

# Annual Corporate Governance Report



# Banco Sabadell Annual Corporate Governance Report 2022

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<sup>1</sup> The letters shown in the headings of each section of this report refer to the corresponding sections of the standard form of the Annual Corporate Governance Report issued by the Spanish National Securities Market Commission (CNMV).

Banco de Sabadell, S.A. (hereinafter, Banco Sabadell, the Bank or the Institution) has a solid corporate governance structure that guarantees efficient and prudent management which prioritises sound ethical and transparent governance, taking into account the interests of shareholders, customers, employees and society in the geographies in which it operates.

Aware of the importance of this issue, the Bank maintains, for yet another year, its firm commitment to strengthen and continuously improve its corporate governance, on which it has been working constantly in order to remain to the forefront of advanced corporate governance systems, to be aligned with best practices, and to adapt to the needs arising in the new environment.

The Annual Corporate Governance Report is drawn up with information on the Bank at 2022 year-end and, with the Annual Report on Director Remuneration, forms part of the Directors' Report that accompanies the separate and consolidated financial statements. It was approved unanimously by the Board of Directors at

a meeting on 16 February 2023 in compliance with the provisions of Article 540 of the Capital Companies Law and Circular 5/2013, of 12 June 2013, of the National Securities Market Commission (CNMV).

The preparation and format of the Report is governed by the provisions of CNMV 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 Circular 2/2018, of 12 June, the Annual Corporate Governance Report may be submitted in any PDF format provided that it contains the disclosures defined in the current regulations. As in previous years, Banco Sabadell has decided to adopt this format in order to disclose and describe the main aspects of its corporate governance with the utmost transparency. 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).

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## Corporate Governance of Banco Sabadell in 2022

In 2022, Banco Sabadell continued to enhance its corporate governance in line with best practices:

### Transparency and participation

In order to enhance and encourage shareholder participation, the following key aspects have been implemented:

- Expansion of avenues for shareholder participation in the General Meeting of Shareholders held on 24 March 2022, as they were able to attend, not only in person but also by distance means via webcast, vote on the proposals on the agenda, and submit their comments during the question and answer session.
- Provision of electronic channels through Banco Sabadell's websites (corporate and BSONline) and the mobile app (BSMóvil) to enable shareholders to grant proxy and vote in advance of the General Meeting of Shareholders.

Additionally, in order to strengthen its commitment to transparency, in 2022 the Bank submitted to the General Meeting of Shareholders an Information Supplement to the Banco Sabadell Director Remuneration Policy for the years 2021-2023 in order to elaborate upon and expand the information available on certain aspects that were introduced by Law 5/2021, of 12 April, which came into force on a general basis after the Policy was approved.

### Diversity and sustainability

Banco Sabadell approved a Sustainable Commitment in 2022, i.e. a framework for action that integrates a forward-looking view of environmental, social and governance (ESG) commitments for 2025-2050 into the Bank's strategy.

The Bank is firmly committed to diversity and, consequently, the goal of achieving 33 % of women on the Board of Directors that was adopted in Banco Sabadell's Sustainable Commitment was met in 2022, resulting in an increase in gender diversity while also strengthening the skills on the Board of Directors.

Consequently, Ms. Laura González Molero was appointed as an independent director in 2022.

For the second consecutive year, Banco Sabadell's General Meeting of Shareholders was certified as a "sustainable event" as it met the requirements for sustainability certification and passed the preliminary evaluation process and the on-site audit established by Eventsost.

### Enhanced governance processes

An update of the succession plan for the Chairman of the Board and the Chief Executive Officer has been approved in order to continue ensuring an orderly succession of the Chairman of the Board of Directors and the Chief Executive Officer and, in the event of their sudden absence on a non-provisional basis, to identify the persons who should temporarily assume their functions and the process to be followed until the Board of Directors appoints a new Chairman or Chief Executive Officer.

Banco Sabadell's commitment to following best practices and the highest standards of corporate governance is reflected in the good results obtained by the Bank in ESG analysts' reports during 2022. In the area of governance, the Bank received excellent scores in connection with the Board of Directors, shareholder rights and the effective control and supervision of risks.

Additionally, an external consultant was engaged to check the procedures established for preparing and holding the 2022 General Meeting of Shareholders, and they reported favourably as to compliance with the procedures, emphasising the progress made with the Banco Sabadell General Meeting of Shareholders in the last two years in terms of facilitating shareholder participation using electronic means as referred to above.

With regard to the recommendations of the CNMV's Code of Good Governance in 2022, Banco Sabadell fully complied with 55 of the 56 recommendations applicable to it. It partially complied with recommendation 15 as the percentage of women on the Board of Directors was 33 % (where the CNMV recommends 40 %). It should be noted, however, that women represent 40 % of independent directors. The Board of Directors and the Appointments and Corporate Governance Committee are committed to favouring diversity on the Board; they work to ensure that the Board has a sufficient number of female directors and to fulfil objective for representation of the gender that is under-represented on the Board. Additionally, recommendation 15 is fully complied with in that the proprietary director and the independent directors together represent a broad majority of the Board of Directors.

In order to maintain the Bank's high standards of corporate governance and ensure its continuous alignment with regulatory requirements, supervisors' expectations and national and international best practices, the Appointments and Corporate Governance Committee selected an independent expert to perform the assessment of the Board and its committees for 2022.

## Board of Directors

The following changes were made in the Board of Directors in 2022:

- Mr. José Ramón Martínez Sufrategui tendered his resignation as an independent director of Banco Sabadell at the Board of Directors' meeting held on 26 May 2022, to be effective as of the date on which the regulatory authorizations were obtained to fill the vacancy that this resignation would produce in the Board.
- Ms. Laura González Molero was appointed as an independent director to fill the vacancy produced by the resignation of Mr. José Ramón Martínez Sufrategui, by means of a resolution by the Board of Directors dated 26 May 2022, and she attended her first Board meeting on 29 September 2022, once the pertinent regulatory authorisations had been received.

This change increased the proportion of female directors to 33% in 2022, in compliance with the Bank's commitment as set out in the Sabadell Sustainable Commitment and in line with the objective of the Bank and its Appointments and Corporate Governance Committee to increase diversity on the Board in 2022.

Her appointment also increased and strengthened the diversity of banking knowledge and experience on the Board, particularly in the areas of risk management and control, planning and strategy, governance and sustainability, combined with specific experience in the banking sector and the ability to apply such knowledge and skills to the banking business, while broadening international experience.

Following this change, the Board of Directors of Banco Sabadell is composed of its Chairman, ten independent directors, two executive directors, one other external director and one proprietary director.

## Board of Directors Committees

The structure of the Board committees remained unchanged in 2022, as reflected in the Articles of Association, which were last amended by the General Meeting of Shareholders in 2021.

At a meeting on 29 September 2022, the Board of Directors appointed Ms. Laura González Molero as a member of the Audit and Control Committee and of the Remuneration Committee in place of Mr. José Ramón Martínez Sufrategui. Her appointment to those committees increased gender diversity as it enabled both committees to attain gender parity, as was already the case with the Appointments and Corporate Governance Committee and Risk Committee. Moreover, women play a prominent role as committee chairs: the Audit and Control Committee and the Remuneration Committee are both chaired by women (Ms. Mireya Giné Torrens and Ms. Aurora Catá Sala, respectively), again evidencing Banco Sabadell's commitment to gender diversity in corporate governance.

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
	Lluís 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</b>	Pedro Fontana García	Chairman
	Lluís Deulofeu Fuguet	Member
	María José García Beato	Member
	César González-Bueno Mayer Wittgenstein	Member
	Alicia Reyes Revuelta	Member
	Gonzalo Baretino Coloma	Non-member secretary
	David Vegara Figueras	Permanent invitee
<b>Audit and Control</b>	Mireya Giné Torrens	Chairman
	Pedro Fontana García	Member
	Laura González Molero	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
	Laura González Molero	Member
	George Donald Johnston III	Member
	Gonzalo Baretino Coloma	Non-member secretary
<b>Risk</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 solely for matters of strategy.

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

Since 2019, Banco Sabadell has had a Matrix of competencies and diversity, which is reviewed each year by the Board of Directors; it was last reviewed on 29 September 2022 on the occasion of the most recent appointment of a director.

The Matrix defines the skills and knowledge of the members of the Board of Directors in the following areas: retail and corporate banking; financial and capital markets; insurance; other financial competencies; accounting and auditing; risk management; planning and strategy; governance; risk control; prevention of money laundering and terrorist financing; legal; digital and IT (digital transformation); human resources, culture, talent and remuneration; responsible business and sustainability; international experience; governing bodies; management

and leadership of organisations; business experience; governance and public policy; consulting; regulatory and supervisory bodies; academia; and communication and institutional relations.

In 2022, the Board increased its diversity in terms of the directors' gender, and their knowledge, skills and experience were strengthened in the following areas: retail and corporate banking, financial and capital markets, risk management and control, governance, prevention of money laundering and terrorist financing, responsible business and sustainability, international experience, consulting, regulatory and supervisory bodies, and communication and institutional relations.

In terms of gender diversity, women represented 33% of the Board of Directors and 40% of the independent directors in 2022, in line with the Directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures.

## Diversity and competencies



## Organisational structure

As a continuation of the implementation of the new organisational structure approved by the Board of Directors in 2021 to address the execution of Banco Sabadell's new Strategic Plan, during 2022 the Board approved new appointments and organisational adjustments to ensure that it has the right management team in place to execute the current strategy.

On 26 January 2022, the Board of Directors approved the appointment of Carlos Paz Rubio as Deputy General Manager and Risk Manager and, on 27 April 2022, the appointment of Elena Carrera Crespo as Deputy General Manager and Sustainability Manager, and of Cristóbal Paredes Camuñas as General Manager and Head of Corporate & Investment Banking; all of them have obtained the pertinent regulatory approvals.

On 29 September 2022, the Board of Directors approved the appointment of Jorge Rodríguez Maroto as General Manager and Head of retail Banking and of Sonia Quibus Rodríguez as Deputy General Manager and Head of People, a new division reporting directly to the Chief Executive Officer. Both appointments received the

pertinent regulatory authorisations. On the same date, the Board of Directors created the Sustainability and Efficiency Division, headed by Deputy General Manager Elena Carrera Crespo, who was already in charge of the Sustainability Division.

# Sustainability as a factor in the Institution's corporate governance

Sustainability played an important role within Banco Sabadell's business purpose and strategy in 2022. By defining the Bank's overall strategy, business objectives and risk management framework, the Board of Directors takes account of environmental aspects, including climate, environmental, social and governance risks, and monitors them effectively. In 2022, the Bank continued to advance its activity and organisation with the aim of supporting and accelerating major economic and social transformations that contribute to sustainable development and the fight against climate change. In keeping with this commitment, in the first quarter of 2022 Banco Sabadell published its Sustainable Commitment, which is available on the corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com) directly under "Sustainability".

The Sustainable Commitment action framework integrates the vision for the future of environmental, social and governance commitments into the strategy, aligns business objectives with the Sustainable Development Goals and establishes action levers with transformational drivers. To this end, all of the Bank's bodies participated and the following four strategic axes were established and are being worked on:

- Advance as a sustainable institution.
- Support our customers in the transition towards a sustainable economy.
- Offer investment opportunities that contribute to sustainability.
- Work together for a sustainable, cohesive society.

In February 2022, the Board of Directors updated the sustainability policy, aiming to provide a framework for all of the institution activities and organisation within ESG parameters, which incorporate environmental, social and governance factors in decision-making and, at the same time, based on those parameters, 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 relies to address the challenges posed by sustainability, and it defines the pertinent management parameters as well as the organisation and governance structure necessary for its optimal implementation.

The Strategy and Sustainability Committee, established in 2021, has the following competences related to sustainability:

- Analysing and advising the Board of Directors on the Bank's sustainability and environmental policies.
- Advising the Board of Directors on possible amendments and regular updates of the sustainability strategy.
- Analysing the definition and, as necessary, amending diversity and integration, human rights, equal opportunity and work-life balance policies and evaluating their degree of fulfilment on a regular basis.

- Reviewing the Bank's social action strategy and its sponsorship and patronage plans.
- 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.
- Receiving information in connection with reports, written communiqués or communications from external supervisory bodies within the scope of this Committee's competencies.

The Sustainability Committee, established in 2020 and chaired since 2021 by the Deputy General Manager and head of Sustainability and Efficiency, is the body in charge of establishing the Bank's Sustainable Finance Plan and monitoring its execution, defining and publicising the general principles of action in sustainability matters and promoting the development of projects and initiatives.

Additionally, Banco Sabadell's 2022 Non-Financial Disclosures Report, which forms part of the 2022 Consolidated Directors' Report and, with this Annual Report on Corporate Governance, is attached to the Consolidated Financial Statements and is submitted for approval by the Ordinary General Meeting of Shareholders as a separate item on the agenda, details the actions implemented in matters of sustainability and other non-financial information in accordance with Law 11/2018 on non-financial information and diversity. The information contained in the Non-Financial Disclosures Report includes mainly:

- Progress with the Bank's commitment to sustainability and the Sustainable Finance Plan.
- ESG commitments and initiatives that the Bank has joined (e.g. Principles of Responsible Banking, Net Zero Banking Alliance and the Task Force on Climate-related Financial Disclosures [TCFD] model disclosure framework).
- The materiality approach to the institution ESG aspects.
- Management of risks and opportunities related to climate change.
- The Bank's commitment to measuring and offsetting the carbon footprint.
- The business's contribution to sustainable finance.
- Employee-related data, including SmartWork, talent management, diversity, training and remuneration.
- The commitment to society.
- The fight against bribery and corruption.
- Prevention of money laundering and terrorist finance.
- Disclosures on human rights.
- Actions in pursuit of transparency and digitalization.



# Contents of the Annual Corporate Governance Report

## 1. Ownership structure (A)

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

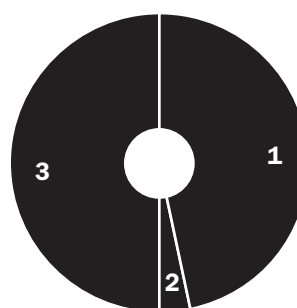
At 31 December 2022, the share capital of Banco Sabadell was €703,370,587.63, represented by 5,626,964,701 registered shares, with a par value of €0.125 each, all fully subscribed and paid up, representing 5,626,964 voting rights, at a ratio of one voting right for every 1,000 shares. The share capital was last modified on 16 November 2017 and the Articles of Association do not provide for loyalty voting rights.

The shares of Banco Sabadell 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.

At 2022 year-end, four investor groups within the Bank's ownership structure reported a shareholding of over 3% according to CNMV data; together those four shareholders represented 13.16% of the total share capital, and the remainder was classified as free-float. The members of the Board of Directors, one of whom is deemed to control the voting rights attributed to the shares held by one of the aforementioned investors, own 3.62% of the Bank's share capital.

There were 218,610 shareholders at 31 December 2022, distributed as follows:



<b>1</b>	Retail investors	48.45 %
<b>2</b>	Board of Directors	3.62 %
<b>3</b>	Institutional investors	51.55 %

# 218,610

Number of shareholders at 31 December 2022

No. of shares	No. of shareholders	Shares	% of capital
1 to 12,000	172,396	544,828,582	9.68
12,001 to 120,000	43,289	1,345,690,480	23.92
120,001 to 240,000	1,773	292,025,971	5.19
240,001 to 1,200,000	970	436,083,675	7.75
1,200,001 to 15,000,000	150	462,045,729	8.21
More than 15,000,000	32	2,546,290,264	45.25
<b>Total</b>	<b>218,610</b>	<b>5,626,964,701</b>	<b>100.00</b>



## 1.2. Significant shareholders

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

At 31 December 2022, the direct and indirect owners of significant stakes in Banco Sabadell, including directors with significant stakes, were:

Shareholder	Voting rights attributed to the shares (%)		Voting rights through financial instruments (%)		Total voting rights (%)
	Direct	Indirect	Direct	Indirect	
Blackrock Inc.	0.00	3.23	0.00	1.38	4.61
Dimensional Fund Advisors LP	0.00	3.01	0.00	0.00	3.01
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 stake via a number of subsidiaries.

Dimensional Fund Advisors LP reports shareholdings held by funds and accounts advised by itself or its subsidiaries. The voting rights belong to the shares held by such funds and accounts. Neither Dimensional Fund Advisors LP nor its subsidiaries are the beneficial owners of those shares and/or their voting rights.

Fintech Europe, S.À.R.L. (FE) is wholly owned by Fintech Investments Ltd. (FIL), the investment fund managed by Fintech Advisory Inc. (FAI). FAI is owned 100% by Mr. David Martínez Guzmán. Consequently, the

shareholding now held by FE is considered to be controlled by Mr. David Martínez Guzmán.

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

The most significant movements in the ownership 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:

Shareholder	Transaction date	Description of change
	10/06/2022	Exceeded 5% of voting rights attributed to shares and financial instruments
Bank of America Corporation	13/06/2022	Fell below 5% of voting rights attributed to shares and financial instruments
	08/02/2022	Exceeded 5% of voting rights attributed to shares and financial instruments
	02/03/2022	Fell below 5% of voting rights attributed to shares and financial instruments
Blackrock Inc.	17/06/2022	Fell below 3% of voting rights attributed to shares
	20/06/2022	Exceeded 3% of voting rights attributed to shares
	28/01/2022	Exceeded 1% of voting rights via financial instruments
Citadel Advisors LLC	01/02/2022	Fell below 1% of voting rights via financial instruments
Dimensional Fund Advisors LP	26/05/2022	Exceeded 3% of voting rights attributed to shares

Banco Sabadell is not aware of any family, commercial, contractual or corporate ties between the owners of significant stakes. Moreover, the Bank and the companies that make up Banco Sabadell Group (hereinafter "Banco Sabadell Group" or "the Group") do not have any family, commercial, contractual or corporate ties with the Bank's significant shareholders other than those arising out of ordinary business relations. The Bank has not been notified of any shareholder agreements and is not aware of any

concerted action between shareholders or of the existence of any natural or legal person exerting control over the Bank in the meaning of article 5 of the Spanish Securities Market Law.

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

The members of the Board of Directors own 3.62 % of the Bank's total voting rights. This information is detailed below and updated on the Bank's website [www.grupobancosabadell.com](http://www.grupobancosabadell.com). The members of the Board of Directors do not currently hold voting rights through financial instruments or rights under long-term supplementary incentives.

The directors' position in share capital is detailed below, except for that relating to Mr. David Martínez Guzmán, a proprietary director, whose interest was disclosed in the preceding section:

Name of director	% of voting rights attributed to shares		% of voting rights through financial instruments		% of total voting rights	% of voting rights that may be transferred through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Josep Oliu Creus	0.11	0.01	0.00	0.00	0.12	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
Lluís Deulofeu Fuguat	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
Laura González Molero	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	0.00	0.00	0.00	0.00	0.00	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 own shares by a resolution adopted by the Ordinary General Meeting of Shareholders 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 hold, all in accordance with the provisions of articles 146, 509 and concordant articles of the Capital Companies Law.

The limits and 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 the Bank 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 the limits for acquisition of own

shares established by the stock market regulators in the markets in 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, 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.
- 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 2022 year-end, Banco Sabadell directly held 24,772,683 own shares, representing 0.44 % 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 % of share capital
24/02/2022	31,737,535	—	0.564
28/07/2022	39,701,672	—	0.706

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

At 2022 year-end, the estimated free float, i.e. the percentage of share capital not held by significant shareholders, members of the Board of Directors or as treasury stock, was 86.23 %.

## 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 hamper 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 percent of the capital or of the voting rights, or that, without attaining that percentage, enables significant influence to be exerted 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 have been issued that are not traded on a regulated market in the European Union.

## 2. Shareholders and General Meeting of Shareholders (B)

### 2.1 Shareholders

#### 2.1.1 Policy on communication and contact with shareholders, investors and proxy advisors

The relationship with shareholders, investors, proxy advisors and other stakeholders is a fundamental pillar of Banco Sabadell's communication strategy to promote transparency, build trust and, at all times, safeguard the legitimate interests of shareholders, investors and proxy advisors, as well as any other stakeholder of Banco Sabadell.

The Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors establishes the following principles:

— **Involvement of the Board of Directors and senior management**

They have the ultimate responsibility for defining strategies for communicating with shareholders, investors, financial analysts and proxy advisors.

— **Diligence and transparency**

The Bank behaves with the utmost diligence and transparency in all its communications and relations with shareholders, investors, financial analysts and proxy advisors, in order to minimise the risks of conflicts of interest and ensure that information is distributed in a timely, homogeneous and transparent manner.

— **Integrity, accuracy and consistency of information**

The Bank guarantees the integrity, accuracy and consistency of the information disclosed to shareholders, investors and proxy advisors. To this end, it ensures that the information disclosed is complete, honest, consistent with reality and coherent so as to contribute to transparency vis-à-vis the market, build reputation value and strengthen the corporate identity.

— **Equal treatment and diversity**

The Bank ensures equal treatment of shareholders and investors, guaranteeing that all parties who are in the same position in relation to the distribution of information have the same rights and can exercise them in an analogous way without discrimination. The Bank also ensures the uniform distribution of information to all market participants. In addition, the Bank considers the different information needs of its stakeholders and adjusts the content, form and channels of communication to meet these needs while fully complying with applicable regulations in all cases.

— **Engagement and promoting participation**

The Bank encourages dialogue with shareholders, investors and proxy advisors, while promoting their participation. To this end, it facilitates the exercise of stakeholders' rights in order to involve them effectively and sustainably. The Bank also enables shareholders to work together and ensures that it does not pose an

obstacle in this connection. For this purpose, the Bank establishes and enables the appropriate communication mechanisms to detect its stakeholders' concerns, suggestions and needs. It also provides shareholders with all the information needed for the proper exercise of their rights.

— **Compliance with internal and external regulations**

The Bank ensures that its communications always comply with current external and internal regulations. To this end, it ensures the proper application of the applicable current legal and regulatory requirements and the internal policies and procedures. It also complies with regulatory recommendations and guidelines in order to implement best practices in this area.

The Policy also details:

- The critical management parameters applicable to communication with shareholders, investors and proxy advisors, as well as any other Banco Sabadell stakeholder group.
- The governance and organisational structure, establishing the roles and responsibilities of the governing bodies, the Board committees and internal committees, as well as the areas and Divisions involved.
- The reporting, communication, contact and participation channels to safeguard the above principles.

