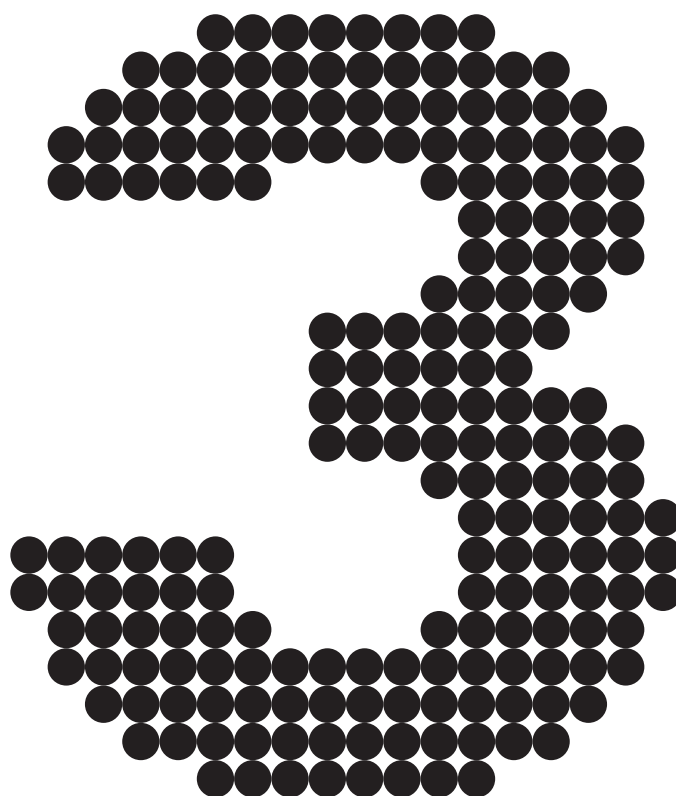
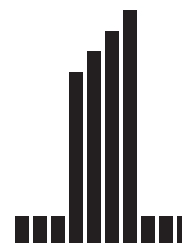


Consolidated directors' report



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Banco de Sabadell, S.A. (hereinafter, also referred to as Banco Sabadell, the Bank or the Institution), with registered office in Alicante, Avenida Óscar Esplá, 37, engages in banking business and is subject to the standards and regulations governing banking institutions operating in Spain. It has been subject to prudential supervision on a consolidated basis by the European Central Bank (ECB) since November 2014.

The Bank is the parent company of a group of entities which it controls directly or indirectly and which comprise, together with the Bank, Banco Sabadell Group. Banco Sabadell is comprised of different financial institutions, brands, subsidiaries and investees that cover all aspects of financial business. It operates mainly in Spain, the United Kingdom and Mexico.

The Group was organised into the following businesses in 2022:

- Banking business Spain, which groups together the Retail, Business and Corporate banking business units, where Retail and Business banking are managed under the same Branch Network:
 - Retail Banking: offers financial products and services to individuals for personal use. These include investment products and medium- and long-term finance, such as consumer loans, mortgages and leasing or rental services, as well as short-term finance. Funds come mainly from customer deposits and current accounts, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and insurance linked to consumer loans and mortgages.
- Business Banking: offers financial products and services to companies and self-employed persons. These include investment and financing products, such as working capital products, loans and medium- and long-term financing. It also offers customised structured finance and capital market solutions, as well as specialised advice for businesses. Funds mainly come from customer deposits, current accounts and mutual funds. The main services also include collection/ payment methods such as cards and PoS terminals, as well as import and export services.
- Corporate Banking (CIB): this unit is responsible for managing the segment of large corporations which, because of their unique characteristics, require a tailor-made service, supplementing the range of transaction banking products with the services of the specialised units, thus offering a single, all-encompassing solution to their needs, taking into account the features of the economic activity sector and the markets in which they operate. It has units that develop custom products for large corporations and financial institutions. The units responsible for the development of these custom products do so for the entire Banco Sabadell Group, extending their capabilities to the Corporate and Institutional Banking segment. Through its presence abroad in 17 countries, with representative offices and operational branches, it offers financial and advisory solutions to large

Spanish and international corporations and financial institutions. It has branches operating in London, Paris, Lisbon, Casablanca and Miami.

- Banking business UK: the TSB franchise covers business conducted in the United Kingdom, which includes current and savings accounts, loans, credit cards and mortgages.
- Banking business Mexico: Offers banking and financial services for Corporate Banking and Commercial Banking.

Banco Sabadell is the parent company of a group of companies that, as at 31 December 2022, numbered a total of 88. Of these, aside from the parent company, 68 are considered subsidiaries and 19 are considered associates (as at 31 December 2021, there were 96 companies, including 73 subsidiaries and 22 associates).

Mission, values and business model

Mission and values

Banco Sabadell helps people and businesses to bring their projects to life, anticipating their needs and taking care to help them make the best economic decisions. It does this through socially and environmentally responsible management.

This is Banco Sabadell's *raison d'être*: to help its customers make the best financial decisions so that they may see their personal or business projects take shape. To that end, it gives customers the benefit of the opportunities offered by big data, digital capabilities and the expert knowledge of its specialist managers.

The Bank, and those who form part of it, share the values that help make it possible to fulfil this mission.

Banco Sabadell delivers on its mission by being true to its values:

- Commitment and Non-Conformism, values that define its way of being.
- Professionalism and Effectiveness, values that define its way of working.
- Empathy and Openness, values that define its way of interacting.

Business model, main objectives achieved and actions carried out

The Bank's business model is geared towards profitable growth that generates value for shareholders. This is achieved through a strategy of business diversification based on profitability, sustainability, efficiency and quality of service, together with a conservative risk profile, while maintaining high standards of ethics and professional conduct combined with sensitivity to stakeholders' interests.

The Bank's management model focuses on a long-term vision of customers, through constant efforts to promote customer loyalty and by adopting an initiative-based, proactive approach to the relationship. The Bank offers a comprehensive range of products and services, competent and highly qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Since the financial crisis of 2008, the Spanish banking industry has been involved in an unprecedented process of consolidation. The need for higher capital levels, stricter requirements in terms of provisions, the economic recession and pressures on the capital markets have been some of the factors that have forced Spanish financial institutions to merge and, by doing so, gain scale advantages, maximise efficiency and strengthen their balance sheets.

Over the last eleven years, Banco Sabadell has expanded its geographical footprint and increased its market share in Spain through a number of acquisitions, the most significant of which was Banco CAM in 2012. In 2013, Banco Sabadell was able to undertake other corporate transactions as part of the restructuring of banks under suitable economic terms, such as the acquisition of the branch network of Caixa d'Estalvis del Penedès, Banco Gallego and Lloyds España.

As a result of these acquisitions and the organic growth of recent years, Banco Sabadell has strengthened its position in some of Spain's most prosperous regions (Catalonia, Valencia and the Balearic Islands) and it has also increased its market share in other key areas. According to the most recent information available, Banco Sabadell has a market share of 8% in loans and 7% in deposits at the domestic level. Banco Sabadell also has a good market share in other products, including 9% in trade credit, 9% in business lending, 6% in investment funds, 5% in securities trading and 17% in PoS turnover.

With regard to international business, Banco Sabadell has always been a benchmark. This has not changed in 2022 and Sabadell continues to be present in strategic areas, supporting companies in their international activity. Over the last few years, Banco Sabadell has expanded its international footprint. The main milestones have been the acquisition of British bank TSB in 2015 and the creation of a bank in Mexico in 2016.

With these developments, the Group has become one of the largest institutions in Spain's financial system. It has a geographically diverse business (76% in Spain, 22% in the UK and 2% in Mexico) and its customer base is now six times larger than it was in 2008. It has achieved all of this while safeguarding its solvency and liquidity.

The main factors at play in 2022 were the conflict in Ukraine, the energy crisis in Europe, new upside inflation surprises, the interest rate hikes introduced by central banks and the management of Covid-19 in China. All these factors have resulted in a gradual deterioration of the growth-inflation mix, driving many economies into stagflation towards the end of the year. Covid-19 has become less prominent as a factor influencing the economy and financial markets in an environment in which the reduced severity of the latest variants of the virus has been confirmed. In most countries, Covid-19 has been transitioning to an endemic phase, the main exception being China. Generally, 2022 was a very negative year for financial assets, both equities and fixed income.

Against this background, Banco Sabadell significantly increased its net profit year-on-year. The Group's increased net profit was mainly driven by solid core results (net interest income + fees and commissions – recurrent costs), which improved as a result of increased net interest income, higher income from fees and commissions, and the cost reduction effort.

The reduction in provisions is also noteworthy, both in terms of fewer credit provisions and reduced real estate provisions.

Banco Sabadell conducts its business in an ethical and responsible manner, delivering on its commitment to society by ensuring that its activities have a positive impact on people and the environment. Each and every person in the organisation plays their part in applying the principles and policies of corporate social responsibility, ensuring quality and transparency in customer service.

In addition to complying with the applicable regulations and standards, Banco Sabadell has a set of policies, internal rules and codes of conduct that guarantee ethical and responsible behaviour at all levels of the organisation and in all Group activities.

Strategic plan 2021-2023

The Group's Strategic Plan was presented on 28 May 2021. This plan defined the Group's strategic priorities, which include (i) an increased focus on core businesses in Spain, with different levers of action for each business that will strengthen the Bank's competitive position in the domestic market, and (ii) a significant improvement in the profitability of international businesses, in both the United Kingdom and other geographies. The cost base will also be reduced during the plan to bring it in line with competitive realities. These changes will be implemented based on a more efficient allocation of capital, fostering the Group's growth in those geographies and businesses that offer a higher capital-adjusted return.

In this way, the Strategic Plan sets out a specific strategic approach for each business:

In Retail Banking the approach is to undertake a major transformation, which entails a profound change in the offering and the customer relationship model.

On the supply side, transactional servicing is being made more readily available to customers in a simple and agile way through digital channels. As for the commercial offering of products and services, a fundamentally digital and remote offer is being developed for those products in which the customer wants autonomy, immediacy and convenience, such as consumer loans, accounts and cards. On the other hand, for more complex products such as mortgages, insurance and savings/investment products, where customers require support, specialised product managers are currently being deployed and multi-channel support is offered.

The objective in Retail Banking is to better respond to customers' needs and, at the same time, reduce the cost base of the business.

In Business Banking, the Bank's notable franchise in this segment is being strengthened and specific levers have been established for profitable growth: launch of sectoral solutions for businesses, support for customers in their internationalisation process, expansion of specialised solutions for SMEs, and a comprehensive support plan for Next Generation EU funds. This is reinforced by an optimal risk management framework, complementing the vision of risk and business experts with new business intelligence and data analytics tools.

The objective in Business Banking is to drive growth while preserving risk quality and boosting profitability.

The approach in Corporate Banking Spain is to develop plans to improve customer profitability and increase the contribution of specialised product units to income generation.

The goal in this business is to obtain an adequate profitability for each customer and to satisfy their needs.

TSB has focused its business on what it does best and what it is known for in the market: retail mortgages. TSB has an excellent platform, with a high operational capacity to manage mortgages and a well-established network of financial intermediaries, a key aspect in the UK market where a large proportion of new mortgages are granted through this channel.

TSB's objective is to increase its contribution to the Group's profitability.

In the Group's other international businesses, the priority is to actively manage the capital that the Group allocates to these businesses. In addition, there are specific priorities in each geographical area: in Mexico, the focus is on rigorous cost management; in Miami, the Private Banking business will be strengthened; while in the rest of the foreign branches priority will be given to supporting Spanish customers in their international activity.

Now that 2022 has ended and with the plan in action for over a year, the progress achieved is very significant.

Some examples include: deployment of more than 600 specialised managers, a new digital landing page for mortgages, an online mortgage simulator, a new portal for customers to monitor their mortgage payments, a new pricing model for consumer loans and mortgages, digitalisation of consumer loans, 100% digital card application process, expansion of pre-approved consumer loans and cards, integration of Sabadell Wallet in the mobile app, optimisation of product campaigns, launch of a customer retention plan, launch of the Sabadell online account... and the list goes on.

The specialised managers now sell 31% of mortgages, 46% of savings and investment products and 69% of insurance. In terms of other products, 47% of new cards

are issued through the app, pre-approved loans have increased by 43% year-on-year and, thanks to the digital account, new customers can sign up 100% digitally in less than five minutes.

In Business Banking, 30 specific sectoral offerings have been introduced for business customers and customer acquisition in those sectors has increased by 22% in the year, the risk approval process has been improved and made more specialised and flexible, new improved functionalities have been added in online banking, thus expanding the digital offering and interaction between the customer and Bank/manager. The use of data analytics in risk management has been enhanced to ensure greater discrimination and appropriate channelling of

new credit. In terms of capabilities, the middle market team has been bolstered to increase the knowledge base already in use in Corporate Banking.

With regard to costs, a cross-cutting efficiency plan involving Business and Retail banking has been executed, enabling a 3.5% reduction in recurrent costs year-on-year.

In Corporate Banking Spain, greater focus has been placed on continuous monitoring of customer profitability.

For its part, in line with the strategic goals, TSB has grown its market share in mortgages. It too has executed an efficiency plan to reduce costs and adjust the size of its branch network. This plan was completed in the last quarter of 2021, achieving annual savings of 70 million euros.

These actions have enabled TSB to turn around its income statement and, following years of losses, it now contributes positively to the Group's earnings.

In Mexico the cost base has been reduced and it is focusing on the business areas that it knows best and where it has most growth potential: Corporate Banking and Business Banking. In the other international business lines, the focus has been on supporting Spanish customers abroad and local customers who have a presence in Spain, focusing their growth potential on the most profitable assets.

The key financial targets established were (i) to achieve a return on tangible equity (ROTE) above 6% in 2023, and (ii) to maintain the fully-loaded CET1 capital ratio above 12% throughout the Plan.

The first target has already been achieved and surpassed in 2022, with ROTE of 7.8% at year-end, and the Group's fully-loaded CET1 capital ratio is also above the target level established in the Plan, at 12.55%.

Beyond 2023, the strategic transformation undertaken will continue to deliver results and, therefore, profitability should continue to improve.

To conclude, the Strategic Plan was conceived on the assumption that the various milestones would be met in the short term and, in that respect, in 2021, all of the targets established for the end of that year were achieved. As regards 2022, the different lines of the income statement have continued on a positive trend and in the right direction to meet the targets for 2023: (i) net interest income

grew by +10.9% in the year, (ii) fees and commissions increased by +1.5%, (iii) total costs were below 2.9 billion euros, thanks to the various efficiency plans implemented, (iv) credit cost of risk stood at 44 basis points, and lastly, (v) the capital ratio stood at 12.55% with an MDA buffer of 399 basis points.

The Board agreed to put forward a proposal to the Annual General Meeting to raise the payout ratio to 50%, to be paid from 2022 earnings, combining a cash dividend with a share buyback.

Furthermore, with the aim of increasing shareholder remuneration, and on the strength of the Group's improved profitability, the Board agreed to put forward a proposal to the Annual General Meeting to raise the payout ratio to 50%, to be paid from 2022 earnings, combining a cash dividend with a share buyback. This share buyback is conditional upon obtaining the relevant mandatory authorisations.

Banco Sabadell share performance and shareholders

The share capital of Banco Sabadell amounts to 703,370,587.63 euros, represented by 5,626,964,701 shares of a single class with a par value of 0.125 euros. The number of shares in the Bank has remained unchanged for more than five years as the Group has no remuneration policies that could have a dilutive effect on the current share capital and rights to convert preferred securities issued as contingently convertible into newly issued ordinary shares of the Bank (AT1) have not been exercised. Nor has the Group implemented any other corporate actions that could have an effect on current share capital.

The main factors at play in 2022 were the conflict in Ukraine, new upside inflation surprises, the hawkish tone of central banks and the management of Covid-19 in China. All these factors have resulted in a gradual deterioration of the growth-inflation mix, driving many economies close to stagflation.

Covid-19 was less prominent as a factor influencing the economy and financial markets in an environment in which the reduced severity of the latest variants of the virus was gradually confirmed. In most countries, Covid-19 has been transitioning to an endemic phase, the main exception being China.

Generally, 2022 was a very negative year for the financial markets because these factors have led to a sharp downturn in prospects for economic growth. Most financial assets recorded heavy losses in 2022. In fact, it was the worst year in several decades if we consider the combined performance of fixed income and equities. The

volatility of securities was particularly high due to the sharp repricing of official interest rates in the markets.

Liquidity conditions and market depth were at their lowest levels since the global financial crisis, which exacerbated market swings. Corporate and peripheral risk premiums have recorded significant upturns, reaching levels not seen since the pandemic. The euro has depreciated substantially against the dollar, to levels not seen since 2002.

The central banks have focused on fighting inflation, prioritising this objective in view of signs of an economic slowdown and slumps in the financial markets. With that aim in mind, the monetary authorities have tightened monetary policy, in line with the high levels of inflation.

In the Eurozone, the European Central Bank took significant steps to normalise its monetary policy. It increased interest rates by 250 basis points, bringing the deposit rate into positive territory for the first time since 2012. In fact, at one meeting it implemented the highest interest rate hike in its history (75 basis points). The European Central Bank also discontinued its quantitative easing programmes and began to discuss quantitative tightening.

As a result of these heightened inflationary expectations, banking sector results trended in the direction of a return to normal levels, driven by interest rate rises implemented by the central banks, which supported the capacity of the financial sector to intervene in the economy. Although banks have increased their interest income, funding costs have also become more expensive for them. Nevertheless, on balance the outlook is generally positive and profitability in the banking sector has surpassed pre-pandemic levels.

Banco Sabadell's share price performed well, gaining +58% over the year, making it the second best performing IBEX 35 stock in 2022 and the best performing in the 2021/22 period.

Banco Sabadell's share price performed well, gaining +58% over the year, making it the second best performing IBEX 35 stock in 2022 and the best performing in the 2021/22 period, among the companies that made up the index since the beginning of 2021. On a like-for-like basis, the market revaluation has been above the European banking industry benchmark (STOXX Europe 600 Banks) which depreciated by 3.4%, and also above general indices such as EURO STOXX 50 and IBEX 35 which fell cumulatively by 4.5% and 5.6%, respectively, over the year. The systemic factors mentioned above have had a significant influence on the share price performance. Banco Sabadell's idiosyncratic factors include better-than-expected annual results and a higher contribution of the UK franchise, TSB, to the Group's results. This has been well received by financial analysts and the market in general.

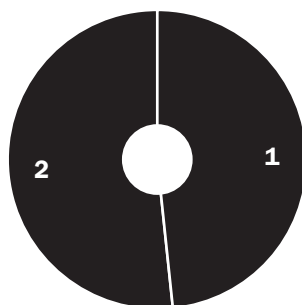
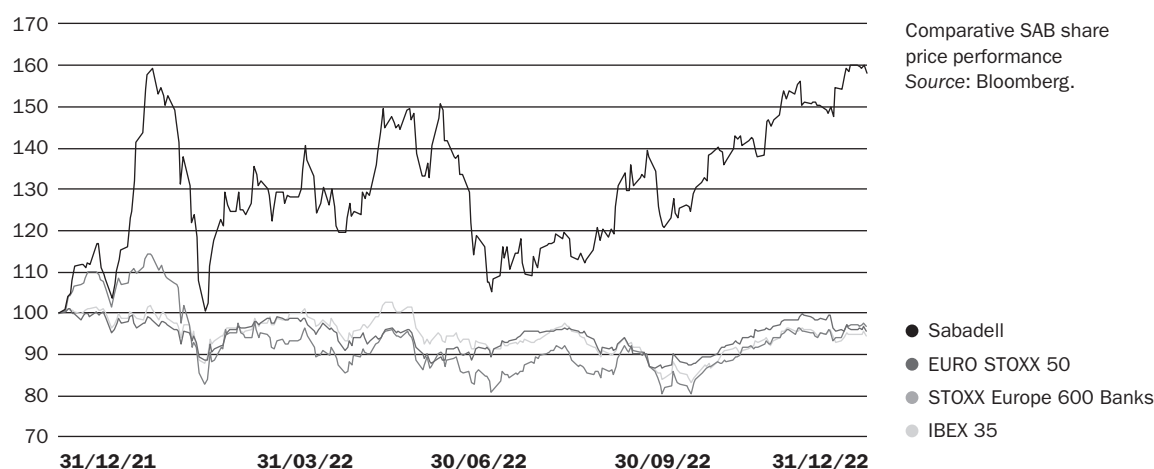
At the end of 2022, 96% of equity analysts covering Banco Sabadell had a Buy or Hold recommendation on the stock.

In terms of shareholder structure, in the financial year 2022, institutional shareholders increased in representation with 52% of the Bank's shares, while minority shareholders hold 48%. Within the Bank's shareholding structure, at year-end 2022, four investor groups reported a holding of more than 3% according to figures reported to the CNMV. The aggregate holding of those four shareholders represents 13.16% of the total share capital; the remaining holdings are free-float capital. The members

of the Board of Directors, one of whom is considered to control the voting rights attributed to the shares held by one of the aforesaid investors, hold 3.62% of the Bank's share capital.

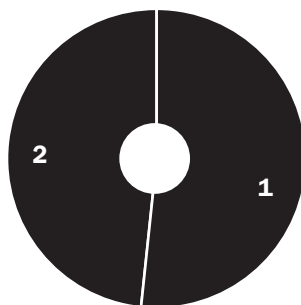
Banco Sabadell's market capitalisation stood at 4,927 million euros at year-end, with a price/book value ratio of 0.43.

The graph below shows the evolution of the share price performance over the year:



Breakdown of shareholders in 31.12.2022 (%)

1	Retail investors	48.45
2	Institutional investors	51.55



Breakdown of shareholders in 31.12.2021 (%)

1	Retail investors	51.59
2	Institutional investors	48.41

No. of shares	Shareholders	Shares in tranche	% of capital
From 1 to 12,000	172,396	544,828,582	9.68 %
From 12,001 to 120,000	43,289	1,345,690,480	23.92 %
From 120,001 to 240,000	1,773	292,025,971	5.19 %
From 240,001 to 1,200,000	970	436,083,675	7.75 %
From 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 %
TOTAL	218,610	5,626,964,701	100.00 %

Analysis of shareholdings at 31 December 2022

No. of shares	Shareholders	Shares in tranche	% of capital
From 1 to 12,000	179,459	573,130,438	10.19 %
From 12,001 to 120,000	45,899	1,427,423,280	25.37 %
From 120,001 to 240,000	1,866	307,959,112	5.47 %
From 240,001 to 1,200,000	1,039	469,333,426	8.34 %
From 1,200,001 to 15,000,000	139	433,432,171	7.70 %
More than 15,000,000	30	2,415,686,274	42.93 %
TOTAL	228,432	5,626,964,701	100 %

Analysis of shareholdings
at 31 December 2021

	Million	Million Euro	Euros	Million Euro	Euros
	Average number of shares ^(*)	Profit attributable to the Group	Profit attributable to the Group, per share	Own funds	Book value per share
2019	5,538	768	0.125	13,172	2.38
2020	5,582	2	—	12,944	2.32
2021	5,586	530	0.080	13,357	2.39
2022	5,594	859	0.134	13,841	2.47

Benefit and book value
per share 2019-2022

(*) The average number of shares is shown net of the treasury share position.

Share performance

Below are a number of indicators of the Bank's share performance:

	2022	2021	Year-on-year change (%)
Shareholders and trading			
Number of shareholders	218,610	228,432	(4.3)
Average number of shares (million)	5,627	5,627	—
Average daily trading (million shares)	41	33	24.0
Share price (euro)			
Initial	0.592	0.354	—
High	0.950	0.743	—
Low	0.565	0.343	—
Closing	0.881	0.592	—
Market capitalisation (million euro)	4,927	3,306	—
Market ratios			
Earnings per share (EPS) (euro)	0.13	0.08	—
Book value per share (euro)	2.47	2.39	—
P/TBV (price/tangible book value per share)	0.43	0.31	—
Price/earnings ratio (P/E)	6.58	7.69	—

Share performance

Dividend policy

The Bank's shareholder remuneration policy conforms to the provisions of its Articles of Association. It is proposed by the Board of Directors and is submitted to the Annual General Meeting for approval each year.

In 2022, the Bank paid its shareholders a dividend of 0.03 euros per share from 2021 earnings, through a single cash payment. This payout represented a share price return of 5.1% at year-end 2021.

On 26 October 2022, the Board of Directors agreed to distribute a cash interim dividend of 0.02 euros gross per share from 2022 earnings, amounting to 112 million euros, which was paid out on 30 December 2022. On the same date, the Board of Directors approved an increase of the payout ratio applicable to 2022 results to at least 40%.

On 25 January 2023, the Board of Directors approved the shareholder remuneration policy, which establishes the principles and parameters that should govern the Group's dividend and shareholder remuneration policy. In

that same meeting, and in accordance with the aforesaid shareholder remuneration policy, the Board of Directors agreed to submit a proposal to the Annual General Meeting to increase of the payout ratio to 50%, to be paid out of 2022 earnings, combining a cash dividend with a share buyback. This share buyback is conditional upon obtaining the relevant mandatory authorisations. This resulted in a total distributable amount of 430 million euros, representing a dividend yield of 8.7% on the share price at the end of 2022.

To reach the aforesaid payout level, the Board of Directors will ask the Annual General Meeting to approve the distribution of a supplementary gross cash dividend, from 2022 earnings, of 0.02 euros per share, payable in April 2023. As a result, cash dividend remuneration in the year would reach 0.04 euros per share or 225 million euros, representing a share price return, based on share price at the end of 2022, of 4.5% and an increase of 33.3% on the cash dividend distributed in 2021.

Furthermore, the Board of Directors agreed to submit a proposal to the Annual General Meeting regarding a share buyback in the amount of 204 million euros, which would be equivalent to close to 4% of the market capitalisation as at the end of 2022 and which, subject to obtaining the mandatory authorisations, would complement the shareholder remuneration paid out of the earnings for 2022.

Credit rating

In 2022, the four agencies that assessed Banco Sabadell's credit quality were S&P Global Ratings, Moody's Investors Service, Fitch Ratings and DBRS Ratings GmbH.

On 18 May 2022, DBRS Ratings GmbH maintained Banco Sabadell's long-term rating of A (Low), improving the outlook from negative to stable, in order to reflect the lower impact that the Covid-19 crisis is expected to have on Banco Sabadell's operating environment in both Spain and the United Kingdom. The short-term was also unchanged, remaining at R-1 (Low). The full rating review report was published on 7 July.

On 30 June 2022, Fitch Ratings affirmed Banco Sabadell's long-term rating of BBB- with a stable outlook, reflecting the Group's adequate capitalisation and risk diversification and its challenges in relation to profitability and keeping cost of risk contained. They indicated that the factors that had a negative outlook (asset quality and profitability) have stabilised. The short-term rating

was maintained at F3. The full rating review report was published on 15 July.

On 20 October 2022, S&P Global Ratings revised and improved Banco Sabadell's long- and short-term ratings from BBB-/A-3 to BBB/A-2 with stable outlook. It also revised and upgraded the Bank's senior preferred debt rating from BBB- to BBB, and its long-term resolution counterparty rating from BBB to BBB+. This rating improvement stems from the accumulation of a buffer of subordinated products that can absorb losses. Other credit ratings remained unchanged. The stable outlook reflects progress achieved with the Strategic Plan and the expectation that the Bank will continue to deliver on that plan and improve the solidity and profitability of the franchise. The full rating review report was published on 21 November.

On 7 November 2022, Moody's Investors Service affirmed its ratings of Banco Sabadell's long-term deposits and long-term senior debt at Baa2 and Baa3, respectively, upgrading the outlook from stable to positive, suggesting the possibility of a rating upgrade in the next 12-18 months if Banco Sabadell continues to improve its profitability on the strength of increased net interest income and the containment of operating costs and credit provisions. The short-term rating was also unchanged, remaining at P-2. The full rating review report was published on 21 December.

During 2022, Banco Sabadell has maintained continuous interaction with the four agencies. In both virtual and face-to-face meetings, issues such as progress with the strategic plan 2021-2023, results, capital, liquidity, risks and credit quality, and management of NPAs were discussed with analysts from these agencies.

The table below details the current ratings and the last date on which any publication reiterating this rating was made.

Agency	Long-term	Short-term	Outlook	Last updated
DBRS	A (low)	R-1 (low)	Stable	07/07/2022
S&P Global Rating	BBB	A-2	Stable	21/11/2022
Moody's Investors Service	Baa3	P-2	Positive	21/12/2022
Fitch Ratings	BBB-	F3	Stable	15/07/2022

Credit rating. Ratings and date of last update

Corporate governance

Banco Sabadell has a solid corporate governance structure which ensures effective and prudent management of the Bank and which prioritises ethical, sound and transparent governance, taking into consideration the interests of shareholders, customers, employees and society in all geographies in which it operates. The internal governance framework, which sets out, among other aspects, its shareholding structure, the governing bodies, the Group's structure, the composition and operation of corporate governance, the internal control functions, key governance matters, the risk management framework, the internal procedure for the approval of credit transactions granted to Directors and their related parties and the Group's policies, is published on the corporate website: www.grupbancsabadell.com (see the section "Corporate Governance and Remuneration Policy - Internal Governance Framework" on the website).

As required by Article 540 of the Spanish Capital Companies Act, Banco Sabadell Group has prepared the Annual Corporate Governance Report for the year 2022, which, in accordance with Article 49 of the Spanish Commercial Code, forms part of the Directors' Report accompanying the 2022 consolidated annual financial statements. It includes a section on the extent to which the Bank adheres to the recommendations on corporate governance currently in force in Spain.

In line with previous years, Banco Sabadell has once again opted to prepare the Annual Corporate Governance Report in free PDF format in order to explain and publicise, with maximum transparency, the main aspects contained therein.

Annual General Meeting 2022

The Bank's main governing body is the Annual General Meeting, in which shareholders decide on matters attributed to the Meeting by law, the Articles of Association (available on the corporate website under "Corporate Governance and Remuneration Policy - Articles of Association") and its own Regulations, and those business decisions that the Board of Directors considers to be of vital importance for the Bank's future and for the interests of the shareholders.

The Annual General Meeting of Shareholders has adopted its own Regulations, which sets out the principles and basic rules of action (available on the corporate website under "Shareholders' General Meeting - Regulations of the Shareholders' Meeting") and safeguards shareholder rights and transparency.

In the Annual General Meeting, shareholders may cast one vote for every thousand shares that they possess or represent. The Policy on communication and contact with shareholders, institutional investors and proxy advisors approved by the Board of Directors and adapted to the Good Governance Code of Listed Companies after its June 2020 revision, aims to promote transparency

vis-à-vis the markets and build trust while safeguarding, at all times, the legitimate interests of institutional investors, shareholders and proxy advisors and of all other stakeholders of Banco Sabadell.

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

- Extension of shareholders' methods of participation in the Annual General Meeting of 24 March 2022, which they were able to attend in person or remotely through a live broadcast, and at which they were able to vote on motions on the agenda and speak during question time.
- Provision of new electronic channels through Banco Sabadell's websites (corporate website and BSOOnline) and the mobile app (BSMóvil) so that shareholders could delegate and cast their vote in advance of the Annual General Meeting.

The Annual General Meeting held on 24 March 2022, on second call, approved all the items on the agenda, including the annual financial statements and corporate management for the 2021 financial year and, as regards appointments, the ratification and appointment of Luis Deulofeu Fuguet as Independent Director, as well as the re-election as members of the Board of Directors of Pedro Fontana García, George Donald Johnston III and José Manuel Martínez Martínez as Independent Directors and of David Martínez Guzmán as Proprietary Director.

Furthermore, in 2022, reinforcing its commitment to transparency, the Bank submitted for the approval of the Annual General Meeting a Supplement to the Banco Sabadell Director Remuneration Policy for the years 2021-2023, with the aim of developing and expanding the information available on certain aspects of that Policy that were introduced by Law 5/2021, of 12 April, which came into force subsequent to the Policy's approval.

For the second consecutive year, Banco Sabadell has obtained certification of its Annual General Meeting as a "Sustainable Event", having satisfactorily met the sustainability criteria for certification and having passed the preliminary assessment process and the in-person audit by Eventsost.

An external consultant verified the procedures established for the preparation and celebration of the 2022 Annual General Meeting and rendered a favourable opinion on compliance with the procedures. In particular, the consultant noted the developments observed over the last two years at Banco Sabadell's Annual General Meeting, particularly the aforementioned measures introduced to facilitate the participation of shareholders by electronic means.

Information regarding the 2022 Annual General Meeting of Shareholders is published on the corporate website www.grupbancsabadell.com (see the website section "Shareholders and Investors - Shareholders' General Meeting").

