIETE, S.A.; MASMOVIL IBERCOM, S.A.; MERLIN PROPERTIES, SOCIMI, S.A.; PAX EQUITYCO, S.À.R.L.; REAL ANALYSIS, S.L.; RENTA CORPORACIÓN REAL ESTATE, S.A.; REAL ANALYSIS, S.L.; REPSOL, S.A.; SABADELL INFORMATION SYSTEMS, S.A.U.; TÍTULOS E INVERSIONES, S.A.; TSB BANK, PLC and TSB BANKING GROUP, PLC (ONLY THE INDEPENDENT DIRECTOR OF BANCO SABADELL); VITRO S.A.B DE C.V.; YANKEE KINGDOM ADVISORY, LLC.

Indicate, if applicable, any other remunerated activities of the directors or representatives of the directors, whatever their nature, other than those indicated in the above table.

Identification of the director or representative	Other remunerated activities
MR. ANTHONY FRANK ELLIOTT BALL	SENIOR ADVISOR (PROVIDENCE EQUITY PARTNERS LLC)
MR. LUIS DEULOFEU FUGUET	SENIOR ADVISOR (CELLENEX TELECOM, S.A.)
MS. MARÍA JOSÉ GARCÍA BEATO	LAWYER (PROFESSIONAL ACTIVITY)
MS. MIREYA GINÉ TORRENS	ASSOCIATE PROFESSOR (IESE BUSINESS SCHOOL)
MS. ALICIA REYES REVUELTA	VISITING PROFESSOR (FACULTY OF ENGINEERING, UNIVERSITY COLLEGE OF LONDON)
MR. DAVID VEGARA FIGUERAS	MEMBER OF THE ADVISORY BOARD (ROCA JUNYENT, S.L.P.)

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable::

Yes  
 No

C.1.13 Indicate the amounts of the following items of the overall remuneration for the Board of Directors:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	44,604
Amount of funds accumulated by current directors through long-term savings schemes with vested economic rights(thousands of euros)	4,696
Amount of funds accumulated by current directors for long-term savings schemes with non-vested economic rights(thousands of euros)	2,471
Amount of funds accumulated by former directors through long-term savings schemes (thousands of euros)	3,703

C.1.14 Identify members of Bank's senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position(s)
MR. LEOPOLDO ALVEAR TRENOR	GENERAL MANAGER
MR. MIQUEL MONTES GÜELL	GENERAL MANAGER
MR. JOSÉ NIETO DE LA CIERVA	GENERAL MANAGER
MR. CARLOS VENTURA SANTAMANS	GENERAL MANAGER



Name or company name	Position(s)
MR. GONZALO BARETTINO COLOMA	SECRETARY GENERAL
MR. MARC ARMENGOL DULCET	DEPUTY GENERAL MANAGER
MR. XAVIER COMERMA CARBONELL	DEPUTY GENERAL MANAGER
MS. ANA RIBALTA ROIG	DEPUTY GENERAL MANAGER
MS. NURIA LÁZARO RUBIO	ASSISTANT GENERAL MANAGER - HEAD OF INTERNAL AUDIT

Number of women in Bank's senior management	1
Percentage of total Bank's senior management members	10.00
Total remuneration of Bank's senior management (thousands of euros)	9,253

C.1.15 Indicate whether the Board regulations were amended during the year:

Yes  
 No

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, for being appointed as Chairman of the Board of Directors:

Yes  
 No

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes  
 No

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the Chairman being present. Meetings where the Chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	15
Number of board meetings held without the Chairman's presence	0

Indicate the number of meetings held by the lead director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	1
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Indicate the number of meetings held by each Board Committees during the year:

Number of Strategy and Sustainability Committee meetings	9
Number of the Credit Delegated Committee meetings	21
Number of Audit and Control Committee meetings	12
Number of Appointments and Corporate Governance Committee meetings	16
Number of Remuneration Committee meetings	12
Number of Risk Committee meetings	14

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings in which at least 80% of directors were present in person	15
Attendance in person as a % of total votes during the year	99.10
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	15
Votes cast in person and by proxies with specific instructions as a % of total votes during the year	100.00

C.1.27 Indicate whether the individual and consolidated annual accounts submitted to the Board for issue are certified in advance:

Yes  
 No

Identify, if applicable, the person(s) who certified the individual and consolidated annual accounts of the company for issue by the Board:

Name	Position
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	CHIEF EXECUTIVE OFFICER/ CEO
MR. LEOPOLDO ALVEAR TRENOR	GENERAL MANAGER - CHIEF FINANCIAL OFFICER

C.1.29 Is the secretary of the Board also a director?