#### 2.1.2 Shareholder participation in 2022

The Policy on communication and contact with shareholders, investors and proxy advisors details the following channels through which shareholders may exercise their rights to be informed and to participate in Banco Sabadell activities and events

— **Corporate website**

The Group has a corporate website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)) which contains all the public information about the Group for use by shareholders, investors, financial analysts, proxy advisors and other stakeholders. In order to comply with the principle of transparency, the Bank ensures that the information posted on the corporate website is clear, correct and truthful; to this end, the information is updated constantly and published in Spanish, Catalan and English.

— **CNMV website**

In addition to the corporate website, as a listed company, the Bank releases, via the CNMV website, insider and other price-sensitive information and other regulatory disclosures, regular financial reporting, issue prospectuses and all other information that is required by the applicable regulations or that may be of general interest to the Bank's stakeholders.

— **Earnings webcasts**

The Bank streams quarterly earnings presentations and other market-relevant communications and makes them readily accessible. Webcasts are also available after the fact on the corporate website. In the case of live presentations, systems are provided for participants to

submit questions to the speakers or representatives of the Group, either live or by e-mail.

#### — **Social Media**

Aware of the impact and importance of new information technologies and communication channels through the Internet, the Bank promotes an active presence in social media (Twitter, Facebook, Instagram, LinkedIn and YouTube), where, without detriment to compliance with its legal obligations, and in accordance with the criteria and requirements established by the CNMV (Communiqué dated 8/10/2020), it seeks to disseminate information on the Group's progress and establish new forms of communication with shareholders and stakeholders who regularly use these media to obtain information on matters of interest to them.

#### — **Means of direct contact with shareholders and investors**

In order to facilitate open, transparent communication between shareholders and the Bank, a telephone line (+34 93 728 88 82) and an electronic mailbox ([accionista@bancsabadell.com](mailto:accionista@bancsabadell.com)) have been established to provide shareholders with personalised attention when handling and responding to requests for information, clarifications and questions.

Additionally, in order to ensure proper consistent and coherent communication with the market at all times, there is a telephone line +34 91 321 73 73 and an e-mail address ([investorrelations@bancsabadell.com](mailto:investorrelations@bancsabadell.com)) to enable institutional investors to submit requests and suggestions.

#### — **Communications within the framework of the General Meeting of Shareholders**

One of the main mechanisms for shareholder participation is the General Meeting of Shareholders, which is convened at least once per year. The Bank provides shareholders with a range of resources to enable them to participate and monitor the Meeting, e.g. by postal mail, through the corporate website [www.grupbancsabadell.com](http://www.grupbancsabadell.com), through the Banco Sabadell Group remote banking services (BS Online and BS Móvil) for those shareholders who use this service, and via the branch network.

As an essential part of the General Meeting of Shareholders, the Bank provides shareholders with the information that they need to decide on the matters submitted for their consideration and publishes this information in detail sufficiently in advance. Moreover, from the time notice of the General Meeting of Shareholders is given until the meeting is held, the Electronic Shareholders' Forum is enabled on the website and is accessible to Banco Sabadell shareholders and to any shareholder associations formed in accordance with current legislation solely for the purpose of communicating among themselves in connection with the General Meeting of Shareholders.

#### — **Proxy Advisors**

The Bank maintains contact with the most important proxy advisors in the market so that their recommendations can be based on a detailed knowledge of the Group.

To this end, the Bank implements best practices and recommendations in the area of corporate governance. It conducts corporate governance roadshows with proxy advisors, and holds meetings with investors' ESG departments.

#### — **Group and individual meetings**

Information meetings (roadshows, etc.) are organised periodically, in which representatives of the Bank meet with shareholders, investors, financial analysts and proxy advisors to present the Group's progress and other matters of interest that help to clarify aspects of public information, listen to their feedback and provide detailed answers to their questions.

#### — **Specialised industry events**

The Bank attends specialised international industry conferences, at which the Bank makes presentations and meets with shareholders and investors in order to create a climate of dialogue in which to inform them about the Bank's performance and respond to specific queries about its public disclosures.

#### — **Investor days**

The Bank arranges meetings with shareholders, investors and analysts to discuss the Group's business and strategic plans and those of its subsidiaries.

#### — **Meetings with retail shareholders**

The Bank organises meetings with retail shareholders at which representatives of the Bank make a presentation focused on: an introduction to the macroeconomic situation, a review of the Bank's results, and a Q&A session.



## 2.2. General Meeting of Shareholders

(B.1, B.2, B.3, B.6, B.7 and B.8)

### 2.2.1. General Meeting of Shareholders Regulation

The General Meeting of Shareholders is the Bank's main governing body, where the shareholders adopt resolutions on matters attributed to them by the law, the Articles of Association and the General Meeting Regulations, and those business decisions that the Board of Directors considers of importance 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 to it 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 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions.

### 2.2.2 Right to attend and vote at General Meetings of Shareholders

Shareholders are entitled to attend and vote at the General Meetings of Shareholders and to challenge corporate resolutions in accordance with the provisions of Article 93 of the Capital Companies Law and Article 9 of the Articles of Association of Banco Sabadell, as described below.

Pursuant to Article 37 of the Company's Articles of Association, shareholders whose shares are registered in the Bank's register of shares at least five days in advance of the date of a General Meeting of Shareholders are entitled to attend the meeting.

In accordance with article 38 of the Articles of Association, in order to attend and vote at a General Meeting, shareholders must accredit that they possess or hold proxies for one thousand (1,000) shares. Shareholders holding less than that minimum amount of shares may group together to constitute the minimum and grant proxy to

any one of them, or to another person, who need not be a shareholder, that is able to attend the Meeting in accordance with the provisions of Article 38. Shareholders have one vote per thousand (1,000) shares.

The Articles of Association and the Regulation of the General Meeting of Shareholders provide for the possibility of attending the meeting remotely using means of distance communication and of voting remotely by any means, even exclusively by remote means where permitted by law, in which case, and without prejudice to the terms of the Regulation of the General Meeting of Shareholders, the Board of Directors must expressly resolve to authorize the necessary systems and procedures to enable remote attendance and voting at the General Meeting of Shareholders, and this resolution must be expressly disclosed in the notice of the General Meeting of Shareholders in question.

### 2.2.3 Information on General Meetings of Shareholders

The information about General Meetings is available on the Group's corporate website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)) 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".

## 2.3. General Meeting of Shareholders

**2022** (B.4 and B.5)

At a meeting on 17 February 2022, the Board of Directors of Banco Sabadell resolved, in accordance with the provisions of the Articles of Association and the Regulation of the General Meeting of Shareholders, to enable voting and the granting of proxies by remote means prior to the General Meeting of Shareholders.

On that same date, the Board of Directors resolved to enable the necessary systems and procedures for shareholders and their proxies to be able to attend using means of distance communication that allow real-time connection with the venue where the meeting is held, and to speak and vote using the systems and procedures provided for this purpose.

Banco Sabadell's General Meeting of Shareholders was certified as a "sustainable event" by sufficiently exceeding the requirements for certification and passing the preliminary evaluation process and the on-site audit established by Eventsost. The certification is based on the sustainability standards for events contemplated in the Eventsost sustainable events certification System, and on alignment with the Sustainable Development Goals of the UN Agenda 2030 applied to event production.

The General Meeting was classified as a sustainable event by taking account of both the interests of the groups affected by the event (stakeholders) and the requirements in relation to:

- Respect for the environment
- Social integrity of the venue
- Cultural identity of the location
- Accessibility
- Inclusiveness
- Economic sustainability, i.e. that the event has an economic benefit
- Positive legacy



An external consultant was engaged to check the procedures established for preparing and holding the General Meeting of Shareholders in 2022, and a favourable report was issued as to compliance with the procedures, emphasising the progress made with the Banco Sabadell General Meeting of Shareholders in the last two years by providing shareholders with new channels for participation, such as remote voting, electronic proxies (for all shareholders) and attendance by distance means of communication, a new electronic forum, and integration with a service provider specialised in shareholders' meetings.

In line with best practices in corporate governance,

Banco Sabadell transmits the entire General Meeting of Shareholders live via webcast on the corporate website. Attendance at the General Meeting of Shareholders in recent years, and the percentages by which the resolutions were adopted, are published on the corporate website [www.grupobancosabadell.com](http://www.grupobancosabadell.com). Attendance figures for the last three General Meetings of Shareholders are shown below. The figures for 2022 include a breakdown of shareholders who attended and who voted using means of distance communication. In the General Meeting of Shareholders detailed below, there was no agenda item that was not approved by the shareholders:

Date of General Meeting	% in attendance in person and by distance means	% represented by proxy	% votes cast by distance means		Total
			Electronic voting	Other	
24/03/2022	0.26	55.44	0.29	0.44	56.43
Of which free float:	0.08	55.43	0.29	0.38	56.18
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

The estimated percentages of free float 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, under the law and the Articles of Association, it is entrusted with administering and representing the Bank. The Board of Directors acts mainly as an instrument of supervision and oversight, 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 terms of reference, and it conforms to best practices in the area of corporate governance.

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

At 31 December 2022, the Board comprised 15 members, as follows:

Name of director	Director category	Board committees	Board position	Date of first appointment	Date of last appointment	How appointed
Josep Oliu Creus	Other external	○ C	Chairman	29/03/1990	28/03/2019	General Meeting decision
Pedro Fontana García	Independent	● ● ● C	Deputy Chairman	27/07/2017	24/03/2022	General Meeting decision
César González-Bueno Mayer Wittgenstein	Executive	● ● *	CEO	17/12/2020	26/03/2021	General Meeting decision
Anthony Frank Elliott Ball	Independent	● ●	Lead Independent Director	30/03/2017	26/03/2021	General Meeting decision
Aurora Catá Sala	Independent	● ● ○ C	Director	29/01/2015	28/03/2019	General Meeting decision
Lluís Deulofeu Fuguet	Independent	○ ●	Director	28/07/2021	24/03/2022	General Meeting decision
María José García Beato	Other external	○ ●	Director	24/05/2018	28/03/2019	General Meeting decision
Mireya Giné Torrens	Independent	● ● C	Director	26/03/2020	26/03/2020	General Meeting decision
Laura González Molero	Independent	● ●	Director	26/05/2022	26/05/2022	Board decision
George Donald Johnston III	Independent	● ○ C	Director	25/05/2017	24/03/2022	General Meeting decision
David Martínez Guzmán	Proprietary		Director	27/03/2014	24/03/2022	General Meeting decision
José Manuel Martínez Martínez	Independent	○ ● C	Director	26/03/2013	24/03/2022	General Meeting decision
Alicia Reyes Revuelta	Independent	● ○	Director	24/09/2020	26/03/2021	General Meeting decision
Manuel Valls Morató	Independent	● ○	Director	22/09/2016	26/03/2021	General Meeting decision
David Vegara Figueras	Executive		Director	28/05/2015	28/03/2019	General Meeting decision

\* Member solely for matters of strategy.

#### Board of Directors Committees

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

# 11/15

Directors according to  
Articles of Association

# 15

Directors  
established by the  
General Meeting of  
Shareholders

# 15

Members of the Board  
of 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: ten independent

(66.67% of the total Board), two other external directors (13.33%) and one proprietary director (6.67% of the total Board).

**15**

members of the  
Board of Directors



**1**

Non-executive Chairman (other external)



**2**

executive directors



**10**

independent directors



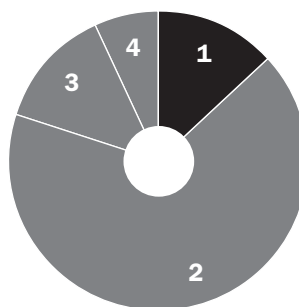
**1**

Other external director



**1**

proprietary director



<b>1</b>	Executive directors	13.33 %
<b>2</b>	Independent	66.67 %
<b>3</b>	Other external	13.33 %
<b>4</b>	Proprietary	6.67 %



Executive director



Non-executive director

Mr. Miquel Roca i Junyent, who is not a director, has been Secretary of the Board since 13 April 2000. Mr. Gonzalo Baretino Coloma, who is not a director, has been Deputy Secretary since 26 March 2021. There have been no appointments of proprietary directors at the proposal of shareholders owning less than 3% of capital.

On 26 May 2022, Mr. José Ramón Martínez Sufrategui resigned as an independent director of Banco Sabadell by means of a letter addressed to all the members of the Board of Directors of Banco Sabadell in which he stated that the month of November would mark 12 years since his appointment as director and that he understood that he had fulfilled a long and determined commitment to the Bank. The resignation was duly reported to the CNMV and it took effect on the date on which the regulatory authorizations to fill the vacancy on the Board were obtained.

To fill this vacancy, at a meeting on 26 May 2022, the Board of Directors resolved, on a motion by the Appointments and Corporate Governance Committee, to appoint Ms. Laura González Molero by co-optation as an independent director; she accepted the position on 19

September 2022, once the pertinent regulatory authorizations had been received, and she joined the Board of Directors for the first time on 29 September 2022.

## 3.2. Director profiles (C.1.3)

The Matrix of competencies and diversity of the members of the Board of Directors, setting out horizontal and sectorial competencies on the Board, is shown below: The Matrix is published in the Banco Sabadell Corporate Governance Framework on the website [www.grupobancosabadell.com](http://www.grupobancosabadell.com), in the section entitled “Corporate governance and remuneration policy”.

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

Industry competencies		Directors										
		Aurora Catá Sala	Lluís Deulofeu Fuguet	María José García-Beato	Mireya Giné Torrens	Laura González Molero	George Donald Johnston III	David Martínez Guzmán	José Manuel Martínez Martínez	Alicia Reyes Revuelta	Manuel Valls Morató	David Vegara Figueras
		Ind.	Ind.	Ext.	Ind.	Ind.	Ind.	Prop.	Ind.	Ind.	Ind.	Exec.
Banking	Retail		●	●		●	●		●	●		
	Corporate	●		●		●	●			●		
Financial and capital markets		●		●	●	●	●	●	●	●		●
Insurance									●	●	●	
Other financial competences		●	●	●	●	●	●	●	●	●	●	●
Accounting and auditing		●		●	●				●	●	●	●
Risk management			●	●		●	●	●	●	●	●	●
Planning and strategy		●	●	●	●	●	●	●	●	●	●	●
Governance		●	●	●	●	●	●		●	●	●	●
Risk control			●	●		●	●	●		●	●	●
Prevention of money laundering and terrorist finance				●		●	●			●	●	●
Legal				●						●		
Digital and IT (digital transformation)		●	●		●					●		
Human resources, culture, talent and remuneration		●	●	●	●	●	●		●	●		●
Responsible business and sustainability				●		●				●		●
International experience:												
	Spain	●	●	●	●	●	●	●	●	●	●	●
	United Kingdom			●				●	●	●		●
	Mexico					●		●				●
	Other		●	●	●	●	●	●	●	●		●
<b>Horizontal competencies</b>												
Governing bodies		●	●	●	●	●	●	●	●	●	●	●
Organization management and direction		●	●	●	●	●	●	●	●	●	●	●
Business experience		●	●	●	●	●	●	●	●	●	●	●
Government and public policy			●	●							●	●
Consultancy		●	●		●	●						●
Regulatory and supervisory bodies				●		●			●	●	●	●
Academia				●	●					●	●	●
Communications and institutional relations			●	●		●			●	●		

<p><b>Josep Olliu Creus</b> Non-executive Chairman</p>	<p><b>Profile</b> Banking / Retail &amp; Corporate Banking/ Finance / Academic / Business / International</p>	<p>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 on the board of Puig, S.L., member of FEDEA (Fundación de Estudios de Economía Aplicada), and a member of the Board of Trustees of the Princess of Asturias Foundation and the Princess of Girona Foundation.</p>
<p><b>César González- Bueno Mayer Wittgenstein</b> CEO</p>	<p><b>Profile</b> Banking / Retail &amp; Corporate Banking/ Finance / Regulatory / International / Digital and IT (digital transformation)</p>	<p>Dual degrees 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), CEO of ING Spain and Portugal (2017-2019), and non-executive director of TSB Bank, PLC and TSB Banking Group, PLC which are both part of the Banco Sabadell Group (2020-2021). He is Chairman of Banco de Sabadell, S.A., IBM and Sabadell Capital, S.A. de C.V., SOFOM, E.R. and of Sabadell Consumer Finance, S.A.U., all of which are part of the Banco Sabadell Group, and a member of the Board of Trustees of Ciudad Escuela de los Muchachos Foundation.</p>
<p><b>David Vegara Figueras</b> Director General Manager</p>	<p><b>Profile</b> Finance / Risks / Academic / Regulatory</p>	<p>A graduate in economics from the Autonomous University of Barcelona, he holds an MA in economics from the London School of Economics. Formerly Secretary of State for the Economy in the Spanish government (2004-2009), and Deputy Director of the International Monetary Fund (2010-2012) and Deputy Chief Executive Officer, Banking in the European Stability Mechanism (2012-2015). Non-executive director of TSB Bank, PLC and TSB Banking Group, PLC, both of which are part of the Banco Sabadell Group (2020-2022). Associate professor in the Department of Economics, Finance and Accounting at ESADE (2015- 2018). Independent director of Amadeus IT Group, S.A., member of the Supervisory Board of Hellenic Corporation of Assets and Participations, S.A., member of the Board of Trustees of the Pasqual Maragall Foundation and of the Advisory Board of Roca Junyent, S.L.P., and Chairman of Foro Tertulias Hispano-Británicas.</p>
<p><b>David Martínez Guzmán</b> Proprietary director</p>	<p><b>Profile</b> Business / Finance / International</p>	<p>Degree in Electrical &amp; Mechanical Engineering from the National Autonomous University of Mexico, Diploma in Philosophy from Universitas Gregoriana (Italy), and MBA from Harvard Business School. Founder in 1987 of Fintech Advisory, which manages the Fintech Investments Limited fund (New York and London). Director of listed companies Alfa, S.A.B., Vitro, S.A.B., Cemex, S.A.B. and ICA Tenedora S.A. de C.V.</p> <p>Fintech Europe, S.À.R.L. (FE) is wholly owned by Fintech Investments Ltd. (FIL), the investment fund managed by Fintech Advisory Inc. (FAI). FAI is owned 100% by Mr. David Martínez Guzmán. Consequently, the shareholding now held by FE is considered to be controlled by Mr. David Martínez Guzmán.</p>

<p><b>Pedro Fontana García</b> Deputy Chairman – Independent</p>	<p><b>Profile</b> Banking / Retail Banking / Business</p>	<p>Degree in Business from ESADE (Barcelona) and 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 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 Lux Equityco, S.A. (formerly Pax Lux Equityco, S.À.R.L.) and Chairman of My Chef Ristorazione Commerciale, S.P.A.</p> <p>President of Asociación para el Progreso de la Dirección - Catalonia Chapter, Chairman of the Board of Trustees of Fundació Privada Cercle d'Economia, trustee of Fundació Barcelona Mobile World Capital, member of the Board of Directors of Fira Internacional de Barcelona, member of the Board of Trustees of Universitat Ramon Llull Fundació, Fundació Grupo Sifu and Fundació Formació y Futuro.</p>
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<p><b>Anthony Frank Elliott Ball</b> Lead Independent Director</p>	<p><b>Profile</b> Business / International</p>	<p>Chartered Engineer; and MBA from Kingston Business School, Kingston University (London). Honorary Doctorate from the Kingston University Faculty of Business and Law and Middlesex University. Formerly Chairman and CEO of Fox Sports International (1995-1996), CEO of Fox Liberty Networks LLC. (1996-1999), CEO of BskyB Plc. (1999-2004), Chairman of Kabel Deutschland GmbH (2005-2013), independent director of BT Group (2009-2018), and proprietary director of Masmovil Ibercom, S.A. (2021-2022).</p> <p>Chairman of Ambassadors Theatre Group Ltd and of Bité Group, and director of JVCO Limited and Lorca Telecom Bidco, S.A., all part-owned by Providence Equity Partners LLC. Senior Advisor to Providence Equity Partners LLC.</p>
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<p><b>Aurora Catá Sala</b> Independent director</p>	<p><b>Profile</b> Business / Consulting / Finance / Human Resources</p>	<p>Degree in Industrial Engineering (major in Industrial Organisation) from the Polytechnic University of Catalonia and MBA and PADE from IESE Barcelona. Formerly CFO of Nissan Motor Ibérica, S.A. (1991-1996), Managing Director of Planeta 2010 (1999-2002), Founder of ContentArena (2002-2003), General Manager of Audiovisual Media at Recoletos Grupo de Comunicación (2003-2008) and member of the Governing Board of Institut Català de Finances (2014), independent director of Atresmedia Corporación de Medios de Comunicación, S.A. (2019-2021) and director of Sabadell Information Systems, S.A., Banco Sabadell's technology subsidiary (2020-2022). Formerly held a number of directorships. Independent director of Repsol, S.A. and Atrys Health, S.A., member of the Executive Committee of IESE alumni, and trustee of Fundació Cellnex and Fundació CIDOB.</p>
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<p><b>Lluís Deulofeu Fuguet</b> Independent director</p>	<p><b>Profile</b> Banking / Retail Banking / Digital and IT (Digital Transformation)/ Business / Consulting</p>	<p>Degree in Telecommunications Engineering from the Polytechnic University of Catalonia and has completed the "Finance for Executives" programme at ESADE and the PDG at IESE (Barcelona). Senior Manager at Andersen Consulting (1988-1994), Head of Technical Services &amp; Development of New Projects at Acesa (1994-2001), Chief Technology Officer at La Caixa (2001-2011),</p>
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Managing Director for Internal Resources and Efficiency at Abertis Infraestructuras (2011-2014). Managing Director of Sanef (2014-2018) y Deputy CEO of Cellnex Telecom (2018-2020). Founder and director of Acesa Telecom (now Cellnex Telecom), and founder and director of Parc Logístic de la Zona Franca, as well as Vice President of Fundació Catalana de Recerca i Innovació and Trustee of Fundació Barcelona Digital, as well as director of numerous entities such as e-La Caixa, Abertis Telecom, Invercaixa Gestió, Sanex, Xfera, Cellnex Telecom, Hispasat, and DDST-Tradia. He has been a director of Sabadell Information Systems, S.A., Banco Sabadell's technology subsidiary, since 2020. Senior Advisor at Cellnex Telecom, S.A. and President of Fundació Cellnex.

**Mireya Giné Torrens**  
Independent director

**Profile**  
Finance / Academy  
/ Governance /  
Digital & 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) at The Wharton School, University of Pennsylvania, 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. Expert in Corporate Governance for the World Economic Forum since 2019, and member of the Center for Economic Policy since 2020. Independent director of Sabadell Asset Management (2018-2020). Proprietary director of Sabadell Consumer Finance, S.A.U. and member of the Board of Trustees of Fundació Aula Escola Europea.