Composition of the Board of Directors

With the exception of matters reserved for the Annual General Meeting, the Board of Directors is the highest decision-making body of the Bank and its consolidated group, as it is responsible, under the law and the Articles of Association, for the management and representation of the Bank. The Board of Directors acts mainly as an instrument of supervision and control, and it delegates the management of ordinary business matters to the Chief Executive Officer.

The Board of Directors is subject to well-defined, transparent rules of governance, particularly the Articles of Association and the Regulation of the Board of Directors (available on the corporate website under “Corporate Governance and Remuneration Policy - Regulation of the Board”), and it conforms to best practices in the area of corporate governance.

At its meeting of 26 May 2022, the Board of Directors appointed Laura González Molero as an Independent Director to replace José Ramón Martínez Sufrategui. Having received the corresponding regulatory authorisations, Laura González Molero accepted the role on 19 September 2022.

The composition of the Board of Directors as at 31 December 2022 is as follows:

Composition of the Board of Directors at 31 December 2022

Chair

Josep Olliu Creus

Deputy Chairman

Pedro Fontana García

Sabadell Group CEO

César González-Bueno Mayer

Lead Independent Director

Anthony Frank Elliott Ball

Female director

Aurora Catá Sala

María José García Beato

Mireya Giné Torrens

Laura González Molero

Alicia Reyes Revuelta

Director

Luis Deulofeu Fuguet

George Donald Johnston III

David Martínez Guzmán

José Manuel Martínez Martínez

Manuel Valls Morató

Director-General Manager

David Vegara Figueras

Non-Director Secretary

Miquel Roca i Junyent

Non-Director Deputy Secretary

Gonzalo Barettino Coloma

As at 31 December 2022, the Board of Directors is formed by fifteen members: its Chairman, ten Independent Directors, two Executive Directors, one Other External Director and one Proprietary Director. The composition of the Board has an appropriate balance between the various categories of Director.

The composition of the Board of Directors is diverse and efficient. It is of the appropriate size to perform its duties effectively by drawing on a depth and diversity of opinions, enabling it to operate with a level of quality and effectiveness and in a participatory way. Its members are suitably diverse in terms of competencies, professional background, origin and gender, and they have extensive experience in banking, finance, anti-money laundering & counter-terrorist financing, digital transformation & IT, insurance, risk & auditing, in regulatory affairs and the law, in academia, human resources & consultancy, responsible business & sustainability, as well as in international business. The Board's Matrix of Competencies can be consulted on the website under "Internal Governance Framework of Banco Sabadell" (see the corporate website "Corporate governance and Remuneration Policy – Internal Governance Framework" section).

Banco Sabadell has had a competency and diversity matrix in place since 2019, which is reviewed annually by the Board of Directors. The latest review was carried out on 29 September 2022, in light of the changes that took place within the Board of Directors. The diversity of the Board of Directors increased in 2022 in terms of the gender of its members and the knowledge, skills and experience they bring, which have been reinforced in the following areas: retail and corporate banking, financial and capital markets, risk management and control, governance, anti-money laundering and counter-terrorist financing, responsible business and sustainability, international experience, consultancy, regulatory and supervisory bodies, communications and institutional relations.

The Director Selection Policy of Banco Sabadell of 25 February 2016 (most recently amended on 29 September 2022) sets out the principles and criteria to be taken into account in the selection processes and, consequently, in the assessment of the initial and ongoing suitability of Board members, as well as the reappointment of members of this administrative body to ensure their appropriate succession, the continuity of the Board of Directors and its collective suitability.

The process to select candidates for Directorships and to reappoint existing Directors is governed by the principle of diversity, fostering diversity within the Board of Directors so that its composition reflects a diverse collective, and ensuring that the selected members bring a wide range of qualities and competencies to provide diverse points of view and experience, and to promote independent opinions and sound decision-making within the Board of Directors.

The Board of Directors should ensure that the procedures to select its members apply the principle of diversity and that they promote diversity with respect to issues such as age, gender, disability, geographical provenance, or professional training and experience, and other aspects

that may be deemed appropriate to ensure a suitable and diverse composition of the Board of Directors. Those procedures should be free of any implicit bias that might lead to discrimination and, in particular, they should facilitate the selection of female directors so that a balanced presence of women and men on the Board may be achieved.

The appointment of Independent Director Laura González Molero increases female representation on the Board and brings different and complementary abilities to those already existing in the Board of Directors. As at year-end 2022, there were five female Directors, including four female Independent Directors out of a total of ten Independent Directors and one female "Other External" Director. Women represent 33% of the Board of Directors, fulfilling the Bank's commitment as set out in Sabadell's Commitment to Sustainability for the financial year 2022. They represent 40% of Independent Directors in line with the proposal of the Directive of the European Parliament and of the Council on improving the gender balance among non-executive directors of listed companies and related measures.

The Board of Directors has a Lead Independent Director who, in accordance with the Articles of Association, may request meetings of the Board of Directors, request the inclusion of new items on the agenda, coordinate and assemble Non-Executive Directors, articulate the opinions of External Directors and manage, as applicable, the regular assessment of the Chairman of the Board of Directors. The Lead Independent Director also coordinates the Succession Plan for the Chairman and CEO approved in 2016 and updated in January 2022 and, in practice, chairs any meetings with investors or proxy advisors.

To ensure a better and more diligent performance of its general supervisory duties, the Board of Directors is bound to directly exercise the responsibilities established under law, including:

- those that derive from generally applicable good corporate governance rules;
- approving the company's general strategy;
- appointing and, as necessary, removing directors of the various subsidiaries;
- identifying the company's main risks and implementing and monitoring suitable internal control and reporting systems;
- setting policies on the reporting and disclosure of information to shareholders, the markets and the general public;
- establishing the policy on treasury stock, which the General Meeting of Shareholders determines, where appropriate;
- approving the Annual Corporate Governance Report;
- authorising the company's operations with Directors and significant shareholders which might present conflicts of interests; and
- generally, deciding on business or financial transactions that are of particular importance for the company.

Board Committees

In accordance with the Articles of Association, the Board of Directors has established the following committees:

- The Board Strategy and Sustainability Committee.
- The Delegated Credit Committee.
- The Board Audit and Control Committee.
- The Board Appointments and Corporate Governance Committee.
- The Board Remuneration Committee.
- The Board Risk Committee.

The organisation and structure of the Board Committees are set out in the Articles of Association and in their respective Regulations, which establish their rules of composition, functioning and responsibilities (see the section of the corporate website “Corporate Governance and Remuneration Policy – Regulations of the Committees”), and develop and complete the rules of operation and basic

functions set out in the Articles of Association and in the Regulations of the Board of Directors.

The Board Committees have sufficient resources to perform their duties, 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 remit.

At its meeting of 29 September 2022, the Board of Directors approved the appointment of Laura González Molero as a voting member of the Board Audit and Control Committee and as voting member of the Board Remuneration Committee, replacing José Ramón Martínez Sufrategui.

The composition and number of meetings of these Board committees as at 31 December 2022 are shown in the table below:

Composition of the committees

Position	Strategy and Sustainability	Delegated Credit	Audit and Control	Appointments & Corporate Governance	Remuneration	Board Risk
Chair	Josep Oliu Creus	Pedro Fontana García	Mireya Giné Torrens	José Manuel Martínez Martínez	Aurora Catá Sala	George Donald Johnston III
Member	Luis Deulofeu Fuguet	Luis Deulofeu Fuguet	Pedro Fontana García	Anthony Frank Elliott Ball	Anthony Frank Elliott Ball	Aurora Catá Sala
Member	Pedro Fontana García	María José García Beato	Laura González Molero	Aurora Catá Sala	George Donald Johnston III	Alicia Reyes Revuelta
Member	María José García Beato	César González-Bueno Mayer	Manuel Valls Morató	Mireya Giné Torrens	Laura González Molero	Manuel Valls Morató
Member	César González-Bueno Mayer (*)	Alicia Reyes Revuelta	—	—	—	—
Member	José Manuel Martínez Martínez	—	—	—	—	—
Secretary non-member	Miquel Roca i Junyent	Gonzalo Barettino Coloma	Miquel Roca i Junyent	Miquel Roca i Junyent	Gonzalo Barettino Coloma	Gonzalo Barettino Coloma
Number of meetings in 2022	13	41	11	11	9	15

(*) Member for strategy matters only.

Board Strategy and Sustainability Committee

The Board Strategy and Sustainability Committee, which is formed by five Directors, two Other External Directors and three Independent Directors, is chaired by the Chairman of the Board of Directors. In matters of strategy, the Chief Executive Officer will participate in the meetings with the right to speak and vote, and, for this purpose, the Committee will be composed of six members.

In relation to strategy, the Board Committee's main responsibilities are to evaluate and propose to the Board of Directors strategies for the company's business growth, development, diversification or transformation, and to inform and advise the Board of Directors in matters related to the company's long-term strategy, identifying new opportunities to create value and bringing corporate strategy proposals to the Board's attention in relation to new investment or divestment opportunities, financial transactions with a material accounting impact, and relevant technological transformations. It also studies and puts forward recommendations and improvements to the strategic plans and updated versions that may be brought before the Board of Directors at any time, and it issues and submits to the Board an annual report setting out the proposals, assessments, studies and work carried out during the year.

In the area of sustainability, the Board Committee has the following competencies: review the Bank's sustainability and environmental policies; inform the Board of Directors of possible modifications and periodic updates of the sustainability strategy; review the definition and modification of diversity and integration, human rights, equal opportunity and reconciliation policies and periodically assess their degree of fulfilment; review the Bank's social action strategy and its sponsorship and patronage plans; review and report on the Bank's Non-Financial Disclosures Report prior to its review and report by the Board Audit and Control Committee and its subsequent sign-off by the Board of Directors; and receive information relating to reports, letters or communications from external supervisory bodies within the scope of this Board Committee's competencies.

Delegated Credit Committee

The main duties of the Delegated Credit Committee, which is formed by five Directors, one Executive, one Other External and three Independent Directors, are to analyse and, where appropriate, resolve credit operations, in accordance with the assumptions and limits established by express delegation of the Board of Directors, and to prepare reports on matters within its sphere of competence that may be required of it by the Board of Directors. Additionally, it shall be responsible for all duties ascribed to it by Law, the Articles of Association and the Regulations of the Board of Directors.

Board Audit and Control Committee

The Board Audit and Control Committee comprises four Independent Directors and the Chairwoman is an expert in auditing. It meets at least once per quarter. Its main functions are to oversee the efficacy of the Bank's internal control, internal audit and risk management systems; supervise the process of drafting and presenting regulated financial disclosures; advise on the Bank's annual and interim financial statements, liaise with external auditors, and ensure that suitable measures are taken to address any conduct or methods that might be inappropriate. It also ensures that the measures, policies and strategies defined by the Board of Directors are duly implemented.

Board Appointments and Corporate Governance Committee

The main responsibilities of the Board Appointments and Corporate Governance Committee, of which four Independent Directors are members, are to ensure compliance with the qualitative composition of the Board of Directors, assessing the suitability, skills and experience required of the members of the Board of Directors; to submit proposals for the appointment of Independent Directors and report on proposals for the appointment of the remaining Directors; to report on proposals for the appointment and removal of senior executives and the Identified Staff; to report on the basic conditions of the contracts of Executive Directors and senior executives; and to examine and organise the succession of the Chairman of the Board and the CEO of the Bank and, if appropriate, make proposals to the Board to ensure that such succession takes place in an orderly and planned manner. The Board Committee should also set a target for representation of the under-represented gender on the Board and produce guidelines on how to achieve that target.

In matters related to Corporate Governance, it is responsible for informing the Board of Directors of the Bank's corporate policies and internal regulations, unless they fall within the remit of other Board Committees; supervising compliance with the company's corporate governance rules, except for those that fall within the remit of other Board Committees; reporting to the Board of Directors on the Annual Corporate Governance Report for its approval and annual publication; supervising, within its sphere of competence, the Bank's communications with shareholders and investors, proxy advisors and other stakeholders, and reporting to the Board of Directors on these communications; and any other actions that may be necessary to ensure good corporate governance in all of the Bank's activities.

Board Remuneration Committee

Made up of four Independent Directors, the main responsibilities of the Board Remuneration Committee are to put forward proposals to the Board of Directors on the remuneration policy for Directors and General Managers, as well as on individual remuneration and other contractual conditions of Executive Directors, and to ensure compliance therewith. Additionally, it provides information for the Annual Report on Directors' Remuneration and reviews the general principles concerning remuneration and the remuneration schemes applicable to all employees, ensuring transparency in remuneration matters.

Board Risk Committee

The main functions of the Board Risk Committee, which comprises four Independent Directors, are to supervise and exercise oversight to ensure that all the risks of the Bank and its consolidated group are accepted, controlled and managed appropriately, and to report to the full Board on the performance of its duties, in accordance with the law, the Articles of Association, the Regulations of the Board of Directors and the Board Committee's own terms of reference.

Chairman of the Bank

Article 55 of the Articles of Association stipulates that the Chairman shall perform his duties as a non-Executive Director. The Chairman is the Bank's highest representative and is entrusted with the rights and obligations inherent to such representation. The Chairman, through the performance of his duties, is ultimately responsible for the effective operation of the Board of Directors and, as such, he represents the Bank in all matters and signs on its behalf, convenes and chairs meetings of the Board of Directors, sets the meeting agenda, leads discussions and deliberations during Board meetings and ensures the fulfilment of the motions adopted by the Board of Directors.

Chief Executive Officer (CEO)

Pursuant to Article 56 of the Articles of Association, the Chief Executive Officer has primary responsibility for managing and directing the business, and represents the Bank in the absence of the Chairman. The Board of Directors may also permanently delegate to the Chief Executive Officer any powers that may be legally delegated as it sees fit.

Control Units

The Internal Audit Division and the Risk Control and Regulation Division have access to and report directly to the Board of Directors and its Committees, specifically, to the Board Audit and Control Committee and the Board Risk Committee, respectively.

The Bank publishes the Annual Corporate Governance Report, which includes detailed information on the Bank's corporate governance, the Annual Report on Directors' Remuneration and the Non-Financial Disclosures Report, which form part of this Directors' Report, on the website of the National Securities Market Commission and on Banco Sabadell's corporate website www.grupbancsabadell.com.

Customers

At times of socio-economic change, as we are experiencing now, Banco Sabadell sees the customer experience as the differentiation lever that gives it a sustainable competitive advantage.

In that respect, the Bank works to offer products and services that adapt to the customer's needs, thus adopting a customer-centric approach, offering a wide range of products for each type of customer. This year, the Bank has focused on communication, striving for clearer and more easily understood messages, and on the introduction of relationship models that are more specialised and fine-tuned to current customer needs and that can facilitate customers' day-to-day interactions with Banco Sabadell.

Understanding the customer at all times during their relationship with Banco Sabadell is key. To achieve this,

new methodologies are constantly being developed to enable the Bank to listen to the customer, to measure and assess the main reasons for customer satisfaction and dissatisfaction and how close or far we are from meeting our customers' expectations. The ultimate goal is to implement lines of approach that will not only improve their experience, but also try to exceed their expectations.

These methodologies allow the Bank to transform and adapt processes, making them more customer-centric so as to improve customer experience.

Measuring customer experience

To measure customer experience, Banco Sabadell focuses on obtaining insights that help with decision-making and drive an increasingly customer-centric culture.

The experience is measured by understanding the market, consumers and customers, using a range of qualitative and quantitative research methodologies.

Qualitative analysis

With the aim of better understanding the customer environment and the customers within it, Banco Sabadell carries out a number of qualitative studies and research using different methodologies. The goals of this process include:

- Listening carefully, actively and constantly to what the customer has to say, which enables us to ascertain how they experience their relationship with the Bank at a range of touch points.
- Understanding consumers' concerns, worries and attitudes and their current and future needs.
- Identifying the most emotional and least explicit part of consumer decision-making.

- Defining the value propositions specific to each type of customer.

The techniques used range from conventional in-depth interviews or focus groups, by segments, to more innovative methodologies based on behavioural economics and the detection of consumers' deepest emotions and motivations.

Quantitative analysis

Banco Sabadell also analyses its customers' experience through quantitative surveys. Some are more akin to conventional satisfaction surveys, while others incorporate an emotional component: to make the organisation aware of the importance of considering customers in decision-making, so as to make meaningful improvements.

1. Net Promoter Score (NPS)

The Net Promoter Score (NPS), considered to be the key market benchmark for measuring customer experience, enables Banco Sabadell to compare its performance to that of its competitors and even that of companies in other industries, at both the domestic and international levels. The NPS is measured in the main customer segments, products and relationship channels.

Banco Sabadell Spain data

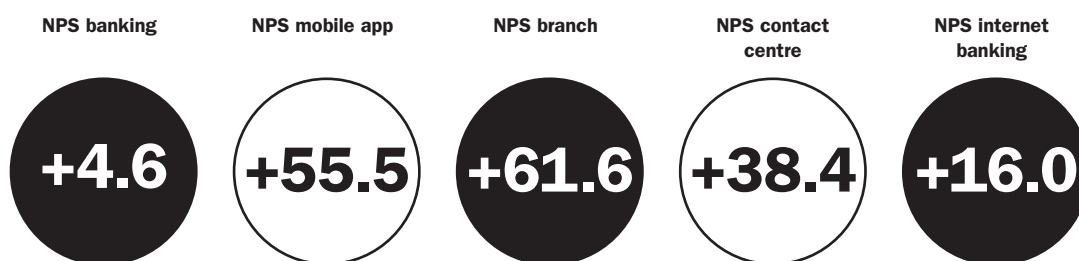
Posición ranking



Source: Accenture benchmarking of major Spanish financial institutions (2022 data).

In light of digital transformation, the measurement of customer satisfaction through digital channels has become more important. The NPS of the app for the retail segment is 40%.

TSB data



Source: Internal NPS tracking studies, December 2022 13-Week Rolling score.

The results obtained in 2022 show a positive trend in customer satisfaction in relation to the use of the channels.

Stemming from the focus on always offering the best possible experience to each customer group, one of the Bank's objectives is to continuously improve our NPS, both in terms of KPIs and in terms of our position relative to other banks.

2. Satisfaction surveys

At present, there are a number of different indicators related to customer experience, some closer to the conventional concept of customer satisfaction and others that incorporate more emotive aspects.

The overall customer experience measurement and management model of Banco Sabadell Spain is based on different indicators obtained from around 700,000 surveys and at more than 20 touch points. The results of the various surveys enable the Bank to ascertain the level of satisfaction of its customers and to identify areas where specific processes and contact channels could be improved. For each of these surveys, the Bank sets itself quality targets and monitors the results continuously.

In a multi-channel environment, the surveys related

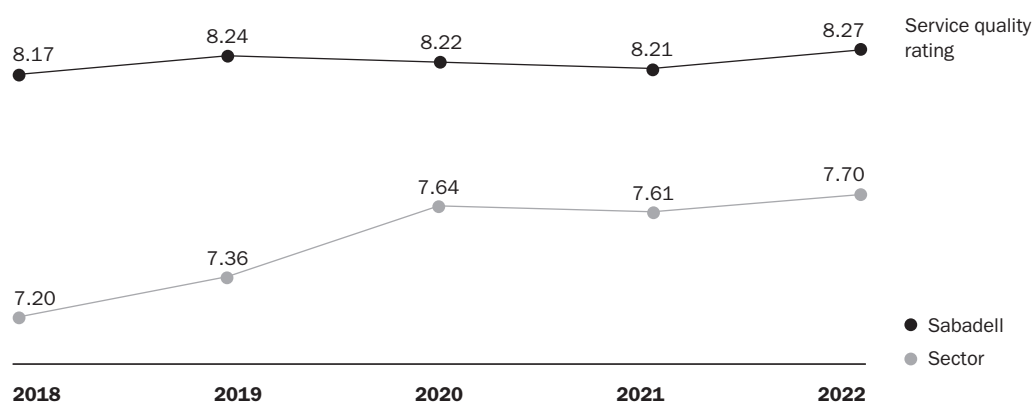
to specialised customer service, both in branches and in the digital sphere, are becoming increasingly relevant. For Banco Sabadell, the use of digital channels has reached a significant point, and this is precisely why the Bank has focused its efforts on the measurement of customer satisfaction and improvement of the customer experience with BSOOnline Particulares for individuals, BSOonline Empresas for businesses, the mobile app, etc. In particular, we note the outstanding results of the call centre, which has seen an improvement of more than 6% in its rating over the last year, bringing the rating for customer care from managers above +8.9.

3. Branch quality surveys

In addition to analysing customer perceptions, Banco Sabadell carries out objective studies using techniques such as 'Mystery Shopping', whereby an independent consultant performs a pseudo-purchase to gauge the quality of service and the commercial approach applied by the sales team to potential customers.

EQUOS RCB (Stiga), the benchmark survey of service quality in Spanish financial institutions, is conducted using the Mystery Shopping technique.

Banco Sabadell ranks among the leading players and continues to maintain a quality differential with respect to the sector.



Customer Care Service (SAC)

The Customer Care Service of Banco de Sabadell, S.A. conforms to the provisions of Ministry of the Economy Order 734/2004, of 11 March, the guidelines issued by the European Banking Authority (EBA) and the European Securities Market Authority (ESMA), and the Banco Sabadell regulations for the protection of customers and users of financial services. The most recent amendment to those regulations was approved by the Bank of Spain in June 2021.

In accordance with its terms of reference, Banco Sabadell's SAC handles complaints and claims received from customers and users of Banco Sabadell's financial services and those of the institutions associated with it: BanSabadell Financiación, E.F.C., S.A.U., Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal, Urquijo Gestión, S.G.I.I.C, S.A. and Sabadell Consumer Finance, S.A.U.

The SAC is independent of the Bank's operations and business lines in order to ensure its decision-making autonomy, and it has the necessary resources to deal appropriately with complaints and claims, guided by the principles of transparency, independence, effectiveness, coordination, speed and security. The SAC also has sufficient authority to access all the necessary information and documentation in order to analyse each case, and the operational and business units are obliged to cooperate diligently in this regard. The Banco Sabadell regulations for the protection of customers and users of financial services ensure compliance with the above-mentioned requirements.

In 2022, 41,887 complaints and claims were received: 38,726 in the Customer Care Service (SAC), 2,547 through the Customer Ombudsman, 579 through the Bank of Spain and 35 through the CNMV. A total of 31,191

complaints have been accepted and resolved; a further 10,141 were not accepted for processing as they did not meet the requirements set forth in the regulations.

See Note 42 to the 2022 consolidated annual financial statements for further details.

Multi-channel strategy

Banco Sabadell has a fully consolidated multi-channel strategy, which combines the best of the digital world with enhanced specialisation and value-added personal relations. This makes it possible to forge a relationship with the customer that is tailored to their real needs and built on trust and expertise. In this way, a winning combination is achieved to give customers optimal service, as they can operate through digital channels for daily banking (BSOnline, BSMóvil, Direct Branch, social networks, ATM network) and use face-to-face channels for specialist advice (national and international branch network).

Digitisation and the continuous provision of new capabilities on digital channels, incorporating new functionalities to operate and apply for products and services remotely, has been key to achieving this, as has the deployment of specialists throughout the branch network.

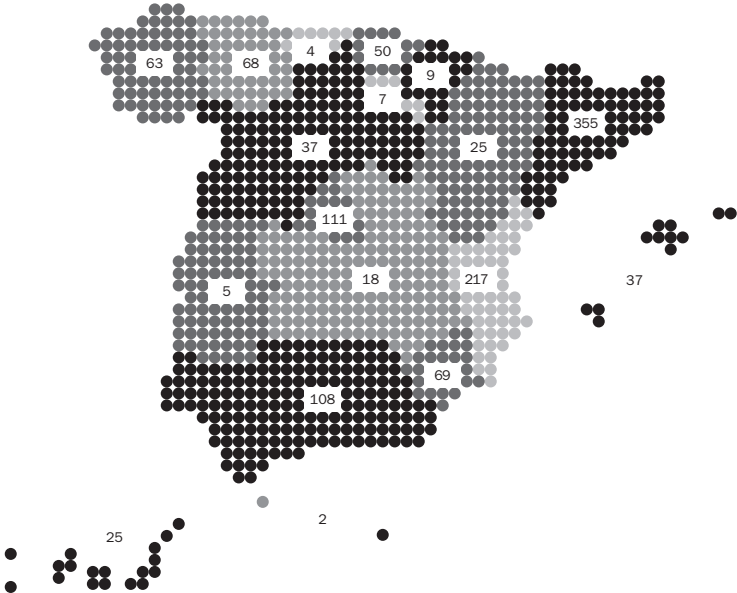
Branch network

Banco Sabadell ended 2022 with a network of 1,461 branches (220 TSB branches), indicating a net reduction of 132 branches with respect to 31 December 2021.

Of the total Banco Sabadell and Group branch network, 903 branches operate under the Sabadell brand (including 25 business banking branches and 2 corporate banking branches); 63 as SabadellGallego (including 3

business branches); 85 under the SabadellHerrero brand in Asturias and León (3 business banking branches); 63 as SabadellGuipuzcoano (5 business banking branches); 11 as SabadellUrquijo; 85 branches under the Solbank brand; and 251 offices that make up the international network, of which 220 are in TSB and 15 in Mexico.

Number of branches
by autonomous community



Banco Sabadell in the world



- | | | | | |
|--|--|---|--|--|
| <ul style="list-style-type: none"> ● Subsidiaries and Investees Mexico DF (Mexico) London (United Kingdom) | <ul style="list-style-type: none"> ● Branches Miami (USA) Paris (France) Casablanca (Morocco) Lisbon (Portugal) London (UK) | <ul style="list-style-type: none"> ● Representative Offices Alger (Algeria) Beijing (China) Bogotá (Colombia) Dubai (UAE) | <ul style="list-style-type: none"> New York (USA) New Delhi (India) Lima (Peru) Santo Domingo (DR) | <ul style="list-style-type: none"> Singapore (Singapore) Istanbul (Turkey) |
|--|--|---|--|--|

ATM network

The number of ATMs in the self-service network in Spain as at 31 December 2022 is 2,561, comprising 1,741 in-branch ATMs and 820 out-of-branch ATMs. In 2021, the number of ATMs has decreased by 4% due to branch closures and application of the new ATM model defined in 2021.

In terms of ATM transactions carried out in 2022, the downward trend observed the year before continued. A total of 84 million transactions were carried out, indicating a 4% reduction in the total number of ATM transactions.

A change in customer behaviour has been observed over the past year, with the number of transactions carried out at ATMs decreasing, while the value of such transactions has been increasing.

In terms of the most common types of transactions, namely deposits and withdrawals of cash, in both cases similar volumes to those of the previous year were recorded, but in terms of transaction amounts, these increased by 7.5% and by 2%, respectively.

In 2022, efforts were focused on continuously improving the overall availability of the ATM network and enhancing customer experience.

In particular, approximately 540 ATMs were overhauled in 2022, providing an opportunity to standardise functionalities across the ATM network. Other initiatives in the year included the implementation of cash recycling, the introduction of dynamic drawers that allow the type of banknotes available at each ATM to be customised

according to needs, a new distribution of ATM drawers to increase the capacity of the deposit-taking drawers, the availability of ATMs and, lastly, the introduction of the new option to send a transaction receipt, and receipts for BSO/BSM transactions, via email.

BSOnline and BSMóvil

In 2022, the ratio of digital retail customers reached 59.7%, increasing by 3.4 percentage points relative to the previous year.

In addition, the frequency of connection per customer, usage and contracting through digital channels has also continued to grow, as detailed below.

In 2022, the Bank continued to develop new digital capabilities to offer customers a better service through the website and the app. Both have helped to improve customer experience, boost digital sales and achieve the strategic plan targets.

BSOnline (bancosabadell.com website)

Although more digital customers use the Banco Sabadell app, visits to the BSOonline website and the frequency of BSOonline use have remained the same. The customer website maintains an average of 6 million logins per month, and is used predominantly for banking operations and transactions.

In BSOonline Empresas for businesses, improvements have been introduced in terms of ease-of-use and the transactionality and percentage of users who connect on a daily basis have increased.

The main new features introduced this year are:

- New browsing pathways achieved through a welcome page and more intuitive and functional menus.
- New interfaces to facilitate day-to-day financial management (e.g. display and management of files, management of PoS invoices and remittances, requests for and management of pre-booked appointments, etc.).
- The expansion of the digital offering (e.g. new line of payments for financing needs).

The award received from *Global Finance* magazine, which considers the Banco Sabadell website for business customers as the best in Europe, is also noteworthy.

New features of note in BSOOnline

Particulares for individuals are the new functionalities launched, which have increased digital sales, and the adoption of new online operations related to financial products.

- In mortgages, as part of the plan to develop tools to facilitate remote mortgage applications, an online mortgage simulator and a new mortgages portal have been developed, giving customers an initial benchmark offer (instalments, terms, initial down payment, etc.) for mortgage applications and their subsequent approval, with no need to visit a branch.
- With regard to loans, the Bank continues to improve the pre-approved digital loan offering, increasing the amount that customers can request online without paperwork and without needing to visit a branch, thereby achieving a year-on-year increase of +36% in loans taken out online.
- The latest innovation in payment methods for the 100% online application process is the immediate card issue feature; now customers are offered the option of using the card from the moment of digital request, without having to wait for receipt of the physical card.

Growing adoption and usage of BSMóvil

This year work has been carried out to improve the customer experience for individuals using the app. By listening carefully to their suggestions we have incorporated improvements in usability and have significantly improved the app's stability and performance.

All this has contributed to more widespread adoption of the Banco Sabadell app by users, with an increasing trend of individuals using the app, who now number 2.3 million.

Frequency of access has increased by 3% compared with the previous year, with an average of 20.5 monthly logins per customer in the retail segment.

All of the aforementioned new features on the website are also available in the app. We should also highlight the growth of Bizum: use is up by 20% relative to the previous year and is 0.8 percentage points above the market rate. The launch of Google Pay has allowed customers to use Google Wallet to activate Banco Sabadell cards and they can pay using their mobile devices instead of doing so through the near-field communication (NFC) facility, enabling the migration of customers who currently use this service to Google Pay or Samsung Pay and achieving this objective of simplifying mobile payment services, as well as extending their use to wearable devices.

In the process of making improvements and listening to customers, the opportunity has been identified to incorporate all of the Sabadell Wallet operations in the main app, thereby improving and simplifying the digital experience. Now with a single app customers can send or receive money via Bizum, use Instant Money (a service that allows cardless cash pick-up at an ATM by simply using a 6-digit keycode) or block their card if they suspect it has been stolen or lost.

In the business segment, the use of BSMóvil Empresas has stepped up a gear, with year-on-year growth of 20% in the number of logins in 2022.

The most noteworthy improvements include:

- Easier access between BSMóvil Particulares (retail app) and BSMóvil Empresas (business app) for more

than 150,000 customers with different user profiles.

- The new functionality to sign multiple files from the app.

Digital onboarding

A major area of progress this year: the launch of the digital onboarding process.

This process allows potential customers to register as a Banco Sabadell customer and open an account, completely digitally, marking the beginning of a new way of interacting with our customers. In addition, the new Sabadell Online Account allows the Bank to position itself as a benchmark in retail banking as it is 100% free and digital.

Direct Branch

During 2022, Direct Branch contacts decreased by 4% compared to those recorded in 2021, and numbered 4.6 million.