Yes  
 No

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
MR. MIQUEL ROCA JUNYENT	

C.1.31 Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

- Yes  
 No

If there were any disagreements with the outgoing auditor, explain their content:

- Yes  
 No

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes  
 No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	211	46	257
Amount invoiced for non-audit work/Amount for audit work (in %)	8.88	0.70	2.86

C.1.33 Indicate whether the report of the audit of the annual accounts for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the Chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes  
 No

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the annual accounts have been audited:

	Individuals	Consolidated
Number of consecutive years	2	2
	Individuals	Consolidated
Number of years audited by the current audit firm/number of years in which the company or its group have been audited (in %)	4.88	5.41

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes  
 No

Details of the procedure

The Bank has the procedures for providing the directors with the necessary information and material to prepare for meetings of the Board of Directors and its committees in a timely manner.

Article 21.1 of the Regulation of the Board of Directors establishes that the notice of the meeting shall always include the Agenda of the meeting that must contain, among other points, those that concern information about subsidiary companies and Board Committees, as well as the proposals and suggestions made by the Chairman and the other members of the Board and by the General Managers of the Bank, provided that notice is given at least five business days prior to the date of the Board Meeting, as well as proposals that must be supported by any relevant material for its distribution to the Directors.

Additionally, article 25 provides that:

1. Directors are vested with the broadest powers to be informed about any aspect of the company, to examine its books, records, documents and other background information on the company's operations and to inspect all of its installations. The right to information extends to subsidiaries, both domestic and foreign.
2. So as not to disturb the ordinary running of the company, requests by directors for information must be channelled through the Chairman or the Secretary of the Board of Directors, who must attend to the director's requests by giving the information directly, providing appropriate access to individuals at the relevant level of the organisation, or providing the means by which the director may carry out the desired examination and inspection on site.

Banco Sabadell has a procedure for providing the directors with the necessary material to prepare for meetings of the Board of Directors and its committees in a confidential and encrypted way, using the Diligent Boards software running on iPads. Information for Board of Directors meetings is circulated to the directors one week in advance, and it is elaborated upon or updated in the boardbook as needed, of which they are duly informed.

C.1.39 Identify individually as regards to directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing severance pay or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a public offering or any other type of operations.

Number of beneficiaries	35
Type of beneficiary	Description of the agreement
CHAIRMAN, CHIEF EXECUTIVE OFFICER, DIRECTOR GENERAL MANAGER AND 32 EXECUTIVES	The Chairman's contract contains an early termination clause with two years' remuneration for non-voluntary eventualities linked to non-compete. The Chief Executive Officer's contract has a post-contractual non-compete clause providing two years' salary from the date of unfair dismissal or change of control, and one year's remuneration in all other cases. The Director General Manager's contract contains a post-contractual non-compete clause lasting two years, which would be applied at most until the first date of ordinary retirement in the amount of two years' salary of fixed remuneration. There are 20 executives whose contracts have a clause providing indemnity in the amount of two years' fixed remuneration for cases of unfair dismissal and some limited cases of change of control. A further 12 executives have a post-contractual non-compete clause, 10 of them for a duration of two years, at the latest until the first date of ordinary retirement for an amount of two years' salary of fixed remuneration, and 2 for a duration of one year from the date of unfair dismissal or due to some limited cases of change of control, at the latest until the first date of ordinary retirement for an amount of one year's salary of fixed remuneration.