**Laura González Molero**  
Independent director

**Profile**  
Business /  
International /  
Governance /  
Consultant

Degree in Pharmacy, major in industrial pharmacy, from Madrid Complutense University (1989). MBA from IE Business School (1999) and executive management courses and programmes at prestigious international business schools (IMD Business School, Harvard Business School, Kellogg Business School and INSEAD). Vice-Chairman of Serono for Iberia (2006-2007), CEO of Merck S.L. (2007-2011) and Chairman for LatAm (2012-2014), both in Merck Group, Chairman for LatAm of Bayer Health Care Pharmaceuticals (2014-2016), independent director of Grupo Leche Pascual (2009-2017), of Bankia, S.A. (2018-2021), and of Grupo Ezentis, S.A. (2016-2022). Independent director of Viscofan, S.A. and independent director of Acerinox, S.A. President of the Asociación para el Progreso de la Dirección and member of the Advisory Board of Integrated Service Solutions, S.L.

**George Donald  
Johnston III**  
Independent director

**Profile**  
Banking / Corporate  
Banking /  
International

BA in Political Science from Middlebury College, Vermont (USA), and 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 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.



<p><b>José Manuel Martínez Martínez</b> Independent director</p>	<p><b>Profile</b> Business / Insurance / Finance / International</p>	<p>A Public Works Engineer, he obtained a degree in Economics and Actuarial Science at the University of Madrid. Formerly Chairman of MAPFRE (2001-2012), President 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 Fundación MAPFRE and member of the Board of Trustees of Fundación Doctor Pedro Guillén and of Fundación Pedro Cano.</p>
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<p><b>Alicia Reyes Revuelta</b> Independent director</p>	<p><b>Profile</b> Banking / Retail &amp; Corporate Banking / Finance / International ESG / Digital &amp; IT (Digital Transformation) /Academic / Governance</p>	<p>Dual 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). She was formerly independent director (2015-2016), CEO for the EMEA business (2016-2020) and Acting Chairman (2019) of Wells Fargo Securities International Ltd. Non-executive director of TSB Bank, PLC and TSB Banking Group, PLC, both in the Banco Sabadell Group (2021-2022). Guest lecturer at the Institute of Finance and Technology of the Engineering Faculty, University College London (UCL). Independent director of Ferrovial, S.A. and of KBC Group N.V., and director of KBC BANK. N.V. and member of the Board of Trustees of Fareshare.</p>
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<p><b>Manuel Valls Morató</b> Independent director</p>	<p><b>Profile</b> Auditor / Finance</p>	<p>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), and director of Sabadell Information Systems, S.A., Banco Sabadell's technology subsidiary (2020-2022). He is Lead Independent Director of listed company Renta Corporación Real Estate, S.A. and Chairman of the Audit, Control and Risk Committee at COBEGA, S.A.</p>
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<p><b>María José García Beato</b> Other external director</p>	<p><b>Profile</b> Banking / Legal / Regulatory / Governance</p>	<p>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 National Court. Chief of Staff and Under-Secretary at the Ministry of Justice (2000-2004). She has been General Counsel (2005-2008) and General Secretary (2008-2021) and an executive director (2018-2021) of Banco Sabadell. Independent director of listed company Red Eléctrica Corporación, S.A. (2012-2021) and director of Papelera Guipuzcoana de Zicuñaga, S.A.U. (2022). Non-executive director of MdF, S.A., and independent director of Iberpapel Gestión, S.A. and of ACS, Actividades de Construcción y Servicios, S.A. Member of the boards of trustees of Fundación Banco Sabadell and Fundación de la Asociación Española de Banca.</p>
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### 3.3. Positions held by directors in other Banco Sabadell Group companies and other listed companies

(C.1.10, C.1.11 and C.1.12)

#### 3.3.1. Positions in other Group companies

Mr. César González-Bueno Mayer Wittgenstein is Chairman of the subsidiaries Sabadell Consumer Finance, S.A.U., Banco Sabadell, S.A. IBM, and Sabadell Capital, S.A. de C.V., SOFOM, E.R.;

Ms. Mireya Giné Torrens is a proprietary director of the subsidiary Sabadell Consumer Finance, S.A.U.;

Mr. Lluís Deulofeu Fuguet is a non-executive director of the subsidiary Sabadell Information Systems, S.A.U. (SABIS).

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

Positions held by directors of Banco Sabadell in other companies and any remunerated activities they perform are detailed in section C.1.11 of the Statistical Annex to the Annual Corporate Governance Report for Listed Companies 2022 attached to this Report.

#### 3.3.3. Specific regulations for credit institutions with respect to the number of positions held by a member of the Board of Directors.

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 directorships that members of the Board of Directors may hold is as follows:

- one executive directorship and two non-executive directorships.
- four non-executive directorships.

For this purpose, executive and non-executive positions in the same group count as one position.

When determining the maximum number of positions, positions held in non-profit or non-commercial organisations or entities do not count.

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

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

The Banco Sabadell Director Selection Policy, which was approved by the Board of Directors on 25 February 2016 and last amended on 29 September 2022, establishes the principles and criteria to be considered in selecting new members and assessing the suitability of members of the Board of Directors, both initially and subsequently, and on re-appointing incumbent members of the Board of Directors, in order to ensure a proper succession process, the continuity of the Board of Directors and the suitability of the Board as a whole. That 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 sex that is less represented on the Board of Directors and drawing up guidelines on how to achieve that target.

The process for selecting candidates to sit on the Board of Directors and for re-electing existing directors is governed by the diversity principle, fostering the diversity of the Board of Directors in order to promote a diverse pool of members, and ensuring that a broad set of qualities and competences is engaged when recruiting members, to achieve a variety of views and experiences and to facilitate independent opinions and sound decision-making within the Board of Directors.

The Board of Directors should ensure that the procedures for selecting its members apply the diversity principle and favour diversity in relation to areas such as age, gender, disability, geographical provenance and educational and professional background, as well as any other aspects deemed suitable to ensure the suitability and diversity of its pool of members. Furthermore, it should ensure that such procedures are free from implicit bias that may entail any degree of discrimination and, in particular, that they facilitate the selection of female directors in the number required to achieve a composition that is balanced between women and men.

Likewise, the Board Appointments and Corporate Governance Committee will ensure that the process abides by the principles of equality and equity, and that it is free from any form of discrimination, including discrimination on the basis of age, disability or gender, without making any distinction by reason of race, sex, religion or any other distinguishing feature, honouring dignity and ensuring equal treatment and opportunities.

The following general principles will be followed when selecting candidates for the role of director and re-electing existing directors:

1. The Board Appointments and Corporate Governance Committee will identify the needs of the Bank, ensuring that the appointment or re-election favours both diversity on the Board and a Board composition that is suitably balanced between independent directors, proprietary directors and executive directors.
2. Candidates for the role of director must meet the requirements of repute, suitability and good governance necessary for the performance of their role; in particular, they should have recognised solvency, experience, qualification and training. Furthermore, they should have the necessary availability and a high level of commitment to their role within the Institution.
3. When selecting candidates for the role of director, it will be necessary to consider the objectives, parameters (professional competence, diversity, good repute and suitability) and procedures for selection, assessment and appointment established in this policy and the recommendations and criteria of the Good Governance Code of Listed Companies issued by the CNMV.
4. The procedure will ensure that directors' mandates are renewed in an orderly and well-planned manner, safeguarding the continuity of the business and enhancing the corporate governance system.
5. The procedure will ensure a compliant qualitative composition of the Board of Directors in which external and non-executive directors should account for no less than the majority of the total number of Board members. It will be necessary to ensure that there is a significant proportion of independent directors among the external or non-executive directors.

In fulfilling its duties, in 2022 the Appointments and Corporate Governance Committee implemented the policy and measures to increase the diversity of gender, age, education, knowledge and experience that contribute to the collective suitability of the Board, by proposing that the General Meeting of Shareholders ratify and appoint an independent director (Mr. Lluís Deulofeu Fuguet) and re-appoint three independent directors (Mr. Pedro Fontana García, Mr. George Donald Johnston III and Mr. José Manuel Martínez Martínez) and a proprietary director (Mr. David Martínez Guzmán), and that the Board of Directors appoint an independent director by co-optation (Ms. Laura González Molero), in conformity with those requirements.

In compliance with recommendation 14 of the Good Governance Code of Listed Companies, with the function assigned in section 4.17 of its Regulations and with Banco Sabadell's Director Selection Policy, the Appointments and Corporate Governance Committee verified, on 24 January 2023, that the appointment, re-appointment and ratification decisions adopted in 2022 by the General Meeting of Shareholders and the Board of Directors conformed to the Policy. That verification entailed checking that the appointments and re-appointments conformed to

the parameters and requirements for membership of the Board of Directors of a credit institution set out in both the Policy and the regulations in force. The Committee also concluded that those appointments and re-appointments favour an appropriate composition of the Board of Directors by increasing its diversity in terms of directors' categories and the knowledge, skills and experience they bring to the Board. In this way, the duty of the Board of Directors and of the Appointments and Corporate Governance Committee to contribute to increasing the diversity of competencies in the Board of Directors is complied with. In particular, the diversity of banking knowledge and experience, especially in risk management and control, planning and strategy, governance and sustainability, combined with specific experience in the banking sector and the ability to apply such knowledge and skills to the banking business, were increased and strengthened, while broadening international experience.

To select candidates, the Appointments and Corporate Governance Committee relied on the Matrix of competencies and diversity of the members of the Board of Directors of Banco Sabadell, which defines directors' abilities and knowledge. The Committee also relied on external consultants, which provided it with candidates who matched the skill profiles that the Appointments and Corporate Governance Committee prioritised.

At 2022 year-end, there were five female directors: four 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			
	2022	2021	2020	2019	2022	2021	2020	2019
Executive	—	—	1	1	—	—	25.00	20.00
Proprietary	—	—	—	—	—	—	—	—
Independent	4	3	3	1	40.00	30.00	30.00	12.50
Other external	1	1	—	1	50.00	50.00	—	100.00
<b>Total</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>33.33</b>	<b>26.67</b>	<b>26.67</b>	<b>20.00</b>

The Board of Directors and the Appointments and Corporate Governance Committee are committed to favouring diversity on the Board; they work to ensure that the Board has a sufficient number of female directors and to fulfil objective for representation of the gender that is under-represented on the Board. In 2022, women accounted for 33% of the total Board of Directors, fulfilling the Bank's commitment as set out in the Sabadell Sustainable Commitment for 2022. Women also accounted for 40% of independent directors, in line with the proposal in the Directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures.

With regard to the presence of women on the Board committees, female independent directors chair the Audit and Control Committee and the Remuneration Committee and are members of all the Board committees. Women account for 16.67% of the Strategy and Sustainability Committee (in matters of strategy) and 20% (in matters of sustainability), and for 40% of the Credit Delegated Committee. There is gender parity in the other Board committees (Audit and Control Committee, Appointments and Corporate Governance Committee, Remuneration Committee and Risk Committee). The evolution of the representation of women on the Board's committees in recent years is shown below:

	2022		2021		2020		2019		Number of female members in the Committee
	Number	%	Number	%	Number	%	Number	%	
Strategy and Sustainability Committee	1	16.67*	N.A.	16.67*	N.A.	N.A.	N.A.	N.A.	
Credit Delegated Committee	2	40.00	2	40.00	N.A.	N.A.	N.A.	N.A.	
Audit and Control Committee	2	50.00	1	25.00	1	25.00	1	25.00	
Appointments and Corporate Governance Committee	2	50.00	2	50.00	1	33.33	2	50.00	
Remuneration Committee	2	50.00	1	25.00	1	25.00	1	25.00	
Risk Committee	2	50.00	2	50.00	1	33.33	1	33.33	

\* 20% in the area of Sustainability.

Banco Sabadell also has a set of policies, internal rules and codes of conduct that guarantee ethical and responsible behaviour throughout the organization and have an impact on diversity. These rules, which are applicable to the entire organisation, guarantee an increase in its diversity.

The third Plan for Effective Equality between women and men in Banco Sabadell, Sabadell Consumer Finance, S.A.U. and Business Services for Operational Support, S.A., which sets out the objectives for promoting diversity within the organisation for the period 2022-2025, was signed in February 2022.

At 2022 year-end, the percentage of women in senior management is 18.2 % (10 % in 2021). The percentage of female executives at Banco Sabadell is 30.3 %, having

increased by 1.2 percentage points with respect to 2021 (29.1%).

**+8.2p.p.**

**Increase in the number of female senior executives**

### 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, articles 17, 23 and 24 of the Board of Directors Regulation, the Banco Sabadell Director Selection Policy dated 25 February 2016 (last revised on 29 September 2022), the Banco Sabadell Board of Directors Renewal Plan for 2021-2024 (revised on 29 September 2022) and the procedure for assessing the suitability of members of the Board of Directors and key function holders of Banco Sabadell, 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 is responsible for performing a prior assessment of the competencies, knowledge and experience required for appointment or re-appointment of Board members and, to that end, it must consider the balance of knowledge, skills, diversity and experience already existing among the members of the Board of Directors. In accordance with the Matrix of Competencies and Diversity of the members of the Board of Directors, it will define the roles and capabilities required of the candidates to fill each vacancy and will decide the time and dedication necessary for them to perform their duties effectively.

To select candidates, the Appointments and Corporate Governance Committee may, if deemed necessary, engage a prestigious consultant in the field of personnel selection to initiate a process of finding candidates that fit the desired profile. Additionally, any director may suggest candidates for director provided they meet the requirements of the Banco Sabadell Director Selection Policy.

#### Suitability assessment

Once a candidate has been selected, the procedure for assessing the suitability of Board members must be applied; on this basis, the Appointments and Corporate Governance Committee analyses the information about the candidates and the reports presented 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 having regard to 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 on fit and proper assessments, as well as the Guidelines to assess

the suitability of members of management bodies and key function holders (EBA/GL/2021/05). The Appointments and Corporate Governance Committee checks that candidates meet the requirements as to integrity, knowledge, experience and governance envisaged in the applicable legislation and draws up a candidate suitability assessment report. In addition, candidates for directorships must be vetted by the European Central Bank.

The Appointments and Corporate Governance Committee is also entrusted with assessing director suitability on an ongoing basis, 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 candidates 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-optation or for submission to a vote at the General Meeting of Shareholders, advising on proposals to appoint other director categories by co-optation or by referral to the General Meeting of Shareholders.

Ordinary members of the Board of Directors are appointed by the General Meeting of Shareholders. Any vacancies arising on the Board of Directors are filled by the General Meeting of Shareholders, although the Board of Directors may make appointments by co-optation as provided by the Capital Companies Law. Directors appointed by co-optation hold office until the next General Meeting of Shareholders.

The Appointments and Corporate Governance Committee must ensure that the appointment favours both diversity and an adequate balance in the composition of the Board between the various director categories (independent, proprietary and executive).

#### Re-appointment

Directors are appointed for a term of at most four years and they can be re-appointed.

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 CEO

The Succession Plan for the Chairman and CEO of Banco Sabadell establishes the specific requirements for appointment as Chairman of the Board of Directors and CEO; in general, they must be of acknowledged commercial and professional repute, have suitable knowledge and



experience to perform the duties of the office, and be willing to exercise good governance in 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 accredit a professional career 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 ends unless they are re-appointed, or 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. 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 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 under 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 trade by reason of their office.
- Government officials whose duties are related to, or have a bearing on, the business of the Bank.
- 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.

## Induction and training objectives

The Board of Directors has training initiatives in place to ensure that the directors, both individually and collectively, are suitable and able to perform their duties in accordance with their specific responsibilities and their participation in Board committees. In this context, the Director Selection Policy includes these initiatives: (i) initial induction training provided when a new member joins the Board, and (ii) the Director Training Programme, both of which form part of the annual continuous training given to members of the Board of Directors.

These training initiatives will have sufficient human and financial resources to achieve the desired objective. The Appointments and Corporate Governance Committee is responsible for the training initiatives and programmes, assisted by the General Secretariat, which coordinates the content of the training with the appropriate divisions of the Bank.

### **(i) Initial induction training for newly-appointed directors**

To introduce newly-appointed directors to the Bank and its corporate governance system, they receive key information from Banco Sabadell within one month of taking office, and induction must be completed within a period of six months.

Where new directors are required to have specific knowledge and skills, initial training and onboarding aim to meet the identified needs within an appropriate time frame, before they take up the position or, otherwise, as soon as possible after they take up the position.

In any case, new members of the Board must attain the knowledge and competency requirements within the term established by the competent authority and no later than one year after taking office.

The purpose of the initial training and onboarding initiatives is to help new directors to clearly understand Banco Sabadell's structure, business model, risk profile and corporate governance systems and their role within the Bank, and also, where appropriate, to prepare a person to occupy a specific new position on the Board of Directors or on a Board committee.

### **(ii) Director training programme**

In order to place particular emphasis on the skill and training requirements for directors of Banco Sabadell in specific areas of the bank, each year the Board of Directors approves an ongoing Director Training Programme based on a report by the Appointments and Corporate Governance Committee. The Appointments and Corporate Governance Committee designs the content of the programme with the assistance of the General Secretariat, which coordinates the other pertinent units of the Bank and may engage external trainers and consultants for this purpose.

The programme is generally oriented towards strengthening training in the banking business and providing an understanding of the management policies and mechanisms in key aspects of new regulatory requirements, applicable regulatory changes, financial management, risk management and key aspects of the business. The programme is open to including in-depth sessions on topics proposed by the directors themselves. The content of the programme is kept up to date, taking account of changes in the internal governance framework, strategic changes, new products and other material developments, as well as changes in applicable legislation and market developments.

The 2022 Director Training Programme was approved by the Board of Directors at a meeting on 26 January 2022. It consists of six training sessions on the following subjects:

- Impact of climate factors on credit risk
- Subsidiaries of the Banco Sabadell Group

- Neobanks and Fintechs. Digital disruption in Personal Banking
- Cybersecurity
- Credit risk models
- Digital assets

All the sessions were delivered in 2022. The sessions addressed current issues that are related to specific subjects and help to anticipate future changes.

At a meeting on 24 January 2023, after considering different aspects of the training provided (diversity and relevance of the topics, quality of the speakers, level of depth and application to the Bank, among others), the Appointments and Corporate Governance Committee rated the 2022 Director Training Programme as satisfactory and concluded that the standard of delivery was excellent.

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

Under article 50 of the Articles of Association and article 24 of the Board of Directors Regulation, and in compliance with the Banco Sabadell Group Code of Conduct and its Policy on Conflicts of Interest of Directors and Senior Management, directors 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 incur in a case of incompatibility, prohibition or limitation as provided for 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 meet any of the conditions of incompatibility or prohibition envisaged in the law or the Articles of Association.
- If they are arraigned for a crime or are the subject of disciplinary proceedings by the supervisory authorities for a serious or very serious violation.
- Where their continuance on the Board may jeopardise the company's interests.

During 2022, 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 minute any such case.

## **3.7. Working of the Board of Directors** (C.1.9, C.1.20, C.1.24, and C.1.35)

### **3.7.1. Proxies**

Directors must attend Board of Directors meetings 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 2021, 2022 and 2023, approved by the Shareholders' Meeting on 26 March 2021, which regulates 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 to the Board**

The CEO, Mr. César González-Bueno Mayer Wittgenstein, has been granted all the powers of the Board, except those that may not by law be delegated, which are necessary for him to manage the institution effectively as its first executive. The Chief Risk Officer, Mr. David Vegara Figueras, who is a member of the Board of Directors, has the necessary general powers of attorney to perform his executive duties in the Bank.

The Credit Delegated Committee is delegated by the Board with the powers to analyse and, as appropriate, decide upon credit transactions in accordance with the cases and limits established by express delegation of the Board of Directors, as set out in the Regulation 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 Board of Directors Regulation establishes that the notice of meeting shall always contain the Agenda, which must set out, among other points, the issues relating to reports from subsidiaries and Board Committees as well as any proposals and suggestions made by the Chairman and the other members of the Board and the General Manager(s) of the Bank, which must be presented at least five working days in advance of the date of the Board meeting; such proposals must be accompanied by the pertinent material for 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 to inspect all of its installations. The right to information extends to subsidiaries, both domestic and foreign.
- So as not to disturb the ordinary running of the company, the exercise of the powers of information shall be channelled through the Chairman or the Secretary to the Board, who shall attend to the director's requests by giving the information directly, providing appropriate access to individuals at the relevant level of the organization, or providing the means by which the director may carry out the desired formal 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 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 2022:

#### Number of meetings

<b>13</b>	<b>0</b>	<b>13*</b>	<b>41</b>	<b>11</b>	<b>11</b>	<b>9</b>	<b>15</b>
Board of Directors	Board of Directors meetings not attended by the Chairman	Strategy and Sustainability Committee	Committee Credit Delegated	Audit and Control Committee	Appointments and Corporate Governance Committee	Remuneration Committee	Risk Committee

\*12 in matters of Strategy.

Additionally, the Lead Independent Director held 2 meetings with the other directors which the executive directors did not attend either in person or by proxy.

Attendance at Board of Directors meetings is shown in the following table:

#### Number of meetings

<b>13/13</b>	<b>13/13</b>
Meetings which were attended in person by at least 80% of directors	Meetings attended by all the directors in person or for which they granted proxy with specific instructions

<b>96.41%</b>	<b>100%</b>
Attendance in person as a % of the total votes during the year	Votes cast with directors actually present or having granted proxy with specific instructions, as a % of total votes in the 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)

Each year since 2007, the Bank assesses the performance of the Board of Directors and of its committees (currently the Strategy and Sustainability Committee, Credit Delegated Committee, Audit and Control Committee, Audit and Control Committee, Appointments and Corporate Governance Committee, Remuneration Committee and Risk Committee). In compliance with Recommendation 36 of the Good Governance Code of Listed Companies (June 2020 revision), at least every three years the Board of Directors of Banco Sabadell engages an independent external facilitator to perform the evaluation. The last evaluation carried out with the assistance of an external consultant referred to 2019.

After analysing and evaluating the technical proposals of the various independent experts that participated in the bidding process, the Appointments and Corporate Governance Committee selected PRICEWATERHOUSECOOPERS AUDITORES, S.L. as the independent expert to assist the Board in assessing its performance and that of its committees.

The business relations with the external consultant, PRICEWATERHOUSECOOPERS AUDITORES, S.L., and with any other company in its group are within the ordinary course of business. It provided advisory and consultancy work to the Banco Sabadell Group during the year, but none in relation to the appointment of directors or senior executives or in relation to remuneration systems.

Following the substantial changes made during 2021 to improve and strengthen the Bank's corporate governance, it was considered particularly important that an external consultant assist with the assessment of the performance of the Board and the committees during 2022.