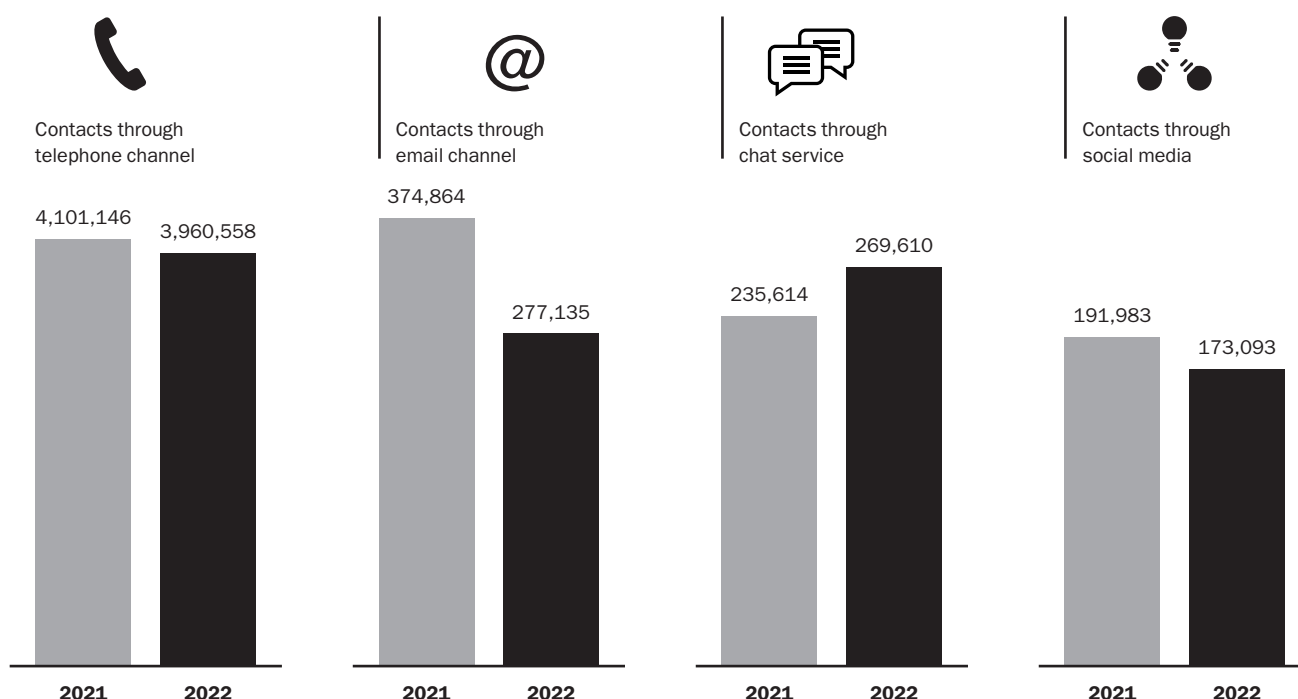
The service channel that has experienced the greatest growth this year has been the chat feature. Telephone consultations accounted for 85% of total contacts across all channels, followed by e-mail, chat and social media.

The graph below shows the contacts recorded, by channel.

As regards service levels, the Service Level Agreement (SLA) percentage for telephone enquiries was above 93%,

followed by the SLA for chat at 98% and the SLA for the e-mail channel at 85%. Banco Sabadell received over 173,000 mentions in social media, and the SLA was 98%. Highlights of 2022:

- Creation of the customer care service for senior and vulnerable customers in February, with its own telephone number and a specific procedure adapted to the customer profile.
- The launch of the new online account aimed at attracting digital customers.
- The introduction and development of the virtual assistant, which has led to reduced use of the telephone channel and has boosted the use of the chat feature in self-service.
- Improvement of procedures to provide Direct Branch with greater autonomy, more capacity for remote resolution and improved quality, whilst reducing the number of referrals to a branch.



Social media

Through social media Banco Sabadell aims to get to know digital customers and their needs, listen to their suggestions, and analyse how best to serve them. Banco Sabadell currently has a presence in five social media channels: Twitter, Facebook, LinkedIn, YouTube and Instagram, with 20 different profiles at the national level, and it has one of the best digital reputations in the financial sector.

Social media are among the main channels for engaging with our customers 24/7, both for handling banking queries and for broadcasting institutional and business messages, marketing campaigns and general interest messages.

Banco Sabadell currently has approximately 600,000 followers. Nearly 300,000 mentions of the brand were monitored or handled in 2022.

A key success factor is continuous tracking and monitoring of interactions with followers and customers. One of the most noteworthy KPIs in reports on social media positioning is the response rate, in which Banco Sabadell has a very high score. Social media are used to announce and webcast a large number of sponsored events and other initiatives in which we play an active role, and those that took place through digital platforms became particularly important this year. They include results presentations, the Annual General Meeting, the Barcelona Open Banc Sabadell Trofeo Conde de Godó tennis tournament, a superb example of digital coverage, as well as the South Summit and the Banco Sabadell Foundation research awards.

In line with the initial objectives, Banco Sabadell closely tracks trends, social conversations associated with the Bank, and audiences, and it uses the results to develop a strategy to expand and strengthen its presence, impact and engagement. This growth is evidenced by follower numbers in new channels such as Instagram, the collection of opinions and responses in mobile app markets, opinions expressed in industry forums and, this year, analysis and interaction of our branches in Google Maps reviews.

The Bank continues to expand its digital presence in fast-growing channels such as Instagram and LinkedIn, and continues with its segment-based specialisation through profiles related to such areas as the press (@SabadellPrensa, @SabadellPrensa and @SabadellPress), the Banco Sabadell Foundation (@FBSabadell), @BStartup aimed at entrepreneurs, @InnoCells in support of new business and the digital transformation, and @Sabadell_Help, which is specifically for customer service.

Digital transformation and customer experience

Banco Sabadell's digital transformation approach and priorities

In line with the new Strategic Plan presented in 2021, the digital transformation priorities are focused on improving customer experience in terms of both product offerings and quality of service received.

To that end, efforts have focused on the continuous development of digital onboarding through the improvement of the value proposition and contractual simplification, on expanding the card offer and online card application process, providing a digital loan and improving pre-approved loans, launching a digital mortgage platform, and on performing a thorough overhaul of the browsing experience and adding new functionalities in BSOOnline Empresas for businesses.

InnoCells

InnoCells has a multidisciplinary team capable of addressing challenges and projects end-to-end, through reflection and execution, enabling it to maximise the impact for Banco Sabadell Group and enhance the customer experience.

InnoCells adds key capabilities for the Group:

- Digital leadership: coordinating the Bank's digital innovation capabilities and providing a strategic vision from the ecosystem on key business aspects by identifying leading practices in the market.
- Strategic design and customer vision: evolving the value proposition towards the delivery of customer-centric digital experiences. Addressing the challenges holistically and incorporating customers' voices throughout the process: understanding users and their problems, proposing new products and services or amending existing processes, and validating solutions with users.
- Agile technology development: scaling the Bank's organisational capabilities by adopting new agile work methodologies that enhance delivery capacity and continuous learning in projects.
- Strategic alliances: combining internal innovation with external capabilities, actively participating in the innovation ecosystem and collaborating on a large scale with startups that complement the Banco Sabadell value proposition and enable it to reduce time-to-market and offer new services or features to customers.
- Driving technology architecture capabilities: developing new technology capabilities to improve productivity and connecting with third parties on a large scale.
- Capacity multiplier: designing, implementing and delivering key business projects for the Group.

Main deliveries in 2022

InnoCells contributed to Banco Sabadell's digital offer and to improving customer experience by both developing projects from scratch and adapting existing processes or exploring new environments.

Some recent examples of retail banking with a high impact on customers' user experience are:

Daily banking – Continuous improvement

Activation of the first three streams of the daily banking application, which continues to improve the perception of the Bank among customers in the online sphere, with high-impact initiatives in the areas and operations used most recurrently and those receiving more visits in our digital channels, especially BSMóvil. The Bank is thereby succeeding in reducing the digital gap and managing to make the experience of digital users as good as or better than in a bricks-and-mortar branch:

- Speed up: a stream focused on accelerating the continuous delivery of improvements to the customer experience in BSMóvil.
- Operations and access: a stream focused on improving the customer journey to access the app and carry out the most frequent transactions in BSMóvil.
- Digitisation: a stream aimed at improving the rate of our customers' digitisation.

Digital onboarding

Onboarding potential customers is a gateway to the sale of other products available in the Banco Sabadell portfolio. This project involves the implementation of digital onboarding capacity for new customers. Following the first phase, it is now possible for customers to:

- Register immediately through a 100% digital process.
- Sign up for the “digital package”: Expansión Digital account, Expansión Savings account, debit card and remote banking.
- Receive simplified legal acceptance and contract documentation.
- Gain access to the account, card and app in minutes (SLA: in one hour max).

Rollout of the mutual fund holders platform

At its current phase, this consists mainly of transferring all mutual funds distribution operations from the current mutual funds platform to the securities platform. Firstly, the access points for subscribing any type of mutual fund have been unified, and the sale of third-party funds has been enabled.

Rollout of the support portal for documentation provision and follow-up (customer/manager)

A simulation platform has been rolled out, together with a documentation upload function and a feature to follow up with customers showing interest in mortgage products.

This platform pre-filters leads, transferring the lead to CRM via the campaigns manager. Once in CRM, and based on the current “Digital Leads” solution, Banco Sabadell will apply a management strategy to those leads based on the capacities of existing Sales & Marketing tools, so that they will be managed in an organised and efficient manner in direct management, avoiding any wastage of leads due to ineffective follow-up.

The Direct Management managers can use the new platform for follow-up purposes, to contact the customer (by chat, email, push notifications, wall posts) and even to compile the different documents needed to initiate the usual internal mortgage process.

Reactive digital loan

This is one of the Institution's pivotal projects, as the objective is to provide retail customers with self-service capabilities in the consumer loan product segment, aiming for a 100% digital customer experience using the website and the app. The plan is to roll it out to customers during the first quarter.

Adobe Target in digital processes

Content customisation in line with the customer's profile in the digital channel is key to improving transaction conversion rates. This project incorporates the integration of the Adobe Target application in BSMóvil, providing the ability to apply changes in the content displayed to the customer, independently and without requiring changes to be applied by the technology division.

New Sabadell online account

Banco Sabadell continues to pursue the implementation of its new digital offering, which will be a multi-product offer comprising a current account, the Expansión savings account, mutual funds, securities, a debit card and pre-approved card credit, and the Expansión credit line.

Immediate card activation

The aim is to enable cards to be applied for, generated and activated immediately through instant selling (self-service) following signing of documentation.

This project has been prioritised in the Strategic Plan for retail customers and its current scope involves:

- Creating a catalogue to make it easier for customers to become familiar with and compare Banco Sabadell products and to highlight the cards recommended for each customer.

- Enabling the application for debit and credit cards by retail customers, for sole account holders, through our digital channels.
- Allowing the immediate activation of cards for use in secure e-commerce and XPay transactions, without having to wait for receipt of the physical card.
- Defining and establishing the experience and detailed functional design of expansions of scope and subsequent phases.

Bizum in BSMóvil

The project takes the services and operations available up to now in BSWallet and brings them together in BSMóvil, so that day-to-day banking can be managed using a single app. The migration of mobile payments through near-field communication (NFC) is not within the scope of this project, but it will be implemented in the first half of the current year.

- All Bizum operations are included (onboarding, portability, calendar, money transfers, single and multiple requests, QR Bizum Payment and access to Bizum keycode for eCommerce).
- Instant Money 2.0
- Cards (see PIN, activate/deactivate cards, sign up for Apple Pay, block card, see payments, etc.)

With regard to Business Banking and Network, Global Finance magazine selected Banco Sabadell's Business Banking website as the best in Europe in 2022. Some recent examples of projects with a significant customer impact are:

BSMóvil dual login

The aim of the initiative is to facilitate the identification of customers that have two profiles (BSMóvil for individuals and BSMóvil for businesses). Users that have signed up with biometrics can access both profiles through the app.

Redesign of the home page of BSOOnline Empresas for businesses

New, more useful and functional home page for BSOOnline Empresas for businesses. The ease-of-use and user experience is being improved to enable the display of information of interest to the customer directly from the home page.

Online Payments Line

The purpose of the project is to provide a new drawdown facility in BSOOnline. Business customers that have an active payments line will be able to use the credit line to meet their day-to-day needs: payments of taxes, salaries and suppliers.

New browsing facility in BSOOnline Empresas for businesses

We continue to improve the browser and menus in BSOOnline Empresas for businesses, making it easier for customers to find the operations they need.

Additionally, InnoCells has executed, from the Collaboration area, both pilots and proofs of concept with third parties (seeking to accelerate the digital transformation of the business through the incorporation of products, services and differential third-party technologies, focusing mainly on the Fintech ecosystem), as well as participation in projects framed within the strategic line of Financing.

The following are particularly noteworthy:

- Participation in the Request for Proposal (RFP) for a solution for the loyalty and rewards system, with a system related to payments in member stores (analysing solutions such as Triple), offering added value to both retail and business customers of the Bank.
- Analysis and creation of a proposal for the development of the savings system and automatic rules to accelerate it, through value propositions such as Coinscrap, analysing different integration systems that have already been developed in other institutions.
- Full leverage of the Group's assets, such as the rollout of a customer acquisition campaign for Sabadell Consumer Finance to offer InstantCredit to current customers of Banco Sabadell.
- Analysis and participation in the RFP for the "financial move" service, inviting customers who access the Institution via the digital onboarding route to complete the value proposition by transferring the direct debits, salary payments, etc., that they have with their current bank to Banco Sabadell, thereby creating a valued customer from the outset. The final solution (analysed with third parties such as Finleap) will ultimately be approached through internal development, with a proposal to leverage and build on Banco Sabadell's existing capabilities.
- Creation of a framework for collaboration with third parties that will facilitate decision-making on market proposals based on a series of relevant factors, such as strategic alignment, business fit, costs and implementation lead times.
- Participation in the Proof of Concept (POC) for the digital euro, with the support of Spanish financial infrastructure players (Iberpay, Redsys and Bizum) and the main Spanish banks. The aim is to carry out an in-depth analysis of the technical, operational and business implications that its market entry would involve, and how it would co-exist with the digital payment instruments currently used by European citizens.
- Orchestration and active collaboration in two projects launched by the strategic line of Financing (ongoing):
 - Reactive Digital Loan: Management and rollout of the first phases of the project and activation of Family&Friends, prior to rollout to customers.

- Sabadell Consumer Finance – Instant Credit: Implementation of the project, according to scope, underpinned by three key pillars: evolution of the InstantCredit digital journey, balancing capacity to obtain an omni-channel GlobalCredit solution, and improvement of risk models for transaction approval processes.

The initiative was recognised in the Forbes innovation awards.

In addition, the area of collaboration with third parties maintains continuous interaction with the startup ecosystem (collaboration with BStartup and Sabadell Venture Capital and participation in various events, such as SouthSummit, 4YFN, webinars, etc.) and a specific portal is available (www.partnerships.innocells.io) to centralise and receive value propositions that may be of interest to the Group in an orderly fashion. In 2022 more than 20 contacts were managed.

New work model

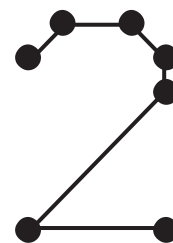
In 2020, SmartWork was created, stemming from the need to create a different work model adapted to the prevailing environment and that would prepare Banco Sabadell to continue growing in the future. In 2022, this developed into SmartWork 2.0, a new blended work model suited to the current environment, with new tools (Office 365) and new capabilities (mobile, WiFi, etc.).

To support the workforce in their adoption of this model and help them learn to take advantage of the best of both worlds (on-site and remote), a series of differential actions impacting working arrangements, technology, equality and well-being have been implemented. These actions include, among others:

- More technology, to enable staff to work even more efficiently, with tools such as the SmartApp, new screens, and new smartphones or Office 365 accessible from all environments.
- Training support with live events (start of the new season of SmartBreaks) and training courses (e.g. inclusive leadership).
- Digital spaces, such as the SmartSite or the Equality and Diversity Space, where employees can find comprehensive information about the model.
- Health and well-being, with initiatives that have an impact on people's health, such as Reto Yoga 21 Días (21-Day Yoga Challenge) and the cycle of health conferences held in collaboration with Sanitas.

The work environment in the branch network has been upgraded, with technology and processes that increase efficiency and that better connect the Bank with its customers.

Economic, sectoral and regulatory environment



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50	Outlook for 2023

The key factors at play in 2022 were the war in Ukraine and the energy crisis in Europe, while increasingly less importance was attached to Covid-19.

Economic and financial environment

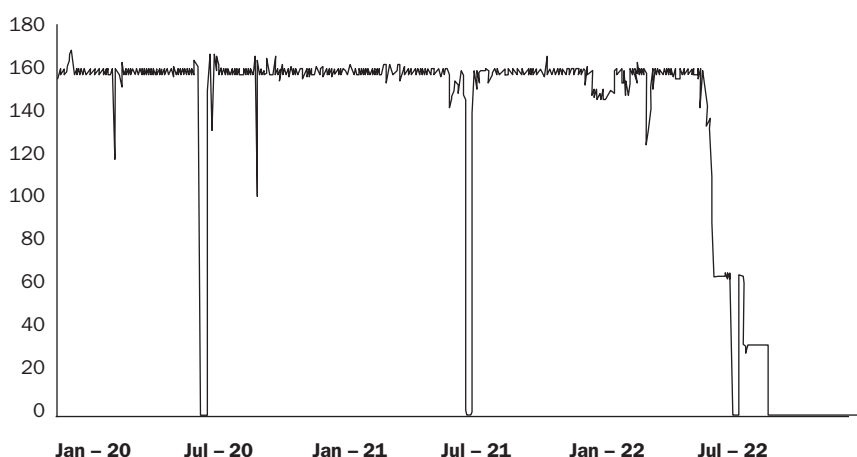
The main factors at play in 2022 were the conflict in Ukraine, the energy crisis in Europe, further upside inflation surprises, the interest rate hikes introduced by central banks and the management of Covid-19 in China. All these factors resulted in a gradual deterioration of the growth-inflation mix, driving many economies into stagflation towards the end of the year. Covid-19 became less prominent as a factor influencing the economy and financial markets in an environment in which the reduced severity of the latest variants of the virus was gradually confirmed. In most countries, Covid-19 transitioned to an endemic phase, the main exception being China. Generally, 2022 was a very negative year for financial assets, both equities and fixed income.

Conflict in Ukraine

The war between Russia and Ukraine was one of the year's defining events for financial markets. Russia invaded Ukraine at the end of February. Early on in the war, Russia succeeded in occupying certain key regions in Ukraine, but after the summer Ukrainian troops made gains in a counteroffensive and were able to recover part of the occupied territory. Russia responded by annexing the regions occupied by its troops, holding referendums in those regions, and it threatened to use nuclear weapons. The response by Western countries to Russia's aggression was emphatic, as they agreed to impose unprecedented economic and financial sanctions on Russia and refused to recognise Russia's annexation of the occupied Ukrainian territories.

With regard to energy, Russia gradually reduced its gas supplies to Europe, eventually completely and indefinitely cutting off the flow of gas through Nord Stream 1, the pipeline that connects Germany and Russia, in early September. This fuelled fears that there would be strict energy rationing during the winter, with dire consequences for the European economy, and it also caused the price of natural gas to skyrocket to an all-time high. Against this backdrop, European countries took measures to reduce their energy dependence on Russia. They reduced their gas consumption and increased their imports of liquefied natural gas. This, together with an unusually mild autumn, allowed European countries to build up their gas reserves ahead of the winter to 100% capacity.

European countries also announced different measures designed to protect households and companies from the dramatic increase in the cost of energy. These measures notably included, among others, windfall taxes for energy firms, the proceeds of which will be used to compensate consumers, as well as price caps for gas and electricity.



G1 Russian gas flows through Nord Stream 1 (thousands m3/day). Source: Bloomberg.

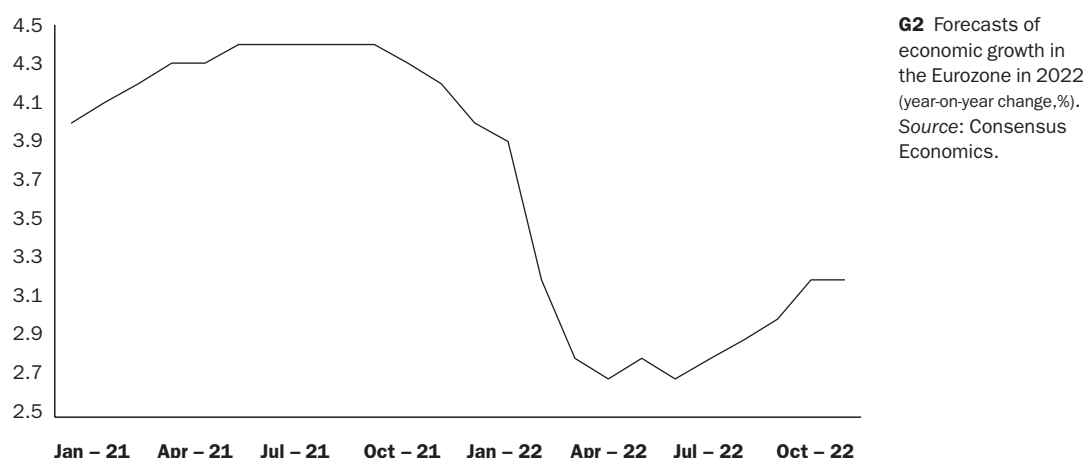
Economic activity and inflation

The global economy deteriorated over the year due to the consequences of the conflict in Ukraine, persistently high inflation and tighter financial conditions. The conflict mostly affected European countries due to their stronger links to Russia and their high energy dependence on the latter. The United States, for its part, proved more resilient to the consequences of the conflict, although activity in this country also began to drop as a result of interest rate hikes and high inflation.

In the Eurozone, activity was robust in the first half of the year, driven by the post-Covid economic reopening and tourism. In the latter part of the year, however, the

economy was weighed down by high energy prices, fears of energy rationing and tougher monetary policy. In the United Kingdom, activity also slowed during the year in reaction to higher inflation, interest rate hikes and the deteriorating confidence of households, with GDP contracting in the third quarter of 2022. In the United States, GDP performed poorly in the first half of the year, hampered by foreign trade and the accumulation of inventories, while consumption and the labour market remained steady. Domestic demand began to slow down significantly towards the end of the year, as a result of rapidly rising interest rates. This tightening also began to have a negative impact on the country's real estate sector.

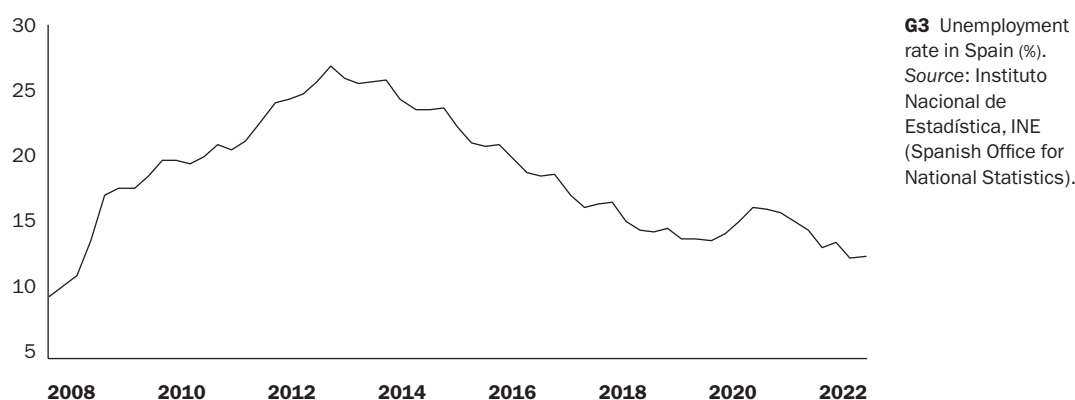
The global economy deteriorated over the year, and many economies ended the year in a state of stagnation.



In Spain, the start of the year was marked by the spread of the Omicron variant of the coronavirus. Although this did not result in the imposition of severe restrictions, it did have a negative effect on the confidence of economic operators and on activity. A little later in the year, the outbreak of war in Ukraine once again deteriorated economic sentiment and drove up the inflationary pressures that had begun to emerge in 2021. Nevertheless, the Spanish economy picked up throughout the second quarter of 2022 and the labour market in particular proved to be resilient, supported by the reopening of the economy and the recovery of tourism-related activities. In the third quarter of 2022, uncertainty affected lending, particularly lending to the construction sector, while the deteriorating situation of trade partners eroded the growth of exports. In spite of persistent inflation, private consumption performed well, supported by the government measures introduced to deal with the energy crisis and approved during the months following the outbreak of the war in

Ukraine. The labour market reflected the economic slowdown experienced in the third quarter of 2022, although it remained relatively steady in the last few months of the year, while the unemployment rate remained at its lowest level since 2008.

The Spanish economy proved relatively resilient, although it also suffered an economic slowdown.



Over the year, the Spanish government extended existing measures and rolled out new ones to deal with the energy crisis and the ensuing high levels of inflation. These measures notably included extensions of electric and thermal social bonds, an increase of the minimum living income, and a sector-based direct aid scheme for firms. Alongside these measures, taxes on electricity were reduced, fuel discounts were introduced and the 'Iberian exception' was launched, allowing Spain and Portugal to cap the price of the gas used to generate electricity.

In terms of economic policy, it is also worth mentioning the progress made in rolling out the Next Generation European funds. In 2022, calls for proposals for financial aid and tenders were published considerably earlier than usual, although the allocation and execution of these funds nevertheless fell short of the government's expectations. By way of example, in one major tender process for strategic projects for economic recovery and transformation (*proyectos estratégicos para la recuperación y transformación económica*, or PERTE) relating to electric vehicles, only 30% of the available funds were ultimately allocated. In spite of this, the government continued to deliver on the milestones and reforms agreed with the European Commission to ensure it received the scheduled disbursements.

Emerging economies proved resilient to developments of the conflict in Ukraine, high inflation, rapid monetary tightening and the strength of the dollar. To a certain extent, this was because monetary tightening in these countries had begun earlier than in developed economies, which generally served to support emerging currencies. They also benefited from the increased price of commodities, as most of those countries are exporters of these products. However, risks remained in economies with weaker fundamentals.

In the case of China, the economy was entirely constrained by the zero-Covid policy. The lockdown

measures very evidently hampered activity and, as a result, economic growth fell considerably short of the Chinese government's target. In light of the situation, the country's authorities announced various different measures designed to support activity and, at the end of the year, after large-scale protests among citizens, the Chinese government practically abandoned its zero-Covid policy. In Mexico, economic activity was resilient to the consequences of the conflict, thanks to the country's limited exposure to Ukraine. The country benefited from the trade war between the United States and China, which significantly boosted its trade and relations with the United States. Activity was also supported by the improvement of global supply chains, which in turn served to support the recovery of production and contributed to the sustained growth of consumption, driven by the high levels of savings accumulated during the pandemic, the sharp growth of remittances and the strength of the labour market. Mexico was able to recover pre-Covid GDP levels in the third quarter of 2022, much earlier than anticipated.

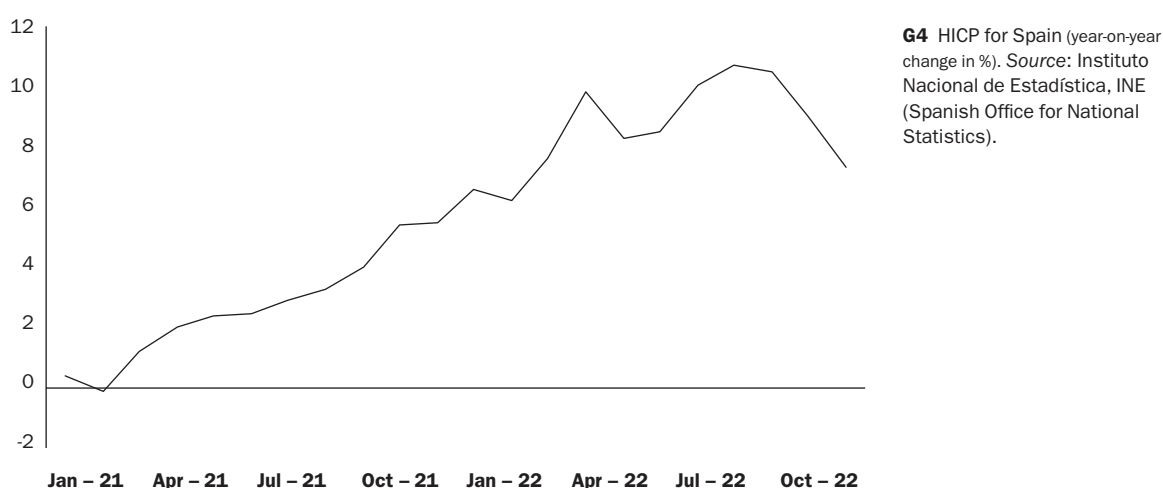
Inflation was the macroeconomic variable that aroused the most interest in 2022. For a good part of the year, inflation surprised to the upside, rebounding to its highest level in several decades in the main developed economies, while inflationary pressures became widespread across components. The conflict in Ukraine led to a surge of energy and commodity prices and new disruptions to some production chains, as a result of the sanctions imposed on Russia by Western countries. Global supply chains were also affected by China's zero-Covid policy in the first half of the year.

Inflation was the macroeconomic variable that aroused the most interest in 2022, after reaching its highest level in decades.

In the Eurozone, inflation reached record-high levels, driven in particular by the price of energy and food, although inflationary pressures became increasingly widespread across components throughout the year. In the United Kingdom, inflation climbed to its highest level since the 1980s. The spike in prices of energy and transport was particularly severe, although significant price increases took place across the board. The substantial tightening of the labour market and the growth of wages, which went significantly beyond pre-Covid levels, also contributed to high inflation. In the same way, in the United States, inflation reached a four-decade high, with widespread inflationary pressures across components.

In addition, the strength of the labour market and the steady growth of wages served to rein in the growth of inflation, in spite of the significant monetary tightening implemented.

In Spain, inflation trended upwards until August, reaching its highest level since 1984. This increase in inflation was initially driven by higher energy prices, particularly those of electricity, which later filtered through to a wider range of products. Food prices also became significantly higher, while the recovery of tourism drove up prices in the third quarter of 2022. Inflation began to ease off in the last few months of the year due to base effects and reduced pressure on energy prices.



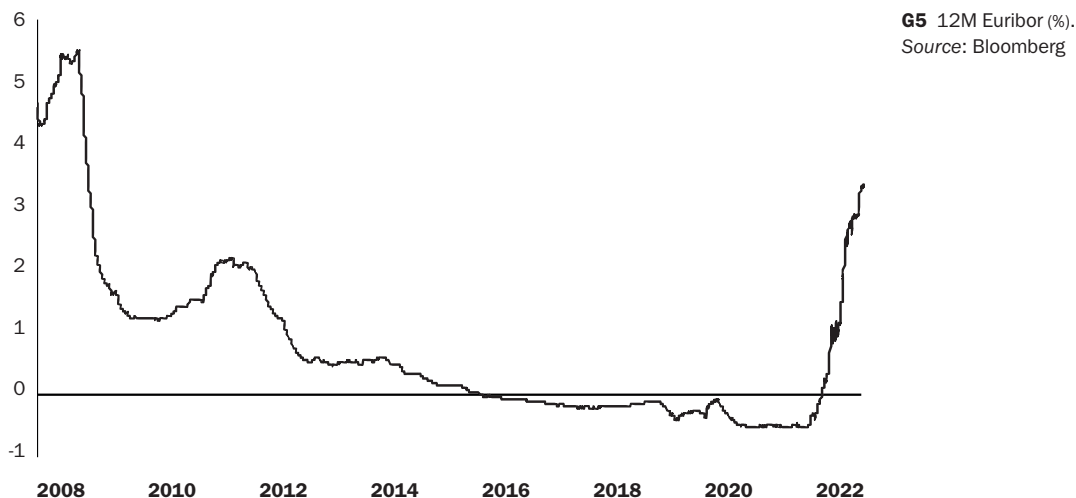
Monetary policy

Central banks focused more on tackling inflation and less on the signs of economic slowdown and slumps in financial markets. With that aim in mind, monetary authorities introduced widespread interest rate hikes, in line with the high levels of inflation.

The context of record high levels of inflation triggered widespread interest rate hikes.

In the Eurozone, the European Central Bank took significant steps to normalise its monetary policy. It increased interest rates by 250 basis points (thus far), bringing the deposit rate into positive territory for the first time since 2012. In fact, it implemented the largest interest rate hike

in its history (75 basis points) in two consecutive meetings. The European Central Bank also discontinued its asset purchase programmes and it announced that as of spring 2023 it would no longer reinvest all of the principal payments from maturing securities.



In the United States, the Federal Reserve (Fed) launched its most aggressive rate hike cycle in several decades, raising the Fed funds rate by 425 basis points to 4.25%-4.50% in just eight months, including four consecutive hikes of 75 basis points. The Fed also appeared intent on keeping interest rates at very restrictive levels for some time. In the meantime, halfway through the year, the Fed began its quantitative tightening process.

In the United Kingdom, the Bank of England (BoE), which had already begun its rate hike cycle in December 2021, raised rates in all of its monetary policy meetings of 2022, gradually increasing the scale of its rate hikes and giving rise to the most aggressive rate hike cycle of recent decades. The BoE also stopped reinvesting the proceeds of maturing bonds from its quantitative easing programme in March and began actively selling assets in November. Between September and October, the BoE was forced to make emergency interventions in the long-term public debt markets in order to safeguard financial stability and, more specifically, to indirectly help pension funds. This all took place following the sharp movements of government bond yields that took place upon the unveiling of the 'mini budget', which envisaged major tax cuts and ultimately led to the downfall of the government under Liz Truss.