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Meeting
Body that authorises the clauses	√	

	Yes	No
Are these clauses notified to the General Meeting?	√	

**C.2. Committees of the Board of Directors**

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

Strategy and Sustainability Committee		
Name	Position	Category
MR. JOSEP OLIU CREUS	CHAIRMAN	Other external
MR. LUIS DEULOFEU FUGUET	MEMBER	Independent
MR. PEDRO FONTANA GARCÍA	MEMBER	Independent
MS. MARÍA JOSÉ GARCÍA BEATO	MEMBER	Other external
MR. CÉSAR GONZALEZ-BUENO MAYER WITTEGENSTEIN	MEMBER	Executive
MR. JOSÉ MANUEL MARTÍNEZ MARTINEZ	MEMBER	Independent

% of executive directors	16.67
% of proprietary directors	0.00
% of independent directors	50.00
% of other external directors	33.33

Credit Delegated Committee		
Name	Position	Category
MR. PEDRO FONTANA GARCÍA	CHAIRMAN	Independent
MR. LUIS DEULOFEU FUGUET	MEMBER	Independent
MS. MARÍA JOSÉ GARCÍA BEATO	MEMBER	Other external
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	MEMBER	Executive
MS. ALICIA REYES REVUELTA	MEMBER	Independent

% of executive directors	20.00
% of proprietary directors	0.00
% of independent directors	60.00
% of other external directors	20.00

Audit and Control Committee		
Name	Position	Category
MS. MIREYA GINÉ TORRENS	CHAIR	Independent
MR. PEDRO FONTANA GARCÍA	MEMBER	Independent
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	MEMBER	Independent
NR. MANUEL VALLS MORATÓ	MEMBER	Independent

% of executive directors	0,00
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% of proprietary directors	0,00
% of independent directors	100,00
% of other external directors	0,00

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairman of this committee was appointed.

Names of directors with experience	MRS. MIREYA GINÉ TORRENS / MR. PEDRO FONTANA GARCÍA / MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI / MR. MANUEL VALLS MORATÓ
Date of appointment of the Chairman	26/03/2021

Appointments and Corporate Governance Committee		
Name	Position	Category
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	CHAIR	Independent
MR. ANTHONY FRANK ELLIOTT BALL	MEMBER	Independent
MRS. AURORA CATÁ SALA	MEMBER	Independent
MRS. MIREYA GINÉ TORRENS	MEMBER	Independent

% of executive directors	0,00
% of proprietary directors	0,00
% of independent directors	100,00
% of other external directors	0,00

Remuneration Committee		
Name	Position	Category
MRS. AURORA CATÁ SALA	CHAIR	Independent
MR. ANTHONY FRANK ELLIOTT BALL	MEMBER	Independent
MR. GEORGE DONALD JOHNSTON III	MEMBER	Independent
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	MEMBER	Independent

% of proprietary directors	0,00
% of independent directors	100,00
% of other external directors	0,00

Risk Committee		
Name	Position	Category
MR. GEORGE DONALD JOHNSTON III	CHAIR	Independent



Risk Committee		
Name	Position	Category
MRS. AURORA CATÁ SALA	MEMBER	Independent
MRS. ALICIA REYES REVUELTA	MEMBER	Independent
MR. MANUEL VALLS MORATÓ	MEMBER	Independent

% of executive directors	0,00
% of proprietary directors	0,00
% of independent directors	100,00
% of other external directors	0,00

C.22 Complete the following table with information on the number of female directors on the committees of the Board of Directors at the end of the last four financial years:

	Number of female directors							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Number	%	Number	%	Number	%	Number	%
Strategy and Sustainability Committee	1	16.67	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Credit Delegated Committee	2	40.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Audit and Control Committee	1	25.00	1	25.00	1	25.00	1	25.00
Appointments and Corporate Governance Committee	2	50.00	1	33.33	2	50.00	2	50.00
Remuneration Committee	1	25.00	1	25.00	1	25.00	2	50.00
Risk Committee	2	50.00	1	33.33	1	33.33	1	25.00