In line with the recommendations in the Code of Good Governance for Listed Companies (June 2020 revision), the assessment of the performance of the Board of Directors and its committees and of the CEO, Secretary and Deputy Secretary was organised and coordinated by the Chairman of the Board of Directors, while the Lead Independent Director directed the assessment of the Chairman, with the assistance of the external expert in all cases.

The areas to be evaluated are those indicated in the CNMV's Technical Guide on Nomination and Remuneration Committees, which extends the scope of the evaluation provided for in Recommendation 36 of the Good Governance Code of Listed Companies (June 2020 revision); 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 CEO, the Lead Independent Director and the Secretary of the Board; the directors' performance and contribution; 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 debates; and training.

The work methodology for these assessments is based on three dimensions:

#### 1) Consideration of three main areas of assessment:

(i) Evaluation of the operation and structure of the Board of Directors and its committees and their composition, as well as their operation, performance of their functions, and relationships with other bodies;

(ii) Analysis of the balance of powers;

(iii) Decision-making process.

#### 2) Consideration of four perspectives of analysis:

(i) Compliance;

(ii) Alignment with additional guidelines and the good governance code;

(iii) Comparison with additional trends and standards;

(iv) Comparative analysis.

#### 3) Consideration of three assessment methods:

(i) Documentary analysis;

(ii) Self-assessment questionnaires;

(iii) Additional interviews.

On 17 February 2022, based on a report from the Appointments Committee, the Board of Directors approved the 2021 assessment carried out internally by the Bank, which gave a satisfactory result.

As a result of the assessment, in 2022 (i) a female director was appointed, which increases the percentage of female representation and provides different and complementary capabilities to those already existing on the Board of Directors, specifically increasing and strengthening the diversity of banking knowledge and experience, particularly in the areas of risk management and control, planning and strategy, governance and sustainability of the Board, combined with specific experience in the banking sector and the ability to apply such knowledge and skills to the banking business, while broadening international experience; (ii) director training programmes on matters related to their specific needs and corporate governance were reinforced and continued within the framework of the Director Training Programme approved by the Board of Directors for the year, and (iii) fulfilment of the specific action plans approved by the committees for 2022 was monitored.

On 16 February 2023, following a report from the Appointments and Corporate Governance Committee, the Board of Directors approved the 2022 assessment, which had been carried out with the assistance of an external consultant, with satisfactory results.

### 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 2022, 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), under "Corporate Governance and Remuneration Policy".

Remuneration accrued in favour of the Board of Directors in the year (thousand euro)	7,313
Amount of funds accumulated by current directors in long-term savings plans with vested financial rights (thousand euro)	4,477
Amount of funds accumulated by current directors in long-term savings plans with non-vested financial rights (thousand euro)	2,876
Amount of funds accumulated by former directors in long-term savings plans (thousand euro)	1,688

The remuneration collected by the Board of Directors during the year includes the amounts corresponding to 2022 of all those who were members of the Board at any time in the year.

Some of the amounts in 2021 correspond to extraordinary events in that year in connection with executive directors, with the result that the figures are not comparable with 2022 and there are significant differences. Those events were the vesting of long-term savings systems to which contributions had been made in previous years and the payment of termination indemnities to executive directors. Excluding those events and considering only recurring amounts, the remuneration collected in group companies in 2021 would have amounted to €7,179 thousand instead of €44,604 thousand.

The remuneration received in 2022 amounts to €7,313 thousand, as shown in table c.i) of section 7. Statistical Annex of the Report on Director Remuneration, which includes €333 thousand corresponding to deferred amounts paid to members of the Board of Directors for performing executive functions in previous years.

	2022	2021
<b>Summary of directors' ordinary remuneration (thousand euro)</b>	<b>6,980</b>	<b>7,179</b>
For executive functions (thousand euro)	3,030	3,579
For non-executive functions (thousand euro)	3,950	3,600
<b>Vested pension rights(*) and termination indemnities for directors (thousand euro)</b>	<b>—</b>	<b>37,425</b>
<b>Payments deferred from prior years for non-executive directors (**) (thousand euro)</b>	<b>333</b>	<b>—</b>
<b>Total amount (thousand euro)</b>	<b>7,313</b>	<b>44,604</b>

(\*) Of which €32,134 thousand relate to contributions made prior to 2021.

(\*\*) Payments to non-executive directors for executive functions in previous years.

At 31 December 2022, the members of Banco Sabadell's senior management and the Head of Internal Audit, excluding executive directors, are as follows:

#### Senior management:

##### General Manager

Leopoldo Alvear Trenor  
Cristóbal Paredes Camuñas  
Jorge Rodríguez Maroto  
Carlos Ventura Santamans

##### Secretary General

Gonzalo Baretino Coloma

##### Deputy General Manager

Marc Armengol Dulcet  
Elena Carrera Crespo  
Carlos Paz Rubio  
Sònia Quibus Rodríguez

##### Deputy Chief Executive

##### Director of Internal Audit

Nuria Lázaro Rubio

Total remuneration of senior management and the head of internal audit (thousand euro)	9,537
Combined contributions to pension plans, structured through insurance policies, in 2022 (thousand euro)	728

Total remuneration for senior management includes the amounts received by everyone who was so classified at any time in 2022, in proportion to their time in the position. This includes amounts accrued that are not subject to deferral.

### **3.12. Indemnities, 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 contains a non-competition clause providing two years' remuneration in cases of involuntary early termination.

The CEO's contract has a non-competition clause providing two years' remuneration 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, applicable at most up to the first date of ordinary retirement, in the amount of two years' fixed remuneration.

The contracts with 19 executives have a clause providing indemnity in the amount of 2 years' fixed remuneration for cases of unfair dismissal and some limited cases of change of control. The contracts with another 13 executives have a post-contractual non-compete clause, nine of them with a duration of 2 years, lasting at most up to the first date of ordinary retirement, in the amount of two years' fixed remuneration, and four with a duration of 1 year from the date of improper dismissal or any of the limited cases of change of control, until at most the first date of ordinary retirement, for 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 2022 separate and consolidated financial statements of Banco Sabadell are certified beforehand by the Chief Executive Officer and Chief Financial Officer.

The Bank's internal units draw up the financial statements such 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, 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 financial statements are authorised. The auditors attend the Board meeting to report on the degree to which the financial statements conform to the accounting standards.

If a material discrepancy cannot ultimately be resolved before the financial statements 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 separate and consolidated financial statements for 2022 were unqualified.

In addition, the financial and non-financial information reported in the financial statements undergoes a certification process to provide greater robustness to the control framework for the preparation of accounts. This process is articulated through 3 levels of certification and flows hierarchically through 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. Proposing to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment or re-appointment of the external auditor, establishing the engagement conditions, the scope of the professional mandate, and revocation or non-renewal, if appropriate; reviewing compliance with the audit contract, and obtaining regular reports from them about the audit plan and its execution, as well as striving to ensure their independence in the performance of their functions and to ensure that the opinion on the financial statements and the main content of the auditors' report are drafted clearly and accurately.
- 6. Establishing the appropriate relations with external auditors to receive information about any issues that might jeopardise their independence, to be reviewed by the Committee, and any other information or communiqué related to the process of performing the audit functions and in the audit rules.

The Board of Directors Regulation expresses itself in similar terms: article 34 provides that: “Relations between the Board and the company's external auditors shall be channelled through the Audit and Control Committee.”

During 2022, the Audit and Control Committee was made up of four independent directors. The Committee's Regulation that was current in 2022 includes the provisions of the Articles of Association and the Board of Directors Regulation; article 8.4 provides that, as directors and members of the Committee, those members must act with independence of opinion and action with respect to the rest of the organisation (...)

On 19 April 2016, in conformity with Spanish 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 by the Board of Directors on 25 January 2023 following a recommendation by the Audit and Control Committee. The policy is implemented through procedures that contemplate measures to preserve the auditor's independence by monitoring possible incompatibilities arising from personal circumstances, prohibited services, rotation 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 26 July 2022 and 23 January 2023. 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 providing those services, 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, and ensure that others comply with them too.

Additionally, Banco Sabadell conforms to the rules set out in its General Policy on Conflicts of Interest that was 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 registering them and addressing them immediately.
- Where conflicts arise, 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 2022, Banco Sabadell was audited by KPMG Auditores, S.L. (KPMG), the third year with this auditor, after the Board of Directors, based on a reasoned recommendation from the Audit and Control Committee, resolved at a meeting on 20 December 2018, as disclosed via regulatory disclosure no. 273.045, to appoint that firm as auditors of the financial statements of Banco Sabadell and the consolidated financial statements of Banco Sabadell Group for 2020, 2021 and 2022. 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. Based on a proposal by the Board of Directors, the Ordinary General Meeting of Shareholders approved that appointment on 28 March 2019.

The audit firm performed work for Banco Sabadell other than auditing, the fees for which in relation to the fees billed to the Company and Group for audit work are as follows:

	Separate	Consolidated	Total
Fees for work other than auditing (thousand euro)	383	0	<b>383</b>
Fees for work other than auditing / Total audit fees (%)	15.50	0	<b>4.07</b>

The amount of fees for work other than auditing does not include audit-related services for a total of €473 thousand (€316 thousand corresponding to the Company and €157 thousand corresponding to Group subsidiaries), since they are independent assurance services and were requested from the auditor in compliance with the applicable regulations.

The number of consecutive years that the current audit firm has been auditing the separate and consolidated financial statements of Banco Sabadell and the number of years audited by the current firm in relation to the total years in which the financial statements have been audited are as follows:

	Separate	Consolidated
Number of consecutive years	3	3
No. of years audited by the current audit firm / No. of years that the company or its group has been audited (%)	7.14	7.89



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

There are currently six operational Board of Directors committees with the functions defined in the Articles of Association and the Board of Directors Regulation, which are elaborated upon and complemented by the committees' specific terms of reference. The current versions of 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 self-assessment report on their activities, which is submitted to the Bank's Board of Directors for evaluation. At least once every three years, the assessment must be carried out with the assistance of an external consultant. The 2022 assessment was carried out with the assistance of external consultant PRICEWATERHOUSECOOPERS AUDITORES, S.L. Additionally, the Strategy and Sustainability Committee, when dealing with matters of sustainability, 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".

## 4.1. Strategy and Sustainability Committee

### Composition and meeting attendance

Chairman	Josep Oliu Creus	Other external	13/13
Members	Lluís Deulofeu Fuguet	Independent	13/13
	Pedro Fontana García	Independent	13/13
	María José García Beato	Other external	13/13
	César González-Bueno Mayer <sup>(1)</sup> <sup>(2)</sup>	Executive	11/12
	José Manuel Martínez Martínez	Independent	13/13



<sup>(1)</sup> Member solely for matters of Strategy.

<sup>(2)</sup> The CEO attended eleven of the twelve Committee meetings, which dealt with strategy; he did not attend the one extraordinary meeting on matters of sustainability because he was not a member.

### Regulation and functioning

The Strategy and Sustainability Committee is regulated by article 63 of the Articles of Association and article 14 of the Board of Directors Regulation, and it has its own terms of reference approved by the Board of Directors on 27 May 2021 that regulate its organisation and functioning.

In accordance with the Board of Directors Regulation, the Strategy and Sustainability Committee comprises at most five directors appointed by the Board of Directors, none of whom may be an executive director, with a majority of independent directors. The Chairperson of the Committee shall be the Chairperson of the Board of Directors. In matters of strategy, the Managing Director 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 or, as appropriate, the Deputy Secretary of the Board, acts as its Secretary.

The terms of reference of the Strategy and Sustainability Committee establish that the members of the Committee possess the appropriate knowledge and experience in the light of the tasks they will be required to perform, and that some of them must 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 Chairperson, at his own initiative or at the initiative of any member of the Committee, or whenever the Board or its Chairperson 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 Regulation or its own terms of reference, 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. To review the Company's sustainability and environmental policies, and inform the Board of Directors of possible modifications and periodic updates of the sustainability strategy.
2. To review the definition and modification of diversity and integration, human rights, equal opportunities and



work-life balance policies and to periodically evaluate their degree of compliance.

3. To review the Bank's social action strategy and its sponsorship plans.
4. To review and report on the statement of non-financial information, prior to its review and report by the Audit and Control Committee and its subsequent formulation by the Board of Directors.
5. To receive information relating to reports, letters or communications from external supervisory bodies within the scope of this Committee's powers.
6. To oversee the model for identifying, monitoring and managing sustainability risks and opportunities, including, where appropriate, environmental and climate change risks.

## Activities 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 2022 are described below:

In the area of Strategy, the Committee reviewed, evaluated and reported to the Board on corporate projects and transactions of strategic importance in the areas of growth, development, diversification, business transformation and technological transformation projects implemented by the Bank. It also supervised non-recurring projects by the Group. It tracked and monitored the 2021-2023 Strategic Plan in compliance with the Banco Sabadell Group's Strategic and Financial Planning Policy, among others, by regularly monitoring the KPIs of the Strategic Plan and Operating Plans, and by reporting favourably to the Board of Directors on both the 2022 budget and the financial projections and the updated scenarios for the projections. With respect to the business units, it monitored market shares and was informed, among other things, of the Retail Banking strategy, the Private Banking and Retail Banking business models, the approach and strategy defined for industry-specific offers by Corporate Banking and the branch network, the new digital account, actions with digital customers, and communication campaigns.

In addition, the Committee advised the Board on revisions of, among others, the Banco Sabadell Group's Strategic and Financial Planning Policy, the Significant Changes and Exceptional Transactions Policy and Banco Sabadell's Non-Financial and Corporate Communication Policies.

In the area of Sustainability, the Committee approved the "Sabadell Sustainable Commitment", which sets out Banco Sabadell's commitments and objectives as a sustainable entity, and it held a special meeting to deal with the ESG Monograph, which describes the Bank's progress as a sustainable entity, detailing the main data and actions, and subsequently reported on this to the Board of Directors.

The Committee regularly monitored the Bank's progress in the area of ESG through the Corporate Sustainability Report, which details, among other things, the overall ESG

environment contextualised in the macroeconomic and regulatory environment, the Bank's ESG Vision, how ESG risk is factored into business management, and the priority indicators of the Sabadell Sustainable Commitment.

The Committee also reported favourably to the Board on the revisions of the Banco Sabadell Group Sustainability Policy and the Banco Sabadell Policy for the Integration of ESG Risks into savings/investment products. It advised on the 2022 Non-Financial Disclosures Report before the Audit and Control Committee reviewed and reported on it and its subsequent authorisation by the Board of Directors. The Committee was also informed of, and analysed, communications from supervisory bodies within the scope of its competencies.

Within the scope of the Bank's social outreach strategy, the Committee informed favourably to the Board of Directors on the contribution to the Banco Sabadell Private Foundation to fund its plan of action for 2023.

The Committee analysed the results and feedback received from the Corporate Governance and Sustainability roadshow in February 2022 and also the mid-term Corporate Governance and Sustainability roadshow in October 2022.

The Strategy and Sustainability Committee reviewed its Activities Plan for 2022, which sets out the mandatory issues to be discussed at the meetings proposed in the year and indicates the purpose required in connection with each issue.

Additionally, with the assistance of an external consultant, in February 2023 the Strategy and Sustainability Committee assessed its own performance in 2022, with satisfactory results.

Every month, the Committee produces extensive information on the proposals, evaluations, studies and work that it carries out in relation to the foregoing matters at its meetings during the month, and submits it to the Board of Directors.

More information is available in the Report on the activities of the Strategy and Sustainability Committee in the area of sustainability in 2022, which is available in the "Corporate Governance and Remuneration Policy/Committee Reports" section of the Banco Sabadell Group corporate website ([www.grupobancsabadell.com](http://www.grupobancsabadell.com)).

## 4.2. Credit Delegated Committee

### Composition and meeting attendance

Chairman	Pedro Fontana García	Independent	41/41
Members	Lluís Deulofeu Fuguet <sup>(1)</sup>	Independent	37/41
	María José García Beato	Other external	41/41
	César González-Bueno Mayer <sup>(1)</sup>	Executive	35/41
	Alicia Reyes Revuelta <sup>(1)</sup>	Independent	33/41



<sup>(1)</sup> The directors gave specific instructions to a proxy for meetings from which they were absent.

### Regulation and functioning

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 terms of reference approved by the Board of Directors on 27 May 2021 that regulate its organisation and functioning.

In accordance with the Board of Directors Regulation, the Credit Delegated Committee comprises at most five directors, a majority of whom must be independent directors, appointed by the Board of Directors with the favourable vote of two-thirds of its members. The Board will appoint the Committee Chairman from among its members. 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 played those roles at the meeting in question.

It must meet whenever convened by its Chairman, and its meetings may be attended by any person who is invited to attend and speak, by a decision of the Committee itself or the Chairman of same, for the purposes to be determined on the basis of the matter in question; the Secretary of the Board of Directors, or the Deputy Secretary, will act as the Committee Secretary.

### Functions

The function of the Credit Delegated Committee are to analyse and, as appropriate, decide upon transactions in accordance with the cases 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 require the Committee to prepare reports on matters within its sphere of action.

### Activities 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 2022 are described below:

During 2022, the Credit Delegated Committee adopted decisions on risk admission, risk refinancing and restructuring, and the sale of foreclosed assets within the foregoing cases and limits established by the Board of Directors, and it reviewed the risk limits granted to 68 large groups and approved over 50 transactions with companies and public administrations.

The Committee also reported favourably to the Board of Directors on all credit transactions requiring Board approval, including credit transactions with directors and senior management, and it also advised on the transactions with their related parties and was informed of related-party transactions requiring Board approval.

The Committee was informed of transactions approved by lower-level credit committees that must be reported to the Board, and also advised on and tracked matters related to credit risk within the remit of the Board of Directors.

In accordance with its terms of reference, the Committee approved urgent transactions on an exceptional basis, reporting on them in full to the Board, which ratified them subsequently.

Additionally, with the assistance of an external consultant, in February 2023 the Credit Delegated Committee assessed its own performance in 2022, with satisfactory results.

## 4.3. Audit and Control Committee

### Composition and meeting attendance

Chairman	Mireya Giné Torrens	Independent	11/11
Members	Pedro Fontana Garcia <sup>(1)</sup>	Independent	10/11
	Laura González Molero <sup>(2)</sup>	Independent	2/3
	José Ramón Martínez Sufregui <sup>(2)</sup>	Independent	7/7
	Manuel Valls Morató	Independent	11/11



<sup>(1)</sup> The director gave specific instructions to a proxy for the meeting from which he was absent.

<sup>(2)</sup> Number of meetings which the director attended with respect to the number of meetings held during the period in 2022 in which they were a member.

Ms. Laura González Molero, an independent director, was appointed as a member of the Committee on 29 September 2022 in place of Mr. José Ramón Martínez Sufregui.

### Regulation and functioning

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 and were last amended by the Board of Directors on 27 May 2021.

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

In accordance with the Board of Directors Regulation, the Audit and Control Committee must 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 have been appointed on the basis of his/her knowledge and experience of accounting and/or auditing; the members as a whole should have the necessary knowledge not only of accounting and auditing but also of finance, internal control, information technology, risk management and banking.

The Board will appoint its Chairperson from among the independent directors that form part of it, with the vote in favour of two thirds of its members. 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 Chair will be replaced every four years, and can not be re-elected until one year has elapsed since his/her removal. 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 must meet at least once every three months, and whenever convened by the Chairman at his/her own initiative or at the request of any Committee member, or at the request of the Chairman of the Board of Directors or of the external auditors.

### Functions

The functions of the Audit and Control Committee 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, and all those set out in the Regulation of the Audit and Control Committee and those attributed to it by law.

The Audit and Control Committee is attributed the following powers by the Articles of Association, and they may be elaborated upon by the Committee's own Regulation:

1. To report to the general meeting on matters raised by shareholders on matters within its purview and, in particular, on the outcome of the audit, explaining how the audit contributed to the integrity of the financial information and the role 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 affecting their independence. To this end, and where appropriate, to submit recommendations or proposals to the Board of Directors and the corresponding deadline for their 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. Proposing to the Board of Directors, for submission to the General Meeting of Shareholders, the appointment or re-appointment of the external auditor, establishing the engagement conditions, the scope of the professional mandate, and revocation or non-renewal, if appropriate; reviewing compliance with the audit contract, and obtaining regular reports from them about the audit plan and its execution, as well as striving to ensure their independence in the performance of their functions and to ensure that the opinion on the financial statements and the main content of the auditors' 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 Institution 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 Institution's needs; to propose, where appropriate, the appointment and replacement of the head of internal audit; and to verify that senior management takes into account the conclusions and recommendations of their 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 request 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 Institution.

## Activities 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 2022 are described below:

### Functions relating to financial and non-financial disclosures

During the year, in line with the functions attributed to it, the Committee regularly monitored and analysed the sufficiency, clarity and integrity of all the financial and non-financial disclosures that the Bank made public, prior to their submission to the Board of Directors and dissemination to the market and supervisory bodies, and it tracked the main developments in this connection. These include the most significant judgements and estimates and valuation criteria used by the group to produce the 2022 financial statements.

The Committee's scope of oversight included the Pillar III Disclosures, the ICAAP and ILAAP, and the Universal Share Prospectus, covering specific aspects relating to the impact of the conflict between Russia and Ukraine, before they were released to the market, and the monthly reports on own shares. The Committee also drafted and updated accounting policies prior to submitting them to the Board of Directors for approval.

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

The Committee reviewed the proper application of good banking and accounting practices in the various echelons of the organisation, ensuring, through reports from the heads of internal control and from the external auditor, that suitable steps were being taken at General Management level and by other senior executive levels to ensure that the Group's main risks were being appropriately identified, measured and controlled.

During 2022, the Committee also received regular reports on the communications received from and sent to Group entities by domestic and foreign supervisors and the half-yearly reports of the Group's Corporate Ethics Committee, and the Group's tax management was monitored on a half-yearly basis.



## Functions related to auditing

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

During the year, the Committee liaised appropriately with the persons responsible for the Group's external audit in order to receive detailed information on their strategy, planning, audit work plan for both the annual and half-yearly accounts, degree of progress and main conclusions and any issues that might jeopardise their independence.

In relation to the independence requirements set forth in the auditing regulations and the provisions of the Group's policies, the engagement of non-audit services to be provided by KPMG to Banco Sabadell and the companies related to it by a control relationship were submitted for approval by the Group's Audit Committee, which assessed whether the services were permissible and considered any threats and appropriate safeguards. It also received KPMG's confirmation of its independence with respect to Banco Sabadell and its Group.