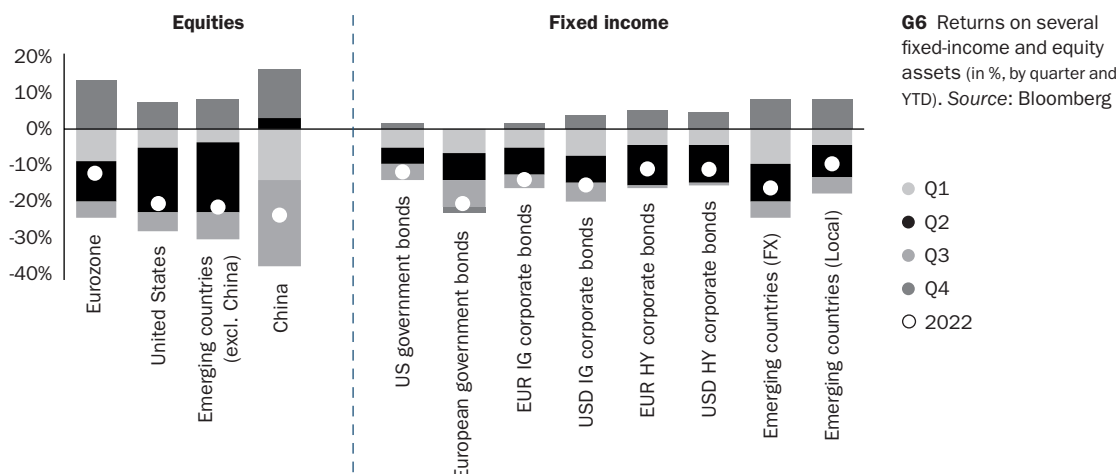
In emerging countries, aggressive and widespread rate increases continued in 2022. In the case of Mexico, the central bank (Banxico) continued with its rate hike cycle launched in 2021, accelerating the rate hikes and emulating the movements of the Fed. Banxico raised the official rate to 10.50%, accumulating 650 basis points of rate hikes in little more than a year. This level marked a new record and the most restrictive level since Banxico established its inflation-targeting scheme in 2008. In the meantime, in other emerging countries (such as Brazil and Colombia), central banks began to allude to an

imminent end of the restrictive cycle after raising interest rates to a 10-year and 20-year high, respectively. The main exceptions to this policy were China, whose central bank maintained an accommodative tone, easing liquidity reserves, using and creating new liquidity facilities and introducing measures to support business lending, and Turkey, whose central bank cut the official rate, disregarding the high levels of domestic inflation, which climbed to over 80%.

Financial markets

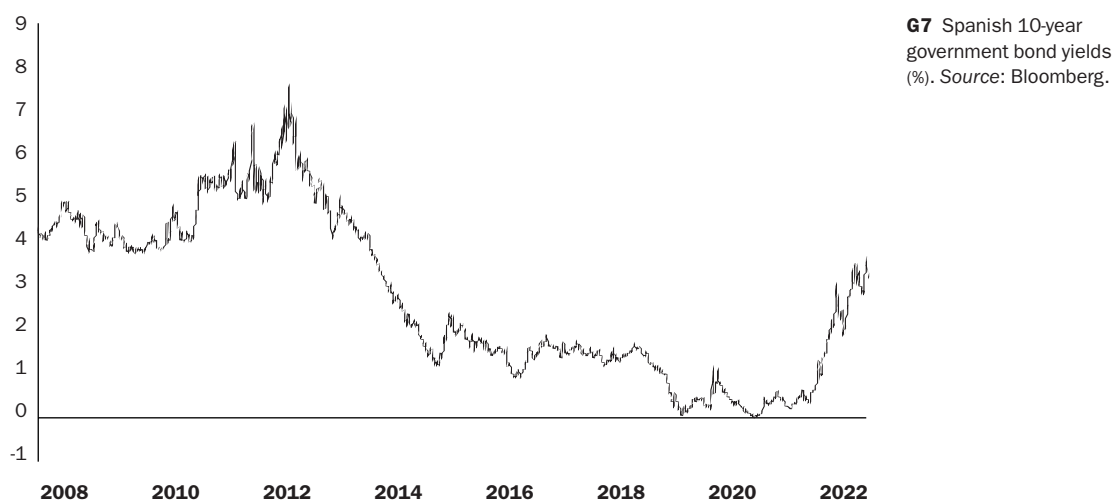
Financial markets were particularly hard hit by interest rate hikes across the globe and also by the conflict in Ukraine and the ongoing zero-Covid policy in China, all of which led to a considerable deterioration of economic growth forecasts. Most financial assets recorded heavy losses in 2022. The volatility of markets was particularly high due to the sharp repricing of official interest rates in the markets. Liquidity conditions and market depth fell to their lowest levels since the global financial crisis, which exacerbated market swings. Corporate and peripheral risk premiums recorded significant upturns, reaching levels not seen since the pandemic. The euro depreciated substantially against the dollar, to levels not seen since 2002.

Long-term government bond yields rebounded by more than 200 basis points on both sides of the Atlantic, reaching levels not seen since 2008 in the United States and since 2011 in Germany. This increase in bond yields was mostly driven by high inflation and the interest hikes introduced by central banks. In the United Kingdom, the unveiling of its most expansionary fiscal plan since 1972 triggered a major sell-off of UK gilts after the summer, which led to considerable liquidity problems in some pension funds and forced the BoE to intervene in the public debt market. This movement was almost fully reversed later, when Liz Truss resigned and Rishi Sunak, the new Prime Minister, announced a more orthodox fiscal plan.



Peripheral sovereign debt risk premiums also rebounded throughout the year, although they remained at contained levels. The spread's widening was influenced by the withdrawal of the ECB's accommodative measures, although the subsequent announcement of an asset purchase programme that could be activated in an emergency served to contain the rebound of premiums. In the case of Italy, the increase of the risk premium was also temporarily affected by the increased political noise resulting from the snap elections, which put an end to the government led by former ECB president Mario Draghi. The aforesaid elections were won by the centre-right coalition with Giorgia Meloni, of Brothers of Italy, at the helm. The

pro-European stance and the fiscal responsibility of the new Italian executive reduced uncertainty and put the financial markets at ease.



Regarding the currencies of developed countries, the dollar appreciated steadily to reach a multi-decade high. The US currency benefited from the aggressive stance adopted by the Fed, the energy crisis in Europe and concerns over global economic growth. In its currency pair with the euro, the dollar appreciated by 16%, reaching levels not seen since 2002. Later, China's abandonment of its zero-Covid policy and the ECB's interest rate hikes served to halt the

depreciation of the euro. The pound sterling, in its currency pair with the euro, gradually depreciated from the middle of the second quarter of 2022 onwards as the effects of inflation and rising interest rates on UK activity became increasingly apparent. The pound was also hit particularly hard, albeit briefly, by the mini-budget episode at the end of September.



G8 USD/EUR.
Source: Bloomberg.

Equity markets posted especially poor performance, weighed down by the sharp interest rate hikes and negative news regarding the conflict in Ukraine, as well as forecasts of global economic growth. The majority of global stock indices posted heavy losses in 2022. For instance, the Stoxx 600 tumbled by almost 13% compared to the end of the previous year (although its largest decline saw it plunge by more than -20%), while the S&P 500 posted a 19% correction (having fallen in excess of -25%). These were the greatest losses recorded in a single year since 2018 and 2008, respectively. The IBEX 35, which had already been trailing in the previous year, recorded a smaller decline of -5.6% in 2022.

In the financial markets of emerging countries, sovereign risk premiums climbed slightly in response to fears of a global recession as a result of the sharp tightening of financial conditions, but they remained far from their peaks. Domestic bond yields rebounded to their highest in several decades. The fact that monetary tightening in emerging economies had begun earlier than in developed economies generally served to support emerging currencies. The Mexican peso proved even more resilient than other emerging currencies, thanks to the interest rate hikes introduced by Banxico.

Cryptoassets, for their part, continued to move further into the spotlight given the dramatic collapse during the year of several key players in this ecosystem. It is particularly worth mentioning the downfall of stablecoin TerraUSD in May, which caused important hedge funds such as Three Arrows Capital and the Celsius platform to file for bankruptcy, in addition to the collapse of the fourth largest cryptocurrency exchange platform in the world, FTX, in November, which also ended up filing for bankruptcy after trying and failing to secure a bailout by

other platforms. These events, together with the interest rate hikes implemented by central banks, resulted in plummeting quoted prices across several cryptoassets in 2022. Fortunately, the impact of these events remained contained within the crypto ecosystem and did not spill over into the traditional financial system, partly because the supply of financial services in the crypto ecosystem was fairly small and partly because the interconnections between both systems were still fairly limited. In any event, the authorities warned that it is vital that cryptoassets be regulated, as these could grow very rapidly and the interconnections with the traditional financial system could increase and even pose a systemic threat to financial stability.

Financial sector environment

Banking industry environment

In relation to the global banking industry, the outbreak of war in Ukraine prompted some banks with greater exposure to Ukraine and Russia to reduce their exposure to these countries and increase provisions although, in general, the overall exposure of international banks to these economies was small to begin with. Over the year, banks generally maintained adequate levels of capitalisation. In the main developed economies, CET1 ratios remained above the minimum levels required by regulations and, according to the authorities, they were expected to continue that way even in an adverse scenario. The interest rate hikes implemented by central banks had a positive effect on banks' results, in spite of the fact that

as interest income increased, funding costs also became more expensive. The profitability of the banking industry surpassed pre-pandemic levels. In terms of liquidity, TLTRO III funds continued to provide considerable support,

although the ECB's announcements regarding tougher conditions of TLTROs led to banks making plans to repay the amounts borrowed early, requiring them to make changes to their funding structures going forward.

The global banking sector remained robust and benefited from the end of negative interest rates, in an environment which did not bring about credit portfolio impairment.

Arrears during the Covid crisis did not perform as they typically do in a recessionary cycle, thanks, among other things, to the swift and decisive response of economic policy. The aggregate NPL ratio in the Eurozone fell during the first nine months of 2022 to 1.8%, while in Spain it dropped to 2.7%. The inflow of loans under special monitoring (stage 2) was moderate during the year. In spite of resilient asset quality, the exposures to certain businesses in the sectors hardest hit by the spike in energy prices recorded a degree of impairment. In terms of provisions, the authorities continued to advise caution in the face of the rebound of inflation and the expected deterioration of economic activity. They also stressed that the behaviour of arrears during Covid-19 should not be seen as a reference and that, in the current environment, in particular bearing in mind the interest rate hikes, there was a risk that arrears might rebound in the future.

With regard to the Spanish banking industry, the Bank of Spain (BoS) signalled that banks are facing the current environment (of economic slowdown, high inflation and extraordinary uncertainty) with solvency levels greater than those they had prior to the pandemic, in addition to lower NPL ratios. It also highlighted the fact that profitability was back to pre-pandemic levels (ROE was 10.5% up to September 2022) and that cost of capital was above average (7%). Furthermore, institutions' level of capital exceeded the level observed prior to the pandemic. However, the current environment increases the risks of credit impairment and of further tightening of financing conditions. The Bank of Spain warned that a greater portion of the benchmark rate hikes would likely be passed through to the cost of deposits, and that the payment capacity of households and firms would be affected by increased borrowing costs and the slowdown of their income, which could push up banking costs in terms of impairment allowances. It therefore recommended adopting a prudent policy for provisioning and capital planning to enable the increase in profits that is taking place at present to be used to build up the resilience of the industry so that it may be better equipped to deal with any losses that occur in the medium term as a result of the negative development of economic growth.

Financial stability and macroprudential policy

Throughout 2022, financial authorities declared that the risks to global financial stability had been increasing due to the high geopolitical risk, generating considerable uncertainty, in addition to the risks of higher inflation and the risk of an economic recession. They also showed concern over higher interest rates, which contributed to a substantial toughening of financial conditions and which could impact on the private sector's ability to service its debt. Furthermore, falling asset prices and volatile markets, together with future shocks, all have the potential to amplify the vulnerabilities associated with asset valuation, borrowing by households and firms, leverage in the financial sector and funding risks.

The financial authorities stated that risks to financial stability were heightened by the geopolitical and economic context.

The considerable growth of the non-bank financial sector (NBFS) in recent years and the absence of a complete regulatory framework continued to open the door for the accumulation of vulnerabilities in this sector. These structural vulnerabilities and the interconnections between the NBFS and the banking industry pose a risk to financial stability. Various episodes throughout the year revealed the sensitivity of the NBFS to shocks (e.g. pension funds in the United Kingdom). Throughout 2022, the authorities showed particular concern over certain open-ended investment funds, which had accumulated risk exposures in recent years and whose liquidity positions were very tight. Even though investment funds in Spain had more comfortable liquidity positions, the authorities believed that Spanish investment funds and Spanish banks could both be affected by the exposures and corrections in these segments where the risks had accumulated. The progress made both on a global scale and in Europe with the development of a regulatory and macroprudential framework for this sector was scant in 2022.

In Europe, the authorities continued to express their concerns over the impact that a sluggish mortgage market was having on the financial stability of certain countries, although towards the end of the year they believed that there were signs that the trend was starting to change in this sector. In the residential segment, this concern centred around countries with pre-pandemic vulnerabilities in that sector (e.g. Germany), while in the commercial segment the focus was placed on the lack of recovery of lower quality assets. Against this backdrop, the ECB recommended that national authorities adopt macroprudential policies in the real estate sector.

Covid-19 presented a challenge for macroprudential policy, which also complemented fiscal and monetary policies. The review of the framework on a European scale, which may well be completed in 2023, could result in a recalibration of capital buffers. At the same time, several countries have started to rebuild their released capital buffers, to ensure they have room for manoeuvre should downside risks materialise and in the event the economies require support from the financial sector. The United Kingdom, France and Germany announced that they were increasing their countercyclical capital buffer (CCyB) by between 0.5% and 1%. In Spain, the CCyB was kept at 0%, as the BoS believed that the imbalances were contained and the activation of the CCyB could become pro-cyclical and slow lending.

Banking Union and Capital Markets Union

The progress made in the area of European integration was limited in 2022, in a context of war in Ukraine and amid a spike in energy prices and inflation. Efforts were put towards taking measures to mitigate the impacts of the current environment.

The Eurogroup meeting of June 2022 culminated in an agreement to work on completing the Banking Union. It was agreed that an immediate step would be to strengthen the common framework for bank crisis management and national deposit guarantee schemes (CMDI framework). Subsequently, action would be taken to review the state of the Banking Union and identify in a consensual manner possible further measures with regard to the other elements of the Banking Union. The European Deposit Insurance Scheme (EDIS) has been shelved for now. The Eurogroup also reiterated its commitment to making progress on the Capital Markets Union.

Despite the temporary standstill in European banking integration, financial authorities in the region stated that they believed that further progress should be made on European financial integration and they highlighted the positive effects of cross-border mergers.

Challenges for the banking industry

Sustainability was a prominent feature of supervisory agendas in 2022. The results of the ECB climate stress test showed that the majority of banks still had no climate risk stress testing framework in place and there were many that had not yet included climate risk in their credit models and still more that did not consider climate risk as a variable when granting loans. They also called attention to the high level of dependence that banks have on the income from greenhouse gas-intensive firms, the heterogeneous impact of physical risk across banks in the Eurozone and the lack of robust strategies to deal with transition risks. The results had no direct impact on capital requirements. In a separate exercise, the ECB also reviewed banks' level of compliance with supervisory expectations. The results showed that banks still did not adequately manage climate and environmental risks in the manner required by the ECB. The ECB consequently set staggered deadlines for banks to progressively meet the expectations set out in its Guide by the end of 2024. In the United States, the Fed announced that it would

be carrying out a pilot climate scenario analysis exercise involving large banks in 2023. The data regarding climate risks continued to be one of the key challenges of 2022 and, although progress was made with regard the disclosure of information, there was still plenty of room to improve transparency.

Some progress was made on the regulatory agenda on climate risks, but more intensive action will be taken in 2023, when the European Banking Authority is due to publish its final report on the role played by climate risks in the prudential framework, and the first drafts of European and global standards for sustainability disclosures will be released.

Digitisation processes continued at an increasingly fast pace, giving rise to several focus areas. On one hand, in spite of the entry of Bigtech in the financial services sector and despite the banking industry's reiterated calls for regulations that adhere to the principle of "same activity, same risk, same regulation", the progress made in this regard was very limited. Another topic that caused considerable concern was the proliferation of cyberattacks, which were becoming more frequent and more severe.

On the regulatory topic of digitalisation, significant progress was made, with the release of the European regulation on markets in cryptoassets (MiCA), the final approval of which is expected imminently, as well as the Basel Committee's prudential treatment of cryptoasset exposures by banks, which will be favourable only for tokenised traditional assets and for suitably backed and regulated stablecoins. In any event, the regulatory developments in this regard continue to be scant and more effort is urgently needed to regulate these exposures on a global scale.

Regarding the digital currencies of central banks, projects were gradually implemented, especially in China and the Eurozone, while implementation was still in its early stages in the United States. In particular, the ECB publicly disclosed some of the features being considered for the design of the digital euro, such as a cap or ceiling on individual holdings and the need to make it attractive enough that economic operators will adopt it, but at the same time ensuring it does not threaten the viability of other private innovations. Significant progress was also made with research projects on the possibilities of interoperability between the digital currencies of the different central banks, in large part led by the Bank for International Settlements (BIS).

Outlook for 2023

Increased concern over economic growth should be expected in 2023. Once the impact of recent events (energy crisis and rate hikes) starts to gradually materialise, economic stagnation is expected to return and economic figures in certain countries may even be negative for several quarters. The Eurozone and the United States may experience a mild economic recession. Conversely, the economic reopening of China will serve to support global activity. The landscape will be particularly complex for emerging countries due, among other factors, to high interest rates.

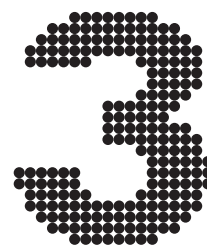
Inflation could remain at high levels for much of 2023 due to the energy crisis in Europe and specific domestic factors in the United Kingdom and the United States, such as the situation with regard to labour markets and salaries. Inflation expectations will remain firmly anchored thanks to the response of central banks.

In terms of economic policy, central banks will likely maintain an orthodox stance and, given the high level of inflation, they will probably set and keep interest rates at levels above monetary neutrality and move ahead with their balance sheet reduction policies.

With regard to financial markets, financial conditions are expected to remain tight based on what was observed in 2022. In any event, long-term government bond yields are expected to be more stable, although they will also be affected by the increased scrutiny of economic growth. Peripheral countries' risk premiums could remain at relatively contained levels.

Spain would be in a more safeguarded position than the rest of Europe in this environment and its experience could therefore be relatively more favourable. The three main pillars of growth would be the robust balance sheets of economic agents (households and companies), the return to a normal growth momentum of the sectors hardest hit by the pandemic (such as tourism) and the use of the Next Generation European funds. The government measures introduced to counteract the energy price increase could also support economic activity.

Within the financial environment, further progress is expected on the global regulatory framework for activities linked to cryptoassets.



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Key figures in 2022

The Group's main figures, which include financial and non-financial indicators that are key to determine the direction in which the Group is moving, are set out here below:

	2022	2021	Year-on-year change (%)
Income statement (million euro)	(A)		
Net interest income	3,799	3,425	10.9
Gross income	5,180	5,026	3.1
Pre-provisions income	2,298	1,719	33.7
Profit attributable to the Group	859	530	61.9
Balance sheet (million euro)	(B)		
Total assets	251,380	251,947	(0.2)
Gross performing loans to customers	156,130	154,912	0.8
Gross loans to customers	161,750	160,668	0.7
On-balance sheet customer funds	164,140	162,020	1.3
Off-balance sheet customer funds	38,492	41,678	(7.6)
Total customer funds	202,632	203,698	(0.5)
Funds under management and third-party funds	225,146	224,968	0.1
Equity	13,224	12,996	1.8
Shareholders' equity	13,841	13,357	3.6
Ratios (%)	(C)		
ROA	0.34	0.22	
RORWA	1.08	0.66	
ROE	6.31	4.05	
ROTE	7.76	5.05	
Cost-to-income	45.12	55.33	
Risk management	(D)		
Stage 3 exposures (million euro)	5,814	6,203	
Total NPAs exposures (million euro)	6,971	7,565	
NPL ratio (%)	3.41	3.65	
NPL (Stage 3) coverage ratio, with total provisions	55.0	56.3	
NPA coverage ratio (%)	52.3	53.1	
Capital management	(E)		
Risk-weighted assets (RWA) (million euro)	79,554	80,646	
Common Equity Tier 1 phase-in (%)	(1)	12.50	
Tier 1 (phase-in) (%)	(2)	15.47	
Total capital ratio (phase-in) (%)	(3)	17.98	
Leverage ratio (phase-in) (%)	4.62	5.90	
Liquidity management	(F)		
Loan-to-deposit ratio (%)	95.6	96.3	
Shareholders and shares (as of reporting date)	(G)		
Number of shareholders	218,610	228,432	
Total number of shares (million)	5,627	5,627	
Share price (euro)	0.881	0.592	
Market capitalisation (million euro)	4,927	3,306	
Earnings (or loss) per share (EPS) (euros)	0.13	0.08	
Book value per share (euro)	2.47	2.39	
P/TBV (price/tangible book value per share)	0.43	0.31	
Price/earnings ratio (P/E)	6.58	7.69	
Other information			
Branches	1,461	1,593	
Employees	18,895	20,070	

(A) This section sets out the margins of the income statement that are thought to be the most significant over the last two years.

(B) These key figures are presented in order to provide a synthesised overview of the year-on-year changes in the main items of the Group's consolidated balance sheet, focusing particularly on items related to lending and customer funds.

(C) These ratios have been provided to give a meaningful picture of profitability and efficiency over the past two years.

(D) This section shows the key balances related to risk management in the Group, as well as the most significant ratios related to risk.

(E) These ratios have been provided to give a meaningful picture of solvency over the past two years.

(F) The aim of this section is to give a meaningful insight into liquidity over the past two years.

(G) The purpose is to present information regarding the share price and other indicators and ratios related to the stock market.

(1) Common equity capital / risk-weighted assets (RWAs).

(2) Tier one capital / risk-weighted assets (RWAs).

(3) Capital base / risk-weighted assets (RWAs).

Profit/(loss) for the year

Banco Sabadell Group ended 2022 with net attributable profit of 859 million euros, representing a year-on-year increase of 61.9%.

Million euro

	2022	2021	Year-on-year change (%)
Interest income	4,989	4,148	20.3
Interest expenses	(1,190)	(722)	64.8
Net interest income	3,799	3,425	10.9
Fees and commissions (net)	1,490	1,468	1.5
Core revenue	5,289	4,893	8.1
Gains or (-) losses on financial assets and liabilities and exchange differences	104	344	(69.9)
Equity-accounted income and dividends	125	102	22.9
Other operating income and expenses	(337)	(313)	7.9
Gross income	5,180	5,026	3.1
Operating expenses	(2,337)	(2,781)	(15.9)
Staff expenses	(1,392)	(1,777)	(21.7)
Other general administrative expenses	(946)	(1,004)	(5.8)
Depreciation and amortisation	(545)	(527)	3.5
Total costs	(2,883)	(3,307)	(12.8)
Memorandum item:			
Recurrent costs	(2,883)	(2,988)	(3.5)
Non-recurrent costs	—	(320)	(100.0)
Pre-provisions income	2,298	1,719	33.7
Provisions for loan losses	(825)	(950)	(13.2)
Provisions for other financial assets	(111)	(97)	15.0
Other provisions and impairments	(96)	(178)	(46.1)
Capital gains on asset sales and other revenue	(23)	126	—
Profit/(loss) before tax	1,243	620	100.4
Corporation tax	(373)	(81)	359.2
Profit or loss attributed to minority interests	11	8	26.9
Profit attributable to the Group	859	530	61.9
Memorandum item:			
Average total assets	257,692	245,313	5.0
Earnings per share (euros)	0.13	0.08	

The average exchange rate used for TSB's income statement is 0.8532 (0.8594 in 2021).

Income statement

Net interest income

Net interest income in 2022 amounted to 3,799 million euros, representing year-on-year growth of 10.9%, due to a higher-yielding loan book, improved fixed-income revenue, as well as strong growth of volumes, where it is particularly worth mentioning the growth of mortgages

at TSB; all these facts served to offset the higher cost of capital markets.

Consequently, the net interest margin as a percentage of average total assets stood at 1.47% in 2022 (1.40% in 2021).

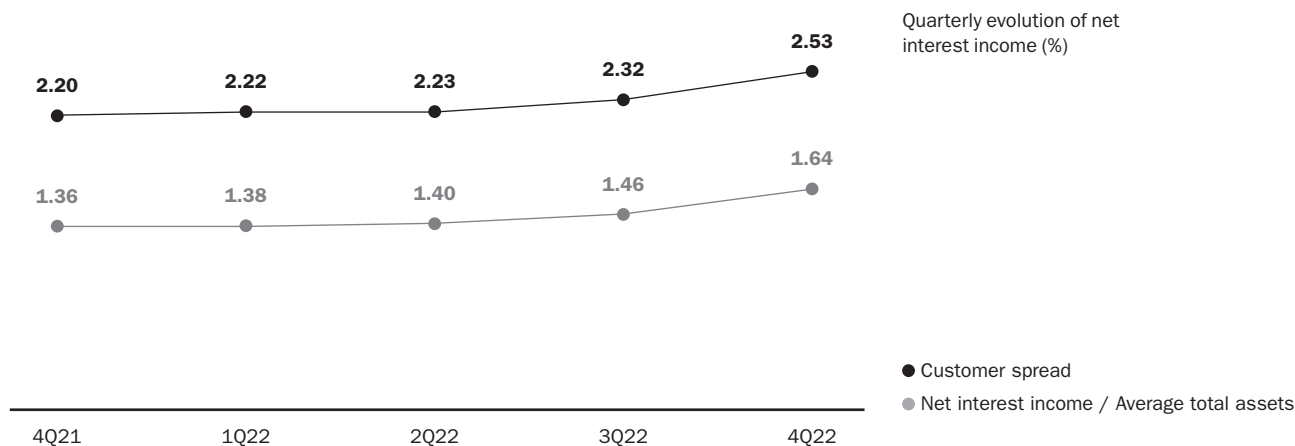
The breakdown of net interest income for the years 2022 and 2021, as well as the different components of total investment and funds, was as follows:

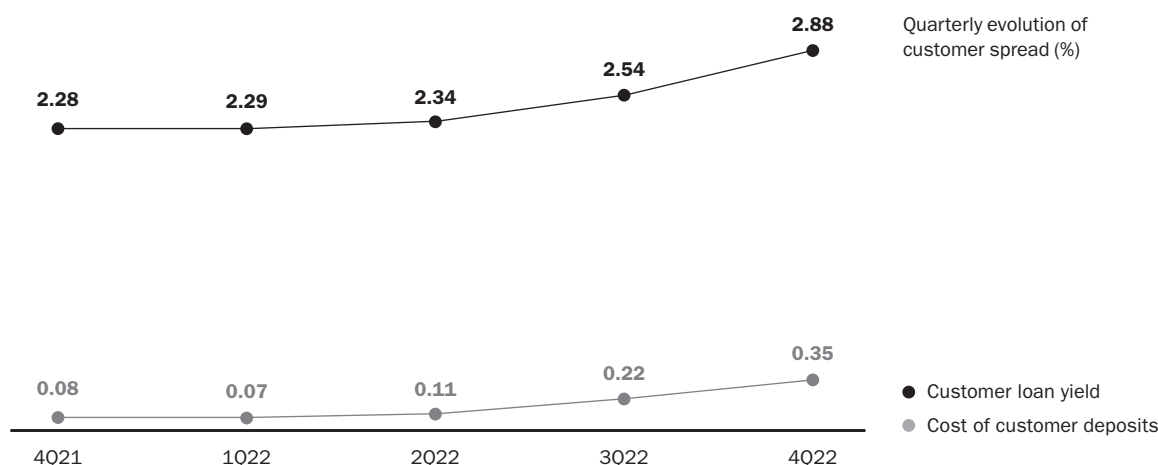
Average total assets

Thousand euro

	2022			2021			Change		Effect		
	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Average balance	Profit/(loss)	Rate %	Volume	Days
Cash, central banks and credit institutions	53,538,412	208,485	0.39	48,693,390	(124,460)	(0.26)	4,845,022	332,945	333,136	(191)	—
Loans and advances to customers	157,870,419	3,965,858	2.51	152,176,194	3,513,182	2.31	5,694,225	452,676	294,806	157,870	—
Fixed-income portfolio	26,229,512	289,924	1.11	24,991,737	154,224	0.62	1,237,775	135,700	122,946	12,754	—
Subtotal	237,638,343	4,464,267	1.88	225,861,321	3,542,946	1.57	11,777,022	921,321	750,888	170,433	—
Equity portfolio	903,212	—	—	1,044,020	—	—	(140,808)	—	—	—	—
Property, plant and equipment and intangible assets	4,820,868	—	—	5,178,470	—	—	(357,602)	—	—	—	—
Other assets	14,329,341	180,022	1.26	13,229,640	39,565	0.30	1,099,701	140,457	—	140,457	—
Total capital employed	257,691,764	4,644,289	1.80	245,313,451	3,582,511	1.46	12,378,313	1,061,778	750,888	310,890	—
Central banks and credit institutions	48,310,994	8,713	0.02	46,243,711	328,381	0.71	2,067,283	(319,668)	(334,115)	14,447	—
Customer deposits	162,393,140	(309,002)	(0.19)	154,609,681	(135,354)	(0.09)	7,783,459	(173,648)	(139,206)	(34,442)	—
Capital markets	22,304,397	(316,115)	(1.42)	22,776,801	(265,876)	(1.17)	(472,404)	(50,239)	(46,445)	(3,794)	—
Subtotal	233,008,531	(616,404)	(0.26)	223,630,193	(72,849)	(0.03)	9,378,338	(543,555)	(519,766)	(23,789)	—
Other liabilities	11,491,130	(229,160)	(1.99)	8,953,529	(84,206)	(0.94)	2,537,601	(144,954)	—	(144,954)	—
Own funds	13,192,103	—	—	12,729,729	—	—	462,374	—	—	—	—
Total funds	257,691,764	(845,564)	(0.33)	245,313,451	(157,055)	(0.06)	12,378,313	(688,509)	(519,766)	(168,743)	—
Average total assets	257,691,764	3,798,725	1.47	245,313,451	3,425,456	1.40	12,378,313	373,269	231,122	142,147	—

Financial revenues or costs deriving from the application of negative interest rates are recognised as a function of the nature of the related asset or liability. The credit institutions line under liabilities refers to negative interest on the balance of liabilities with credit institutions, the most significant item being TLTRO III revenues.





It is worth noting the good performance of core results (net interest income + fees and commissions – recurrent costs) in the year, which grew by 26.3%.

Gross income

Net fees and commissions amounted to 1,490 million euros as at the end of 2022, representing year-on-year growth of 1.5%, driven by service fees, where it is particularly worth mentioning the higher levels of card transactions and of banknote and foreign currency exchange, and also driven by fees related to risk transactions.

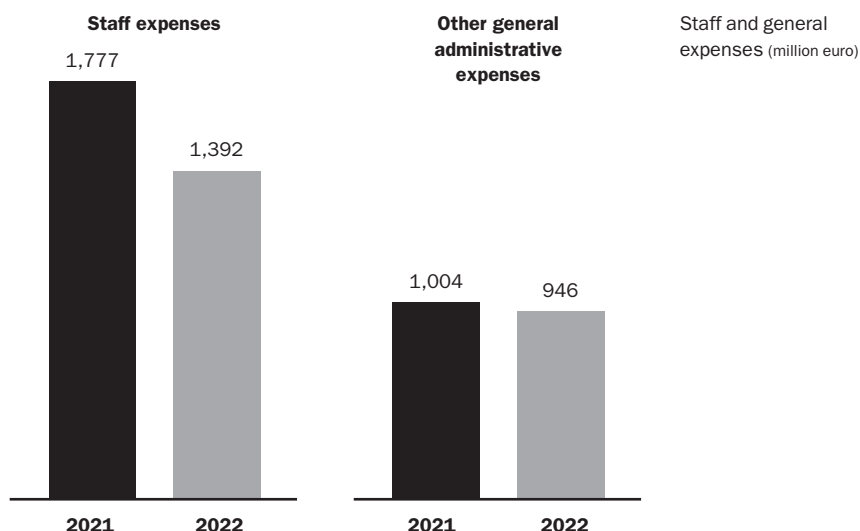
Gains/(losses) on financial assets and liabilities and exchange differences amounted to 104 million euros, while at the end of 2021 this item amounted to 344 million euros, as it mainly included 324 million euros of gains on sales from the amortised cost portfolio conducted to fund the second phase of the efficiency plan executed in Spain.