**D. RELATED PARTY AND INTRAGROUP OPERATIONS**

D.2. List individually those operations that are significant due to their amount or relevant due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting or represented on the company's Board of Directors, indicating which body was competent to their approval and whether any shareholder or director affected abstained. In the case of board competence, indicate whether the motion has been approved by the board without a majority of the independent directors voting against it:

Name or company name of shareholder or of any of its subsidiaries	% Holding	Name or company name of the company or subsidiary	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who has abstained	The proposal to the board, if any, has been approved by the board without the majority of independents voting against
No data						

Name or company name of the shareholder or of any of its subsidiaries	Nature of the relationship	Type of transaction and other information necessary for its assessment
No data		

D.3. List individually the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the directors or executives of the company, including those operations carried out with entities that the director or executive controls or jointly controls, indicating which body was the competent body for their approval and whether any shareholder or director affected abstained. In the case of board competence, indicate whether the motion has been approved by the board without a majority of the independent directors voting against it:

Name or company name of the directors or their controlled or jointly controlled entities	Name or company name of the company or subsidiary	Relationship	Amount (thousands of euros)	Approving body	Identification of the significant shareholder or director who has abstained	The proposal to the board, if any, has been approved by the board without the majority of independents voting against
No data						

Name or company name of the directors or their controlled or jointly controlled entities	Nature of the transaction and other information necessary for its assessment
No data	

- D.4. Report on an individual basis on significant intragroup operations by virtue of their amount or their subject matter carried out by the company with its parent company or with other entities belonging to the parent company's group, including the listed company's own subsidiaries, unless no other related party of the listed company has an interest in such subsidiaries or such subsidiaries are wholly owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
No data		

- D.5. List individually any operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties in accordance with International Accounting Standards as adopted by the EU, which have not been reported under the previous headings.

Company name of the related party	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
Acerinox, S.A.	The Board of Directors, on 18 November 2021, following a favourable report from the Audit and Control Committee, approved a related party transaction consisting of a loan to Acerinox, S.A. for an amount of 205 million euros, with a term of five years (the first two years of grace period), which was formalised on 23 December 2021. The transaction is considered a related-party transaction, since Acerinox, S.A. is a company in which a Director of Banco Sabadell is also an independent Director and on whose committees he holds positions (member of the executive committee and Chairman of the audit committee of Acerinox, S.A.).	205,000

Company name of the related party	Brief description of the transaction and other information necessary for its assessment	Amount (thousands of euros)
	As its amount exceeds 2.5% of the turnover of the consolidated annual accounts of Banco Sabadell for the financial year 2020, it was published as Other Relevant Information together with the corresponding report of the Audit and Control Committee in the CNMV on 23 December 2021 with registry number 13.328, in accordance with the provisions of article 529 twenty-first of the Capital Companies Law.	

#### G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

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Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the articles of incorporation of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market.

Complies  Explain

2. That when the listed company is controlled by another entity, whether listed or not, in the meaning of Article 42 of the Commercial Code and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
- b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies  Complies partially  Explain  Not applicable

3. That, during the Ordinary General Meeting, as a complement to the distribution of the written annual corporate governance report, the Chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- a) Changes that have occurred since the last Ordinary General Meeting.
- b) Specific reasons why the company does not follow one or more of the recommendations of the Code of Corporate Governance and the alternative rules that apply in this regard, if any.

Complies  Partially complies  Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies  Partially complies  Explain

5. That the Board of Directors should not submit to the General Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies  Partially complies  Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the Ordinary General Meeting, even if their publication is not mandatory:

- a) Report on the auditor's independence.
- b) Reports on the performance of the audit and the nomination and remuneration committees.
- c) Report by the audit committee on related party operations.

Complies  Partially complies  Explain

7. That the company should transmit in real time, through its website, the proceedings of the General Meeting of Shareholders.

And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of companies of large capitalisation and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies  Partially complies  Explain

8. That the audit committee should ensure that the annual accounts that the Board of Directors submits to the General Meeting of Shareholders are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the Chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies  Partially complies  Explain

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Meeting of Shareholders, and the exercise of voting or issuing a proxy.