The Committee issued a report expressing a favourable opinion on the independence of the external auditor, following the pertinent verifications, prior to the issuance of the audit report on the financial statements, based on 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 rules governing independence and the auditing regulations and on the performance of KPMG as auditor during 2022, and it proposed the re-appointment of KPMG Auditores S.L. as auditor of the company's financial statements and of the consolidated financial statements of its group for 2023, after favourably assessing compliance with the requirements of independence, objectivity, professional capacity and quality required both by law, for entities of public interest, and internally.

The Committee was also informed of the results of other verification work carried out by KPMG or companies in its network, such as the report on the information relating to ICFR, the annual and half-yearly Pillar III reports and the Customer Asset Protection Report.

## Functions related to internal audits

The Committee assessed in detail the annual internal audit plan together with the associated budget, ensuring that the internal audit function has the material and human resources required to perform its duties, and it decided to report favourably to the Board of Directors on both the plan and its budget.

It periodically followed up on the audits and reports issued as provided in the plan of activities and on the implementation of any recommendations. As part of the actions set out in the Annual Audit Plan for 2022, it reviewed the conclusions of the global risk assessment carried out by Internal Audit to evaluate the potential effects at Group level of the Russia-Ukraine conflict.

The Committee reviewed the update of the Internal Audit policies and resolved to report favourably to the Board of Directors.

The 2022 annual report on internal audit activities was presented to the Committee, detailing all the activities performed and reports issued in the year and an inventory of the recommendations and action plans set out in the various reports, as well as the outcome of the Internal Audit Quality Assurance and Improvement Programme, including the implementation of action plans deriving from external assessments of the internal audit function. Following the review, it decided to declare that the internal audit objectives and projects had been successfully completed during the year.

Based on the foregoing, the Committee was able to assess the adequacy and effectiveness of the internal audit function, as well as the performance of its manager, and this was reported to the Remuneration Committee and the Board of Directors for the purposes of determining the variable remuneration.

## Other functions

The Committee approved and issued the mandatory reports on related-party transactions in accordance with the terms and conditions established in current regulations for their classification as related-party transactions and for requiring the Board authorization, based on favourable reports from the Audit and Control Committee. Those reports concluded that the transactions presented were fair and reasonable from the point of view of the Bank and of shareholders other than the related party, based on the fact that these transactions were carried out at the prices established by the Bank for this type of transaction and in compliance with the provisions of the Banco Sabadell Credit Risk Admission Policy and the Banco Sabadell Credit Risk Monitoring Policy. The Committee also reviewed the information on related-party transactions that was disclosed in the financial statements.

With the assistance of an external consultant, in February 2023 the Audit and Control Committee assessed its own performance in 2022, with satisfactory results.

More information is available in the Report on the Audit and Control Committee's activities in 2022, which is available in the the "Corporate Governance and Remuneration Policy/Committee Reports" section of the Banco Sabadell Group corporate website ([www.grupobancosabadell.com](http://www.grupobancosabadell.com)).



## 4.4. Appointments and Corporate Governance Committee

### Composition and meeting attendance

Chairman	José Manuel Martínez Martínez	Independent	11/11
Members	Anthony Frank Elliott Ball*	Independent	10/11
	Aurora Catá Sala	Independent	11/11
	Mireya Giné Torrens	Independent	11/11



\* The director gave specific instructions to a proxy for the meeting from which he was absent.

### Regulation and functioning

The Appointments and Corporate Governance Committee is regulated by article 66 of the Articles of Association and article 17 of the Board of Directors Regulation, and it has its own terms of reference that were approved by the Board of Directors on 27 May 2021 and regulate its organisation and functioning.

In accordance with the Board of Directors Regulation, the Appointments and Corporate Governance Committee comprises at most five directors, appointed by the Board of Directors, none of whom may be an executive director; at least two of them must be independent directors and, in any event, the Chairman of the Committee must be appointed from among its members who are independent directors. 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 accordance with its terms of reference, the Appointments and Corporate Governance Committee must meet as often as necessary, and at least once every three months, when convened by its Chairman, at his/her own initiative or at the request of any member of the Committee, or whenever the Board or its Chairman requests that it issue a report or adopt a proposal, and, in any event, whenever it is advisable in order to properly discharge its duties. 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 Regulation or its own terms of reference, the Appointments and Corporate Governance Committee has the following basic duties:

1. To submit to the Board of Directors proposals for the appointment of independent Directors for appointment by co-option or for submission to the decision of the General Meeting of Shareholders, as well as proposals for the re-election or removal of such Directors.
2. To report on proposals for the appointment of the remaining directors, proprietary, other external or executive

members, for appointment by co-option 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 functions and skills required of the candidates to fill each vacancy, as well as the time commitment deemed necessary for the proper performance of their functions.
4. To ensure that, when filling new vacancies or appointing new Directors, the selection procedures favour diversity of experience and knowledge, facilitate the selection of female Directors and, in general, do not suffer from implicit biases that could imply 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 authorization 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 Staff 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 an annex to the minutes.
8. To examine and organise the succession plans for the Chairperson of the Board and the Managing Director 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 goal for representation of the under-represented sex on the Board of Directors and to develop guidance on how to achieve this goal.
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 modification when appropriate; To annually review the status of Directors and to report to the Board of Directors for inclusion in the Annual Corporate Governance Report;

**12.** To report to the Board of Directors on proposals for the appointment of the Vice-Chairperson or Vice-Chairmen, as the case may be;

**13.** To report to the Board of Directors on proposals relating to the appointment and termination of the Secretary and, where appropriate, the Deputy Secretary of the Board of Directors, who may or may not be Directors;

**14.** To submit to the Board of Directors the proposal for the appointment, termination or re-election of the Lead Independent Director;

**15.** To develop and regularly update a competence matrix of the Board of Directors, assessing the knowledge, skills and experience of the members of the Board of Directors and the Board of Directors as a whole, for approval by the Board of Directors;

**16.** To periodically review and propose to the Board the modification of policies regarding the selection and diversity of members of the Board of Directors, and to annually verify their compliance, reporting to the Board of Directors on 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 connection with corporate governance:

**1.** To report to the Board of Directors on the Company's internal corporate policies and regulations, except in matters that fall within the competence of other Committees;

**2.** To supervise compliance with the Company's corporate governance rules, excluding those corresponding to areas that fall within the scope 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 powers, the communications that the Company makes with shareholders and investors, proxy advisors and other stakeholders, and report thereon to the Board of Directors.

**5.** To report annually on the evaluation of the functioning of the Board of Directors, as well as the performance of its functions by the Chairperson of the Board of Directors and the Managing Director.

**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 corporate governance in all the Company's activities.

## Activities 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 2022 are described below:

In the area of Appointments, the Committee analysed, proposed, reported on and evaluated the suitability of persons proposed for appointment, ratification, and re-appointment as members of the Board and its committees. It performed a similar function with regard to proposals for the appointment of senior management and matters relating to the Identified Staff. It also advised the Board on the removal of a senior executive.

In 2022, within the framework of continuous assessment of the directors, the Appointments and Corporate Governance Committee and the Board of Directors

ratified the continuous assessment of the proprietary director following the rejection of the appeal for reconsideration filed against the imposition of an administrative sanction by the CNMV in relation to the disclosure of significant shareholdings in Banco Sabadell. The assessment concluded that the director continued to fulfil the suitability requirements for the position of director, in the category of proprietary director. The Board forwarded the suitability assessment to the European Central Bank on 7 October 2022.

In relation to the Group's organisational and governance structure, the Committee advised the Board of Directors on the proposed organisational changes in Banco Sabadell and in the structure and composition of the Group's management committees. It also reported favourably to the Board of Directors on the Terms of Reference of the Management Committee, as the most senior management body in Banco Sabadell and its Group, establishing its functions, composition and rules of operation.

In connection with corporate governance, the Committee analysed the results and feedback received from the Corporate Governance and Sustainability roadshow in February 2022 and also the mid-term Corporate Governance and Sustainability roadshow in October 2022.

It verified compliance with Banco Sabadell's Director Selection Policy, and advised on amendments to same; it verified compliance with the Succession Plan for the Chairman and Chief Executive Officer of Banco Sabadell, and advised on an update; it reviewed the update of the Board of Directors Renewal Plan for 2021-2024 and reported favourably to the Board of Directors on its approval, and it evaluated 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 Banco Sabadell Internal Governance Framework.

It reported favourably to the Board on approving the 2023 Director Training Programme and issued a satisfactory assessment of the delivery and outcome of the 2022 Director Training Programme.

In addition to assessing its own performance in 2022 with the assistance of an external consultant in February 2023, with satisfactory results, the Committee advised on the annual performance assessment of the Board of Directors and the other Committees, the Chairman of the Board and the Chief Executive Officer.

More information is available in the Report on the Appointments and Corporate Governance Committee's activities in 2022, which is available in the the "Corporate Governance and Remuneration Policy/Committee Reports" section of the Bank's corporate website ([www.grupobancsabadell.com](http://www.grupobancsabadell.com)).

## 4.5. Remuneration Committee

### Composition and meeting attendance

Chairman	Aurora Catá Sala	Independent	9/9
Members	Anthony Frank Elliott Ball <sup>(1)</sup>	Independent	8/9
	Laura González Molero <sup>(2)</sup>	Independent	2/2
	George Donald Johnston III <sup>(1)</sup>	Independent	7/9
	José Ramón Martínez Sufrategui <sup>(2)</sup>	Independent	6/6



<sup>(1)</sup> The directors gave specific instructions to a proxy for meetings from which they were absent.

<sup>(2)</sup> Number of meetings which the director attended with respect to the number of meetings held during the period in 2022 in which they were a member.

Ms. Laura González Molero, an independent director, was appointed as a member of the Committee on 29 September 2022 in place of Mr. José Ramón Martínez Sufrategui.

### Regulation and functioning

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

In accordance with the Board of Directors Regulation, the Remuneration Committee comprises at most five directors, appointed by the Board of Directors, none of whom may be an executive director; at least two of them must be independent directors and, in any event, the Chairman of the Committee must be appointed from among its members who are independent directors. 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 Regulation of the Remuneration Committee establishes that the Committee must meet as often as necessary, and at least once every three months, when convened by its Chairman, at his/her own initiative or at the request of any member of the Committee, or whenever the Board or its Chairman requests that it issue a report or adopt a proposal, and, in any event, whenever it is advisable in order to properly discharge its duties. In any event, the Committee must meet once per year to prepare the information on directors' remuneration that the Board of Directors must approve and include in its annual public disclosures.

### Functions

Without prejudice to the other duties assigned to it by law, the Articles of Association, the Board of Directors, the Board of Directors Regulation or its own terms of reference, 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 Managing Committee or Managing Directors.

**5.** To report on share-based and/or option-based remuneration programmes.

**6.** To periodically review the general principles of remuneration as well as the remuneration programmes 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. Likewise, to inform the Board of Directors of the Annual Report on Directors' 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 terms and conditions of the contracts of executive Directors and senior management and to report to the Board of Directors, as appropriate, 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 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 Senior Management.
- 15.** To propose to the Board of Directors the determination of the bonus for the senior management of the Bank and its subsidiaries.
- 16.** To 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 transparency of remuneration.
- 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 Statement of Non-Financial Information.
- 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

senior management is sufficient and appropriate and follows the applicable Good Corporate Governance recommendations.

## Activities 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 2022 are described below:

The Committee issued a favourable report to the Board of Directors with regard to submitting to the General Meeting of Shareholders on 24 March 2022 an information supplement to the Banco Sabadell Director Remuneration Policy for 2021, 2022 and 2023 that elaborates and expands upon the information contained in that Policy, which was approved by the General Meeting of Shareholders on 26 March 2021. It 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 fixed annual remuneration assigned to each one of them.

The Committee reviewed and advised on the conditions for senior management contracts, amendments to same and/or conditions for removal, verifying that they were consistent with the Bank's remuneration policy. The Committee reported favourably to the Board of Directors on the degree of attainment of the 2021 objectives for executive directors, senior management, internal audit and the entire Group, assessing the possible non-application of *ex ante* adjustments for risks to the 2021 variable compensation and the non-application of malus and clawback clauses, as well as fixed and variable remuneration for 2022. It advised on the approval of the individual objectives for the CEO and CRO, members of senior management and members of the Group's Identified Staff, comparing the remuneration with the benchmarking 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 advised on the fixed remuneration for Group's entire workforce and an increase in the total salary expense for the year 2022.

The Remuneration Committee reviewed and reported favourably to the Board of Directors on Banco Sabadell's and the Group's remuneration policies. To this end, the Remuneration Committee examined the independent report by an external consulting firm on the Prudential Assessment of Remuneration 2021, which was commissioned in order to analyse whether Banco Sabadell's remuneration policy and practices conform to the regulators' requirements and recommendations, concluding that the Policy and practices conform to the current prudential requirements governing remuneration and are aligned with the best practices in terms of corporate governance and transparency. It analysed the Internal Audit Report on the Remuneration Policy of the Group and Subsidiaries, whose objective was to review the degree to which the organisation's remuneration policies (Group and

subsidiaries) conform to the guidelines of the European Banking Authority (EBA), and it tracked the degree to which the recommendations were applied and exercised oversight to this end.

The Committee cooperated actively in the two Corporate Governance and Sustainability Roadshows held in 2022 with proxy advisors and the main shareholders, in which it discussed the main issues related to the Remuneration Policy and ensured the proper disclosure of information on remuneration through the corporate website, in accordance with the applicable regulations and good corporate governance recommendations.

The external consultant, EY, attended one meeting of the Committee to report on regulatory developments and the main challenges in remuneration matters during the year.

Additionally, with the assistance of an external consultant, in February 2023 the Remuneration Committee assessed its own performance in 2022, with satisfactory results.

More information is available in the Report on the Committee's activities in 2022, which is available in the "Corporate Governance and Remuneration Policy/ Committee Reports" section of the Banco Sabadell Group corporate website ([www.grupobancsabadell.com](http://www.grupobancsabadell.com)).



## 4.6. Risk Committee

### Composition and meeting attendance

Chairman	George Donald Johnston III <sup>(1)</sup>	Independent	14/15
Members	Aurora Catá Sala <sup>(1)</sup>	Independent	13/15
	Alicia Reyes Revuelta	Independent	15/15
	Manuel Valls Morató	Independent	15/15



<sup>(1)</sup> The directors gave specific instructions to a proxy for meetings from which they were absent.

### Regulation and functioning

The Risk Committee is regulated by article 68 of the Articles of Association and article 19 of the Board of Directors Regulation, and it has its own terms of reference approved by the Board of Directors on 27 May 2021 that regulate its organisation and functioning.

In accordance with the Board of Directors Regulation, the Risk Committee comprises at most five directors, appointed by the Board of Directors, none of whom may be an executive director; they must have the appropriate knowledge, skill and experience to fully understand and oversee the Bank's risk strategy and risk appetite; at least two of them must be independent directors; in any event, the Chairman of the Committee must be appointed from among its members who are independent directors. 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 functions, the Risk Committee may directly request the information it sees fit from both the Chief Risk Officer and from the departments that report to him/her, including notably the Internal Control Division and the Credit Risk Control Division; and in accordance with its Regulations, the Committee meets as often as necessary and at least once every two months, when convened by its Chairman, at his own initiative or at the request of any member of the Committee, or whenever the Board of Directors or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever appropriate for performing its functions.

### Functions

Its functions are focused on supervising and exercising oversight to ensure that all the risks of the Bank and its consolidated Group are accepted, controlled and managed appropriately, and reporting to the Board on the performance of the functions corresponding to it, in accordance with the law, the Articles of Association, the Board of Directors Regulation and its own terms of reference. The main functions of the Risk Committee are as follows:

1. To supervise the implementation of the Global Risk Policy.
2. To report quarterly to the full Board on the levels of risk assumed, the investments made and the evolution thereof, as well as on the repercussions that may arise for the Group's income from variations in interest rates and their compliance with the VAR approved by the Board itself.
3. To follow up and detect if any of the approved thresholds is exceeded, and to ensure the activation of action plans established for this purpose.
4. To report to the Remuneration Committee on whether employee remuneration programmes are consistent with the Bank's risk, capital and liquidity levels.
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

shall assess the risks associated with the financial products and services offered and shall take into account the consistency between the prices assigned to such products and services and the benefits obtained.

**12.** To assess the recommendations of the internal or external auditors and to verify the proper implementation of the measures taken.

**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 Institution, 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 plenary of the Board on the development of the functions corresponding to it, in accordance with this article and other legal, statutory or regulatory provisions applicable to it.

## Activities 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 2022 are described below:

- Regular monitoring of the evolution of all risks via the RAS and through specific monographs on each risk type.
- The Committee analysed and monitored certain vulnerabilities that arose during the year, such as:
  - The crisis arising from the conflict between Russia and Ukraine. Therefore, throughout the year, the Committee assessed the Bank's direct and indirect exposures that might be affected by the conflict, and analysed potential impacts on the Bank's loan book and liquidity, and the measures implemented to mitigate the potential increase in cyberthreats, and performed a compliance analysis on the monitoring and implementation of the international sanctions and restrictions that were imposed.
  - A number of analyses were performed to evaluate the possible impacts on the loan book and IRRBB of the increase in inflation and rising interest rates.
- The Committee was presented with the situation and evolution of certain aspects of credit risk, such as trends with transactions having ICO guarantees, and reporting on non-performing assets and risk newly classified as non-performing.

- In the area of compliance, it reviewed such issues as the MiFID report and the annual Expert Report on the Prevention of Money Laundering and Terrorist Financing;
- The Risk Committee reviewed the capital adequacy (ICAAP) and liquidity (ILAAP) processes and the risk assessment with respect to the financial projections reflecting the main lines of the Bank's strategic plan.
- In the area of technology risk, the Risk Committee reviewed various aspects, including most notably: updating technology and data risks and their mitigation plans, assessing the status of technological obsolescence and resilience, and evaluating the risks associated with the digital onboarding process. It also reviewed the state of cybersecurity, and presented the main events, risks and lines of action to mitigate them.
- In the area of remuneration, the Risk Committee reported to the Remuneration Committee on the remuneration programme's consistency with the Bank's risk, capital and liquidity levels.
- Additionally, with the assistance of an external consultant, in February 2023 the Risk Committee assessed its own performance in 2022, with satisfactory results.

More information is available in the Report on the Committee's activities in 2022, which is available in the "Corporate Governance and Remuneration Policy/Committee Reports" section of the Banco Sabadell Group corporate website ([www.grupobancsabadell.com](http://www.grupobancsabadell.com)).

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

### 5.1. Procedure for the approval of related-party and intercompany transactions, and the bodies empowered for this purpose (D.1, D.2, D.3, D.4, D.5 and D.7)

Law 5/2021, of 12 April, amending the consolidated text of the Capital Companies Law, approved by Legislative Royal Decree 1/2010, of 2 July, and other financial regulations, with regard to the promotion of long-term shareholder involvement in listed companies, introduced Chapter VII bis, Related-party Transactions, into the Capital Companies Law.

Under that regulation, related-party transactions whose amount or value is 10% or more of the total value of the assets per the company's last approved balance sheet require approval from the General Meeting of Shareholders. The Board of Directors has the power to approve any other related-party transaction, and this power may not be delegated.

The Audit and Control Committee must issue a report on any related-party transaction before it is approved by the General Meeting of Shareholders or the Board of Directors. The Committee's report must assess whether the transaction is fair and reasonable from the standpoint of the company and, if applicable, of the shareholders other than the related party, and it must set out the assumptions on which the assessment is based and the methods used.

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

- (i) transactions between companies in the same group that are carried out in the ordinary course of business and at arm's-length, and
- (ii) transactions arranged on the basis of contracts with standardised terms and conditions that are applicable en masse to a large number of customers, carried out at prices or rates that are set on a broad basis by the supplier of the good or service, where the amount does not exceed 0.5% of the company's net turnover.

Pursuant to the provisions of the Capital Companies Law, the Board of Directors of Banco Sabadell resolved to empower the Bank's Compliance Division to review 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 such transactions by the Compliance Division by delegation from the Board does not require a prior report from the Audit and Control Committee.

On an annual basis, the Compliance Division must report to the Audit and Control Committee on the outcome of the reviews of related-party transactions for the purpose of verifying the fairness and transparency of such transactions and, if applicable, compliance with the applicable regulations for them to be approved by the Compliance Division by delegation, providing the following details:

- Number of transactions reviewed.
- Related-party transactions approved by the Compliance Division exercising the powers delegated by the Board of Directors.
- Related-party transactions escalated to the Board of Directors for approval.
- Other information to support the aforementioned verification and compliance checks.

Intercompany 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 size or nature between the Bank or any Group undertaking and the Bank's significant shareholders.

There were no material transactions with directors and executives of the Bank other than those classified as "related-party transactions" under Article 529 *vicies* of the Capital Companies Law that were conducted with the appropriate approvals and, where appropriate, disclosed in accordance with article 529 *unvicies* et seq. of the Capital Companies Law. Those that did take place were performed in the normal course of the Bank's business or were performed on an arm's-length basis or in the conditions available to any employee. There is no record of any transactions being performed other than on an arm's-length basis with persons or entities related to directors or senior managers.

During 2022, the Board of Directors did not approve any transaction between the Bank and related parties that was material due to its amount or nature.

The balances of transactions with related parties are disclosed in note 40 to the Group's consolidated financial statements 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, executives or significant shareholders (D.6)

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

1. The Banco Sabadell Group General Policy on Conflicts of Interest and the Banco Sabadell General Policy on Conflicts of Interest are internal rules approved by the Board of Directors of Banco Sabadell and they are reviewed once per year. These policies are intended to be effective in identifying, assessing, managing, mitigating, preventing or ultimately disclosing potential or actual conflicts of interest. The Compliance Division is responsible for correctly applying those policies and, when necessary, it will urge the other departments in the Group to which they apply to take the necessary action.
2. The Policy on Conflicts of Interest and related party transactions in connection with Directors and Senior Management, approved by the Board of Directors on 24 March 2022, establishes the necessary measures for managing conflicts of interest of directors and senior management and their related parties in connection with corporate transactions or non-bank activities and also with ordinary banking business.

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

Royal Decree 84/2005, 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 2021, the Board of Directors approved an extensively revised and updated version of the Group's Code of Conduct in order to bring it into line with regulatory requirements, supervisory guidelines and reports, and market standards. The Code contains a catalogue of principles, obligations and duties that are binding upon all members of the Group. It also defines the criteria to be followed to ensure ethical and responsible conduct, both in relationships within the Group itself and in relationships with customers, suppliers, shareholders, investors and other stakeholders. All members of the Group were required to expressly adopt the Group's Code of Conduct.