Dividends received and earnings of companies consolidated under the equity method together amounted to 125 million euros, compared with 102 million euros in 2021, after recognising generally higher earnings from the insurance business.

Other operating income and expenses amounted to 337 million euros, compared with 313 million euros in 2021. Particularly worthy of note in this heading are the contributions to deposit guarantee schemes, amounting to 129 million euros throughout the year (in line with the previous year), with Banco Sabadell's individual contribution amounting to 114 million euros, the contribution to the Single Resolution Fund of 100 million euros (88 million euros in the previous year) and the payment corresponding to the tax on deposits of credit institutions (*Impuesto sobre Depósitos de las Entidades de Crédito*, IDEC) of 35 million euros (33 million euros in the previous year). In addition, during this financial year it is worth noting the negative impact of 57 million euros stemming from the fine received by TSB for the migration of its IT platform, which was partially offset with 45 million euros (gross) of insurance claims.

Pre-provisions income

Total costs followed a positive trend, amounting to 2,883 million euros as at the end of 2022, representing a 12.8% reduction from the figure as at the end of 2021, which included 320 million euros of non-recurrent costs arising from the efficiency plans carried out in Spain and the United Kingdom. Not including this impact, recurrent costs fell by 3.5% year-on-year, driven by savings on staff expenses delivered by the efficiency plans and also by a reduction of general expenses.



The cost-to-income ratio stood at 45.1% in 2022, compared to 55.3% in 2021.

As at the end of 2022, core results (net interest income + fees and commissions – recurrent costs) amounted to 2,406 million euros, increasing by 26.3% year-on-year as a result of the steady growth of net interest income and fees and commissions, as well as the recorded reduction of costs.

Total provisions and impairments amounted to 1,032 million euros as at the end of 2022, compared to 1,225 million euros at the end of the previous year, representing a year-on-year reduction of 15.7% thanks to fewer credit provisions and the reduction of real estate provisions.

Gains on asset sales and other revenue amounted to -23 million euros as at the end of 2022. The change from the end of the previous year is due to the fact that the previous year mainly included 83 million euros (gross) from the sale of the depository business and 42 million euros (gross) from the sale of the BanSabadell Renting business.

Profit attributable to the Group

After deducting corporation tax and minority interests, net profit attributable to the Group amounted to 859 million euros as at the end of 2022, representing a year-on-year increase of 61.9% that is mainly the result of improved core revenue, cost savings and the booking of fewer provisions.

Balance sheet

Lending was strong in the year,
with particularly good growth in Spain.

Million euro

Balance sheet

	2022	2021	Year-on-year change (%)
Cash, cash balances at central banks and other demand deposits	41,260	49,213	(16.2)
Financial assets held for trading	4,017	1,972	103.8
Non-trading financial assets mandatorily at fair value through profit or loss	77	80	(2.7)
Financial assets designated at fair value through profit or loss	—	—	—
Financial assets at fair value through other comprehensive income	5,802	6,870	(15.5)
Financial assets at amortised cost	185,045	178,869	3.5
Debt securities	21,453	15,190	41.2
Loans and advances	163,593	163,679	(0.1)
Investments in joint ventures and associates	515	639	(19.3)
Tangible assets	2,582	2,777	(7.0)
Intangible assets	2,484	2,581	(3.8)
Other assets	9,596	8,946	7.3
Total assets	251,380	251,947	(0.2)
Financial liabilities held for trading	3,598	1,380	160.8
Financial liabilities designated at fair value through profit or loss	—	—	—
Financial liabilities measured at amortised cost	232,530	235,179	(1.1)
Deposits	203,294	209,307	(2.9)
Central banks	27,844	38,250	(27.2)
Credit institutions	11,373	8,817	29.0
Customers	164,076	162,239	1.1
Debt securities issued	22,578	21,051	7.3
Other financial liabilities	6,659	4,822	38.1
Provisions	645	886	(27.3)
Other liabilities	1,382	1,505	(8.2)
Total liabilities	238,155	238,950	(0.3)
Shareholders' equity	13,841	13,357	3.6
Accumulated other comprehensive income	(651)	(386)	68.7
Non-controlling interests	34	25	37.5
Equity	13,224	12,996	1.8
Total equity and total liabilities	251,380	251,947	(0.2)
Loan commitments given	27,461	28,403	(3.3)
Financial guarantees given	2,087	2,034	2.6
Other commitments given	9,674	7,385	31.0
Total memorandum accounts	39,222	37,822	3.7

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022.

Term deposits increased and, combined with growth of demand deposits, drove year-on-year growth of on-balance sheet customer funds.

Gross performing loans to customers ended the year 2022 with a balance of 156,130 million euros, representing an increase of 0.8% year-on-year. At constant exchange rates, this increase was 2.0%. Home equity loans formed the largest single component of gross loans and receivables, amounting to 89,340 million euros as at 31 December 2022 and representing 57% of total gross performing loans to customers.

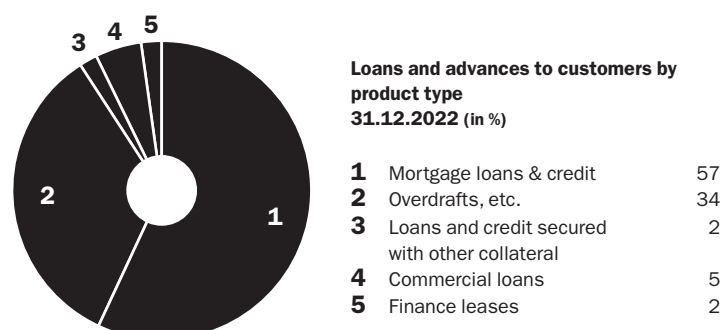
Million euro

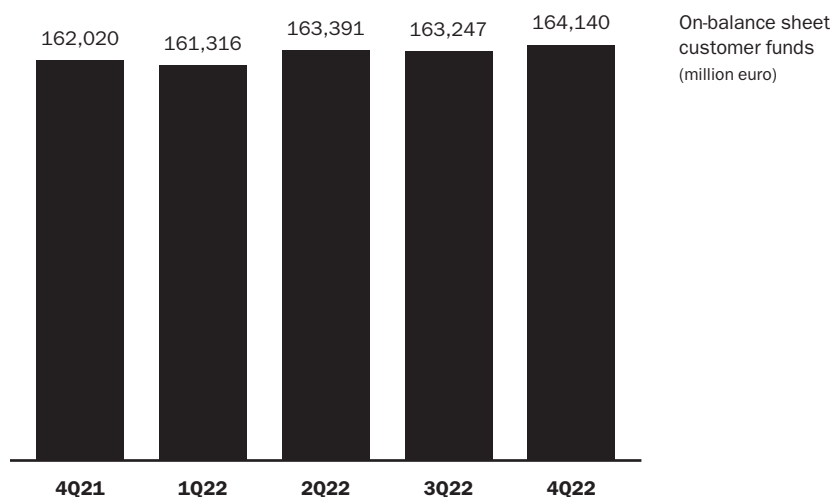
	2022	2021	Year-on-year change (%)
Mortgage loans & credit	89,340	90,718	(1.5)
Loans and credit secured with other collateral	3,412	3,596	(5.1)
Commercial loans	7,489	6,050	23.8
Finance leases	2,227	2,106	5.7
Overdrafts, etc.	53,663	52,443	2.3
Gross performing loans to customers	156,130	154,912	0.8
Assets classified as stage 3 (customers)	5,461	5,698	(4.2)
Accruals	159	58	173.2
Gross loans to customers, excluding repos	161,750	160,668	0.7
Repos	—	—	—
Gross loans to customers	161,750	160,668	0.7
NPL and country-risk provisions	(3,020)	(3,302)	(8.5)
Loans and advances to customers	158,730	157,366	0.9

Loans and receivables

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022.

The composition of loans and advances to customers by type of product is shown in the following chart (not including stage 3 assets or accrual adjustments):



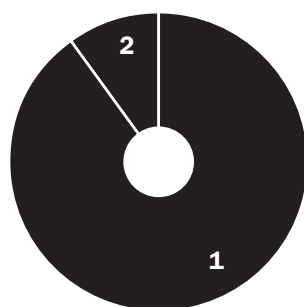


As at the end of 2022, on-balance sheet customer funds amounted to 164,140 million euros, compared to 162,020 million euros as at the end of 2021, increasing by 1.3% due to both the positive evolution of term deposits and the growth of sight deposit accounts.

Sight deposit balances amounted to 147,540 million euros, increasing by 0.2% year-on-year.

Term deposits came to a total of 16,141 million euros, growing by 9.0% compared to the end of 2021.

The breakdown of customer deposits as at 2022 year-end is shown below:



Customer deposits (in %)

- | | | |
|----------|-------------------------------|------|
| 1 | Sight deposit accounts | 90.1 |
| 2 | Deposits with agreed maturity | 9.9 |

Total off-balance sheet customer funds amounted to 38,492 million euros as at the end of 2022, falling by -7.6% year on-year, impacted by financial market volatility, particularly in mutual funds.

Total funds under management as at 31 December 2022 amounted to 225,146 million euros, compared to 224,968 million euros as at 31 December 2021, representing a year-on-year increase of 0.1%, as the growth of on-balance sheet customer funds was counteracted by the aforesaid reduction of off-balance sheet funds.

	2022	2021	Year-on-year change (%)
On-balance sheet customer funds (*)	164,140	162,020	1.3
Customer deposits	164,076	162,239	1.1
Current and savings accounts	147,540	147,268	0.2
Deposits with agreed maturity	16,141	14,813	9.0
Repos	405	60	—
Accrual adjustments and hedging derivatives	(9)	98	—
Bonds and other marketable securities	19,100	16,822	13.5
Subordinated liabilities (**)	3,478	4,229	(17.8)
On-balance sheet funds	186,654	183,290	1.8
Mutual funds	22,581	24,593	(8.2)
Managed funds	—	—	—
Investment companies	703	1,365	(48.5)
UCITS sold but not managed	21,878	23,228	(5.8)
Asset management	3,532	3,795	(6.9)
Pension funds	3,182	3,525	(9.7)
Personal schemes	2,065	2,300	(10.2)
Workplace schemes	1,112	1,219	(8.8)
Collective schemes	5	6	(10.6)
Insurance products sold	9,197	9,765	(5.8)
Off-balance sheet customer funds	38,492	41,678	(7.6)
Funds under management and third-party funds	225,146	224,968	0.1

(*) Includes customer deposits (excl. repos) and other liabilities placed via the branch network: non-convertible bonds issued by Banco Sabadell, commercial paper and others.

(**) Refers to outstanding subordinated debt securities.

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022.

Customer funds

Non-performing assets have decreased over the year 2022. The quarterly performance of these assets in 2022 and 2021 is shown below:

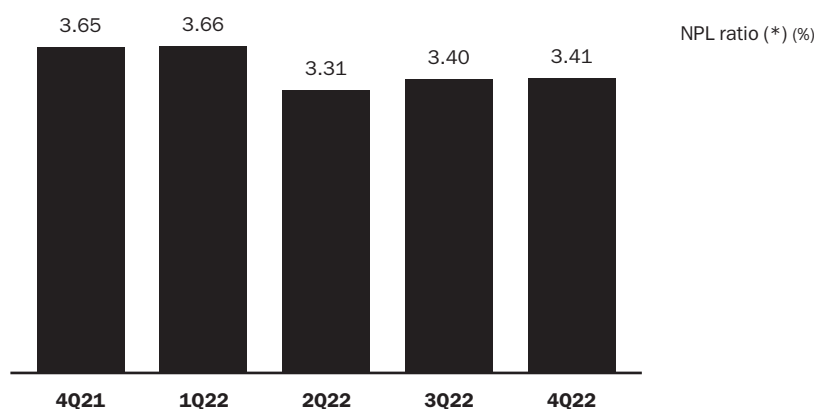
Million euro

	2022				2021			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net ordinary increase in balance of stage 3 assets	153	(421)	208	68	415	1	139	287
Change in real estate assets	(63)	(22)	(68)	(53)	6	(9)	3	(11)
Ordinary net increase in NPAs + real estate	89	(443)	140	15	420	(8)	142	276
Write-offs	146	74	92	83	95	133	129	89
Ordinary quarter-on-quarter change in balance of stage 3 assets and real estate	(56)	(517)	48	(68)	325	(142)	13	187

Evolution of NPAs

As a result of the reduction of exposures classified as stage 3, the NPL ratio reached 3.41% as at 2022 year-end, compared to 3.65% as at 2021 year-end (decrease of 25 basis points). The coverage ratio of exposures classified as stage 3 with total provisions as at 31 December 2022 was 55.0% compared to 56.3% one year earlier, while the coverage ratio of foreclosed real estate assets stood at 38.3% as at 31 December 2022, compared to 38.2% at the end of the previous year.

As at 31 December 2022, the balance of exposures classified as stage 3 in Banco Sabadell Group amounted to 5,814 million euros (including contingent exposures) and declined by 389 million euros in 2022.



(*) Calculated including contingent exposures.

The trend followed by the Group's coverage ratios is shown in the table below:

Million euro

	2021				2022			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Exposures classified as stage 3	6,127	5,995	6,004	6,203	6,210	5,714	5,830	5,814
Total provisions	3,453	3,378	3,477	3,495	3,456	3,159	3,214	3,200
NPL (Stage 3) coverage ratio, with total provisions	56.4	56.3	57.9	56.3	55.7	55.3	55.1	55.0
Stage 3 provisions	2,335	2,374	2,513	2,553	2,560	2,263	2,273	2,292
NPL coverage ratio of stage 3 (%)	38.1	39.6	41.9	41.2	41.2	39.6	39.0	39.4
Non-performing real estate assets	1,379	1,370	1,373	1,362	1,299	1,277	1,209	1,157
Provisions for non-performing real estate assets	510	511	508	520	494	499	470	443
Non-performing real estate coverage ratio (%)	37.0	37.3	37.0	38.2	38.0	39.1	38.9	38.3
Total non-performing assets	7,507	7,365	7,377	7,565	7,508	6,991	7,039	6,971
Provisions of non-performing assets	3,963	3,889	3,985	4,014	3,950	3,658	3,684	3,644
NPA coverage ratio (%)	52.8	52.8	54.0	53.1	52.6	52.3	52.3	52.3

Includes contingent exposures.

Evolution of the group's coverage ratios

The Group's liquidity is sound, with a balanced funding structure.

In 2022, the funding gap widened, driven mainly by a greater increase in customer funds than in lending. Funding in capital markets increased, with senior non-preferred debt being the item with the greatest net increase, in order to keep an adequate level of own funds and eligible liabilities above the applicable regulatory requirement or MREL (Minimum Requirement for own funds and Eligible Liabilities). The Group's loan-to-deposit (LTD) ratio as at 31 December 2022 was 95.6%.

The Institution has made use of the various issuance windows to access capital markets at different times of the year, in a market environment characterised by the war in Ukraine and monetary policy tightening, with widespread credit spread widening across all instruments. Maturities and early repayments in capital markets over the year amounted to 3,097 million euros. On the other hand, Banco Sabadell executed five issues under the prevailing Fixed Income Programme amounting to a total of 1,638 million euros, specifically the following: one issue of straight non-preferred green bonds on 30 March 2022 for a total amount of 120 million euros and a 15-year tenor, one issue of mortgage covered bonds on 30 May 2022 for an amount of 1 billion euros and a 7-year tenor, one issue of straight non-preferred bonds on 3 June 2022 for an amount of 8.9 million euros and a 5-year tenor, one issue of straight non-preferred bonds on 1 August 2022 for an amount of 9.2 million euros and a 5-year tenor, and one issue of mortgage covered bonds on 21 December 2022 for an amount of 500 million euros and an 8-year tenor. Similarly, under the EMTN Programme, Banco Sabadell executed four issues amounting to a total of 2,075 million euros, specifically the following: one green senior non-preferred debt issue on 24 March 2022 for an amount of 750 million euros and a 4-year tenor with an option for Banco Sabadell to call early in the third year, one senior non-preferred debt issue on 8 September 2022 for an amount of 500 million euros and a 4-year tenor with an option for Banco Sabadell to call early in the third year, one green senior preferred debt issue on 10 November 2022 with a 6-year tenor and an option for Banco Sabadell to call early in the fifth year for an amount of 750 million euros, and one green senior non-preferred debt issue on 23 November 2022 for an amount of 75 million euros and a 10-year tenor with an option for Banco Sabadell to call early in the ninth year.

With regard to securitisations, Banco Sabadell redeemed the funds IM Sabadell PYME 11, FT and Caixa Penedés 2 TDA, FTA early in June and October, respectively, at the decision of Banco Sabadell as sole bondholder. The multiseller fund TDA 23, FTA was also redeemed early in September, having reached the clean-up call date. New securitisations were also issued during the year. On 13 July 2022, Banco Sabadell sold all of the collateralised tranches of the securitisation fund Sabadell Consumo 2, FT to the market, retaining the uncollateralised tranche, which funded the reserve fund and initial expenses. This is Banco Sabadell's second consumer loan securitisation and it amounted to 750 million euros. On 18 August 2022, TSB issued the fund RMBS Duncan Funding 2022-1 PLC, for 1,333 million pounds sterling. The securities were retained in their entirety and the senior tranche (1.2 billion pounds) is expected to be eligible for liquidity operations with the Bank of England.

The Institution has maintained a liquidity buffer in the form of liquid assets to meet potential liquidity needs.

In terms of the LCR, since 1 January 2018, the regulatory minimum requirement has been 100%, a level amply surpassed by all of the Institution's LMUs, with the ratio of the TSB LMU and Banco Sabadell Spain standing at 196% and 270%, respectively, in December 2022. At the Group level, the Institution's LCR remained well above 100% on a stable basis at all times throughout the year, ending 2022 at 234%. As for the Net Stable Funding Ratio (NSFR), which came into force on 28 June 2021, the Institution has remained steadily above the minimum requirement of 100% in all LMUs. As at 31 December 2022, the NSFR was 151% for the TSB LMU, 132% for Banco Sabadell Spain and 138% for the Group.

The key figures and basic liquidity ratios reached at the end of 2022 and 2021 are shown here below:

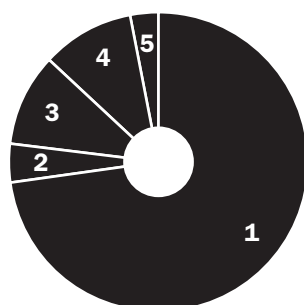
Million euro

	2022	2021
Gross loans to customers, excluding repos	161,750	160,668
Impairment allowances	(3,020)	(3,302)
Brokered loans	(1,806)	(1,290)
Net loans and advances excluding ATAs, adjusted for brokered loans	156,924	156,076
On-balance sheet customer funds	164,140	162,020
Loan-to-deposit ratio (%)	95.6	96.3

Liquidity ratios

The EUR/GBP exchange rate used for the balance sheet is 0.8869 as of 31 December 2022 and 0.8403 as of 31 December 2021.

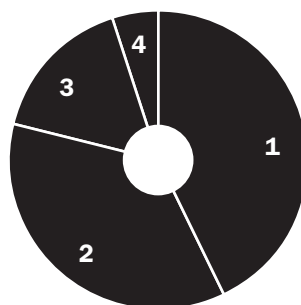
The main sources of funding as at the end of 2022, broken down by type of instrument and counterparty, are shown below (in %):



Funding structure (in %) (*)

1	Deposits	73
2	Repos	4
4	Wholesale market	10
5	ECB	10
6	Bank of England	3

(*) Excluding adjustments for accrual and derivatives hedging.



Institutional issues (in %) (*)

1	Covered bond	43
2	Senior debt	36
3	Subordinate and AT1	16
4	Asset-backed securities	5

(*) Excluding adjustments for accrual and derivatives hedging.

For further details about the Group's liquidity management, liquidity strategy and liquidity performance during the year, see Note 4 to the 2022 consolidated annual financial statements.

Capital management

Key capital figures and solvency ratios

Thousand euro

	Fully-loaded		Phase-in	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Common Equity Tier 1 (CET1) capital	9.985.006	9.859.600	10.082.751	10.079.533
Tier 1 (T1) capital	11.635.006	12.259.600	11.732.751	12.479.533
Tier 1 (T2) capital	1.911.331	2.021.270	1.855.001	2.021.270
Total Tier (Tier 1 + Tier 2) capital	13.546.337	14.280.869	13.587.753	14.500.802
Risk weighted assets	79.568.639	80.689.118	79.553.809	80.645.593
CET1 (%)	12,55%	12,22%	12,67%	12,50%
Tier 1 (%)	14,62%	15,19%	14,75%	15,47%
Tier 2 (%)	2,40%	2,51%	2,33%	2,51%
Total capital ratio (%)	17,02%	17,70%	17,08%	17,98%
Leverage ratio	4,59%	5,80%	4,62%	5,90%

As of 31 December 2022, the main difference between the phase-in and fully-loaded ratios was due to transition to IFRS 9.

In 2018, after the entry into force of IFRS 9, the group chose to apply the transitional provisions established in Regulation (EU) 2017/2395.

During 2022, the Group decreased its capital base by 735 million euros in fully-loaded terms.

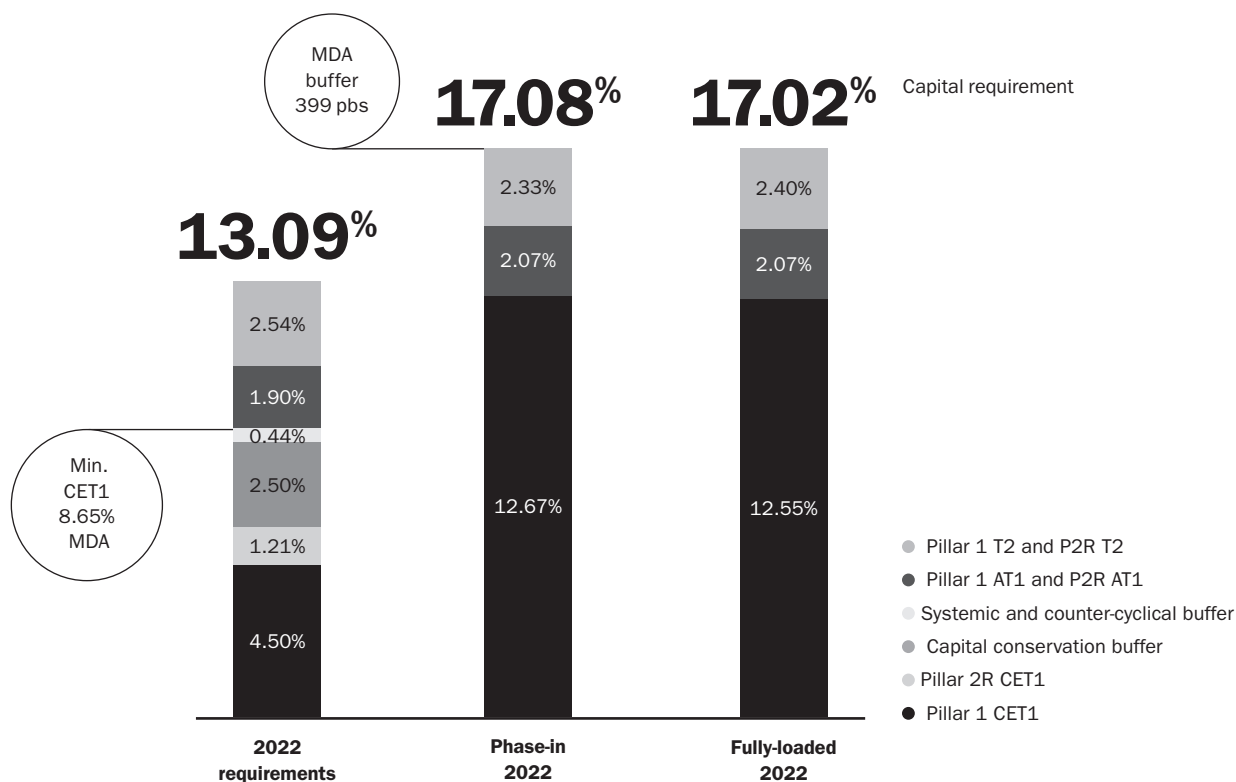
The voluntary early redemption of the full amount of preferred securities envisaged in the conditions of the AT1 Preferred Securities 1/2017 issue, whose value amounted to 750 million euros, took place in 2022.

In terms of risk-weighted assets, over the period two securitisations have been carried out: the traditional consumer loan securitisation Sabadell Consumo 2 executed on 8 July 2022 and the Boreas synthetic securitisation of project finance exposures executed on 28 September 2022. It is also worth calling attention to the improved ratings of businesses, as a result of the improved financial situation and the improvements of house prices in the United Kingdom, both of which had a positive impact on risk-weighted assets. During the period, new PD, LGD and CCF calibrations were implemented for the business-segments, the Foundation IRB approach began to be used for exposures to corporates and groups and the new rating models were implemented for project finance exposures. Furthermore, after receiving approval from the Supervisor, exposures to financial institutions, which in 2021 were calculated under the Foundation IRB approach, began to be calculated under the Standardised approach. Lastly, in 2022, impacts linked to the completion of the IRB Repair Programme and due to materialise in the short/medium term have been front-loaded.

As a result, the fully-loaded CET1 ratio stood at 12.55% as at year-end 2022.

As at 31 December 2022, the Group had a phase-in CET1 capital ratio of 12.67%, well above the requirement established in the Supervisory Review and Evaluation Process (SREP), which for 2022 was 8.65%, meaning that the aforesaid ratio is 402 basis points above the minimum requirement.

Capital and Solvency



Banco Sabadell received a communication from the Bank of Spain regarding the decision reached by the Single Resolution Board (SRB) concerning the minimum requirement for own funds and eligible liabilities (MREL) and the subordination requirement on a consolidated basis that it is required to meet.

The requirements that must be met from 1 January 2024 are as follows:

- The minimum MREL is 22.22% of the total risk exposure amount (TREA) and 6.36% of the leverage ratio exposure (LRE).
- The subordination requirement is 17.23% of the TREA and 6.36% of the LRE.

The decision sets out the following interim requirements that must be met from 1 January 2022:

- The MREL requirement is 21.05% of the TREA and 6.22% of the LRE.
- The subordination requirement is 14.45% of the TREA and 6.06% of the LRE.

The own funds used by the Institution to meet the combined buffer requirement (CBR), which comprises the capital conservation buffer, the systemic risk buffer and the countercyclical capital buffer, will not be eligible to meet the MREL and subordination requirements expressed in terms of the TREA.

Banco Sabadell is already compliant with the requirements that it needs to meet from 1 January 2024 onwards, which are consistent with the expectations of Banco Sabadell and in line with its funding plans.



67 Banking business Spain

85 Banking business United Kingdom

88 Banking business Mexico

The key financial figures associated with the Group's largest business units are shown hereafter, in accordance with the segment information described in Note 38 to the consolidated annual financial statements for the financial year 2022.

Banking business Spain

Key figures

Net profit as at the end of 2022 amounted to 740 million euros, representing sharp year-on-year growth, mainly as a result of the good performance of net interest income, the reduction of costs, and the booking of fewer provisions.

Net interest income amounted to 2,499 million euros as at 2022 year-end, growing by 8.6% year-on-year due to higher loan book yields, in turn supported by higher interest rates, the increased contribution of the ALCO portfolio and the good progression of volumes, which all served to offset higher costs in capital markets.

Net fees and commissions amounted to 1,344 million euros, 0.6% higher than at the end of 2021, due to the increase in service fees, on which topic it is particularly worth mentioning the increases in payment card usage and in the exchange of banknotes and foreign currency, and also due to the increased fees received on risk transactions.

Gains/(losses) on financial assets and liabilities and exchange differences amounted to 95 million euros, a reduction compared to the previous year, which included 323 million euros gained on sales from the ALCO portfolio (at amortised cost) executed to fund the second phase of the efficiency plan.

Equity-accounted results and dividends showed year-on-year growth of 22.5% due mainly to the increased contribution of the insurance business.

Other income and expenses were positively impacted by the insurance claim recoveries associated with TSB's IT migration.

Total costs fell by 17.1% year-on-year, as the previous year included 301 million euros of non-recurrent costs related to the efficiency plan carried out. Not including this impact, costs decreased by 4.5% due to both lower staff expenses as a result of the cost savings delivered by the efficiency plans, and due to the recognition of lower general expenses.

Provisions and impairments amounted to -920 million euros, down by 22.9% year-on-year, due to the booking of fewer provisions for both loan losses and real estate assets.

Gains on asset sales and other revenue showed a year-on-year reduction, as the previous year mainly included 83 million euros (gross) from the sale of the depository business and 42 million euros (gross) from the sale of the BanSabadell Renting business.

Million euro

	2022	2021	Year-on-year change (%)
Net interest income	2,499	2,302	8.6
Fees and commissions (net)	1,344	1,336	0.6
Core revenue	3,843	3,638	5.6
Gains or (-) losses on financial assets and liabilities and exchange differences	95	342	(72.3)
Equity-accounted income and dividends	125	102	22.9
Other operating income and expenses	(225)	(269)	(16.6)
Gross income	3,837	3,812	0.7
Operating expenses and depreciation and amortisation	(1,887)	(2,276)	(17.1)
Pre-provisions income	1,951	1,536	27.0
Provisions and impairments	(920)	(1,193)	(22.9)
Capital gains on asset sales and other revenue	(9)	135	(106.9)
Profit/(loss) before tax	1,021	478	113.7
Corporation tax	(270)	(58)	367.1
Profit or loss attributed to minority interests	11	8	26.9
Profit attributable to the Group	740	412	79.8
Cumulative ratios			
ROE (net profit / average shareholders' equity intangible assets)	8.7 %	4.2 %	
Cost-to-income (general administrative expenses / gross income)	40.3 %	50.2 %	
NPL ratio	4.2 %	4.6 %	
NPL coverage ratio of stage 3 with total provisions	56.2 %	57.6 %	

Key figures of the banking business Spain

Performing loans grew by 1.7% year-on-year, due mainly to customer lending, mortgage loans in particular, and business lending.

On-balance sheet customer funds increased by 2.9% year-on-year, supported by sight deposits and term deposits. Off-balance sheet funds fell by -7.6% year-on-year mainly on account of mutual funds, impacted by financial market volatility.

Million euro

	2022	2021	Year-on-year change (%)
Assets	189,545	191,162	(0.8)
Gross performing loans to customers	108,889	107,089	1.7
Non-performing real estate assets (net)	713	842	(15.3)
Liabilities	179,402	181,389	(1.1)
On-balance sheet customer funds	120,118	116,788	2.9
Wholesale funding in the capital markets	19,444	18,090	7.5
Allocated equity	10,143	9,773	3.8
Off-balance sheet customer funds	38,492	41,678	(7.6)
Other indicators			
Employees	12,991	13,855	(6.2)
Branches	1,226	1,288	(4.8)

Key figures of the banking business Spain

Within Banking Business Spain, it is worth noting the main business lines, about which information is given here below:

Retail Banking

Business overview

The Retail Banking business unit offers financial products and services to individuals for personal use. These include investment products and medium- and long-term finance, such as consumer loans, home mortgages and leasing or rental services, as well as short-term finance. Funds come mainly from customer deposits and sight deposit accounts, savings insurance, mutual funds and pension plans. The main services also include payment methods such as cards and insurance products in their different forms.

Management milestones in 2022

The efforts made in 2022 have focused on setting the strategic priorities that are allowing the Retail Banking business to be transformed. The aforesaid priorities are the following:

- Organisation according to products, which makes it possible to focus on customers' needs and to offer specialised and personalised products and services, enabling greater autonomy, immediacy, agility and simplicity.
- The development of digital capabilities in relation to servicing, the attraction of digital demand and the

generation of digital sales in self-service and remote channels.

- The specialised sales force, supported by the branch network, allows a superior customer support model to be offered for products where customers require more advice or support from experts, such as mortgages, protection insurance and savings/investment.

Lastly, the Retail Banking business is firmly committed to achieving the Group's sustainability targets, fulfilling its ambition in terms of sustainability, whilst also contributing to the attainment of key business objectives.

Main products

The main Retail Banking products are described here below:

Mortgages

The performance of the mortgage market in 2022 was characterised by a substantial increase in interest rates and high levels of price variability in the system. New lending in Banco Sabadell increased by 4% compared to 2021, giving rise to a market share of new lending of 7.7% (cumulative data for the third quarter of 2022).

In 2022, the distribution model of mortgage specialists has been consolidated, with a total of 220 specialists

deployed in the branch network and 40 specialists working remotely. It will continue to be developed over the coming months in order to ensure that this ratio of mortgages generated remotely continues to grow, offering a specialised service designed to improve the experience of customers during the process to take out a mortgage with Banco Sabadell.