And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies  Partially complies  Explain

10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make motions in advance of the General Meeting of Shareholders, the company:

- a) Should immediately distribute such complementary items and new motions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative motions can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submit all these items or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or deduction regarding votes for or against.
- d) That after the General Meeting of Shareholders, a breakdown of the voting on said additional items or alternative proposals be communicated.

Complies  Complies partially  Explain  Not applicable

11. That if the company intends to pay premiums for attending the General Meeting of Shareholders, it should establish in advance a general policy on such premiums and this policy should be stable.

Complies  Complies partially  Explain  Not applicable

12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment.

Complies [ X ] Partially complies [ ] Explain [ ]

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies [ X ] Explain [ ]

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board of Directors and that:

- a) Is concrete and verifiable.
- b) Ensures that proposals as to the appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours knowledge, experience, age and gender diversity. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the appointments committee published upon calling the General Meeting of Shareholders to which the ratification, appointment or re-election of each director is submitted.

The appointments committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies [ X ] Partially complies [ ] Explain [ ]



15. That proprietary and independent directors should constitute a substantial majority of the Board of Directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the percentage of equity holding of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less than 30% prior to that date.

Complies [ ] Partially complies [ X ] Explain [ ]

Banco Sabadell fulfils the first part of the recommendation. As for the number of female directors, 27% of the Board members in Banco Sabadell were women in financial year 2021, in line with the general target set by the CNMV of 30%. The Board and the Appointments and Corporate Governance Committee commits to favour the Board's diversity and will ensure that the Board has a sufficient number of female directors, promoting compliance with the objective of representing the under-represented sex.

16. That the number of proprietary directors as a percentage of the total number of non-executive directors are not greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few holdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies [ X ] Explain [ ]

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies [ X ] Explain [ ]

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional and biographical profile.
- b) Any other Boards of Directors to which the directors belong, regardless of whether or not they are listed companies, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of proprietary directors, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent reelections.
- e) Company shares and share options that they own.

Complies  Partially complies  Explain

19. That the annual corporate governance report, after verification by the appointments committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.

Complies  Complies partially  Explain  Not applicable

20. That proprietary directors representing significant shareholders should resign from the Board when the shareholder they represent disposes of its entire holding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its holding to a level that requires a decrease in the number of proprietary directors.

Complies  Complies partially  Explain  Not applicable

21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public offering, merger or other similar corporate operations entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board of Directors are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies  Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of Directors of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the Appointments and Remuneration Committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies  Partially complies  Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies  Complies partially  Explain  Not applicable

24. That whenever, due to resignation or resolution of the General Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies  Complies partially  Explain  Not applicable

25. That the appointments committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company Boards on which directors may sit.

Complies  Partially complies  Explain

26. That the Board of Directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies  Partially complies  Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a representative with instructions.

Complies  Partially complies  Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.

Complies  Complies partially  Explain  Not applicable

29. That the company should establish adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies  Partially complies  Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.

Complies  Explain  Not applicable

31. That the agenda for meetings should clearly indicate those items on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the Chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies  Partially complies  Explain

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies  Partially complies  Explain

33. That the Chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies  Partially complies  Explain

34. That when there is a lead director, the articles of incorporation or Regulations of the Board of Directors should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the Chairman and deputy Chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the Chairman.

Complies  Complies partially  Explain  Not applicable

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.

Complies  Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:
- a) The quality and efficiency of the Board of Directors' work.
  - b) The workings and composition of its committees.
  - c) Diversity in the composition and skills of the Board of Directors.
  - d) Performance of the Chairman of the Board of Directors and of the chief executive officer of the company.
  - e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely for its evaluation upon the assistance of an external advisor, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies  Partially complies  Explain

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board of Directors.

Complies  Complies partially  Explain  Not applicable

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies  Complies partially  Explain  Not applicable

39. That the members of the audit committee, in particular its Chairman, be appointed in consideration of their knowledge and experience in accounting, audit and risk management issues, both financial and non-financial.