4. The Banco Sabadell Group's Internal Rules of Conduct in connection with the securities markets (IRC), approved by the Board of Directors on 24 May 2018 and updated in September 2021, are 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 the Institution's activities and services in the field of the securities markets or who have frequent or habitual access to insider 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 IRC, 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 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 Rules 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 Board of Directors Regulation, all Board members are bound by a duty of loyalty and confidentiality and are required to disclose any interest they may have in the company itself or in other companies outside the Group.

Specifically, Article 29 of the Regulation 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 and Corporate Governance Committee before accepting any executive appointment in another company or institution.

Article 31 of the Board of Directors Regulation 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)

To manage and control risk, the Banco Sabadell Group has defined a Global Risk Framework whose purpose is to establish the basic common principles relating to the Group's risk management and control activity, including all actions associated with the identification, decision, measurement, evaluation, monitoring and control of the risks to which the Group is exposed. These activities include the functions performed by the overall Group's areas and business units.

With the Global Risk Framework, the group seeks to:

- Address risk through a structured approach that is consistent Group-wide.
- Encourage an open, transparent risk management and control culture by promoting the involvement of the entire organisation.
- Facilitate decision-making.
- Align risk acceptance with the risk strategy and risk appetite.
- Understand the risk environment in which it operates.
- Ensure that, in accordance with the Board's guidelines, critical risks are identified, understood, managed and controlled in an efficient manner.

The Global Risk Framework is applied to all the Group's business lines and entities on a proportionate basis, having regard to their size, the complexity of their activities and the materiality of the risks assumed.

To ensure that risk management and control are effective, the Group's Global Risk Framework must comply with the following principles:

- Risk Governance and involvement of the Board of Directors through the three lines of defence model.
- Alignment with the Group's business strategy, especially by implementing the risk appetite throughout the organisation.
- Integration of the risk culture, focusing on aligning remuneration to the risk profile.
- Holistic vision of risk that translates into the definition of the taxonomy of first- and second-tier risks on the basis of their nature.
- Alignment with stakeholder interests.

The Global Risk Framework is composed of the following elements:

- Global Risk Framework Policy.
- Risk Appetite Framework (RAF).
- Risk Appetite Statement (RAS).
- Specific policies for the material risks to which the Group (i.e. Banco Sabadell and its subsidiaries) is exposed.

The Global Risk Framework Policy provides a general framework for establishing other policies related to risk management and control by determining common aspects that apply to the various risk management and control policies.

The Group promotes a risk culture composed of a set of values, beliefs, knowledge and attitudes related to risk that is shared by all members of the organisation and helps to manage and control risks efficiently while avoiding undesired behaviour.

The Board of Directors of Banco Sabadell has 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 the Banco Sabadell Group's business strategy, and it is applied in all the companies controlled by the Group, regardless of their geographic 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 functions of Banco Sabadell's Board of Directors include identifying the Group's main risks and implementing and monitoring the appropriate internal control and information systems, including challenges and tracking and strategic planning of the Group and oversight of management of the material risks and their alignment 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 programmes and policies.

The Board of Directors has indelegable responsibility for: (i) determining the tax strategy; (ii) approving investments or operations considered strategic by virtue of their amount or special characteristics, strategic nature or particular tax risks, unless their approval corresponds to the General Meeting; (iii) approving the creation of special-purpose vehicles or entities resident in jurisdictions designated as tax havens, and the acquisition of shares 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. Moreover, a number of Committees and Divisions have a significant involvement 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), the body entrusted with supervising risk management and control in the Bank, meets 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 Statement 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 in accordance with the established governance; making proposals to the Risk Committee, for referral to the Board for approval, regarding material changes in internal models and approving asset allocation, including the policies and metrics under the various frameworks 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; and
  - (iv) analysing ad-hoc issues in specific portfolios or risk classes, for referral and inclusion in risk management.
- Group Risk Transactions Committee: a management body responsible for overseeing the quality of the Group's credit risk and developing the credit risk acceptance policy for approval by the Board of Directors; it meets on a weekly basis and has the following functions:
  - (i) approval of credit transactions, including transactions/limits for countries and banks, and of specific criteria in line with the policies under the established delegation of powers;
  - (ii) delegating powers to lower echelons (autonomies) in accordance with the established delegation of powers, monitoring their use, and referring proposals for changes to the Credit Delegated Committee; and
  - (iii) monthly reporting to the Credit Delegated

Committee of the transactions approved and performed in the previous month.

- NPA Monitoring and Management Committee (CSyGAP): a management body responsible for coordinating the recovery cycle, including avoiding and containing default by promoting forward-looking strategies; it meets once per month and has the following functions:
  - (i) monitoring the performance of the Bank's loan book, on a sub-portfolio basis, with a focus on anticipation, identifying returns by sector/sub-portfolio, and setting limits in sectors/sub-portfolios with greater emerging 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 Division 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.
- Assets and Liabilities Committee (ALCO): a management body responsible for optimising and monitoring the management of structural risk in the Banco Sabadell Group's balance sheet, particularly its ALCO portfolio, in accordance with guidelines, objectives and policies defined by the Bank's Board of Directors; it meets every month and has the following functions:
  - (i) approving and tracking macroeconomic and financial scenarios generated by the Group's Studies Division. 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 and the Group, including liquidity risk, Interest Rate Risk in the Banking Book (IRRBB), Credit Spread Risk in Banking Book (CSRBB) and currency risk;
  - (iii) delegating monitoring of market risk to the Investment and Liquidity Committee (CIL), and receiving regular reports on this issue;
  - (iv) optimising the balance sheet structure vis-à-vis those structural risks in accordance with the guidelines, goals and policies defined by the Board of Directors;
  - (v) approving risk-adjusted pricing strategies taking account of transfer pricing (FTP) and other transaction costing. As a critical parameter of IRRBB and liquidity risk, approving, at least once

- per quarter, the liquidity premiums (LTP) that, together with the base rates (ITP), lead to the transfer prices for commercial asset and liability transactions;
- (vi) monitoring and defining management guidelines in relation to the structural liquidity position, securities issues, interest rate risk, the ALCO portfolio, transfer prices and the structural currency position;
  - (vii) functions related to corporate structural risks (GROUP) and local risks at Banco Sabadell Management Unit (UGB BS) level:
    - Centralised coordination and supervision of the corporate management function (corporate function)
    - Monitoring of financial activity by the Group and UGB BS, with a breakdown of margins, business evolution, product performance, etc.
    - Tracking hedges arranged at UGB BS level to manage IRRBB.
  - (viii) activating and, as appropriate, closing down the Liquidity Contingency Plan, with the possibility of delegating management of a liquidity crisis situation to the Investment and Liquidity Committee (CIL).
- Internal Control Body (OCI): a management body responsible for implementing the policies and procedures established in the Law on the prevention of money laundering and terrorist finance; it meets once per quarter and has the following functions:
- (i) deciding whether to notify the Spanish government's anti-money laundering agency (SEPBLAC) 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 Division (DPBCFT), it is decided not to notify to SEPBLAC;
  - (iii) approving or rejecting 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 on the prevention of money laundering and terrorist financing that have been communicated by the Bank's employees, executives or agents, including anonymous reports.
- Corporate Ethics Committee (CEC): this committee reports directly to the Board of Directors, which is the highest body with responsibility for adopting policies in connection with the corporate reputation and ethics. Its main mission is to promote ethical behaviour throughout the organisation to ensure compliance with the principles of conduct set out in the Code of Conduct, the Internal Rules of Conduct in connection with the Securities Market (RIC), the Criminal Liability Prevention Policy, the General Policy on Conflicts of Interest and the Anti-Corruption Policy of the Banco Sabadell Group. To this end, the CEC has the following functions:
- (i) proposing amendments to keep the Group's Code of Conduct up to date at all times;
  - (ii) making proposals to the Bank's Board of Directors with regard to any measures required to promote ethical behaviour throughout the organisation;
  - (iii) advising the Board of Directors and the Group's corporate and business units on decisions involving aspects that may result in conflicts of values and/or interest;
  - (iv) monitoring compliance with the provisions of the Group's code of conduct and the codes of conduct governing employees and external suppliers of goods and services;
  - (v) responding to queries, concerns and conflicts that may arise in relation to compliance with the provisions of the Code of Conduct while ensuring confidentiality where appropriate and guaranteeing the absence of reprisals in this connection;
  - (vi) warning parties involved in potential breaches through the People Division, when the parties are Group employees, or through the Secretary of the Board of Directors of Banco Sabadell, when the parties are members of the Board of Directors;

- (vii) fulfilling the functions assigned to it by the Internal Code of Conduct in connection with the Securities Market (RIC);
  - (viii) monitoring compliance with the functions of overseeing the Group's crime prevention model that are attributed to it by the Criminal Liability Prevention Policy;
  - (ix) supervising all cases of market abuse and reporting them to the CNMV; and
  - (x) reviewing, by delegation from the Board of Directors, the reporting by the Compliance Division on the opinions issued with respect to the review of transactions conducted by Banco de Sabadell, S.A. or its subsidiaries with related parties, in accordance with the internal procedure for disclosure and regular oversight established by the Board of Directors.
- UK Steering Committee: a management body responsible for providing a business overview of TSB Banking Group plc and TSB Bank plc and their subsidiaries and reviewing proposals to be presented to TSB's governing bodies that require validation by the Group. It performs its functions in accordance with the TSB-Banco Sabadell relationship framework and its Terms of Reference.

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

The Group has established a taxonomy of risks 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 of the Group's business model to adapt to changes in the environment in which it operates. This risk includes:

- Solvency risk: the risk of not having sufficient capital, in terms of quality or quantity, to achieve the strategic and business objectives, withstand operating losses or fulfil regulatory requirements and/or the expectations of the market where it operates.
- Business risk: the possibility of incurring losses as a result of adverse events with a negative impact on the capacity, strength and recurrence of the income statement, whether its viability (short term) or its sustainability (medium term).
- Reputational risk: the risk of losses derived from failures in processes, operations, strategy or corporate governance that produce a negative perception among customers, counterparties, shareholders, investors or regulators that can negatively affect the organisation's capacity to maintain its business relationships or establish new ones, and to continue accessing 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. Those factors may be mainly physical (the physical effects of a changing climate, including an increased frequency of extreme weather events and gradual changes in the climate) and transitional (resulting from adjustment processes towards a lower-emissions economy). Climate risk can act 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 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 risk: a type of credit risk that arises where, in a transaction involving derivatives or repos with deferred settlement or on margin, the counterparty

defaults before the final settlement of the transaction cash flows.

- Country risk: the risk arising in the debts of a country, taken as a whole, as a result of reasons inherent to the country's sovereignty and economic and political situation, 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 State and who, for reasons outside their control and not at their volition, 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.
- Equity risk: the risk of incurring losses as a result of adverse changes in the value of an equity instrument. It refers basically to the Group's portfolio of equity holdings (listed and unlisted), including the portfolio of associates over which it exerts significant influence.

### 6.3.3. Finance risk

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

- Liquidity risk: the possibility of incurring losses as a result of the Bank being unable, albeit temporarily, to honour payment commitments due to a lack of liquid assets, or of it being unable to access the markets to obtain finance at a reasonable price. This risk may arise from factors that are systemic or are specific to the Bank/Group.
- 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 or a reduction in net equity in connection with 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 the equity structure (present value of assets, liabilities and off-balance sheet positions sensitive to interest rates).
- Market risk: arising from the possibility of loss in the market value of financial asset positions due to variations in risk factors with an impact on their market prices or volatility or the correlation between them. This refers in particular to trading positions.
- Insurance risk: arising from pension commitments and from controlling stakes in insurance companies, basically from actuarial risks as well as other risks (market, counterparty, operational, etc.).

- Credit Spread Risk in the Banking Book (CSRBB): the risk of potential losses arising from changes in the market's perception of the price of credit risk, the liquidity premium and other potential components of instruments bearing credit risk that generate fluctuations in the price of credit risk not captured in the IRRBB risk or the jump-to-default risk.

### 6.3.4. Operational risk

Operational risk is defined as the risk of losses resulting from failures or inadequacies in processes, people and internal systems or from external events. This definition includes, but is not limited to, compliance risk, model risk and information and communication technology (ICT) risk, but does not include strategy risk or 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: the possibility, present or future, of losses derived from inadequate delivery of financial services, including cases of malice or negligence and violations of regulations or laws.
- Process risk: the possibility of incurring losses due to failures in process management, execution or delivery or to inadequate processes.
- Technology risk (or ICT risk): the risk, present or future, of losses due to inadequacy or failures in the hardware and software of technical infrastructures that may compromise the availability, integrity, accessibility and security of the infrastructures and data, or the impossibility of changing technology platforms in a reasonable time scale and at a reasonable cost in the face of changes in the business or the environment. Also included are security risks resulting from inadequacy or failures in internal processes or external events, including cyber attacks and inadequate physical security at data processing centres.
- Outsourcing risk: the risk, present or future, of losses arising from the use of a third party's resources and/or media to perform, on a normalised stable, permanent basis, certain processes of the subcontractor, which inherently entails exposure to a series of underlying risks, such as operational risk, including conduct risk, information and communication technology (ICT) risk, compliance risk, reputational risk, concentration risk, step-in risk and country risk.
- Talent/management risk: the risk of incurring losses related to events arising from the Group's relationship with its employees, e.g. non-availability of suitable profiles, staff rotation and replacement, employee dissatisfaction, etc. This category also includes losses arising from actions in breach of legislation or agreements in the area of employment, workplace health and safety, personal injury claims, 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 security.
- 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.
- Data aggregation risk: the risk associated with inappropriate processing and/or consideration of data within the entity that might affect the accuracy, preparation, dissemination and, where appropriate, publication of relevant reporting used in decision making, including, but not limited to, data risk and regulatory and financial reporting risk.
- Compliance risk: the risk of incurring legal or administrative sanctions, significant monetary losses or an impairment of reputation due to breach of laws, regulations, internal rules, or codes of conduct applicable to the banking industry.
- Tax risk: the probability of failing to comply with the objectives set out in the Group's tax strategy from a dual perspective due to either internal or external factors:
  - (i) Firstly, the probability of failing to comply with tax obligations that may result in a failure to pay taxes that are due or the occurrence of any other event that impairs attainment of the Bank's goals.
  - (ii) Secondly, the probability of paying taxes not actually due, thus impairing the position of shareholders or other stakeholders.

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

The risk appetite is a key element in setting the risk strategy, since it determines the scope. The risk appetite that the Group is willing to assume in order to achieve its objectives is approved by the Board of Directors.

The Group has a Risk Appetite Framework (RAF) that sets out the governance framework regulating the risk appetite and, consequently, establishes the structure and mechanisms associated with the governance, definition, disclosure, management, measurement, monitoring and control of the Group's Risk Appetite as established by Banco Sabadell's Board of Directors.

Effective implementation of the RAF requires an appropriate combination of policies, processes, controls, systems and procedures to achieve a set of defined objectives, and to do so in an effective and continuous manner.

The Group also has a Risk Appetite Statement (RAS), which is a key element in determining the risk strategy, as it defines both qualitative aspects and quantitative metrics expressed in terms of capital, asset quality, liquidity, profitability or any other magnitude that is considered to be pertinent.

The qualitative aspects essentially enable the Group to define its position vis-à-vis certain risks when they are difficult to quantify.

The purpose of the quantitative metrics defined in the RAS is to provide objective elements for comparing the

Group's situation with respect to the proposed risk management goals and challenges.

These quantitative metrics follow a hierarchical structure, as established in the RAF, structured in three levels: Board metrics (tier one), Executive metrics (tier two) and Operational metrics (tier three). Each level of metrics has its own mechanisms for approval, monitoring and action when thresholds are breached.

In order to be able, at an early stage, to detect a potential deterioration in the risk position and, consequently, be in a position to better monitor and oversee the situation, the RAS sets out a system of thresholds associated with quantitative metrics. These thresholds reflect the desirable risk levels for each metric, as well as the levels to be avoided, exceedance of which may trigger adaptation plans aimed at redressing the situation. The thresholds are graduated on the basis of severity, enabling preventive action to be taken before excessive levels are reached. Whether some or all the thresholds are set for a given metric will depend on its nature and its hierarchy within the RAS metric structure.

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

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)**

Finance inherently involves risk, and the materialisation of such risk is inherent to the Group's business. 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).

#### **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, making it possible to make informed decisions. Accordingly, depending on their nature and hierarchy, the metrics in the Group RAS are reported regularly to different echelons (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 (via 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, mainly via the Risk Committee scorecard, which facilitates risk tracking. Specifically, that 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. Oversight is also exercised to ensure a homogeneous integrated vision 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.

The Group has also established an organisational model for assigning and coordinating risk control responsibilities based on the three lines of defence. This model is elaborated upon, for each risk, in the policies that make up the Group's body of regulations, in which specific responsibilities are established for each of the three lines of defence. In this regard, the risk policies set out and assign responsibilities, as appropriate, to the following functions:

- The first line of defence is directly responsible for the business and is in charge of identifying, quantifying, mitigating and managing risks based on an established framework. Accordingly, it is responsible for maintaining sufficient effective internal controls and for implementing corrective actions to remedy deficiencies in its processes and controls.

- The second line of defence must ensure that the first line of defence is properly designed and fulfils its assigned functions, and it provides advice on continuous improvement. It is in charge of cross-checking the identification of current and emerging risks by the first line of defence, and of assessing the adequacy and effectiveness of their control environments.
- The third line of defence assists the Group in meeting its objectives by providing a systematic disciplined approach to assessing the adequacy and effectiveness of governance processes and of risk management and internal control activities in the organisation.

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 and Risk Management Systems in relation to the Financial Reporting Process (ICFR) (F)

## 7.1. Control environment (F.1)

### 7.1.1. Governance and governing bodies

Article 5 of the Board of Directors Regulation states that the Board of Directors is an instrument of supervision and control with responsibility for identifying the company's and the consolidated Group's main risks and implementing and monitoring suitable internal control and reporting systems, as well as setting policies on the reporting and disclosure of information to shareholders, the markets and the general public.

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

The functions of the Group's Internal Audit Division include supporting the Audit and Control Committee in supervising the proper design and implementation and effective functioning of the risk management and control systems, which include ICFR.

The responsibilities of the Internal Control Division include ensuring effective control of all risks related to ICFR, as well as compliance with the established procedures and the alignment of risk management with the defined risk appetite.

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 reporting 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 Division, based on Banco Sabadell Group's Master Plan and current banking regulations. That Division analyses and adapts the functions and organisational structure of each Division to bring it into line with the established objectives and the current regulations. Modifications to the organisational structure of the members of the Management Committee are submitted to the Board of Directors for approval, while modifications to the organisational 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 People Division showing all the modifications that have been made, so that they can be equipped with the resources considered necessary to perform their duties.

The organisation chart of Banco Sabadell Group arising from the above process addresses 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 was thoroughly reviewed and updated in 2021. The text, which was approved by the Board of Directors, is available to all members of the Group and they are required to expressly adhere 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 the company. It also sets out 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 and/or interests.

Among the tasks carried out by the Corporate Ethics Committee is the analysis of compliance with the Code of Conduct or any other code or self-regulation that exists. In order to perform its functions, it has access to the human and material resources of the Compliance Division. If, as a consequence of exercising its functions, it detects any non-compliance, it must advise the People Division for the application of corrective actions and sanctions. Additionally, the Corporate Ethics Committee has been designated by the Board of Directors as being in charge of Supervision and Compliance with the Organisation and Crime Risk 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

As regards training and refresher programmes and particularly regarding the financial reporting process, Banco Sabadell Group's Finance Division provides training on the basis of emerging needs in order to address any new issues arising in connection with the Bank's internal accounting/finance processes, applicable national and international regulations, together with training in the use of software, the goal being to facilitate management and oversight of the financial reporting process. The professionals in the Finance Division also participate regularly in workshops and events that deal with matters of accounting and prudential regulations that are applicable to the Bank.

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

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

The Internal Audit Division has a training plan in place for all its professionals which includes a Higher Specialist Programme in Internal Auditing of Credit Institutions (PSAI) 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. Additionally, during 2022, the members of the Internal Audit Division participated in workshops on new regulatory aspects relating to credit risk, sustainability and reporting to the supervisor. Additionally, a large number of auditors are certified to the Internal Control – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

### 7.2. Evaluation 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 event, if (i) circumstances not previously identified leading 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 Division evaluates 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 Division 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 procedure for reviewing and authorising Banco Sabadell Group's financial reporting to the markets commences with a review by the Finance Division. In accordance with the Board of Directors Regulation, the separate 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 terms of reference, the Audit and Control Committee reads and discusses the information with the heads of the Finance and Internal Audit Divisions 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 and CEO of Banco Sabadell certify the content of the financial statements and submit them to the Board of Directors for authorisation. The mid-year summary consolidated financial statements are audited by the external auditor, even though this is not obligatory.

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, it tracks the most significant technical and accounting aspects, and the results, on a monthly basis.

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:

- Loans and advances
- 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.

The 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 review procedures for material judgements and estimates, which are escalated to senior management and reported to the Audit and Control Committee.

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

Judgements and estimates are reviewed at different levels by members of the Finance Division. In addition, in its financial statements the Banco Sabadell Group describes the most important areas in which judgements and estimates are made, together with the key assumptions made in this connection. It also has procedures for

reviewing accounting estimates. The main judgements and estimates made relate to the determination of the business models under which financial assets are managed, the determination of a significant increase in the risk of financial assets, impairment losses on certain financial assets, actuarial calculations relating to pension liabilities and commitments, the useful lives of tangible and intangible assets and their impairment losses, measurement of goodwill, provisions and the classification of contingent liabilities, the fair value of certain unlisted financial assets, the fair value of real estate assets and the recoverability of non-monetisable deferred tax assets and tax credits.

The Banco Sabadell Finance Division 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 Organisations of the Treadway Commission).

In addition, in order to make the ICFR validation process more robust, the controls involved in ICFR are certified for the closing of the annual and half-yearly accounts. This process consists of three sequential levels of certification and flows hierarchically through the organisation 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 Technology Security Division 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 authentication for remote accesses,
- malware protection systems,
- a cyber incident monitoring and response team that operates around the clock.

This Division also engages in continuous review and assessment of information systems and security controls to ensure that the protection measures are commensurate with the security threats. Additionally, it ensures the availability of redundant infrastructures and regularly tested recovery procedures to guarantee the continuity of technology services. The cybersecurity status is reported periodically to bodies such as the Board of Directors, the Risk Committee and the Management Committee.

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

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.

In 2022, the activities outsourced to third parties (assessments, appraisals and calculations by independent experts) were connected with real estate valuations, valuing equity holdings, measuring post-employment benefits for employees, and reviewing goodwill/cash generating units and the recoverability of deferred tax assets.