Furthermore, the mortgage portal for customers is being rolled out, which makes it possible to digitalise interactions with customers and to provide a platform that can be used to complete the most important steps of the application process remotely and digitally, and also to check the status of transactions in real time.

Consumer loans

The trend followed by consumer loans in 2022 was shaped by continued growth of new lending, whose volume increased by 14% compared to the previous year.

The consumer loans trend in 2022, in line with that established in the Strategic Plan, was characterised by an increased use of digital tools and the growth of on-line loan applications, particularly in the case of digital pre-approved loans with greater personalisation and more competitive prices.

With regard to short-term financing solutions available to individuals, the Sabadell Credit Line product (formerly the Expansion Line) continued to record very good usage and uptake levels among customers, and it was rated very highly due to its 100% online usability.

Payment services

2022 has been a good year in terms of card purchases, recording growth of 17.8% and reaching record high levels, while card turnover remained stable. Furthermore, payment card borrowing also recovered its growth trend during 2022.

Significant progress has been made on digitisation, with instantly issued payment cards for immediate use through e-commerce and mobile payments, without having to wait to receive the physical card, in both digital and in-branch sales. The percentage of sales carried out through the digital channel reached 38%. In terms of mobile payments, Banco Sabadell cards have been added to GooglePay, complementing the previously available offer through ApplePay and SamsungPay, and their use has increased by over 50% to account for 19.3% of payments in December.

Alternative payment systems such as Bizum still continue to record good levels of uptake, with sharp growth among Banco Sabadell customers in terms of the number of both users and transactions.

Sight deposit accounts

The main offering of retail accounts comprises the following:

- Sabadell Online Account: for new retail customers, opened digitally.

- Sabadell Account: for retail customers.
- Sabadell Premium Account: exclusively for Private Banking customers.

The main offering is supplemented with the offering aimed at customers with specific needs: non-residents, minors under the age of 18, and the basic payment account for those at risk of exclusion.

In accordance with the Strategic Plan, in early 2022, a digital onboarding process was carried out, which made it possible to grow the digital customer base, improving productivity and customer experience. In less than 10 minutes and with just one contract signing session, new retail customers can register themselves with their mobile phone, quickly and simply, through an integrated onboarding process which, in addition to the Sabadell Online account, also includes a package of products that meet the basic needs of customers: a debit card for payments, the Sabadell Savings account for easy saving, the remote banking service to manage accounts, as well as the alerts and notifications service.

Furthermore, in June, the catalogue of retail accounts was simplified, migrating the Sabadell Expansion Account, the My Family Account, the Experience Account and the Advance Account to the new Sabadell Account and the Sabadell Premium Account, whose main new features include free access, with no requirements, and which, depending on the level of engagement, have a waived or reduced account maintenance fee.

The launch of both the Online Account and the Sabadell Account took place alongside a marketing and communication plan, offering customers clear and transparent explanations about the features of the accounts.

Savings and Investment

Market volatility, interest rates and the invasion of Ukraine weighed on asset performance and, consequently, on mutual fund returns. In spite of this, the equity of mutual funds in the first and second Morningstar quartiles was 70%, with just 3% of assets in the fourth quartile as at the end of December.

As a result, there was a sharp decline among off-balance sheet savings/investment products, concentrated exclusively in those whose assets under management for retail customers had fallen by 3%.

In mutual funds, the main milestones during the year were the following:

1. Strengthen and simplify the supply of mutual funds for retail customers, by incorporating starter products:
 - Products with a partial guarantee: in April, two funds were launched (Sabadell Consolida 85, FI and Sabadell Consolida 90, FI), designed specifically for investors who have no experience in financial markets, as these are multi-asset funds with a global investment vocation, which seek to generate returns whilst at the same time offering a high level of capital protection.
 - New offering of guaranteed products: launch of the guaranteed funds Sabadell Garantía Fija 18, FI and

Sabadell Garantía Fija 19, FI in September and December 2022, respectively.

2. Improve and consolidate new instruments to provide support both for fund managers and, especially, information for customers. During 2022, the support plan was expanded to include more frequent updates sent to customers with information about their investments in funds, in the form of notes and quarterly videos summarising the performance, key investment decisions taken by professionals and the outlooks for the coming months.

With regard to retirement savings products, such as pension plans and Insured Retirement Plans (IRPs), these were affected by the gradual reduction of the limit on tax-deductible amounts. Market performance was also a contributing factor, although the repercussions for the Bank were less severe than for the sector on average, due to its improved position held in products not linked to market performance, such as IRPs with short-term interest rates. Similarly, subscriptions to Insured Retirement Plans with guaranteed long-term interest rates picked up again.

Lastly, the offering of structured products and deposits has been maintained over the year.

It is also worth noting that during 2022 the model of specialists has continued to be rolled out, with Savings and Investment specialists numbering 463 as at the end of the year.

Protection insurance

The Group's insurance business is based on a comprehensive offering that meets customers' personal needs and cash requirements. The subscription itself is carried out through insurers in which the Group holds a 50% stake through the agreement between Zurich Group, BanSabadell Vida and BanSabadell Seguros Generales. The first of these insurers, which has the largest business volume, occupies the top spots in insurance firm rankings, based on premiums issued.

Furthermore, in 2022, the distribution model of specialists has been consolidated, with a total of 197 specialists deployed in the branch network and 87 specialists working remotely.

In 2022, the business has continued to grow in spite of the complicated and uncertain environment that exists at present. The main products that contribute to the insurance business are life insurance, home insurance and health insurance products. Specifically, the strong growth experienced in premiums in the area of health insurance products (41%) was the result of the agreement with the company Sanitas reached at the end of 2020. Also worthy of note is the positive evolution of Blink insurance products (home insurance and vehicle insurance, which recorded growth of 36% and 23% compared to the previous year), supported by the ability to apply for these products remotely.

It should also be mentioned that towards the end of 2022, the funeral insurance product was brought to

market through BanSabadell Seguros Generales, through an agreement with the company Meridiano, a leading institution in this field.

The strategy for the insurance business in Retail Banking consists of offering the best option for protection insurance to the customers of the Bank. To that end, a product offering is proposed, adapted to the needs of each type of customer, so as to improve their experience each time they interact with the Bank and the insurer.

Private Banking

Through SabadellUrquijo Private Banking, Banco Sabadell offers comprehensive solutions to high-net-worth individuals who require specialised advice and attention. It has 175 private bankers, with MiFID II level 2, over 75% of whom are also certified by the European Financial Planning Association. They are distributed across 31 offices and assistance centres to serve those of the Bank's customers with a net worth of over 500 thousand euros located throughout Spain.

2022 will be remembered as one of the most volatile and complex periods of the global economy in the last 40 years. This environment has led the entire SabadellUrquijo Private Banking team to focus on supporting and advising customers at all times. Moreover, the number of in-person sessions on financial markets for customers has been increased to transmit the specialists' message on the outlook for the markets.

In terms of the product offer, the year can be divided in two stages:

- The year started with inflation as the main macroeconomic problem that was tackled with subsequent interest rate hikes. This hampered the performance of both equities and fixed income. In light of this scenario, the Division proposed hedging strategies against inflation and recommended asset classes with real returns, as well as diversification strategies.
- During the second half of the year, the markets had already discounted a large portion of the interest rate rises, so the economy moved to a new scenario with: (i) higher and persistent inflation, (ii) higher interest rates, and (iii) slower pace of growth. This environment increased the uncertainty as regards equities, while at the same time new investment opportunities in fixed income securities began to arise. This new scenario has reactivated guaranteed funds and fixed income maturity portfolios, while the Bank remained cautious in the stock markets with more defensive and higher quality recommendations and solid balance sheet positions.

SabadellUrquijo Private Banking has an open architecture with a robust product selection protocol that enables adapting portfolio to customers' objectives. The strategic agreement with Amundi, the first mutual funds manager in Europe, is particularly noteworthy, because it allows customers to enjoy all the capabilities and strengths of the Amundi Group.

In light of such complex environment in the markets,

the bespoke discretionary portfolio management service offered by SabadellUrquijo Gestión, SGIIC has become especially relevant this year.

Furthermore, the structured deposit offer has been a very good alternative, providing customers with risk control and a predictable return on their investments.

Finally, alternative investments continue to have a high priority in the product offer, with a rigorous screening protocol.

Beyond aspects concerning the markets, for SabadellUrquijo Private Banking, the year 2022 has also been characterised by a plan to acquire new customers.

The focus on advisory services with positions in SICAVs has been strengthened, helping customers make the best decisions on this regard.

The commitment to sustainability continued with the roll-out of a Responsible Investment Training Plan for private bankers, as well as the creation of the Private Banking's "sustainable corner", from which the Bank aims to develop and encourage ideas that promote care and respect for the environment. In this regard, it has been supported by its strategic partner Amundi.

Once again, the professionalism, approachability and trust on the private bankers have been rated as excellent by customers. This drives the Bank to continue to improve the customer experience and competitive differentiation.

As a result of the new approach to facilitate greater growth of Banco Sabadell's Private Banking business, a change in the organisational structure has been implemented, a seed that will become the new Private Banking model to be fully deployed in 2023 and that will add new value customers, as well as the development of new operational, IT and commercial capabilities and increased investment in brand recognition, enabling further growth and profitability. The success of the implementation of this new model will be the biggest challenge for SabadellUrquijo Private Banking in 2023.

As at 2022 year-end, customers to whom the Bank offers wealth management advice numbered 29,359, with total business figures standing at 32,543 million euros, of which it is worth noting that 29,225 million euros are in funds, with a 39% contribution in mutual funds and SICAVs, while 2,462 million euros are under discretionary management contracts.

Sabadell Consumer Finance

Sabadell Consumer Finance is the Group's company specialising in consumer finance at the point of sale. It carries out its activity through various channels and lines of business, entering into cooperation agreements with different retail points of sale.

The company continues to develop its product offering, adapting it to the needs of the market and ensuring a rapid response to the needs of customers.

Activity in 2022 was affected by a shortage of components in the automotive industry, which led to a supply shortage in the market. Nevertheless, the evolution of the company's vehicle business line has been positive

compared to the industry, and the growth rates of this and the other business lines remained steady.

In 2022, efforts continued with regard to the focus areas for which work was already underway, such as training, homeowners' associations and sustainability, with new transactions reaching a weight of 23% of the consumer finance line, thus making Sabadell Consumer Finance a standard-bearer within its sector.

On the digital side of things, its "Instant Credit" tool for e-commerce offers an efficient response to both referrers and customers; the number of contracts has tripled and new business has been generated.

In 2022, Sabadell Consumer Finance executed 196,023 new transactions through more than 11,933 points of sale located throughout Spain, which translated into an inflow of new investments amounting to 1,099 million euros, placing the total outstanding exposures of Sabadell Consumer Finance at 1,919 million euros.

Business Banking

Business overview

The Business Banking business unit offers financial products and services to legal persons and natural persons for business purposes, serving all types of companies with a turnover of up to 200 million euros as well as the institutional sector. The products and services offered to companies are based on short- and long-term financing solutions, cash surplus management solutions, products and services to guarantee the daily operations of collections and payments through any channel and geographical area, as well as risk hedging and bancassurance products.

Banco Sabadell has a clearly defined relationship model for each business segment, which is innovative and differs from the competition and allows the Bank to be very close to its customers, gaining extensive knowledge about them, as well as a strong level of engagement.

Large enterprises (turnover > 10 million euros) are basically managed by specialised branches. The rest of the companies (SMEs, Businesses and Self-Employed) are managed from the branches. All of these have access to managers specialised in the segment as well as expert advice from product and/or sector specialists.

All this allows Banco Sabadell to be a trendsetter for all enterprises and a leader in customer experience.

Management milestones in 2022 and priorities for 2023

Management efforts in 2022 focused on the implementation of the priorities for action for the Business Banking business line, within the framework of the Strategic Plan (2021-2023), in coordination with the rest of the Bank and enhancing the value of its branch network.

During 2022, the various actions carried out have focused on offering specialised services to customers and adapting the commercial offer to more specifically meet

the needs of the various segments. It is worth noting the particular importance of the sectoral commercial offer for businesses and the self-employed, which has been adapted to the changing and unique needs of each sector. On the other hand, in 2022, the Bank has developed sustainable investment programmes, which focus on self-consumption and Next Generation funds. Another priority aspect was improving the business system and making commercial processes more efficient.

Looking ahead to 2023, the challenges are growth and profitability to meaningfully contribute to the ROE targets of the Strategic Plan. Growth will focus on sustainable investment and on helping companies develop projects within the framework of the European funds. Profitability will be achieved by increasing managers' specialisation, with superb pricing management and streamlining of processes to be closer to customers and respond quickly to their needs. For the Large Enterprises segment, the Bank has the challenge of strengthening specialisation from a more sectoral perspective, providing more knowledge to its customers, a greater level of professionalism, adding more value and supporting customers by acting as a key player.

The various segments, specialists and commercial products within Business Banking are described below.

Customer segments

Large enterprises

Banco Sabadell has been at the side of large enterprises, providing end-to-end customer management through specialised managers to help them make the best economic decisions and with a pool of specialists who have supported customers depending on their business' needs.

In an economic environment marked by the complicated international situation, inflation and interest rate hikes, this end-to-end customer management has enabled the Bank to support companies by adapting to these new circumstances. Thus, for those customers with liquidity needs, Banco Sabadell has made available both basic financing solutions and complex solutions with 360° value propositions. And for those customers that are growing, Banco Sabadell has been by their side with specialised lending transactions, typical of middle market, either acting alone or in a pool with other credit institutions.

With regard to sustainability, Banco Sabadell has participated in the market as a key agent in the drive towards a more sustainable economy, providing financing for projects developed by its customers for purposes directly or indirectly linked to environmental, social or governance improvements.

In 2023, the Bank faces the challenge in the segment of strengthening specialisation from a more sectoral perspective, providing more knowledge to its customers, a greater level of professionalism, adding more value and supporting its customers by acting as a key player.

Enterprises

2022 was characterised on one hand by the return to normal after the health emergency, with the end of virtually all Covid-19-related restrictions, and on the other hand, by the sharp rise of inflation. Banco Sabadell has continued to bet on its forward-looking approach and has been by the side of businesses to meet their needs.

The end of restrictions has created the need for companies to jump-start their investment projects that were put on hold during the pandemic, and the return of economic activity to pre-Covid-19 levels entailed the activation of working capital financing needs arising from transactions among companies. To meet these needs and with the unequivocal commitment to support our customers, Banco Sabadell launched several campaigns to drive investment during the year.

The war in Ukraine resulted in a noticeable increase in the price of commodities and energy. Once more Banco Sabadell supported companies as they dealt with this situation and it launched its Sustainable Future programme, accompanying enterprises in their decision-making in order to prevent this increase in costs from affecting their productivity and/or viability. Within the framework of this Sustainable Future programme, Banco Sabadell focused specifically on financing self-consumption solutions for companies, reaching collaboration agreements with important partners in the market such as Iberdrola and EDP.

Towards the end of 2022, with rising inflation and interest rate hikes arising from the upward trend of the Euribor that will cause an increase in the financial debt burden of companies, Banco Sabadell launched a new support action by contacting all companies with greater potential impact and offering liquidity solutions to cushion the impact of rising operating and financial costs.

Within the framework of the Next Generation EU Funds, Banco Sabadell has continued to hold awareness-raising sessions among companies and has actively provided information on the open calls that the government has published and that are best suited to each of them according to their characteristics.

In terms of sustainability, Banco Sabadell has continued to create and offer sustainable financing and investment solutions to companies. In 2022, in addition to green loans, Banco Sabadell has offered companies sustainability-linked loans, which has enabled these companies to include in their management structures sustainable commitments aligned with their own Sustainable Development Goals.

It is worth highlighting that in 2022, Banco Sabadell has continued to evolve its specialisation model, concentrating the management of larger SMEs in branches specialised in this segment and providing more resources to their managers, in order to keep the customer at the heart of the business relationship in which the manager is a key component.

Small Businesses

Banco Sabadell continued to support the daily activities and new projects of self-employed workers, retailers and businesses, focusing on the development of the customer value proposition and making a concerted effort in 2022 to strengthen the Bank's position as a specialist in the minds of customers of this segment, based on the promotion and consolidation of a business methodology whose key component is a differential offer, specifically designed for each activity sector.

The aim is to be able to offer each customer the most suitable solutions based on an even better understanding of the specifics of their daily activities, building products by actively listening to customers and branch managers, professional groups and representatives from industry associations, ensuring that they really meet the needs identified. Currently, the catalogue of specific solutions includes 32 different activity sectors, prioritising those that offer a greater degree of opportunity in the current economic environment.

In line with this sector specialisation and in order to make it tangible and transfer it to the market, during the past year the Bank has consolidated a systematic approach to both customers and potential customers, through the frequent launch of sector campaigns that on one hand drive the commercial momentum of specialist managers and on the other hand help to convey a much clearer and more powerful message of the product offer, by concentrating it on a target with common needs and interests. Examples of this in 2022 include the "Bars and Restaurants" campaign and the "Small Businesses campaign". Both conveyed the idea of proximity as a common denominator and were supported by an innovative product, the Smart PoS, a smart payment terminal capable of adapting to each user by combining its various available applications, in addition to rewarding the merchants' customers with free purchases during the campaign period as an additional incentive. These campaigns have increased customer acquisition in these key sectors by 28% and 30%, respectively, compared to the previous year.

On the other hand, during the past year, managers specialised in supporting self-employed workers, retailers and businesses have become the largest and most representative management figure of the entire branch network, thus demonstrating the Bank's clear vocation for and commitment to a customer segment that especially values proximity and personalised assistance by an expert manager who understands their business. These managers had access to new management support elements designed to better understand the key aspects of each sector to thus provide the best response to the specific needs of each of them.

In parallel and in line with the development and consolidation of customers' new financial services consumption habits, Banco Sabadell has continued to drive the digitalisation of customers, both to respond to their needs for self-service transactions and to enable new products and services to be applied for and managed remotely.

By 2023, the challenges in this segment mainly

involve, on one hand, continuing to strengthen specialisation with a clearly differentiated offer for the professional sectors that present more opportunities and improving the training of specialised managers and, on the other hand, implementing a 100% online channel of acquisition and engagement for self-employed customers, which makes it possible to consolidate a digital management model for this segment, minimising reliance on brick-and-mortar branches, but all the while continuing to offer the best experience to each customer.

Institutional businesses

The Institutional Businesses unit was created to develop and enhance business related to public and private institutions, so as to position Banco Sabadell as a key player in this segment.

To achieve this, it is necessary to have a specialised range of products and services in order to provide a comprehensive value proposition to general governments, financial institutions, insurers, religious organisations and the third sector.

2022 has been a very busy year in all institutional businesses. It is worth noting the high degree of momentum in lending and borrowing activity in an environment in which negative rates have turned positive. In response to these new circumstances, Banco Sabadell strengthened its position in these segments through greater commercial activity, proximity and proposed solutions, resulting in an increase in customer acquisition, business volume and margins through a range of products offering higher value for customers and for the Bank.

Public Institutions

The economic activity of public institutions during 2022 was marked by the importance of governments in the economic recovery. Governments are essential for promoting and channelling the arrival of the European funds and for implementing economic policies at each of the local, regional and national levels.

The result is an increase in assets, stemming from the need to make investments to tackle the economic recovery, and an increase in liabilities, stemming from the additional funds related to the Recovery and Resilience Facility.

During the first half of 2022, some autonomous communities obtained authorisation to refinance the asset-side transactions that they had arranged with the State, thus decreasing their financing costs. As a result, it is the banks that have been granting new loans restructuring this debt.

Banco Sabadell's market shares in lending and deposits were 12.16% and 9.22%, respectively (figures as at end of September 2022). Lending recorded a year-on-year increase of 167 basis points, growing above the system. Deposits were up 93 basis points, a sharper increase than in the system as a whole.

Financial Institutions and Insurers

In terms of investments, 2022 was marked by an environment of geopolitical uncertainty, high rates of inflation, contractionary monetary policies and considerable volatility in the markets. This has led to corrections in financial assets, both in more conservative fixed-income assets and in equities. As a result, investors have turned towards more liquid and less complex assets, which are currently returning to attractive profitability levels. Investors have shown a preference for positions in fixed-income products, such as government bonds, to the detriment of value-added products such as alternative investments.

The Financial Institutions and Insurers unit has continued to roll out the value-added proposition for these institutions, with a special focus on adapting the offer towards plain vanilla products. Therefore, with the new environment of positive interest rates, the Financial Institutions unit has adapted the interest offered on accounts in this segment, immediately after the first interest rate hike by the European Central Bank. On the other hand, for fixed-income products, the Bank has taken advantage of investors' interest for private issues of floating bonds (with a minimum rate) and for sustainable issues. At the same time, the senior debt fund has positioned itself with interesting transactions, while in terms of Private Equity, the participation of several institutional investors in the launch of the Aurica IV Private Equity fund is particularly noteworthy.

Religious Institutions and the Third Sector

The Religious Institutions and Third Sector Division offers customers a range of products and services adapted to the unique characteristics of these groups. They cover everything from transactions to specialised advice on financial assets.

During the year, the second edition of the university-level qualification of Financial Adviser to religious institutions and third-sector organisations was launched for employees and customers belonging to these groups. A total of 206 students (127 customers and employees of RI and TS, 9 from other sectors and 70 Sabadell employees) are currently enrolled on the course. This year the course was open to professionals from all sectors and a wide range of scholarships were made available covering up to 80% of the enrolment fee. The enrolment for the third edition, which will take place from 30 January to 30 June 2023, is now open.

Secure donation collection facilities have been increased by 4% using the "DONE" system which has contactless technology built in. Banco Sabadell had 928 donation collection devices installed and operational as at 2022 year-end, including donation lecterns, digital collection boxes and votive stands.

The Religious Institutions and Third Sector Division has coordinated the delivery of grants for charitable causes of the Sabadell Inversión Ética y Solidaria, FI fund, managed by Sabadell Asset Management, and it also managed the payments made together with beneficiary offices and entities. This year, for the 29 charitable projects of the 28

entities selected by the Ethics Committee in 2021, a total of 343 thousand euros has been awarded, bringing the cumulative figure since 2006 to over 2.4 million euros. Furthermore, in 2022, the Ethics Committee selected a total of 27 humanitarian projects primarily focused on addressing risks of social and labour exclusion, improving the living conditions of people with disabilities and meeting their basic needs in terms of food, health and education. Sabadell Asset Management will distribute this aid to these projects in 2023.

Segment specialists

Franchising

Banco Sabadell is a leader in the Franchising segment, where it has more than 26 years of experience reaching agreements with the foremost franchising brands, which refer potential customers wishing to open new franchises in Spain.

Banco Sabadell offers specific customised financing, transactionality and protection solutions via the branch network with the support of a team of franchise managers specialised by sector.

Banco Sabadell works closely with the Spanish Franchisors' Association and was the first bank to secure a partnership with this association and together they drive this business model. This year, the Bank has participated in various virtual coffee chats with the Spanish Franchisors' Association and it has also continued to be present at the franchise fair Expofranquicias, in fairs organised by FranquiShop and in various virtual fairs. Sabadell was recognised as the first financial institution to collaborate in the franchise sector by the Online Franchise Fair in which the Bank has actively participated, as well as sponsoring topics such as the Madrid Franchise Report, the Franchise Case Law Observatory, participations in specialised radio programmes, articles in the press and magazines, collaboration with various expert franchise consultancies and an endless number of actions that the Bank has published on social media and which reinforce the Institution's renown and leadership in this business model.

The franchise market is a growing sector and is better able to withstand the impact of the health crisis due to the support of large franchisor brands. The Bank has more than 1,100 brands with referral agreements and almost 8,000 franchised customers.

Agriculture Segment

In 2022, Banco Sabadell's agriculture segment, which includes the agricultural, livestock, fisheries and forestry production sub-sectors and has more than 300 specialised branches, has increased its customer base, as well as the portfolio of specific financial products and services with features tailored to the demands of customers in the sector.

Banco Sabadell's firm commitment to this sector, in particular through its personalised customer support, led to a 13% increase in business volume compared to 2021.

The Bank continues to earn the trust of its customers, whose number increased by 7% compared to the previous year.

During 2022, Banco Sabadell's agriculture segment has participated in nine fairs of the agri-food sector and has sponsored 37 events throughout the nation.

Banco Sabadell's agriculture segment has the clear objective of being by the side of customers in the sector in their digitalisation and sustainability activities, taking advantage of the efficient lever that will be the contribution of the Next Generation EU funds.

Hotel and Tourism Business

Banco Sabadell is the first financial institution to receive the "Q seal of Tourism Quality", granted by the Institute for Spanish Tourism Quality, cementing its position as a leader and trendsetter in this sector, offering expert advice coupled with the very highest quality standards.

The value proposition for this segment focuses mainly on offering specialised financial solutions to a diverse and highly fragmented group of customers, in three main areas: expert advice, a catalogue of specialised products and rapid response.

Within the value proposition, especially aimed at providing a specific solution to each customer, and taking into account the situation of complete inactivity that the sector has gone through due to the Covid-19 health crisis, which forced the closure of all establishments by decree, a large part of the activity has focused on the Support Plan, reviewing the entire hotels portfolio, identifying the specific situation of each customer and offering a specific solution for each need, providing a complete range of solutions, from the most basic ones such as grace periods and moratoria, debt injection, ICO and ICO investment lines, to others greater in scale such as divestment in establishments, replacement of operators and sale of production units.

The Tourism Business Division also received institutional accolade from leading entities in the industry, such as Spain's Tourism Council (*Consejo Español de Turismo*, or Conestur), the Tourism Commission of the Spanish Confederation of Business Organisations (CEOE, by its acronym in Spanish) and the Tourism Commission of the Spanish Chamber of Commerce.

As it does every year, Banco Sabadell was present at the main international tourism fair, FITUR, with its own stand. The fair welcomed 112,000 visitors and 8,937 companies.

Professional Associations and Associate Banking

Banco Sabadell is a leader in the management of agreements with professional and business associations and bodies throughout the country. Its differentiation lies in the close relationship it has with these groups, which starts with the support provided by specialised managers in order to meet the needs of its members through a range of

tailored and differentiated financial products and services. During 2022, the Bank has participated in many events and sessions organised by these professional associations and bodies.

Furthermore, given the special relationship with the professional associations of property managers in Spain and to leverage the opportunity offered by the Next Generation EU Funds for the refurbishment of dwellings, professional forums have been organised for property managers throughout the country, within the framework of the strategic objective concerning sustainability.

Associate Banking continues to strengthen the link with corporate and business customers, based on a differential range of products and services for their executives and employees, as a significant channel for acquiring individual customers at Banco Sabadell.

Corporate Pensions

By means of its Corporate Pensions unit, Banco Sabadell Group offers solutions and responses to customers to help them better implement, manage and develop their welfare schemes through pension plans and group insurance policies.

During 2022, the Bank has made progress in the development and launch of Sabadell Flex Empresa, a fully digital flexible remuneration platform that enables companies to optimise their remuneration model at a very low cost. Worthy of note is the inclusion, in the last quarter of 2022, of the health insurance product in the mix of options available on the online platform and which, together with the Flexible Remuneration Retirement Plan, comprise a savings solution that makes it possible for executives or employees to maximise their savings and increase their net disposable income through fiscal optimisation. Furthermore, the Bank has seen great demand for joint life-cycle plans – with an investment profile adapted to age – among small and medium-sized companies.

Looking ahead at 2023, the Bank expects that demand for welfare schemes will continue to increase after the changes introduced by the publication of Law 12/2022, of 30 June, on regulating the promotion of employee pension plans. Thanks to the Bank's experience in innovative and life-cycle solutions, the Institution is poised to contribute to the development of new types of plans and funds that this new regulation defines such as, among others, employee pension plans streamlined for self-employed workers.

Real Estate Business

The Real Estate Division focuses on integrated services to the residential real estate development business by means of a mature specialised management model.

Banco Sabadell's commitment to this sector has led to a year-on-year increase in developer mortgage loans, guarantees and reverse factoring, with a growing associated margin.

2022 was marked by rising costs of commodities (steel, cement, aluminium); however, the Real Estate Business

Division has granted 1,913 million euros (a 6.7% increase compared to the previous year) with a margin of 49.25 million euros which is similar to the previous year.

The Investment Property Division focuses on boosting new transactions and home deliveries so as to minimise the potential negative impact, as well as monitoring sales in progress.

The main strategy is to maintain the Bank's leadership in the sector and to consolidate its market share, prioritising the best business opportunities by pinpointing the most notable projects and soundest customers, with the aim of minimising risk and maximising profit for Banco Sabadell.

BStartup

BStartup by Banco Sabadell is the pioneering and benchmark financial service in Spanish banking for startups and scaleups. It is a unique project of Banco Sabadell that provides these companies with a 360° service of specialised banking and equity investment and that is part of the innovative entrepreneurial ecosystem of our country.

Specialised banking is based on a team of dedicated relationship managers for startups and scaleups in those territorial divisions with the highest concentration of this type of companies, as well as on a specific risk management process, specific products and a team of specialists that drive the business throughout Spain.

As at 2022 year-end, BStartup had 4,412 startup customers. They are very engaged, very internationalised customers, often with very complex transactions. The accelerated growth of many of these companies reaffirms the belief upon which the service was launched in 2013, i.e. that the great companies of the future would emerge from among these companies. Turnover reached 1,019 million euros (333 million euros of assets and 687 million euros of liabilities), with a 3.56% increase, and the trading margin increased by 34.34% compared to last year.

In 2022, BStartup's specialisation has been given a definite boost. The Catalonia Territorial Division manages all Business Banking and Network startup customers from the main branch in Barcelona, with six managers and one representative, all of them exclusively engaged in startups, scaleups and their investors. Moreover, all large startups have also been assigned to a single specialised relationship manager in terms of Large Enterprises Banking. This Territorial Division also has a risk analyst dedicated exclusively to this segment. Within the Central Territorial Division, in the Madrid autonomous community, a BStartup representative and a new specialised relationship manager have joined this year, meaning that there are now four exclusively dedicated BStartup enterprise managers located in the main Madrid branch, where most startups in this autonomous community are based. The main branch of the Eastern Territorial Division is located in Valencia and has a fully dedicated startup manager, and the Bank expects to bring on board a new branch manager at the beginning of 2023. The other regions still have 23 BStartup branches with relationship managers

that without working exclusively in this segment regularly receive specialised training and have a specific risk management process in place.

Equity investment mainly targets early-stage digital and technology companies with strong growth potential and innovative, scalable business models. During the whole year, the Bank has invested 950 thousand euros in nine startups. BStartup invests in all types of sectors, but maintains its two investment verticals. Thus, in 2022, BStartup opened the second application process for BStartup Green to invest in startups that, using technology or digitalisation, are able to facilitate the transition to a more sustainable world (from the perspective of the energy transition, industry 4.0, smart cities and the circular economy). 122 companies have applied for this second edition. The fifth edition of BStartup Health also took place during 2022, which strengthens the Bank's position as a leader in investments in early-stage science-to-market health startups in Spain. This year, applications for 127 projects were received. With the nine new companies associated with the projects, BStartup10's portfolio of investees today numbers 64, already yielding significant returns and very positive valuations. During the year, there was one exit with significant capital gains.

During the year, the Bank was very active at the main events of the entrepreneurial ecosystem. BStartup's team has organised or actively participated in 100 entrepreneurship events throughout Spain. This, coupled with all the previous activity, continues to reinforce Banco Sabadell's reputation and positioning as a leading bank for scaleups and startups. As a reference indicator, BStartup has had 1,264 mentions in various media (offline and online press), has amassed 13,788 followers on Twitter, and BStartup has been one of the main topics of conversation about the Bank on social media every month, always with a positive sentiment.

Companies Hub

The Companies Hub is Banco Sabadell's business hub, an instrument of communication of the Institution with SMEs, businesses and the self-employed, under a single brand based on valuable business content that is of great use to its customers and that at the same time highlights the specialisation in enterprises of Banco Sabadell, as well as its proximity to its customers. The Companies Hub is a hybrid environment that combines:

- A digital space where companies can connect with everything that matters to them through workshops and webinars led by the Bank's experts and leading external figures – inspiring and engaging sessions in which business experiences and relevant and current content are shared.
- A physical, landmark space for companies in the centre of Valencia, where they can meet and connect with other companies, receive training and business advice from experts in areas such as digital transformation or the sectoral economy, as well as other specialities like financing, internationalisation or startups.