Complies  Partially complies  Explain

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive Chairman of the Board or of the audit committee.

Complies  Partially complies  Explain

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies  Complies partially  Explain  Not applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:
1. With regard to information systems and internal control:
    - a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
    - b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit unit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that Bank's senior management takes into account the conclusions and recommendations of its reports.
    - c) Establish and supervise a mechanism to enable employees and other persons connected with the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report potentially significant irregularities, including financial and accounting irregularities, or of any other nature, related to the company that they notice within the company or its group. This mechanism must guarantee confidentiality and, in any case, provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
    - d) Generally ensuring that internal control policies and systems are effectively applied in practice.
  2. With regard to the external auditor:
    - a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
    - b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
    - c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
    - d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
    - e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies [ X ] Partially complies [ ] Explain [ ]



43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appears without the presence of any other member of management.

Complies  Partially complies  Explain

44. That the audit committee be kept abreast of any corporate and structural changes operations planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies  Complies partially  Explain  Not applicable

45. That the risk management and control policy identify or determine, as a minimum:

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies  Partially complies  Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialised committee of the Board of Directors, an internal risk management and control function should exist, performed by an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensuring the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies  Partially complies  Explain

47. That in designating the members of the appointment and remuneration committee — or of the appointments committee and the remuneration committee if they are separate — care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies  Partially complies  Explain

48. That large-cap companies have separate Appointments and Remuneration Committees.

Complies  Explain  Not applicable

49. That the appointments committee consult the Chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the appointments committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.

Complies  Partially complies  Explain

50. That the remuneration committee exercise its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Proposing the basic conditions of employment for senior executive to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior executives, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior executives.
- d) Ensuring that potential conflicts of interest do not impair the independence of external advice given to the committee.
- e) Verifying the information on remuneration of directors and senior executives contained in the various corporate documents, including the annual report on directors' remuneration.

Complies  Partially complies  Explain

51. That the remuneration committee should consult the Chairman and the chief executive of the company, especially on matters relating to executive directors and senior executives.

Complies  Partially complies  Explain

52. That the rules regarding the composition and workings of the supervision and control committees should appear in the Regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:
- a) That they be composed exclusively of non-executive directors, with a majority of independent directors.
  - b) That their chairpersons be independent directors.
  - c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.
  - d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
  - e) That their meetings be recorded and the minutes be made available to all directors.

Complies  Complies partially  Explain  Not applicable

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the appointments committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies  Partially complies  Explain

54. The minimum functions referred to in the foregoing recommendation are the following:
- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
  - b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information, and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
  - c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
  - d) Supervision of the company's environmental and social practices to ensure they are in alignment with the established strategy and policy.
  - e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.
- Complies  Partially complies  Explain
55. That environmental and social sustainability policies identify and include at least the following:
- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct
  - b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
  - c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
  - d) Channels of communication, participation and dialogue with stakeholders.
  - e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.
- Complies  Partially complies  Explain
56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.
- Complies  Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares, or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies  Partially complies  Explain

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies  Complies partially  Explain  Not applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies  Complies partially  Explain  Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies  Complies partially  Explain  Not applicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies  Complies partially  Explain  Not applicable

62. That once shares or options or financial instruments have been allocated under remuneration systems, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the Appointments and Remuneration Committee, to deal with such extraordinary situations as may arise and so require.

Complies  Complies partially  Explain  Not applicable

63. That contractual arrangements should include a clause allowing the company to demand repayment of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies  Complies partially  Explain  Not applicable

64. That payments for contract resolution should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual resolution will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies  Complies partially  Explain  Not applicable



**ANNUAL CORPORATE GOVERNANCE REPORT FOR LISTED COMPANIES**

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Indicate whether any board members voted against or abstained with respect to the approval of this report.

- Yes  
 No

I declare that the details include in this statistical schedule coincide and are consistent with the descriptions and details included in the annual corporate governance report published by the Company.