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 reporting (F.4)

### 7.4.1. Function in charge of accounting policies

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

The Accounting Regulation and Consolidation Division is responsible for informing Banco Sabadell Group senior management 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 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 Banco Sabadell's specific operations. These documents not only refer explicitly to the standards applied to each type of transaction but also elaborate upon and interpret them.

These documents are updated at least once per year. Significant modifications 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 consolidation software that incorporates a series of controls to ensure that the information received from subsidiaries is reliable and is processed properly, 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 checks on the financial statements, in which the balance sheet and profit and loss account items are cross-checked.

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



## 7.5. Supervision of system operation

(F.5)

### 7.5.1. ICFR supervision

In accordance with the Board of Directors Regulation, the Audit and Control Committee is entrusted with oversight of Internal Audit. Additionally, the Audit and Control Committee's functions include advising the Board of Directors on the Internal Audit plan, assessing the outcome of each audit, and prioritising and tracking corrective measures.

The Bank's Internal Audit Division 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 Division include supporting the Audit and Control Committee in supervising the proper design and implementation, and the effective functioning, of the risk management and control systems.

The Internal Audit Plan that the Board of Directors approved at a meeting on 26 January 2022, 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 exercise. The actions set out in the Plan were implemented in 2022, prioritised as necessary to comply with the supervisor's requirements and to take account of the significant changes and exceptional transactions in the year, in some of which a review was conducted of the financial control environment and, in particular, the proper identification of risks in processes, as well as the sufficiency, design, implementation and effective operation of financial existing controls. 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 Finance Division 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 responsibilities of the Internal Control Division include ensuring effective control of all risks related to ICFR, as well as compliance with the established procedures and the alignment of risk management with the defined risk appetite.

In addition to the aforementioned supervisory activities carried out by the ICFR Division, the Audit and Control Committee and the Internal Audit Division, in 2022 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 supervising the process of producing and presenting the mandatory financial disclosures.

These meetings carry out an in-depth review 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 meets with the CFO, the internal audit units 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, this discussion process assesses any ICFR weaknesses that were identified, 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 and to report on any control weaknesses detected during the audit. With regard to the latter, the external auditor submits a report each year to the Audit and Control Committee detailing any internal control weaknesses that were detected and any action plans that were implemented to remedy them.

## 7.6. External auditors' report (F.7)

Banco Sabadell Group submitted the ICFR information supplied to the markets for 2022 to the external auditor for review. The report by the external auditor (KPMG Auditores, S.L.) will be attached as an annex to this annual report on corporate governance once it is available.

The scope of the auditor's review is determined by "Guía 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", issued by means of Circular E14/2013, dated 19 July 2013, of the Instituto de Censores Jurados de Cuentas de España.

## 8. Degree of compliance with corporate governance recommendations (G)

The degree to which Banco Sabadell complies with the recommendations in the Code of Good Governance for Listed Companies is detailed in section G of the Statistical Annex to the Annual Report on Corporate Governance 2022 attached to this report.

## 9. Other information (H)

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

Banco Sabadell is a member of the Large Company Forum and files an "Annual Tax Transparency Report" with the Spanish tax authorities (AEAT)<sup>2</sup>.

Additionally, through its UK subsidiary, in 2014 it adopted the "Code of Practice on Taxation for Banks" promoted by the UK tax authorities, and is in compliance with its contents.

On 16 December 2022, Banco Sabadell adopted the Code of Good Practices for mortgage debtors at risk of vulnerability.

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This annual corporate governance report was approved by Banco Sabadell's Board of Directors at a meeting on:

16/02/2023

No directors abstained or voted against the adoption of this report.

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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<sup>2</sup> The Annual Tax Transparency Report for 2021 was filed with the AEAT in October 2021.



# Statistical annex

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**ISSUER IDENTIFICATION DATA**

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Date of end of reference year: [ 31/12/2022 ]

Tax ID number: [ A-08000143 ]

Company name:

[ **BANCO DE SABADELL, S.A.** ]

Business address:

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

**A. OWNERSHIP STRUCTURE**

- A.1. Complete the following table on the capital stock and related voting rights, including any shares with loyalty voting rights, as of year-end:

Indicate whether the Articles of Association provide for double votes for loyalty:

Yes  
 No

Date of last change	Share capital (€)	No. of shares	No. of voting rights
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. Detail direct and indirect owners of significant stakes at year-end, including directors with a significant stake:

Name of shareholder	Voting rights attributed to the shares (%)		Voting rights through financial instruments (%)		Total voting rights (%)
	Direct	Indirect	Direct	Indirect	
BLACKROCK INC.	0.00	3.23	0.00	1.38	4.61
DIMENSIONAL FUND ADVISORS, LP	0.00	3.01	0.00	0.00	3.01
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

Detail the indirect holding:

Name of indirect shareholder	Name of direct shareholder	Voting rights attributed to the shares (%)	Voting rights through financial instruments (%)	Total voting rights (%)
BLACKROCK INC.	Subsidiaries of BLACKROCK, INC.	3.23	1.38	4.61
FINTECH EUROPE, S.À.R.L.	MR. DAVID MARTÍNEZ GUZMÁN	3.45	0.00	3.45

Name of indirect shareholder	Name of direct shareholder	Voting rights attributed to the shares (%)	Voting rights through financial instruments (%)	Total voting rights (%)
MR. LEWIS A. SANDERS	SANDERS CAPITAL, LLC	3.47	0.00	3.47
DIMENSIONAL FUND ADVISORS, LP	FUNDS AND ACCOUNTS ADVISED OR SUB-ADVISED BY DIMENSIONAL FUND ADVISORS LP OR ITS SUBSIDIARIES	3.01	0.00	3.01

A.3. Detail the shareholdings at year-end, regardless of the percentage, of the members of the Board of Directors who hold voting rights attributed to shares of the company or through financial instruments, excluding the directors identified in section A.2 above:

Name of director	Voting rights attributed to shares, including loyalty votes (%)		Voting rights through financial instruments (%)		Total voting rights (%)	Of the total % of voting rights attributed to the shares, indicate, if applicable, the % of additional votes that correspond to shares with loyalty votes	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MR. JOSEP OLIU CREUS	0.11	0.01	0.00	0.00	0.12	0.00	0.00
MR. PEDRO FONTANA GARCIA	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. LLUÍS DEULOFEU FUGUET	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MS. MARÍA 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

Name of director	Voting rights attributed to shares, including loyalty votes (%)		Voting rights through financial instruments (%)		Total voting rights (%)	Of the total % of voting rights attributed to the shares, indicate, if applicable, the % of additional votes that correspond to shares with loyalty votes	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
MS. LAURA GONZÁLEZ MOLERO	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
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
Total % of voting rights owned by members of the board of directors						3,62	

Detail the indirect holding:

Name of director	Name of direct shareholder	Voting rights attributed to shares, including loyalty votes (%)	Voting rights through financial instruments (%)	Total voting rights (%)	Of the total % of voting rights attributed to the shares, indicate, if applicable, the % of additional votes that correspond to shares with loyalty votes
MR. JOSEP OLIU CREUS	TORRELLIMONA, S.L.	0.01	0.00	0.01	0.00

Detail the total percentage of voting rights represented on the Board:

Total % of voting rights represented on the board of directors	3,62
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A.7. Indicate whether shareholders' agreements that affect the company have been notified to the company as provided in articles 530 and 531 of the Capital Companies Law. If so, briefly describe the agreements and list the shareholders involved:

Yes  
 No

Indicate if the company is aware of any concerted action among its shareholders. If so, give a brief description:

Yes  
 No

A.8. Indicate if any natural or legal person exercises or can exercise control over the company in accordance with article 5 of the Securities Market Law. If so, identify that person:

Yes  
 No

A.9. Complete the next tables about the company's own shares:

At year-end:

No. of direct shares	No. of indirect shares (*)	Total % of share capital
24,772,683		0.44

(\*) Through:

Name of direct shareholder	No. of direct shares
No data	



A.11. Estimated free float:

	%
Estimated free float	86.23

A.14. Indicate whether the company has issued securities that are not traded on a regulated market in the European Union.

Yes  
 No

## B. GENERAL MEETING OF SHAREHOLDERS

B.4. Indicate the attendance data for the general meetings held in the year to which this report refers and the two previous years:

Date of General Meeting	Attendance data				
	% in attendance	% represented	% remote voting		Total
			E-voting	Other	
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
24/03/2022	0.26	55.44	0.29	0.44	56.43
Of which free float:	0.08	55.43	0.29	0.38	56.18

B.5. B.5. Indicate whether any item on the agenda of the general meetings held during the year was not approved by the shareholders, for any reason:

Yes  
 No

B.6. Indicate whether there are any restrictions in the Articles requiring a minimum number of shares to attend the General Meeting or to vote by distance means:

Yes  
 No

Number of shares required to attend the General Meeting	1,000
Number of shares required to vote by distance means	1,000

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

**C.1. Board of Directors**

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

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

C.1.2 Complete the next table with the members of the board:

Name of director	Representative	Director category	Board position	Date of first appointment	Date of latest appointment	Appointment procedure
MR. JOSEP OLIU CREUS		Other external	CHAIRMAN	29/03/1990	28/03/2019	GENERAL MEETING DECISION
MR. PEDRO FONTANA GARCIA		Independent	DEPUTY CHAIRMAN	27/07/2017	24/03/2022	GENERAL MEETING DECISION
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN		Executive	CEO	17/12/2020	26/03/2021	GENERAL MEETING DECISION
MR. ANTHONY FRANK ELLIOTT BALL		Independent	LEAD INDEPENDENT DIRECTOR	30/03/2017	26/03/2021	GENERAL MEETING DECISION
MS. AURORA CATÁ SALA		Independent	DIRECTOR	29/01/2015	28/03/2019	GENERAL MEETING DECISION
MR. LLUÍS DEULOFEU FUGUET		Independent	DIRECTOR	28/07/2021	24/03/2022	GENERAL MEETING DECISION

Name of director	Representative	Director category	Board position	Date of first appointment	Date of latest appointment	Appointment procedure
MS. MARÍA JOSÉ GARCÍA BEATO		Other external	DIRECTOR	24/05/2018	28/03/2019	GENERAL MEETING DECISION
MS. MIREYA GINÉ TORRENS		Independent	DIRECTOR	26/03/2020	26/03/2020	GENERAL MEETING DECISION
MS. LAURA GONZÁLEZ MOLERO		Independent	DIRECTOR	26/05/2022	26/05/2022	BOARD DECISION
MR. GEORGE DONALD JOHNSTON III		Independent	DIRECTOR	25/05/2017	24/03/2022	GENERAL MEETING DECISION
MR. DAVID MARTÍNEZ GUZMÁN		Proprietary	DIRECTOR	27/03/2014	24/03/2022	GENERAL MEETING DECISION
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ		Independent	DIRECTOR	26/03/2013	24/03/2022	GENERAL MEETING DECISION
MS. ALICIA REYES REVUELTA		Independent	DIRECTOR	24/09/2020	26/03/2021	GENERAL MEETING DECISION
MR. MANUEL VALLS MORATÓ		Independent	DIRECTOR	22/09/2016	26/03/2021	GENERAL MEETING DECISION
MR. DAVID VEGARA FIGUERAS		Executive	DIRECTOR	28/05/2015	28/03/2019	GENERAL MEETING DECISION
Total number of directors						15

Indicate any directors who stepped down in the reporting period, due to resignation, removal or any other reason:

Name of director	Category at time of removal	Date of last appointment	Date of removal	Specialised committees of which he/she was a member	Indicate whether the removal took place before the end of tenure
MR. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	Independent	28/03/2019	31/08/2022	Audit and Control Committee and Remuneration Committee	Yes

C.1.3 Complete the next table with the members of the board and their category:

EXECUTIVE DIRECTORS		
Name of director	Position in the company's organisation chart	Profile
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	CEO	<p><b>BANKING/RETAIL &amp; CORPORATE BANKING/FINANCE/REGULATORY/INTERNATIONAL/DIGITAL &amp; IT (Digital Transformation)</b> Dual degrees 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), CEO of ING Spain and Portugal (2017-2019), and non-executive director of TSB Bank, PLC and TSB Banking Group, PLC which are both part of the Banco Sabadell Group (2020-2021). He is Chairman of Banco de Sabadell, S.A., IBM, Sabadell Capital, S.A. de C.V., SOFOM, E.R. and Sabadell Consumer Finance, S.A.U., all of which are part of the Banco Sabadell Group, and Member of the Board of Trustees of Ciudad Escuela de los Muchachos Foundation.</p>
MR. DAVID VEGARA FIGUERAS	DIRECTOR GENERAL MANAGER	<p><b>FINANCIAL / RISKS / ACADEMIC / REGULATORY.</b> A graduate in economics from the Autonomous University of Barcelona, he holds an MA in economics from the London School of Economics. Formerly Secretary of State for the Economy in the Spanish government (2004-2009), Subdirector at the International Monetary Fund (2010-2012) and Deputy Managing Director with responsibility for Banking at the European Stability Mechanism (2012-2015). Non-executive director of TSB Bank, PLC and TSB Banking Group, PLC, both of which are part of the Banco Sabadell Group (2020-2022). Associate professor in the Department of Economics, Finance and Accounting at ESADE (2015-2018). Independent director of Amadeus IT Group, S.A., member of the Supervisory Board of Hellenic Corporation of Assets and Participations,</p>

		S.A., member of the Board of Trustees of the Pasqual Maragall and of the Advisory Board of Roca Junyent, S.L.P. and Chairman of Foro Tertulias Hispano-Británicas.
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Total number of executive directors	2
% of total Board	13.33

PROPRIETARY EXTERNAL DIRECTORS		
Name of director	Name of the significant shareholder whom the director represents or who proposed his/her appointment	Profile
MR. DAVID MARTÍNEZ GUZMÁN	FINTECH EUROPE, S.À.R.L.	<b>BUSINESS / FINANCE / INTERNATIONAL</b> 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 in 1987 of Fintech Advisory, which manages the Fintech Investments Limited fund (New York and London). Director of listed companies Alfa, S.A.B., Vitro, S.A.B., Cemex, S.A.B. and ICA Tenedora S.A. de C.V. Fintech Europe, S.À.R.L. (FE) is wholly owned by Fintech Investments Ltd. (FIL) which is the investment fund managed by Fintech Advisory Inc (FAI). FAI is owned 100% by Mr. David Martínez Guzmán. Consequently, the shareholding now held by FE is considered to be controlled by Mr. David Martínez Guzmán.

Total number of proprietary directors	1
% of total Board	6.67

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
MR. PEDRO FONTANA GARCIA	<b>BANKING / RETAIL BANKING / BUSINESS.</b> Degree in Business from ESADE (Barcelona) and 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 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 Lux Equityco, S.A. (formerly Pax Equityco, S.À.R.L.) and Chairman of My Chef Ristorazione Commerciale, S.P.A. President of Asociación para el Progreso de la Dirección - Catalonia Chapter, Chairman of the Board of Trustees of Fundació Privada Cercle d'Economía, trustee of Fundació Barcelona Mobile World Capital, and member of the Board of Directors of Fira Internacional de Barcelona. Member of the boards of trustees of Universitat Ramon Llull Fundació, Fundació Grupo Sifu and Fundació Formació y Futuro.



INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
MR. ANTHONY FRANK ELLIOTT BALL	<p><b>BUSINESS/INTERNATIONAL.</b> Chartered Engineer; MBA from Kingston Business School, Kingston University (London). Honorary Doctorate from the Kingston University Faculty of Business and Law and Middlesex University.</p> <p>Formerly Chairman and CEO of Fox Sports International (1995-1996), CEO of Fox Liberty Networks LLC. (1996-1999), CEO of BSkyB Plc. (1999-2004), Chairman of Kabel Deutschland GmbH (2005-2013), independent director of BT Group (2009-2018), and proprietary director of Masmovil Ibercom, S.A. (2021-2022). Chairman of Ambassadors Theatre Group Ltd and of Bité Group, and director of JVCO Limited and Lorca Telecom Bidco, S.A., all part-owned by Providence Equity Partners LLC. Senior Advisor to Providence Equity Partners LLC. Senior Advisor to Providence Equity Partners LLC.</p>
MS. AURORA CATÁ SALA	<p><b>BUSINESS / CONSULTING / FINANCE / HUMAN RESOURCES</b></p> <p>Degree in Industrial Engineering (major in Industrial Organisation) from the Polytechnic University of Catalonia and MBA and PADE from IESE Barcelona. Formerly CFO of Nissan Motor Ibérica, S.A. (1991-1996), Managing Director of Planeta 2010 (1999-2002), Founder of ContentArena (2002-2003), General Manager of Audiovisual Media at Recoletos Grupo de Comunicación (2003-2008) and member of the Governing Board of Institut Català de Finances (2014), independent director of Atresmedia Corporación de Medios de Comunicación, S.A. (2019-2021) and director of Sabadell Information Systems, S.A., Banco Sabadell's technology subsidiary (2020-2022). Formerly held a number of directorships. Independent director of Repsol, S.A. and Atrys Health, S.A., Member of the Executive Committee of IESE alumni, trustee of Fundació Cellnex and of Fundació CIDOB.</p>
MR. LLUÍS DEULOFEU FUGUET	<p><b>BANKING/RETAIL BANKING/DIGITAL &amp; IT (Digital Transformation)/BUSINESS/CONSULTING</b></p> <p>Degree in Telecommunications Engineering from the Polytechnic University of Catalonia and has completed the "Finance for Executives" programme at ESADE and the PDG at IESE (Barcelona). Senior Manager at Andersen Consulting (1988-1994), Head of Technical Services &amp; 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) y Deputy CEO of Cellnex Telecom (2018-2020). Founder and director of Acesa Telecom (now Cellnex Telecom), and founder and director of Parc Logístic de la Zona Franca, as well as Vice President of Fundació Catalana de Recerca i Innovació and Trustee of Fundació Barcelona Digital, as well as director of numerous undertakings such as e-La Caixa, Abertis Telecom, Invercaixa Gestió, Sanex, Xfera, Cellnex Telecom, Hispasat, and DDST-Tradia. He has been a director of Sabadell Information Systems, S.A., Banco Sabadell's technology subsidiary, since 2020. Senior Advisor at Cellnex Telecom, S.A. and President of Fundació Cellnex.</p>

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
MS. MIREYA GINÉ TORRENS	FINANCIAL/ACADEMY/GOVERNANCE/DIGITAL & 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 (corporate governance) since 2019, and member of the Center for Economic Policy since 2020. Independent director of Sabadell Asset Management (2018-2020). Proprietary director of Sabadell Consumer Finance, S.A.U. and member of the Board of Trustees of Fundación Aula Escola Europea.
MS. LAURA GONZÁLEZ MOLERO	CORPORATE/INTERNATIONAL/GOVERNANCE/CONSULTING Degree in Pharmacy, major in industrial pharmacy, from Madrid Complutense University (1989). MBA from IE Business School (1999) and executive management courses and programmes at prestigious international business schools (IMD Business School, Harvard Business School, Kellogg Business School and INSEAD). Vice-Chairman of Serono for Spain and Portugal (2006-2007), CEO of Merck S.L. (2007-2011) and Chairman for LatAm (2012-2014), both in Merck Group, Chairman for LatAm of Bayer Health Care Pharmaceuticals (2014-2016), independent director of Grupo Leche Pascual (2009-2017), of Bankia, S.A. (2018-2021), and of Grupo Ezentis, S.A. (2016-2022). Independent director of Viscofan, S.A. and independent director of Acerinox, S.A. President of the Asociación para el Progreso de la Dirección.
MR. GEORGE DONALD JOHNSTON III	BANKING / CORPORATE BANKING / INTERNATIONAL BA in Political Science from Middlebury College, Vermont (USA) and 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 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.
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	BUSINESS / INSURANCE / FINANCE / INTERNATIONAL. A Public Works Engineer, he obtained a degree in Economics and Actuarial Science at the University of Madrid. Formerly Chairman of MAPFRE (2001-2012), President 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 Fundación MAPFRE and member of the Board of Trustees of Fundación Doctor Pedro Guillén and of Fundación Pedro Cano.
MS. ALICIA REYES REVUELTA	BANKING/RETAIL & CORPORATE BANKING/FINANCIAL/INTERNATIONAL / ESG / DIGITAL & IT (DIGITAL TRANSFORMATION) / ACADEMIC / GOVERNANCE Dual 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). At Wells Fargo Securities International Ltd. she was independent director (2015-2016), CEO for EMEA (2016-2020) and Acting Chairman (2019). Non-executive director of TSB Bank, PLC and of TSB Banking Group, PLC, both in the Banco Sabadell Group (2021-2022). Guest lecturer at University College London (UCL) Institute of Finance and Technology. Independent director of Ferrovial, S.A., independent

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
	director of KBC Group N.V., and director of KBC BANK. N.V. and member of the Board of Trustees of Fareshare.
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), and director of Sabadell Information Systems, S.A., Banco Sabadell's technology subsidiary (2020-2022). He is Lead Independent Director of listed company Renta Corporación Real Estate, S.A. and Chairman of the Audit, Control and Risk Committee at COBEGA, S.A.

Total number of independent directors	10
% of total Board	66.67

Indicate whether any director classified as independent receives, from the company or the same group, any amount or benefit under a heading other than director remuneration, or holds or has held, during the last year, a business relationship with the company or any other company in its group, either in his/her own name or as a significant shareholder, director or senior manager of an institution that holds or has held such a relationship.

If yes, give the reasons why it is considered that the director qualifies as an independent director.

Name of director	Description of the relationship	Disclosure with rationale
No data		

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and detail the reasons why they cannot be classified as proprietary or independent, and any relations they have with the company, its executives or its shareholders:			
Name of director	Reason	Company, executive or shareholder to which he/she is related	Profile
MR. JOSEP OLIU CREUS	Performed 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/BUSINESS/INTERNATIONAL.

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and detail the reasons why they cannot be classified as proprietary or independent, and any relations they have with the company, its executives or its shareholders:			
Name of director	Reason	Company, executive or shareholder to which he/she is related	Profile
			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, S.L. and the latter's representative on the board of Puig, S.L., member of FEDEA (Fundación de Estudios de Economía Aplicada), and a member of the Board of Trustees of the Princess of Asturias Foundation and the Princess of Girona Foundation.
MS. MARÍA JOSÉ GARCÍA BEATO	Performed executive functions until 31 March 2021 and in accordance with the Capital Companies Act.	BANCO DE SABADELL, S.A.	BANKING / LAW / 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 National Court. Chief of Staff and Under-Secretary at the Ministry of Justice (2000-2004). She has been General Counsel

OTHER EXTERNAL DIRECTORS			
Identify the other external directors and detail the reasons why they cannot be classified as proprietary or independent, and any relations they have with the company, its executives or its shareholders:			
Name of director	Reason	Company, executive or shareholder to which he/she is related	Profile
			(2005-2008) and General Secretary (2008-2021) and an executive director (2018-2021) of Banco Sabadell. Independent director of listed company Red Eléctrica Corporación, S.A. (2012-2021) and director of Papelera Guipuzcoana de Zicuñaga, S.A.U. (2022). Non-executive director of MdF, S.A., independent director of Iberpapel Gestión, S.A. and independent director of ACS, Actividades de Construcción y Servicios, S.A. Member of the Boards of Trustees of Fundación Banco Sabadell and Fundación de la Asociación Española de Banca.