All the activities organised at the Companies Hub, mainly in the form of workshops and webinars, are disseminated in other media such as articles, news or videos that can be accessed through the press and social media. The content generated around the Companies Hub is an instrument for the dissemination of the Bank's knowledge and expertise.

2022 has seen the consolidation of the blended model launched in 2020, which combines on-site presence in Valencia with a virtual presence across Spain. A new website and brand image were also launched this year.

The major thematic areas are established and agreed upon based on the Strategic Plan during the Editorial Committee held every six months. This year, the sessions have revolved around the following topics:

- The series of conferences “Inspiring Stories” with success stories from large customers interviewed by Banco Sabadell's employees who know them well. This year, seven sessions were organised: four in the Eastern Territorial Division (Ale Hop, Pikolinos, Grupo Saona and Chocolates Valor), one in the Central Territorial Division (Grupo García Carrión), one in the Northern Territorial Division (Bodegas Faustino) and another one in the Southern Territorial Division (Scalpers).
- Business financing: sessions on different financing needs, explaining the various instruments available and providing case studies, which have received excellent feedback from customers.
- The regular series of conferences on various very practical and topical aspects related to the Next Generation EU Funds and the opportunity they represent for the transformation of our economy.
- The series of conferences on enterprise digitalisation.
- The series of conferences on sustainability in order to generate awareness among SMEs of the need to have a sustainability strategy in place and provide information and tools to get started.
- The series of conferences on internationalisation solutions and information: holding a couple of sessions every month with new and interesting topics for the Bank's customers led by the Internationalisation Division.
- The monthly series of conferences “The World to Come” (*El Mundo que Viene*), discussing the trends of various sectors such as tourism, hospitality, agriculture, trade, etc.
- And many other sessions on a variety of topics such as business contingencies and insurance, trends in human resources, tax news, macroeconomic environment, leadership, public speaking, current topics such as companies and the metaverse, etc.

In 2022, the project kept intact the number of webinars as well as the impact generated by the Companies Hub in the entire territory, allowing the Bank to continue to reach a large number of companies and self-employed workers.

In total, 111 webinars have been held, in which 24,612 companies and self-employed workers have taken part.

In addition, on 2 June, face-to-face sessions in the physical space of the Companies Hub Valencia were restarted as

normal, and 20 face-to-face events were held (in collaboration with other entities and the Bank's own sessions).

The space was also rented out to business entities on 50 occasions and meeting rooms were booked for corporate customers on 360 occasions. A total of 5,068 people took part in various activities at the Bank's physical space (our own sessions, collaborations, space rentals, meeting room bookings, advisory sessions and potential customers and additional traffic).

Thus, the total number of activities held at the Companies Hub this year amounted to 181, with 29,680 participants.

The assessments of the sessions continue to reflect the great reception and acceptance of the contents by the participating companies, with an overall rating of 8.93 out of 10, with 46% of the participants rating them with a 10.

In addition, 86 videos summarising the sessions were made for dissemination on the Bank's social media, and more than 35 articles and news items were published in different branded content spaces in print and online media about the Companies Hub and its support for companies, as well as the topics covered by the webinars. All this has generated 702 mentions in social media and offline and online media, reaching a total audience of 1.4 million users.

Sabadell Associates

Sabadell Associates is a lever for acquiring customers and business for the branch network via cooperation agreements with referrers.

This channel's contribution to the Business Banking and Network business is highly significant, most notably in terms of:

- Profit margin (in millions of euros): 263 (9% of the total).
- Mortgages (new agreements): 12,251 (34% of the total).
- Customer acquisition: 43,026 (10% of the total).
- AutoRenting vehicle leases (new agreements): 474 (9% of the total).
- Mutual funds (average balance in millions of euros): 1,469 (6% of the total).

Commercial products

Business services

Payment methods

During the past year, payment methods' turnover has significantly increased due to greater national consumption and international tourism. At Banco Sabadell, PoS turnover has reached record levels with a year-on-year increase of +33% in transactions and +45% in profit margin. The Bank also stood out from among its peers, increasing its market share by +8.23% year-on-year to 17.23% at the end of 3Q22.

The Bank has maintained its policy of offering an advanced and personalised service to retailers and, to

that end, has strengthened its network of PoS and e-commerce specialists. In addition, the PAYCOMET subsidiary, specialised in digital payments, has continued to roll out innovative products and services.

In May, Banco Sabadell launched to the market Smart PoS, a terminal featuring Android technology that, in addition to payments, enables the use of third-party applications (loyalty, order management, tax free, etc.). Unlike the product offer of other competitors, the solution has an app store that offers customers a user experience similar to that of their smartphones. As a result, product uptake has been very high. As at year-end, 29,153 Smart PoS devices had been installed at shops and stores.

The use of corporate cards has also intensified, processing +27.6% more in purchases and +11.4% more in profit margin than in the previous year.

In addition, on 22 September 2022, the Bank announced that it was in the process of analysing a possible strategic agreement with an industrial partner specialising in its merchant acquiring business. This process of analysis currently underway aims to reinforce the competitive advantage and expand its value proposition in this area.

Company insurance

During 2022, the Bank has made progress in the development of the value proposition for businesses and the self-employed. The aim is to make Banco Sabadell a leader in company insurance. The Institution has worked together with the company insurance specialists who are in daily contact with customers to focus on the most demanded product enhancements with the aim of achieving a comprehensive and competitive product offering and of providing quality service. Special emphasis was placed on health insurance products for companies, in the form of social benefits and flexible remuneration, and this focus will continue in the coming year. The emphasis was also placed on the core products of company insurance, civil liability, multi-risk and the whole range of specialised products.

During the year, company insurance specialists received more training to provide a high quality experience to insurance customers in the enterprise, business and self-employed segments. This effort will continue through 2023, with a strong focus on product and regulation training and support for servicing existing insurance policies.

Business loans

Working capital loans have recovered to pre-pandemic levels thanks to the increase in business activity. This increase has resulted in companies facing a growing need for working capital loans in order to cover their usual payments and collections. In annual terms, the volume of working capital loans has grown by 24% compared to 2021.

Specialised lending solutions such as factoring and primarily reverse factoring have greater importance among the various credit lines used by companies. As a result, reverse factoring activity saw a year-on-year rise of 32%.

It is important to note a new working capital product that was launched in 2022: the Online Payment Line. This digital product will help self-employed workers and businesses to fund their regular payments such as payrolls, taxes and supplier payments.

The volume of new loans to corporates, SMEs and the self-employed was lower than in the previous year as a result of the current uncertainty.

Loans for sustainable projects are one of Management's priorities and this year the Bank has continued to arrange transactions with ECO products and, in addition, it has incorporated a better offer for these transactions, which will enable the Institution to achieve its objectives of strengthening its commitment and undertaking to support customers in the transition towards a more sustainable economy.

In 2022, more than 1.3 billion euros of green loans have been mobilised, mainly used in energy-efficient construction projects, renewable energies and self-consumption, sustainable mobility and efficient water and waste management.

Leasing and rental of capital goods

The rental of capital goods in 2022 has seen year-on-year growth of 1% in agreements and of 40% in volume, which bring us very close to pre-pandemic levels. This growth is mainly focused on the road transport and equipment sectors.

In terms of leases, the change in volume compared to the previous year was of 11%. The branch network this year has produced a higher volume of new leases compared to 2021 which, together with some one-off transactions, has led to total investment of 724 million euros as at the end of 2022.

Vehicle leases

The year saw the impact of the sale of the vehicle leasing subsidiary to ALD Automotive at the end of 2021, which entailed a complex migration and integration process.

At the same time, there were several negative impacts that have affected the vehicle leasing product such as the lack of stock due to the ongoing semiconductor crisis, prices of commodities affected by the war in Ukraine and the end of the moratorium on the registration tax rebate.

Nevertheless, the objective of establishing the new IT platform and keeping a competitive offer in terms of both volume and terms and conditions was achieved, so that the end of the year was similar to 2021.

It is worth noting that the focus was on maintaining the mobility of all users, and this has been achieved thanks to the meticulous work carried out between the two institutions, which can be considered very satisfactory.

In the last quarter of 2022, the managers' activity resumed and the foundations were laid for the Relaunch Plan scheduled for 2023.

Official Agreements and Guarantees

The Official Agreements and Guarantees Division continues to manage agreements with various public bodies with

which the Bank maintains a relationship. The Bank has signed new cooperation agreements that enable it to meet the financing needs of its customers.

These agreements include both national bodies (ICO, mutual guarantee societies and/or autonomous community entities) and supranational entities such as the EIB (European Investment Bank) and the EIF (European Investment Fund).

In the case of ICO, the Bank has once again adhered to the ICO Mediation lines, with a notable increase in new agreements compared to previous years, and it is the leading institution in the preparation of the Sustainability Questionnaire proposed by this body. 89% of the questionnaires have been completed and 71% of these are sustainable.

Through its adherence to the Agreement of the Spanish Council of Ministers, the Bank will allow its customers to extend the term of their ICO Covid-19 lines, thus providing a more favourable repayment schedule.

Banco Sabadell has also adhered to the ICO Ukraine line, which will enable the Institution to offer financing to all customers affected by the increase in energy prices as a result of the conflict in Ukraine.

The agreements signed with all the mutual guarantee societies (MGS) operating in Spain have also been reviewed, adapting them to the current needs of the market and including new products, such as the Industrialisation Support Programme whereby, through the support of the Next Generation funds, customers obtain financing, in which part of the interest rate and fees are subsidised, enabling the cost of this funding to be much lower than the standard conditions offered by mutual guarantee societies and institutions.

During 2022, there was a very large number of applications for the various EIB lines made available to customers, which has made it necessary to work quickly on new lines with this body, which will be available at the start of 2023.

In addition and through its BSCapital division, the Institution has signed an agreement with the European Investment Bank to provide growth-stage startups with venture debt.

As regards the EIF, Banco Sabadell Group has adhered to the Invest EU guarantee programme, which will allow banks to offer financing to companies with a guarantee from this body.

The aim for 2023 continues to be the launch of new lines and agreements with public bodies, which will enable the Bank to offer customers products with the best terms and conditions to fund their projects.

International

This year, the Bank had to support companies more closely to manage the geopolitical challenges encountered in various markets, as it was a very changing environment globally and Banco Sabadell focused on supporting and

proactively managing the needs of customers:

- How to manage ongoing transactions with Russia and Belarus to be able to receive export payments and manage imports so that international sanctions are duly complied with.
- The management of operations with Algeria from Spanish companies that had ongoing transactions in this market for their correct payment as a result of the closure of the Algerian market to Spanish exports during the second half of 2022.
- Change of operations in Egypt, promoting the purchase or import of products, preferably with documentary credits, supporting customers to start this type of transactions in the country.

In terms of digital International Business solutions, the following aspects stand out in the 2022 financial year:

- Roll out of Direct L/C, issuance of import documentary credits in digital format through BSOOnline.
- Introduction of the new version of Sabadell Forex, which mainly seeks to streamline and facilitate access to customers through BSOOnline.
- New International Business website, which seeks to improve positioning and deliver a better customer experience for internationalised or foreign trade companies.

An agreement has also been reached with ICEX Spain, a Spanish public entity that seeks to jointly promote the internationalisation of Spanish companies.

At the business level, the Bank has supported Spanish companies in this financial year, with notable increases in foreign trade, maintaining its position in Spain as leader in export documentary credits (34.4% market share) and export remittances (36.1% market share), and keeping customers' confidence in the teams of International Business managers as a support lever to increase their business abroad.

Furthermore, the new foreign exchange and interest rate benchmarks have been included as substitutes for the Libor in force to date. All foreign currency financing products now incorporate the new benchmarks.

Corporate Banking coordinates specialised teams to offer an innovative, global service that is tailored to the needs of customers.

Business overview

Corporate & Investment Banking (CIB) offers financial solutions and advisory services to large corporations and financial institutions, both Spanish and foreign, through branches throughout Spain and in 15 other countries.

CIB is one of the three core units of the Bank, together with Retail Banking and Business Banking, a division structured by differentiating the needs of customers and the capabilities of each of the three banking business lines to provide the best service to them.

CIB structures its activity around two pillars: the customer pillar, whose aim is to serve its natural customers across the entire spectrum of their financial needs, defined by their nature and which includes the large Corporate Banking corporations, financial institutions, Private Banking in the USA, and the venture capital business developed through BSCapital and, secondly, the Specialised Businesses unit, which groups together the activities of Structured Finance, Treasury, Investment Banking and Trading, Custody and Research, whose aim is to advise, design and execute tailor-made transactions that anticipate the specific financial needs of its customers, whether companies or individuals, extending its scope from large corporations to smaller companies and customers, insofar as its solutions are the best response to increasingly complex financial requirements. In 2022, CIB added a new specialised business unit, the CIB Sustainability unit, focused on offering sustainable product solutions and ESG advice to CIB customers.

Management milestones in 2022 and priorities for 2023

CIB has maintained its objective of prioritising the delivery of value to customers and thereby contributing to their future growth and performance. In this endeavour, it has continued to innovate and boost its specialist capabilities, fundamentally in the areas of Investment Banking and Structured Finance, which are now able to meet 100% of its customers' financial requirements. The Bank's teams are also constantly expanding their international reach, always focusing on those markets in which its customers invest or have commercial interests.

The key areas in which Corporate & Investment Banking works to add value to its customers are as follows:

- Know-how through specialisation. The Corporate Banking teams, located in the different countries in which the Bank operates, have not only the specialisation of the large corporations segment but also the knowledge and penetration differentiated by sectors of activity in order to be able to better understand and serve customers according to their own and their sector's singularities.
- Coordination. Large corporations require special solutions that are the result of involving several of the Bank's areas (specialist teams or even teams from different regions). Coordination of all these teams is pivotal for providing and adding value to its customers.
- Specialisation. CIB has units that develop tailor-made products for large corporations and financial institutions (Corporate Finance, Project Finance, Project Bonds, Operation Syndication, Commercial Paper Programmes, Debt Issuance, M&A, Asset Finance, Derivatives, Risk Hedging, etc.). The units responsible for developing these customised products are cross-cutting across the entire Banco Sabadell Group, also extending their capabilities to the Business and Institutional Banking segment.
- Innovation. This is the last, but by no means the least important, of the key areas. Transitioning from idea to action is vital to evolve in such a dynamic and demanding market as that of specialised financing and large corporations. The Bank creates the necessary spaces and mechanisms for its teams to dedicate part of their time to innovation, understood in its broadest sense: innovation in products, in operations and also in the way it collaborates and interacts.

As regards the measurement of the main figures regarding the performance of Corporate & Investment Banking, the focus is placed on monitoring the income statement (monitoring net profit overall and the main revenue items in particular), return on capital (RAROC), strict risk tracking and monitoring, as well as early action when faced with early signs of potential impairment.

It was an exceptional year for BSCapital, with significant transactions in the renewable energies sector.

Corporate Banking Europe

Corporate Banking is the customer unit within CIB in charge of managing the segment of large corporations which, because of their size, complexity and unique features, require a tailor-made service in which the more traditional financial product range and transaction banking services are supplemented by specialised units; the result is a comprehensive solution model for their needs. The business model is based on close strategic relations with customers, providing them with end-to-end solutions that are tailored to their needs, to that end taking into account the specific features of their economic activity sector and the markets in which they operate.

This unit also includes a series of branches and offices abroad, notably in London, Paris, Casablanca and Lisbon, from where the international activity of the Bank's domestic customers is supported and served, and the international business of Corporate Banking is carried out.

In addition, this customer unit integrates the activity carried out by BSCapital, which carries out the Group's venture capital and private equity activities, managing the industrial (non-real estate) investees. Its activity is articulated through the acquisition of temporary shareholdings in companies, with the aim of maximising the return on its investments. In addition, it also offers support to companies through alternative financing (senior debt fund, venture debt or mezzanine loans).

In 2022, the Bank has actively supported its customers in the return to normal activity after the pandemic and focused on the search for optimal solutions to restore stability to their financial profiles, adapting them to the needs, demands and requirements arising as a result of changes in the economy, mainly during the second half of 2022, in an environment of rising inflation and the ensuing increase in interest rates in the various markets in which its customers operate.

Corporate Banking lending levels in Spain increased by 6.2% to 7.403 million euros. In the international arena, the evolution of the business was also characterised by the focus on optimising the Group's capital consumption, combined with improved profitability, lowering investment positions in the rest of EMEA by -2.0%.

As for profitability, Corporate Banking Spain had a ROTE of 12.0% (+257 basis points compared to December 2021) as at December 2022.

Meanwhile, BSCapital has actively managed the portfolio during 2022, carrying out its traditional activities of equity and debt, realising investment, divestment and

portfolio revaluation transactions. One of the actions carried out by Aurica Capital Desarrollo was the first closing of the new Aurica IV fund, in which Banco Sabadell is anchor investor, conducting its first investments. A new framework for action for industrial mezzanine debt with a 3-year investment horizon has been approved and the first transactions have already been carried out.

BSCapital has continued to use the guarantee schemes granted by the European Investment Fund (EIF), with a high use rate. Furthermore, the EIF has approved the InvestEU guarantee product for revolving loans, venture debt and mezzanine loans, which is expected to be available starting in 2023.

The Bank has invested heavily in renewable energies, mainly in Spain and always within its scope of action. It has also divested some assets.

BSCapital will continue to prioritise equity and debt investments, with the support of international organisations such as the EIB and the EIF, while continuing to manage the current portfolio with the same standards as in previous years and with the clear objective of creating long-term value in mind.

As regards renewables, financing opportunities will continue to be sought, aligned with the new investment framework, and potential sales of assets in Spain and Latin America will be analysed.

The venture debt activity and the rotation of the venture capital portfolio will be supported by seeking divestments with capital gains, and Crisae will continue with the origination and execution of transactions (mobilisation of funds raised).

2023 poses a series of challenges, among which are the interest rate hikes that have already taken place in 2022 and the inflationary environment that directly affects consumption and manufacturing. Corporate Banking is supporting its customers in facing these challenges both at the national and international level, with a product offer that covers 100% of their financing requirements, both in the short and long term, to deal with this new macroeconomic situation.

The contribution of value to customers in the large corporations segment and the improved profitability for shareholders are the two fundamental pillars of the management of this unit, which will also focus next year on optimising capital consumption, with the aim of increasing the return on capital employed.

Corporate Banking and Private Banking USA

Banco Sabadell has been operating in the United States for almost 30 years through an international full branch managed from Miami and through Sabadell Securities USA, incorporated in 2008 and operational since then. These business units together manage the international corporate banking and private banking business in the United States and Latin America.

The Banco Sabadell Miami Branch is the largest international branch in Florida. It is one of the few financial institutions in the area with the capacity and experience to provide all types of banking and financial services, from the most complex and specialised services for large corporations to international private banking products, including those products and services that may be required by professionals and companies of any size. To supplement its structure in Miami, the Bank has representative offices in New York, Peru, Colombia and the Dominican Republic.

Sabadell Securities USA is a stockbroker and investment advisor in the securities market that complements and strengthens the business strategy aimed at private banking customers residing in the United States, responding to their needs by providing investment advice in the capital markets.

2022 unfolded in a financial environment that compounded a sharp rise of interest rates with widespread falls in fixed-income and equity markets.

In this environment, the branch's positioning with a balance of interest rate-sensitive assets coupled with discipline in controlling the cost of deposits allowed it to increase its net interest margin. In addition, the Bank faced the challenge of defending loan volumes while maintaining an adequate level of capital. With a forward-looking approach, processes were deployed that improved the flow of data required for the calculation of regulatory capital, including the correct reflection of contractual guarantees and the appropriate allocation of existing mitigating factors.

The operational improvement plan continued to be implemented during the year, achieving productivity improvements that were successful in keeping operating costs stable compared to 2021, despite rising inflation. Moreover, the project to update the IT platform (Project Aspire) continued to be implemented in order to enhance the capabilities available both to customers and to business and support units. The Bank expects to complete this project in 2023.

The combination of the increase in net interest margin, the optimisation of capital employed and the exercise of discipline when controlling operating costs allowed the branch to increase its profitability (ROTE) from 10% at 2021 year-end to 24% this year, maintaining its position as one of the most profitable units within the Bank.

Turning to financial figures, during the 2022 financial year, the volume of business managed stood at 14.2 billion US dollars, representing a decrease of 2.3%. The decline largely stemmed from capital market valuations,

which had a negative impact on private banking business volumes. Off-balance sheet customer assets under management declined by 15% to stand at around 4.1 billion US dollars at year-end. Meanwhile, the balance of loans increased by 9%, to around 6.3 billion US dollars, and customer deposits decreased by 3%, standing at 3.8 billion US dollars at year-end.

Net interest income stood at 154 million US dollars, up 27% year-on-year, mainly due to higher market interest rates. Net fees and commissions were almost 44 million US dollars, down 7% compared to 2021 if windfall profits are excluded. Gross income increased by 13%, exceeding 198 million US dollars for the year, while administrative and amortisation costs remained stable, despite including investments in the IT platform. Net profit for the year was 90.7 million US dollars, up 21% from the previous year.

Specialised businesses

Structured Finance

The Structured Finance Division encompasses the Structured Finance and Global Financial Institutions units. This Division operates globally and has teams in Spain, the US, the UK, Mexico, France, Peru, Colombia and Singapore.

The Structured Finance activity focuses on the study, design, origination and syndication of corporate finance products and operations, acquisitions, leveraged buyouts (LBOs), project & asset finance, global trade finance and commercial real estate, with the capacity to underwrite and syndicate transactions at the national and international level, as well as being active in the primary and secondary syndicated loans markets.

The Global Financial Institutions unit manages the commercial and operational relationship with the international banks with which Banco Sabadell has collaboration and correspondent agreements (some 3,000 correspondent banks around the world), thus guaranteeing maximum coverage for Banco Sabadell Group customers in their international transactions. Thus, it ensures optimal support of customers in their internationalisation processes, in coordination with the Group's international network of branches, subsidiaries and investees.

In 2022, Banco Sabadell, thanks to its policy of supporting customers and adapting to their needs so as to seek the best responses to their credit requirements within the possibilities offered by the credit markets in the specific macroeconomic environment, maintained its benchmark position in the business banking segment in Spain – an activity that is being exported to other regions. In this context, Structured Finance ranked fourth in the MLA rankings for syndicated loans and fifth in Project Finance in the Spanish market.

En millones de euros

Ranking	Mandated Lead Arranger	Deal Value	Number of transactions
1	Santander	6,306	109
2	BBVA	5,758	103
3	CaixaBank	5,805	103
4	Banco de Sabadell	2,675	56
5	BNP Paribas	3,643	37
6	Credit Agricole CIB	2,975	31
7	SG Corporate & Investment Banking	2,939	30
8	ING	1,798	23
9	Abanca Corporacion Bancaria	745	20
10	Intesa Sanpaolo SpA	2,074	20

MLA league table for syndicated loans in the Spanish market in 2022.
Source: Dealogics

En millones de euros

Ranking	Mandated Lead Arranger	Deal Value	Number of transactions
1	Santander	777	16
2	Abanca Corporacion Bancaria	311	8
3	ING	311	8
4	SG Corporate & Investment Banking	445	8
5	Banco de Sabadell	321	7
6	BBVA	361	7
7	BNP Paribas	663	7
8	CaixaBank	840	6
9	Credit Agricole CIB	203	6
10	Bankinter	117	4

MLA league table for project finance in the Spanish market in 2022.
Source: Dealogics

The Bank's top priority continues to be supporting customers by designing long-term financing structures for new projects, acquisitions, internationalisation, etc., as well as syndicated transactions that guarantee stable and complete debt for debt management where appropriate, assessing the positive potential of possible solutions combined with investment banking products.

Treasury and Markets

Treasury and Markets is responsible, on one hand, for selling Treasury products to the Group's customers, through the Group's units assigned for this purpose, both from commercial networks and through specialists and, on the other hand, for managing the Bank's current liquidity, as well as managing and complying with its regulatory ratios. It also manages the risk of trading activity in interest rate, foreign exchange and fixed-income products, mainly due to flows of transactions with customers, both internal and external, originated through the activity of the distribution units themselves and the activity arising from short-term liquidity management.

In 2022, the Treasury and Markets Division further developed the digitalisation and optimisation of its transactions with customers by enhancing the Sabadell Forex currency application, expanding its range of services and improving customer experience. Furthermore, the range of products and solutions offered by the division continued to increase, adapting it to new customer needs arising

from a changing market. In terms of trading, the capacity to take on and control various risk factors such as currency, fixed income and interest rates was enhanced.

Looking ahead to the new financial year 2023, it is expected that the activity related to currency products will continue to be a central pillar of the strategy and, in this regard, projects related to the Sabadell Forex platform will be launched to provide differential value-added services to customers. As regards the institutional customer segment, efforts will continue to be made to expand the international investor base for capital market products. In trading, the aim is to continue to build up the capacity to manage risk on the Bank's own books, reducing hedges with other entities and continuing to develop collateral management in order to take the fullest advantage of it.

Investment Banking

Investment Banking (IB) is the CIB Division that coordinates the channelling of institutional investors' liquidity to Banco Sabadell customers, through both debt products and capital instruments. Furthermore, via its M&A (Mergers & Acquisitions) area, it gives advice on company acquisitions and sales, mergers and the incorporation of new shareholders.

During 2022, the Investment Banking team was very active in the origination of public issues, notably participating in corporate, public sector and financial issuer transactions, both in long-term and short-term financing.

One of the markets in which the Bank was most active was that of commercial paper programmes, participating in programmes from 50 different issuers.

One of the core pillars of this activity is the closing of niche transactions, such as project bonds, securitisations or direct lending, with a view to becoming a leader in the ESG segment.

IB continues to focus on offering tailor-made financing solutions, in bond or loan format, in various sectors, from real estate and infrastructure to renewable energy project finance and corporate finance in the domestic middle market segment.

During a complex year for the activity in equity capital markets, Banco Sabadell has continued to support its customers, participating as co-bookrunner in Atrys Health's capital increases through an accelerated private placement of 72.4 million euros.

The Bank was very active in Mergers and Acquisitions (M&A), successfully completing several transactions, including advising on the sale of the photovoltaic tracker manufacturer STI Norland to the US NASDAQ-listed group Array Technologies, to create the world leader in its segment; advising the US fund KPS Capital through its investee Siderforgerossi on the acquisition of the Euskalforging Group, one of Europe's leading manufacturers of flanges and large diameter rings for the offshore wind sector; advising on the sale of Colegio Meres to the British group Cognita; the sale of two 100 MW wind farms to the Italian group PLT Energía; and the sale of several portfolios of photovoltaic and wind projects to the Altano Energy and CIMD groups.

IB's strategy for 2023 is to consolidate, maintain and improve the quality standards in this activity, mainly in the process of channelling institutional financing to SME customers, as well as to conclude the commercialisation of two large projects: the Senior Debt Fund and the institutional factoring initiative.

Trading, Custody and Research

Trading, Custody and Research (TCR) is the unit responsible, as product manager, for the Group's equities, performing equity execution tasks through the trading desk, both in domestic markets, where it acts as a member, and in international markets, as a mere intermediary.

It has a Research Department, whose aim is to provide guidance and recommendations regarding investments in equity and credit markets for customers. To this end, they produce podcasts, webinars, videos, daily reports, sector reports, company reports, etc.

Enhancements were made to the online platforms throughout 2022, in line with the new strategic objectives of Banco Sabadell Group, based on the pillars of sustainability, digitalisation and customer focus. These enhancements, which will continue over the next few years, will considerably increase the level of service offered to customers, with more information during and after transactions and greater support in decision-making.

The Bank has been able to verify a very high

percentage of equity execution transactions carried out through self-service channels, with 93% of orders channelled directly by customers using the tools that Banco Sabadell makes available to them, the mobile app being the preferred channel for these transactions.

During 2022, a new campaign to drive the dedicated access and intermediation service through the Bank's equity trading desk was launched, to meet the liquidity needs of Spanish companies listed not only on Spanish stock exchanges but also on other international markets. In addition, training events/seminars for companies were resumed, providing greater visibility to the custody and agent bank, liquidity provider, research and investment banking services that Banco Sabadell offers.

The main objective for 2023 is to increase the volumes of intermediation in equity markets, both Spanish and international, through the following levers of action: optimise the online customer experience by redesigning the Sabadell Broker platform, integrating more information from Research with improved and more sophisticated intermediation capabilities and services; launch campaigns to activate inactive customers; review the pricing of some of the services offered and step up relations with issuers through collaboration with Business and Corporate Banking.

Banking business United Kingdom

Business overview

TSB (TSB Banking Group plc) offers a wide range of retail banking services and products to individuals and small and medium-sized enterprises in the UK. TSB has a multi-channel distribution model, which includes fully digital capabilities (internet and mobile), telephony channels and a network of branches located throughout Great Britain.

This multi-channel offer creates an opportunity for TSB to serve customers better. Customers want a bank that gives them access to both skilled people and simple digital tools to meet their banking needs and this, in turn, improves their confidence in managing their money. TSB continues to invest in the development of digital products and services that meet current and future customer needs. To this end, TSB will combine the best that digital banking has to offer with a revitalised high-street presence, alongside telephone and video banking. This will allow TSB to serve its customers with that all-important human touch when it matters most to customers ensuring it lives up to its purpose of “Money Confidence. For Everyone. Every day.”

TSB offers current and savings accounts, personal loans, mortgages and credit/debit cards for retail customers and a broad range of current, savings and lending products for SME customers.

Management team priorities in 2022

TSB's relentless focus on its customers and delivering its Money Confidence purpose has been instrumental in its response to the cost-of-living crisis. The successful early execution of the 2019 growth strategy means TSB is in good shape not only to weather this latest economic storm, but also to continue its momentum to be a stronger and better bank.

Despite the uncertain economic environment, TSB has continued to perform strongly. In 2022, TSB continued to improve the service offered to customers across all channels which, in turn, has supported growth. In December 2022, TSB reached an agreement with UK regulators regarding the conclusions of the investigation into the causes and circumstances of the incidents that arose following the migration of TSB's IT platform, which required TSB to pay 48.65 million pounds sterling to UK regulators. The actions TSB has taken in the years since to be truly customer-focused has created strong future foundations. Growth in both customer lending and deposit balances was solid, but more muted than in previous years, and is evidence of management action to navigate the volatile and competitive retail banking markets during the year. TSB has continued to grow income and reduce costs, and its capital and liquidity remain strong and stable.

Executing the strategy

TSB's customer service is improving and customers have more ways of engaging with the Bank than ever before. TSB is a simpler, more efficient and more resilient bank and has become more streamlined in how customers are supported with both modern digital services and reassuring personal support in branch or over the phone when life events demand it.

In 2022, TSB:

- remained the only bank in the UK with a Fraud Refund Guarantee, refunding over 98% of customers who are innocent victims of fraud, compared to an industry average of 56%. Over 80% of fraud victims were refunded within 5 days or less;
- rewarded active customers with 1.3 million pounds in cashback payments, while 630,000 customers opened a new savings account, more than double the previous year. TSB customers have enjoyed the benefits of the Spend & Save account features, with over 36.5 million pounds rounded up into Savings Pots using the ‘Save the Pennies’ feature on its award-winning current account;
- helped 13,000 first-time buyers get onto the property ladder and supported over 30,000 customers switching to a new mortgage. TSB continues to deliver a leading mortgage service, with a broker trust rating of 87% – TSB's highest score to date (and increased from 72% at the start of 2021);
- further strengthened its digital banking offer, improving the look and feel of the Internet banking proposition and added features to its TSB Mobile Banking App. New customers can now open a Spend & Save current account in less than ten minutes through the App and apply for a credit card or a loan, and manage their cards. Customers can also access fintech partners such as ApTap, Wealthify and Farewill from their TSB Mobile App;
- upgraded a further 84 branches this year to create more inviting spaces for customers, whilst reducing the branch footprint to 220. Self-serve deposit capability and video banking options have been expanded, allowing customers greater flexibility in how and when they bank. The branch network is complemented by over 40 ‘pop-ups’ serving communities across Great Britain, and TSB is an active participant in the Cash Access Group Banking Hubs sectoral initiative, a programme that aims to create banking hubs in the country's most remote communities;
- established early warning indicators to assist customers before they get into financial difficulty which, combined with almost 2,000 hours of cost-of-living training for TSB employees, helped over 2,100 customers get back on track after struggling with payments. The ‘Money Worries’ pages on TSB's website, which contains information of interest to those who are concerned about their financial situation, has been visited over 100,000 times.

As regards its next steps, TSB has drawn up an ambitious three-year plan to take forward its Money Confidence purpose. The strategy has four key areas of focus, centred around service excellence, customer focus, simplification and efficiency and doing what matters for people and the planet, reflecting the growing expectations of its customers with regard to the Bank's values.