Total number of other external directors	2
% of total Board	13.33

Indicate any changes in each director's status in the period:

Name of director	Date of change	Previous category	Current category
No data			

C.1.4 Complete the following table with information on the number of female directors at the end of the last four years, and their category:

	Number of female directors				% of total directors in each category			
	2022	2021	2020	2019	2022	2021	2020	2019
Executive			1	1	0.00	0.00	25.00	20.00
Proprietary					0.00	0.00	0.00	0.00
Independent	4	3	3	1	40.00	30.00	30.00	12.50

	Number of female directors				% of total directors in each category			
	2022	2021	2020	2019	2022	2021	2020	2019
Other external	1	1		1	50.00	50.00	0.00	100.00
Total	5	4	4	3	33.33	26.67	26.67	20.00

C.1.11 List any positions of director, administrator or representative of same held in other undertakings, listed or otherwise, by the directors or representatives of directors who are members of the company's board:

Director or representative	Name of entity, listed or otherwise	Position
MR. JOSEP OLIU CREUS	EXEA EMPRESARIAL S.L.	CHAIRMAN
MR. JOSEP OLIU CREUS	PUIG, S.L.	DIRECTOR'S REPRESENTATIVE
MR. JOSEP OLIU CREUS	Barcelona Graduate School of Economics Fundación Privada	DIRECTOR'S REPRESENTATIVE
MR. JOSEP OLIU CREUS	Fundación Bosch i Cardellach	DIRECTOR'S REPRESENTATIVE
MR. JOSEP OLIU CREUS	Fundación de Estudios de Economía Aplicada	DIRECTOR
MR. JOSEP OLIU CREUS	Fundación Princesa de Girona	DIRECTOR'S REPRESENTATIVE
MR. JOSEP OLIU CREUS	Fundación Princesa de Asturias	DIRECTOR'S REPRESENTATIVE
MR. PEDRO FONTANA GARCIA	Grupo Indukern, S.L.	DIRECTOR
MR. PEDRO FONTANA GARCIA	Pax Lux Equityco, S.A.	DIRECTOR
MR. PEDRO FONTANA GARCIA	My Chef Ristorazione Commerciale, S.P.A.	CHAIRMAN
MR. PEDRO FONTANA GARCIA	Garniel, S.L.	SOLE ADMINISTRATOR
MR. PEDRO FONTANA GARCIA	Asociación para el progreso de la Dirección - APD Cataluña	CHAIRMAN
MR. PEDRO FONTANA GARCIA	Fira Internacional de Barcelona	DIRECTOR
MR. PEDRO FONTANA GARCIA	Fundación Barcelona Mobile World Capital	DIRECTOR
MR. PEDRO FONTANA GARCIA	Fundación Privada Cercle d'Economia	CHAIRMAN
MR. PEDRO FONTANA GARCIA	Universitat Ramon Llull Fundació	DIRECTOR
MR. PEDRO FONTANA GARCIA	Fundación Grupo Sifu	DIRECTOR
MR. PEDRO FONTANA GARCIA	Fundación Formación y Futuro	DIRECTOR
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	Sabadell Consumer Finance, S.A.U.	CHAIRMAN
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	Banco de Sabadell, S.A., I.B.M.	CHAIRMAN



Director or representative	Name of entity, listed or otherwise	Position
MR. CÉSAR GONZALEZ-BUENO MAYER WITTGENSTEIN	Sabadell Capital, S.A.C.V. SOFOM, E.R.	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	Bité Group	CHAIRMAN
MR. ANTHONY FRANK ELLIOTT BALL	Lorca JVCO Ltd.	DIRECTOR
MR. ANTHONY FRANK ELLIOTT BALL	Lorca Telecom Bidco, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	Atrys Health, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	Repsol, S.A.	DIRECTOR
MS. AURORA CATÁ SALA	Bozo Consulting, S.L.	SOLE ADMINISTRATOR
MS. AURORA CATÁ SALA	Lizard Inversiones, S.L.	JOINT ADMINISTRATOR
MS. AURORA CATÁ SALA	Fundación Cellnex	DIRECTOR
MS. AURORA CATÁ SALA	Fundación CIDOB	DIRECTOR
MR. LLUÍS DEULOFEU FUGUET	Sabadell Information Systems, S.A.	DIRECTOR
MR. LLUÍS DEULOFEU FUGUET	Eixample 2 Assessors, S.L.	JOINT ADMINISTRATOR
MR. LLUÍS DEULOFEU FUGUET	Fundación Cellnex	CHAIRMAN
MS. MARÍA JOSÉ GARCÍA BEATO	ACS Actividades de Construcción y Servicios, S.A.	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	Iberpapel Gestión, S.A.	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	MdF Partners, S.L.	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	Fundación Banco Sabadell	DIRECTOR
MS. MARÍA JOSÉ GARCÍA BEATO	Fundación Asociación Española de Banca	DIRECTOR
MS. MIREYA GINÉ TORRENS	Sabadell Consumer Finance, S.A.U.	DIRECTOR
MS. MIREYA GINÉ TORRENS	Real Analsys, S.L.	SOLE ADMINISTRATOR
MS. MIREYA GINÉ TORRENS	Fundació Aula Escuela Europea	DIRECTOR
MS. LAURA GONZÁLEZ MOLERO	Acerinox, S.A.	DIRECTOR
MS. LAURA GONZÁLEZ MOLERO	Viscofan, S.A.	DIRECTOR
MS. LAURA GONZÁLEZ MOLERO	Asociación para el progreso de la Dirección - APD Cataluña	CHAIRMAN
MR. GEORGE DONALD JOHNSTON III	Acerinox, S.A.	LEAD INDEPENDENT DIRECTOR
MR. GEORGE DONALD JOHNSTON III	Merlin Properties, SOCIMI, S.A.	DIRECTOR
MR. GEORGE DONALD JOHNSTON III	Yankee Kingdom Advisory, LLC	SOLE ADMINISTRATOR

Director or representative	Name of entity, listed or otherwise	Position
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 Doctor Pedro Guillén	DIRECTOR
MR. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Fundación Pedro Cano	DIRECTOR
MS. ALICIA REYES REVUELTA	Ferrovial, S.A.	DIRECTOR
MS. ALICIA REYES REVUELTA	KBC Group, N.V.	DIRECTOR
MS. ALICIA REYES REVUELTA	KBC Bank, N.V.	DIRECTOR
MS. ALICIA REYES REVUELTA	Fareshare	DIRECTOR
MR. MANUEL VALLS MORATÓ	Renta Corporación Real Estate, S.A.	DIRECTOR
MR. MANUEL VALLS MORATÓ	Cobega, S.A. (Audit, Control and Risk Committee)	CHAIRMAN
MR. MANUEL VALLS MORATÓ	Erbera M & A, S.L. (dormant)	JOINT ADMINISTRATOR
MR. DAVID VEGARA FIGUERAS	Amadeus IT Group, S.A.	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 undertakings listed above correspond to membership of the Board of Trustees. Below is a list of undertakings in which the directors of Banco de Sabadell, S.A. hold remunerated positions: ACERINOX, S.A.; ACS, ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A.; ALFA, S.A.B. DE C.V.; AMADEUS IT GROUP, S.A.; 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.; IBERPAPEL GESTIÓN, S.A.; GRUPO INDUKERN, S.L.; HELLENIC CORPORATION OF ASSETS AND PARTICIPATIONS, S.A. (Termination was under way in the fourth quarter of 2022); ICA TENEDORA, S.A. DE C.V.; KBC GROUP, N.V.; MERLIN PROPERTIES, SOCIMI, S.A.; MY CHEF RISTORAZIONE COMMERCIALE, S.P.A.; PAX LUX EQUITYCO, S.A. (formerly, PAX EQUITYCO, S.À.R.L.); REAL ANALYSIS, S.L.; RENTA CORPORACIÓN REAL ESTATE, S.A.; REPSOL, S.A.; SABADELL CONSUMER FINANCE, S.A. (only the independent director of Banco Sabadell); SABADELL INFORMATION SYSTEMS, S.A.U.; VISCOFAN, S.A.; VITRO, S.A.B. DE C.V.; YANKEE KINGDOM ADVISORY, LLC.

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

Director or representative	Other remunerated activities
MR. ANTHONY FRANK ELLIOTT BALL	SENIOR ADVISOR (PROVIDENCE EQUITY PARTNERS LLC)
MS. AURORA CATÁ SALA	PROVISION OF COORDINATION SERVICES (ACE BARCELONA, S.L.)
MR. LLUÍS DEULOFEU FUGUET	SENIOR ADVISOR (CELLENEX TELECOM, S.A.)
MS. MARÍA JOSÉ GARCÍA BEATO	ATTORNEY (FREELANCE PROFESSIONAL)
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 about the maximum number of directorships that board members can hold; describe any such rules and detail where they are regulated:

Yes  
 No

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

Remuneration earned by the Board of Directors in the year (thousand euro)	7,313
Vested amount accumulated by current directors in long-term savings plans (thousand euro)	4,477
Unvested amount accumulated by current directors in long-term savings plans (thousand euro)	2,876
Vested amount accumulated by former directors in long-term savings plans (thousand euro)	1,688

C.1.14 Indicate senior management members who are not executive directors and the total remuneration accrued to them in the year:

Name	Position(s)
MR. LEOPOLDO ALVEAR TRENOR	GENERAL MANAGER
MR. CRISTÓBAL PAREDES CAMUÑAS	GENERAL MANAGER
MR. JORGE RODRÍGUEZ MAROTO	GENERAL MANAGER
MR. CARLOS VENTURA SANTAMANS	GENERAL MANAGER
MR. GONZALO BARETTINO COLOMA	SECRETARY GENERAL
MR. MARC ARMENGOL DULCET	DEPUTY GENERAL MANAGER
MS. ELENA CARRERA CRESPO	DEPUTY GENERAL MANAGER
MR. CARLOS PAZ RUBIO	DEPUTY GENERAL MANAGER
MS. SONIA QUIBUS RODRÍGUEZ	DEPUTY GENERAL MANAGER
MS. NURIA LÁZARO RUBIO	ASSISTANT GENERAL MANAGER - HEAD OF INTERNAL AUDIT

Number of female senior executives	3
% of total senior executives	18.20

Total remuneration of senior management (in thousand euro)	9,537
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C.1.15 Indicate whether there were any amendments to the board regulation in the year:

Yes  
 No

C.1.21 Detail whether there are specific requirements, other than those relating to directors, for appointing the Chairman of the Board of Directors:

Yes  
 No

C.1.23 Indicate if the articles or board regulation establish a term limit for independent directors or other requirements for them that are stricter than those provided by law, other than those provided in the regulations:

Yes  
 No

C.1.25 Indicate the number of board of directors meetings held in the year. Also, state the number of times that the Chairman did not attend Board meetings. Proxies granted with specific instructions are not counted as absences.

Number of Board meetings	13
Number of Board meetings held without the chairman	0

Indicate the number of meetings held by the lead director with the other directors, without any executive director being present:

Number of meetings	2
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Indicate the number of meetings held by board committees in the year:

Number of meetings of the Strategy and Sustainability Committee	13
Number of meetings of the Credit Delegated Committee	41
Number of meetings of the Audit and Control Committee	11
Number of meetings of the Appointments and Corporate Governance Committee	11
Number of meetings of the Remuneration Committee	9
Number of meetings of the Risk Committee	15

C.1.26 Indicate the number of board of directors meetings held in the year, and give data on attendance by members:

Meetings which were attended in person by at least 80% of directors	13
Attendance in person as a % of the total number of votes during the year	96.41
Meetings at which all the directors were present in person or for which they granted proxy with specific instructions	13

Votes cast with all directors actually present or having granted proxy with specific instructions, as a % of total votes in the year	100.00
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C.1.27 Indicate whether the separate and consolidated financial statements that are presented for board approval are certified beforehand:

Yes  
 No

Identify the person(s) that certified the company's separate and consolidated financial statements for board authorisation:

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

C.1.29 Is the board secretary a director?

Yes  
 No

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

Name of secretary	Representative
MR. MIQUEL ROCA JUNYENT	

C.1.31 State whether the Company changed its external auditor during the year. If so, identify the incoming and outgoing auditor:

Yes  
 No

If there was a disagreement with the outgoing auditor, describe it:

Yes  
 No

C.1.32 Indicate whether the audit firm performs work for the company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of the total fees billed to the company and/or its group:

Yes  
 No

	Company	Group companies	Total
Fees for work other than auditing (thousand euro)	383	0	383
Fees for work other than auditing / Total audit fees (%)	15.50	0.00	4.07

C.1.33 State whether or not the auditors' report on the previous year's financial statements was qualified. If it was, state the reasons given by the Chairperson of the Audit Committee to the shareholders at the General Meeting of Shareholders to explain the content and scope of the qualification or exception.

Yes  
 No

C.1.34 Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the company and/or the consolidated financial statements of its group. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Separate	Consolidated
Number of consecutive years	3	3
No. of years audited by the current audit firm / No. of years that the company or its group has been audited (%)	7.14	7.89

C.1.35 State and detail any procedures in place to ensure that directors can obtain the information they need to prepare in good time for meetings of the governing bodies:

Yes  
 No

Detail the procedure

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

Article 21.1 of the Board of Directors Regulation establishes that the notice of meeting must always include the agenda, which must contain, among other items, information about subsidiaries and Board committees, and proposals and suggestions by the Chairman and other Board members and the Bank's General Managers, to be received no less than five days in advance of the Board meeting; such proposals must be accompanied by the appropriate material for 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 transactions 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 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 way, 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.



C.1.39 Identify and detail, individually, in the case of directors, and in overall terms, in other cases, any agreements between the company and its directors and senior executives or employees that contain indemnities, guarantees or severance clauses in the event of their resignation or unfair dismissal or if the contractual relationship is terminated due to a takeover bid or other transaction.

Number of beneficiaries	35
Type of beneficiary	Description of agreement
CHAIRMAN, CEO, CRO AND 32 EXECUTIVES	The Chairman's contract contains an early termination clause in the amount of two years' remuneration for non-competition linked to involuntary termination. The CEO's contract has a non-competition clause providing two years' remuneration 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-competition clause lasting two years, applicable at most up to the first date of ordinary retirement, in the amount of two years' fixed remuneration. The contracts with 19 executives have a clause providing indemnity in the amount of 2 years' fixed remuneration for cases of unfair dismissal and some limited cases of change of control. The contracts with another 13 executives have a post-contractual non-competition clause, nine of them with a duration of 2 years, lasting at most up to the first date of ordinary retirement, in the amount of two years' fixed remuneration, and four with a duration of 1 year from the date of improper dismissal or any of the limited cases of change of control, until at most the first date of ordinary retirement, for one year's fixed remuneration.

State whether, outside the cases provided for in the regulations, such contracts must be reported and/or approved by the decision-making bodies of the company or group. If so, specify the procedures, cases and nature of the parties responsible for approving or disclosing:

	Board of Directors	General Meeting of Shareholders
Body that authorises the clauses	√	
	Yes	No
Is the General Meeting informed of the clauses?	√	

**C.2. Board committees**

C.2.1 List all the committees of the Board of Directors, their members and the proportion of executive, proprietary, independent and other external directors that comprise them:

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

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

Credit Delegated Committee		
Name	Position	Category
MR. PEDRO FONTANA GARCIA	CHAIRMAN	Independent
MR. LLUÍS 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

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

Audit and Control Committee		
Name	Position	Category
MS. MIREYA GINÉ TORRENS	CHAIRMAN	Independent
MR. PEDRO FONTANA GARCIA	Member	Independent
MS. LAURA GONZÁLEZ MOLERO	Member	Independent
MR. MANUEL VALLS MORATÓ	Member	Independent

% executive directors	0.00
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% proprietary directors	0.00
% independent directors	100.00
% 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	Ms. MIREYA GINÉ TORRENS / Mr. PEDRO FONTANA GARCIA / Ms. LAURA GONZÁLEZ MOLERO / 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	CHAIRMAN	Independent
MR. ANTHONY FRANK ELLIOTT BALL	Member	Independent
MS. AURORA CATÁ SALA	Member	Independent
MS. MIREYA GINÉ TORRENS	Member	Independent

% executive directors	0.00
% proprietary directors	0.00
% independent directors	100.00
% other external directors	0.00

Remuneration Committee		
Name	Position	Category
MS. AURORA CATÁ SALA	CHAIRMAN	Independent
MR. ANTHONY FRANK ELLIOTT BALL	Member	Independent
MS. LAURA GONZÁLEZ MOLERO	Member	Independent
MR. GEORGE DONALD JOHNSTON III	Member	Independent

% proprietary directors	0.00
% independent directors	100.00
% other external directors	0.00

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

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

% executive directors	0.00
% proprietary directors	0.00
% independent directors	100.00
% 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							
	2022		2021		2020		2019	
	Number	%	Number	%	Number	%	Number	%
Strategy and Sustainability Committee	1	16.67	1	16.67	N.A.	N.A.	N.A.	N.A.
Credit Delegated Committee	2	40.00	2	40.00	N.A.	N.A.	N.A.	N.A.
Audit and Control Committee	2	50.00	1	25.00	1	25.00	1	25.00
Appointments and Corporate Governance Committee	2	50.00	2	50.00	1	33.33	2	50.00
Remuneration Committee	2	50.00	1	25.00	1	25.00	1	25.00
Risk Committee	2	50.00	2	50.00	1	33.33	1	33.33

**D. RELATED-PARTY AND INTERCOMPANY TRANSACTIONS**

- D.2. Give details of any transactions that are material, because of their size or nature, between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or represented on the board of directors of the company, indicating the competent body for their approval and whether any shareholder or director who was affected abstained. Where competency in this matter lies with the general meeting, indicate whether the motion was approved by the board without a majority of the independent directors voting against:

	Name of shareholder or any of its dependent companies	% Stake	Name of the company or dependent company	Amount (thousand euro)	Approving body	Identification of the significant shareholder or director who abstained	The proposal to the General Meeting, if any, was approved by the Board without the majority of independents voting against
No data							

	Name of shareholder or any of its dependent companies	Nature of relationship	Type of transaction and other information required to assess it
No data			

- D.3. Give itemised details of any transactions that are material, because of their size or nature, between the company or any dependent company and the company's directors or executives, including transactions with undertakings that the director or executive controls or jointly controls, indicating the competent body for their approval and whether any of the shareholders or directors involved abstained. Where competency in this matter lies with the general meeting, indicate whether the motion was approved by the board without a majority of the independent directors voting against:

	Name of the directors or their controlled or jointly controlled entities	Name of the company or subsidiary	Relationship	Amount (thousand euro)	Approving body	Identification of the significant shareholder or director who has abstained	The proposal to the General Meeting, if any, was approved by the Board without the majority of independents voting against
No data							

Name of the directors or executives or their controlled or jointly controlled entities	Type of transaction and other information required to assess it
No data	

- D.4. Give itemised details of any intercompany transactions that are material, because of their size or nature, between the company and its controlling company or with other companies in the controlling company's group, including the listed company's own dependent companies, 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 event, provide details of any intercompany transactions carried out with organisations based in countries or territories that are considered to be tax havens:

Name of the group institution	Brief description of transaction and other information that is necessary to assess it	Amount (thousand euro)
No data		

- D.5. Give itemised details of any transactions that are material, because of their size or nature, between the company or any dependent company and parties who are classified as related parties in accordance with the International Accounting Standards adopted by the EU that have not been disclosed in the preceding sections.

Name of related party	Brief description of transaction and other information that is necessary to assess it	Amount (thousand euro)
No data		



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

Indicate the degree of compliance by the company with the recommendations of the Good Governance Code for Listed Companies.

If any recommendation is not followed or is followed only in part, give a detailed explanation of the reasons so that shareholders, investors and the market in general have sufficient information to be able to evaluate the company's course of action. Explanations of a general nature will not be sufficient.

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) Any changes since the last ordinary general meeting.
- b) The specific reasons for which the company does not follow any of the recommendations of the Code of Corporate Governance and any alternative rules that are applicable in this matter.

Complies  Complies partially  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 [  ]      Complies partially [  ]      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 [  ]      Complies partially [  ]      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 Committee and the Appointments and Remuneration Committees.
- c) Report by the Audit Committee on related-party transactions.

Complies [  ]      Complies partially [  ]      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 [  ]      Complies partially [  ]      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 the 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  Complies partially  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  Complies partially  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 [  ]      Complies partially [  ]      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 [  ]      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 verify compliance with this policy each year and detail its findings in the annual corporate governance report.

Complies [  ]      Complies partially [  ]      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 [  ]      Complies partially [  ]      Explain [  ]

Banco Sabadell fulfils the first part of the recommendation. As for the number of female directors, 33% of the Board members in Banco Sabadell were women in financial year 2022, fulfilling the Bank's commitment as set out in the Sabadell Sustainable Commitment for 2022. Women also accounted for 40% of independent directors, in line with the proposal in the Directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures.

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 few equity stakes attain the legal threshold for classification as significant shareholdings.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies [  ]      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 [  ]      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 member of the company's Board of Directors, and any subsequent reelections.
  - e) Company shares and share options that they own.
- Complies [ X ]      Complies partially [ ]      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 [ X ]
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 [ X ]



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  Complies partially  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.

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       Complies partially       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       Complies partially       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       Complies partially       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       Complies partially       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  Complies partially  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  Complies partially  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  Complies partially  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       Complies partially       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       Complies partially       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       Complies partially       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 ]

Complies partially [ ]

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 [  ]      Complies partially [  ]      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 [  ]      Complies partially [  ]      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 [  ]      Complies partially [  ]      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       Complies partially       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       Complies partially       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       Complies partially       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       Complies partially       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 [ X ]      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 [ X ]      Complies partially [ ]      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 [ X ]      Complies partially [ ]      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 [ X ]      Complies partially [ ]      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 [ X ]      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 [ X ]      Complies partially [ ]      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 [ X ]      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 [ X ]      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 OF 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.

The English version of the Statistical Annex 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.