The strategy has been set against a fluid economic backdrop. The battle to control inflation while returning the UK economy to a sustainable growth trajectory will be challenging, and it is sensible to anticipate that the continued impact that the rising cost of living is having on its customers will also have an effect on the Bank. Its robust capital and liquidity position means that TSB is well placed to navigate these headwinds and continue to support the customers, employees and communities it serves.

The regulatory landscape for financial services is also set to undergo important changes in the years ahead with the introduction of the FCA's new Consumer Duty. TSB's customer focus, high standards of governance and commitment to responsible business practices mean that the Bank is well placed to deliver on this to continue to improve outcomes for customers.

Key figures

Net profit stood at 87 million euros as at 2022 year-end, impacted by -57 million euros (net) stemming from the agreement to pay a fine to UK regulators for the incidents following the IT platform migration, recorded in the last quarter of 2022.

Net interest income totalled 1,151 million euros, 13.8% higher than the previous year, supported by the growth of mortgage volumes and the interest rate hikes.

Net fees and commissions increased by 11.0% year-on-year, mainly due to higher service fees, particularly card fees.

Total expenses stood at -909 million euros, a year-on-year decrease of -3.5%, as in the previous year this item had been impacted by -19 million euros of non-recurrent costs as a result of the efficiency plan. Not including this impact, expenses decreased by -1.5%, due to both improved staff expenses and lower general expenses.

Provisions and impairment amounted to -104 million euros, increasing in year-on-year terms mainly due to the release of provisions in the previous year.

Corporation tax included an impact of -15 million euros as at 2022 year-end, as a result of the effects on deferred tax assets following the review of the UK Bank Levy, which was reduced from 8% to 3%. On the other hand, +23 million euros were booked under the same item due to the corporation tax increase as at 2021 year-end.

Million euro

	2022	2021	Year-on-year change (%)
Net interest income	1,151	1,011	13.8
Fees and commissions (net)	134	121	11.0
Core revenues	1,284	1,132	13.5
Gains or (-) losses on financial assets and liabilities and exchange differences	6	2	127.7
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	(95)	(33)	186.4
Gross income	1,195	1,101	8.5
Operating expenses and depreciation and amortisation	(909)	(942)	(3.5)
Pre-provisions income	285	159	79.6
Provisions and impairments	(104)	—	102,632.7
Gains on sale of assets and other revenue	1	(9)	(108.7)
Profit/(loss) before tax	182	150	21.5
Corporation tax	(95)	(32)	197.6
Profit or loss attributed to minority interests	—	—	—
Profit attributable to the Group	87	118	(26.2)
ROTE (net profit / average shareholders' equity excluding intangible assets)	4.2 %	4.5 %	
Cost-to-income (general administrative expenses / gross income)	63.0 %	71.3 %	
NPL ratio	1.3 %	1.4 %	
NPL coverage ratio of stage 3 with total provisions	42.3 %	38.1 %	

Key figures of the banking business UK

Lending dropped by -2.1% year-on-year, negatively affected by the depreciation of the pound. At a constant exchange rate, this item increased by 3.3% due to the growth of the mortgage portfolio.

Similarly, on-balance sheet customer funds decreased by -4.3% year-on-year, due to the depreciation of the pound, while at a constant exchange rate, they grew by 1.0% due to a larger volume of term deposits.

Million euro

	2022	2021	Year-on-year change (%)
Assets	55,810	55,657	0.3
Gross performing loans to customers	43,110	44,050	(2.1)
Liabilities	53,316	53,012	0.6
On-balance sheet customer funds	40,931	42,779	(4.3)
Wholesale funding in the capital markets	2,537	2,975	(14.7)
Allocated equity	2,494	2,645	(5.7)
Off-balance sheet customer funds	—	—	—
Other indicators			
Employees	5,482	5,762	(4.9)
Branches	220	290	(24.1)

Key figures of the banking business UK

Banking business Mexico

Business overview

In the internationalisation process envisaged within its previous strategic framework, the Bank decided to focus on Mexico, a region which presents a clear opportunity, as it is an attractive market for the banking business, and a market in which Banco Sabadell has been present since 1991, firstly through the opening of a representative office and then through its stake in Banco del Bajío, which it held for 14 years (from 1998 to 2012).

Its operations in Mexico materialised through an organic project with the launch of two financial vehicles: firstly, a SOFOM (multi-purpose financial institution), which began operating in 2014, and subsequently a bank. The banking licence was obtained in 2015 and the Bank started operations in early 2016.

The rollout of business capabilities considers the two vehicles mentioned above and the following business lines:

- Corporate Banking, focusing on corporations and large enterprises: three main branches (Mexico City, Monterrey and Guadalajara) and sector-specific specialisation.
- Business Banking, which mimics the Group's original business banking model: launched in 2016, it has been expanding ever since.

Management priorities in 2022

The performance of the Mexican subsidiaries (Banco Sabadell and SabCapital) has been positive, since it exceeded the expectations for the year, largely due to the increase in benchmark rates and the superb management of costs and administrative and operating expenses by the entities.

During 2022, the Mexican subsidiaries continued to focus on growth, financial self-sufficiency and profitability. It is worth highlighting the following initiatives implemented during the year:

- In Corporate Banking, Banco Sabadell's Fiduciary Division and the transaction of derivative financial instruments were consolidated, enabling a more comprehensive service to be offered to the structured finance segment, thus strengthening the link with customers.
- In Business Banking, the Bank continued to enhance its transactional capabilities, an initiative that will continue in 2023. Initiatives in the commercial model and an incentive scheme seek to boost banker productivity and efficiency and to continue offering an outstanding service, which has been a distinctive feature since this segment was created.
- The digital Personal Banking segment was completely closed at the start of the year to focus on corporate and business banking segments, in which the greatest competitive advantages are achieved to improve the Bank's profitability.

A financial planning exercise was conducted in 2022 in line with that of the Group to determine the main strategic courses of action for Banco Sabadell in Mexico that will generate greater value for the Group's Mexican franchise. To summarise, these concern the enhancement of ROE by increasing the generation of income without capital consumption (through the generation of higher income from fees and commissions and fostering new business lines, such as derivatives, currency trading, trusts, etc.), as well as improved funding costs.

On 6 July 2022, HR Ratings ratified the long-term and short-term credit ratings in Mexican national scale, keeping the long-term rating of HR AA+ with a stable outlook and also keeping the short-term rating of HR1, which is based on the fact that the Bank has maintained better asset quality indicators compared to those of the Mexican financial system and most niche banks in Mexico.

Key figures

Net profit as at 2022 year-end amounted to 31 million euros, a strong year-on-year growth supported mainly by the improvement of net interest income and the reduction of provisions.

Net interest income amounted to 149 million euros, increasing by 32.4% year-on-year, due to the interest rate hike and the appreciation of the Mexican peso.

Net fees and commissions amounted to 12 million euros as at 2022 year-end, growing by 1 million euros relative to the previous year due to more commercial activity.

Total expenses amounted to -86 million euros, thus falling by -3.5% year-on-year, mainly due to improved general expenses that offset the increase in amortisations and depreciations.

Provisions and impairment were below the previous year's levels due to an improvement in the loan book, as well as payments received from single-name customers.

The item "Capital gains on asset sales and other revenue" includes write-offs of technology assets.

	2022	2021	Year-on-year change (%)
Net interest income	149	113	32.4
Fees and commissions (net)	12	11	17.2
Core revenues	162	123	31.1
Gains or (-) losses on financial assets and liabilities and exchange differences	3	—	3,921.7
Equity-accounted income and dividends	—	—	—
Other operating income and expenses	(17)	(10)	—
Gross income	148	114	30.2
Operating expenses and depreciation and amortisation	(86)	(89)	(3.5)
Pre-provisions income	62	24	154.3
Provisions and impairments	(9)	(32)	(73.0)
Gains on sale of assets and other revenue	(14)	—	—
Profit/(loss) before tax	39	(8)	(577.2)
Corporation tax	(8)	9	(187.2)
Profit or loss attributed to minority interests	—	—	—
Profit attributable to the Group	31	1	6,141.3
ROTE (net profit / average shareholders' equity excluding intangible assets)	6.6 %	0.1 %	
Cost-to-income (general administrative expenses / gross income)	48.7 %	71.1 %	
NPL ratio	2.3 %	1.0 %	
NPL coverage ratio of stage 3 with total provisions	70.1 %	265.7 %	

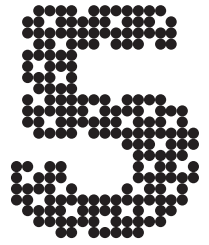
Key figures of the banking business Mexico

Performing loans grew by 9.5% year-on-year, supported by the appreciation of the Mexican peso and the US dollar. Considering a constant exchange rate, this increase was 1.4%.

Similarly, on-balance sheet customer funds increased by 26.0% year-on-year, supported by the appreciation of these currencies. At a constant exchange rate, growth was 14.6%.

	2022	2021	Year-on-year change (%)
Assets	6,025	5,128	17.5
Gross performing loans to customers	4,131	3,773	9.5
Real estate exposure (net)	—	—	—
Liabilities	5,437	4,550	19.5
On-balance sheet customer funds	3,090	2,453	26.0
Allocated equity	587	578	1.6
Off-balance sheet customer funds	—	—	—
Other indicators			
Employees	422	453	(6.8)
Branches	15	15	—

Key figures of the banking business Mexico



- 91 Strategic risk management and control processes
- 91 Main 2022 milestones in risk management and control
 - Strategic risk
 - Credit risk
 - Financial risk
 - Operational risk
 - Compliance risk

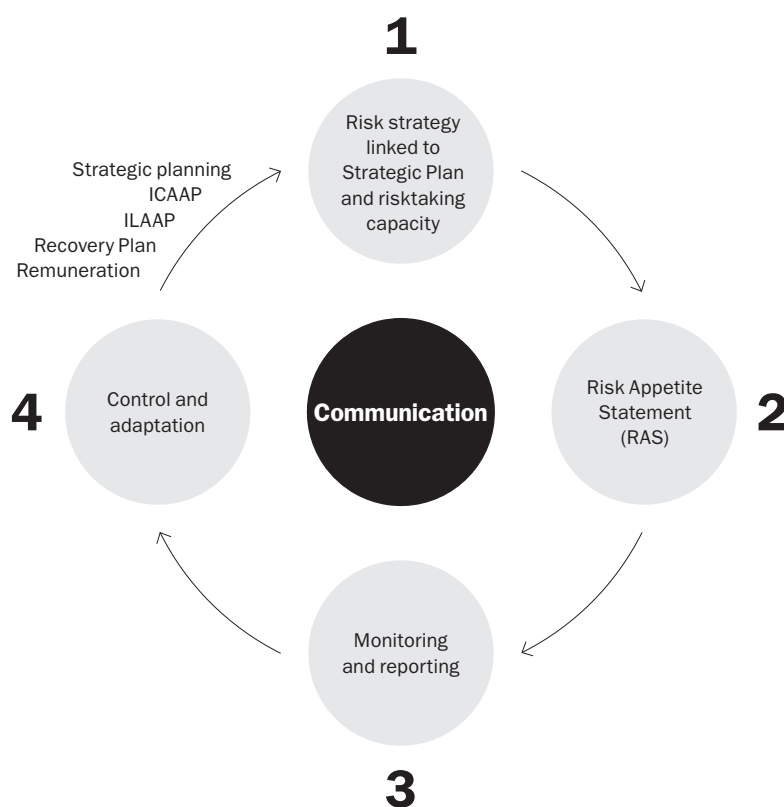
In 2022, Banco Sabadell Group continued to strengthen its Global Risk Framework by making improvements in line with best practices in the financial sector.

The Group continues to have a medium-low risk profile, in accordance with the risk appetite defined by the Board of Directors.

The Group's risk strategy is fully implemented and linked to the Strategic Plan and the Group's risk-taking

capacity, articulated through the Risk Appetite Statement (RAS), under which all material risks are monitored, tracked and reported, and the necessary control and adaptation systems are in place to ensure compliance:

Strategic risk management and control processes



Main 2022 milestones in risk management and control

The most salient aspects concerning the management of the first-tier risks identified in the Banco Sabadell Group risk taxonomy and concerning the actions taken in this regard in 2022 are set out below:

Strategic risk

Definition:

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

Key 2022 milestones:

(i) Strategy and reputation

- Supporting customers in the transition to a more digital model and in the adoption of good practices and initiatives in terms of greater consumer protection.
- The Bank has finished implementing the Efficiency Plan, with a significant cost reduction that has contributed to an improvement in the cost-to-income ratio and levels of profitability in excess of the target disclosed to the market for 2023.
- The performance of the Bank's business and its results are reflected in various reputational indicators, including the stock market performance, which is above the average of Spanish banks.

(ii) TSB

- Throughout 2022, TSB has been completing the actions of its Strategic Business Plan to improve profitability and efficiency.

(iii) Improvement in the capital position

- The CET1 ratio improved to 12.55% in fully-loaded terms as at 2022 year-end, driven significantly by organic capital creation. Generalised fulfilment of regulatory capital requirements.
- Total capital remained stable, ending 2022 at 17.02%, and the leverage ratio decreased from 5.81 to 4.59% year-on-year (in fully-loaded terms).

(iv) Profitability

- The Group's net profit amounted to 859 million euros as at the end of 2022. It is particularly worth mentioning the good performance of core results (net interest income + fees and commissions – recurrent costs), which showed a 26.3% increase year-on-year, as a result of the good performance of net interest income and the growth in fees and commissions, as well as the cost reduction.
- The Group achieved a year-end ROTE of 7.8%, exceeding the May 2021 guidance of ROTE >6% by 2023.

Credit risk

Definition:

Credit risk refers to the risk of losses being incurred as a result of borrowers' failure to fulfil their payment obligations, or of losses in value taking place due simply to the deterioration of borrower quality.

Key 2022 milestones:

(i) Non-performing assets

- Decrease in the NPL ratio in the year, from 3.7% to 3.4%, due to a reduction in stage 3 assets as a result of an improved credit quality.

(ii) Concentration

- From a sectoral point of view, the loan portfolio is diversified and has limited exposure to the sectors most sensitive to the current environment and shows a downward trend.
- Similarly, in terms of individual concentration, the metrics relating to concentration of large exposures do show a slight upward trend but nevertheless remain within the target level. The credit ratings of top segments improve significantly as more recent balance sheets with a more diluted impact of the health crisis are introduced.
- Geographically speaking, the portfolio is positioned in the most dynamic regions, both in Spain and worldwide. International exposure accounts for 36% of the loan book.

(iii) Lending performance

- Performing loans continue to increase year-on-year in all geographies, factoring out the impact of the performance of currencies, with annual growth figures of 1.7% in Spain, 3.3% in the UK (TSB) and 1.4% in Mexico.
- In Spain, the year-on-year growth is primarily driven by loans to individuals (the increase in the mortgage portfolio is noteworthy) and by business loans.

(iv) TSB lending performance

- In TSB, at a constant exchange rate, annual growth was 3.3%, supported by the positive evolution of the mortgage book.

Financial risk

Definition:

Possibility of obtaining inadequate returns or having insufficient levels of liquidity that prevent an institution from meeting future requirements and expectations.

Key 2022 milestones:

(i) Robust liquidity position

- Solid liquidity position, where the LCR (Liquidity Coverage Ratio) stands at 234% at the Group level (196% at TSB LMU and 270% at Banco Sabadell Spain) and the NSFR (Net Stable Funding Ratio) stands at 138% at the Group level (151% at TSB LMU and 132% at Banco Sabadell Spain) both at 2022 year-end, after having optimised the funding sources with access to long-term financing, having borrowed 22 billion euros from the ECB and 6,201 million euros from the Bank of England, as well as increasing the funding gap in 2022.
- The loan-to-deposit (LtD) ratio as at 2022 year-end was 95.6% with a balanced retail funding structure.
- Moreover, Banco Sabadell has fulfilled the capital markets issuance plan, which it had set for itself for 2022, with strong investor appetite. This allowed it to optimise the associated financing costs.

(ii) Structural interest rate risk

- The Institution continued to accommodate higher levels of new fixed rate lending in an environment of higher interest rates in all relevant currencies, where in particular the euro interest rates went from negative to positive. The variable rate loan book has gradually included the revaluation of benchmark indices (mainly the 12-month Euribor). On the liabilities side, there is a customer deposit base, predominantly comprising sight deposit accounts.

Operational risk

Operational risk is defined as the risk of incurring losses due to inadequacies or failures of processes, staff or internal systems or due to external events.

Operational risk remains a material risk for the Group, with impacts that, although acceptable, have increased in recent years due to the problems associated with conduct risk. The current scenario of high awareness and increased regulatory pressure, aimed especially at providing greater protection for consumers and vulnerable customers, places conduct risks as the main focus of attention. Its current relevance and the expectation that this scenario will likely continue requires the focus to remain fixed on these risks, monitoring their evolution and adequately monitoring the planned mitigation measures.

The focus remains on complaints related to floor clauses, mortgage application and arrangement fees, high interest charges associated with revolving credit cards and appropriate assistance for vulnerable customers, especially in the UK, given the demanding regulatory environment. The creation of the new financial customer protection authority planned for the first few months of 2023 could have an impact on the complaints received, as it facilitates this process. The materialisation of conduct risk involves a potential reputational risk for the Institution, although it remains in line with the sector.

Compliance risk

Compliance risk, which is part of operational risk, is defined as the risk of incurring legal or administrative penalties, significant financial losses or reputational damage as a result of an infringement of laws, regulations, internal rules or codes of conduct applicable to the banking business, minimising the possibility of any infringements occurring and ensuring that any that do occur are identified, reported and dealt with diligently.

Main milestones of 2022:

(i) Continue to promote a culture of ethics and compliance among employees

Compliance has developed a training model that contributes to:

- (i) learning for the compliance team, as its employees can obtain official compliance certifications and participate in courses and events.
- (ii) learning for the entire Institution, through training courses aimed at the branch network and other divisions, as well as Senior Management, and the design of compliance courses and follow-up on their completion.
- (iii) the compliance culture, in relation to which it is worth highlighting: (a) the role of the Regulatory School, which symbolises a change of paradigm, a friendly, pleasant and very graphic space in which to convey mandatory and regulatory standards, (b) the daily

distribution to all employees who are part of Compliance of relevant news that may be of interest in their areas of work, (c) the weekly sending of communications to all the Bank's employees by Human Resources, which include relevant aspects related to Compliance, and (d) the quarterly sending of a newsletter from Risk Control and Regulation with relevant news on compliance.

(ii) Planning and monitoring

The Compliance function establishes, applying the principle of proportionality in accordance with the nature, volume and complexity of its activities, a compliance programme which includes a detailed schedule of its activities. This programme covers all services provided and activities carried out by the Institution and defines its priorities based on the assessment of compliance risk and in coordination with the Risk Control function.

In order to guarantee the effectiveness of the Programme, Monitoring Plans have been drawn up, which include two types of information: those that illustrate the activities carried out from a quantitative perspective, with KPIs linked to the operational execution of the programme, and those that deal with qualitative variables.

(iii) Relationship with supervisors

Management maintains constant interaction with the main authorities supervising the Bank's activities.

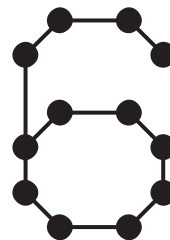
All requests received from the various supervisors have been dealt with within the established deadlines.

(iv) Evolution of the Senior Management reporting model

Compliance has adapted its Senior Management reporting model during 2022. To this end, the number of reports has been increased, as has their frequency.

For more details on the corporate risk culture, the global risk framework and the overall organisation of the risk function, as well as the main risks, see Note 4 to the consolidated annual financial statements for 2022.

Other material information



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R&D and innovation

The Group's technological activities continued to respond to the specific needs of each region, particularly the digital transformation in Spain, as well as the performance of the new IT platform and the rollout of the new application development model. The main drivers for these improvements have been efficiency, quality and productivity. At TSB and Banco Sabadell Mexico, efforts continued to focus on improving business capabilities and achieving operational efficiency.

In the domestic context

A key aspect in 2022 was the rollout of new 100% digital products and processes, as well as the improvement in operational efficiency. In addition, the resilience and innovation of the IT platform has continued to be strengthened by adapting it to the latest market trends.

Within Retail and Business Banking, it is worth mentioning the consolidation of the digital onboarding process, which has enabled the fully digital acquisition of new customers without the involvement of the branch network, using the latest technological trends in the market, such as face recognition. The Bank also continues to expand the range of fully digital products, including mortgages and loans.

As regards the branches, of particular note was the renewal of the ATM fleet, deploying the new self-serve capabilities in most of the branch network. The Bank has also implemented new communication protocols at the branches that enhance and activate new ways to serve customers remotely.

Furthermore, in 2022, the evolution of the technological enablers continued, including the improvement in the Proteo4 architecture, which reduces the time-to-market of new features and facilitates the rollout of cloud-based applications, and the implementation of a cloud-based platform for the data consumption of the most frequently used transactions. This enables a more efficient and scalable use of the IT platform, reducing its reliance on legacy systems. In this same area, the Discovery programme completed the migration to the new data centres, improving the performance and resilience of IT services and streamlining their management.

In the area of development services, Project Dingle has been executed, through which IT services and developments that had to date been provided by the 140 existing suppliers were transferred to three main suppliers, with a substantial improvement in efficiency and in the quality and agility of the development function, maintaining the knowledge and control of the Bank's critical services.

Another noteworthy aspect is the use of RPA (Robotics Process Automation) technologies to make branch network and back-office processes more efficient, and as a result, employees have been able to focus on more value-added tasks for the Institution. It is also important to note the use of artificial intelligence to strengthen and anticipate the detection of fraud attempts and to have new and more accurate risk assessment models to help managers make decisions.

In the international context

TSB's activities have focused on the improvement of the digital catalogue of products, e.g. the use of cheques on mobile phones and the online new loan application process. The specific digital features for business banking have also been enhanced. Initiatives to improve the scalability and resilience of the IT platform have been implemented as well.

Banco Sabadell Mexico has focused on the ongoing development of programmes to enhance the operational efficiency of its IT platform.

Acquisition and sale of treasury shares

See Note 23 to the consolidated annual financial statements.

Average period of payment to suppliers

The average period of payment to suppliers (days payable outstanding) by consolidated entities based in Spain was 28.74 days (17.29 days in the case of the Bank).

Material post-closing events

No material events meriting disclosure have occurred since 31 December 2022.

Other reports related to the Directors' Report

Non-Financial Disclosures Report

In accordance with the provisions of Law 11/2018, of 28 December, on non-financial and diversity disclosures, Banco Sabadell Group has drawn up a Non-Financial Disclosures Report for 2022, which, in accordance with Article 44 of the Spanish Commercial Code, forms part of this report and is attached as a separate document.

Annual Corporate Governance Report

The Annual Corporate Governance Report (ACGR) corresponding to the 2022 financial year is an integral part of the Consolidated Directors' Report in accordance with the provisions of the Spanish Capital Companies Act. This report is signed off by the Board of Directors on the same date as the consolidated annual financial statements and the consolidated Directors' Report and is sent separately to the CNMV. From the date of publication of the consolidated annual financial statements and the consolidated Directors' Report, the ACGR is available on the CNMV's website (www.cnmv.es) and on the corporate website of Banco Sabadell Group (www.grupbancsabadell.com).

Annual Report on Directors' Remuneration

The Annual Report on Directors' Remuneration (ARDR) corresponding to the 2022 financial year is an integral part of the Consolidated Directors' Report in accordance with the provisions of the Spanish Capital Companies Act. This report is signed off by the Board of Directors on the same date as the consolidated annual financial statements and the consolidated Directors' Report and is sent separately to the CNMV. From the date of publication of the consolidated annual financial statements and the consolidated Directors' Report, the ARDR is available on the CNMV's website (www.cnmv.es) and on the corporate website of Banco Sabadell Group (www.grupbancsabadell.com).

Non-Financial Disclosures Report



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1. Introduction

The Non-Financial Disclosures Report¹ for Banco de Sabadell, S.A. (hereinafter, “Banco Sabadell”, “the Bank” or “the Institution”), which includes information on a consolidated and individual basis of Banco Sabadell Group (hereinafter, “the Group”), is set out below.

Banco Sabadell Group’s banking business operates under the following brands:

- Banco Sabadell is the Group’s main brand. This is the leading brand in the Spanish market providing services to individuals and corporates.
- TSB is the Group’s leading brand in the United Kingdom. It became part of the Group in 2015 to provide greater competitiveness and serve an increasing number of customer needs, thus improving the banking experience in this country.
- Banco Sabadell Mexico is the brand under which the Bank operates in Mexico, where the Group opened its first representative office in 1991.

Furthermore, Banco Sabadell Group carries out part of its social action through Sogeviso, a subsidiary engaged in managing some of the complexities of social housing, and the Banco Sabadell Private Foundation, whose mission is to promote outreach, training and research activities in the educational, scientific and cultural fields, and to foster and support young talent.

Information on the company, its business model, organisation, markets, objectives and strategies, as well as the main factors and trends which may impact on the Group’s business performance, is described in the Consolidated Directors’ Report.

The perimeter covered by the Non-Financial Disclosures Report is the entire Banco Sabadell Group. When the reported information does not cover the entire perimeter, this is clearly indicated.

This report has been developed in compliance with the general provisions published in Law 11/2018, of 28 December, and information relating to taxonomically eligible exposures is compliant with the Taxonomy Regulation (EU Regulation 2020/852), which came into effect in January 2022. In addition, this report also takes into account the non-binding guidelines published by the European Commission on its Guidelines on Non-Financial Reporting (2017/C 215/01), its supplement on reporting climate-related information (2019/C 209/01) and the Global Reporting Initiative (GRI)² reference framework. This report has been prepared with reference to the GRI Standards.

The main updates include:

- The materiality analysis carried out in 2021 has been updated in accordance with the latest GRI update.

- It includes decarbonisation pathways in line with the Institution’s commitment to the Net-Zero Banking Alliance.
- The carbon footprint of the Institution’s financed portfolio is disclosed.
- Information on vulnerable customers has been expanded.

Furthermore, this report seeks to specify the actions carried out and the progress made in accordance with the disclosure standards established by:

- The Principles for Responsible Banking³ of the United Nations Environment Programme Finance Initiative (UNEP FI).
- Task Force on Climate-related Financial Disclosures (TCFD).

This report may refer to or include full or partial data or information contained in other Group reports.

¹ Part of the Consolidated Directors’ Report 2022.

² These requirements are listed in Annex 2 - Table of contents Law 11/2018.

³ The UNEP FI’s Impact Analysis Tool has been used for the first time to measure the impact of the Institution and its environment from a ‘double materiality’ perspective.

2. Governance

The governance system and the organisation of the different decision-making levels are both being continuously improved and adapted to the needs that are emerging from the new sustainability environment.

Board of Directors

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 CEO. To ensure better and more diligent performance of its general supervisory duties, the Board is directly responsible for approving the Institution's general strategies. It also approves its policies, and is therefore responsible for establishing principles, commitments and targets in the area of sustainability, and for including them into the Institution's strategy.

Sustainability played an important role within Banco Sabadell's business purpose and strategy in 2022. By defining the Institution'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 February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's activities and organisation within ESG⁴ 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 out 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.

Board Committees

The Board Strategy and Sustainability Committee, established in 2021, is formed of five Directors (two Other External Directors and three Independent Directors) and is chaired by the Chairman of the Board of Directors. This Board Committee met 13 times in 2022.

In matters of strategy, the Chief Executive Officer may speak and vote at meetings, to which end the Committee is deemed to have six members.

On sustainability, the Committee has the following duties:

- Analysing and advising the Board of Directors on the Institution'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 opportunities and work-life balance policies and evaluating their degree of fulfilment on a regular basis.
- Review the Bank's social action strategy and its sponsorship and patronage plans.
- Reviewing and reporting on the Institution's 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.

In addition, in 2021 the Board Appointments and Corporate Governance Committee also took on duties in relation to advising the Board of Directors on the internal corporate policies and regulations, as well as overseeing the compliance with corporate governance rules and the disclosures to shareholders and investors, proxy advisors and other stakeholders.

⁴ Environmental, Social and Governance.

Internal Committees

The Management Committee regularly monitors the Sustainable Finance Plan and updates to the regulatory framework and it is also in charge of overseeing the aforesaid plan and resolving any incidents.

In addition, the Sustainability Committee, established in 2020 and chaired since 2021 by the Deputy General Manager and head of the Sustainability and Efficiency Division, 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, as well as of managing any alerts that may arise in relation to ongoing initiatives or any developments in the regulatory, supervisory or other environments. It is made up of 15 members (ensuring the representation of several areas, including Sustainability, Risk, Finance, Business, Technology & Operations, Communication, Research Service, Organisation and Resources) and it meets once a month. This composition of the Sustainability Committee covers all functional areas, which enables the cross-cutting establishment and implementation of the Sustainable Finance Plan and, therefore, the execution of the Institution's ESG strategy. The Sustainability Committee met 13 times in 2022.

Organisation

The Sustainability Division was created in 2021 and is the unit in charge of defining and managing the responsible banking strategy of Banco Sabadell Group, including the implementation of ESG criteria in such a way as to ensure that they are applied in all of the Bank's business units, affiliates and international subsidiaries. The Sustainability and Efficiency Manager is also a Deputy General Manager, a member of the Institution's Management Committee, and reports directly to the Chief Executive Officer.

In 2022, the organisation has focused on embedding the ESG risk strategy in its day-to-day operations, in its control arrangements and in the development of models and scenarios that consider these risks. As progress was made on performing sustainability-related tasks and on incorporating ESG risks into risk processes, it became apparent that new specialist resources were necessary. For this reason, the organisational structure based on a system of three lines of defence has been gradually modified in order to include the new skills and competencies required in relation to ESG:

- In terms of the 1LoD⁵, the business areas of both Corporate Banking and Business Banking have been strengthened with the creation of specific units that coordinate with the commercial teams to define new sustainable financing solutions for customers, identifying trends and new products. Furthermore, the Financing teams have been strengthened with the addition of

specialists in charge of gathering the necessary information to perform risk assessments during origination and monitoring processes. Similarly, the risk teams have also seen an enhancement of their capabilities to perform the relevant ESG tasks within Portfolio Management and ESG Analysis.

In order to meet the growing regulatory and supervisory demands, the Research and Models teams have also been strengthened. These are the teams that add climate scenarios to the stress testing models and the ICAAP (Internal Capital Adequacy Assessment Process).

- In the same way, the 2LoD has been reinforced, specifically the Compliance, Credit Risk Control and Internal Control teams.
- In terms of the 3LoD, the role of the Financial Audit Division has been expanded and it is now also responsible for performing sustainability audits' tasks.

⁵ Line of Defence.

3. Sabadell's Commitment to Sustainability

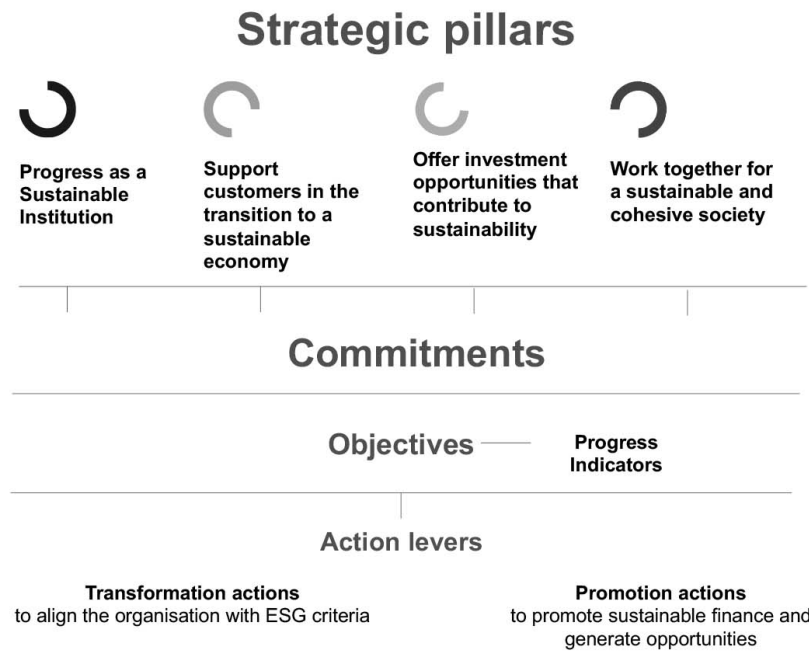
3.1 ESG framework

Solid in its commitment to sustainability and to accelerating the economic and social transformation that contribute to sustainable development and the fight against climate change, the Bank has established 'Sabadell's Commitment to Sustainability'.

Underpinned by four strategic pillars, this framework sets out the Bank's sustainability strategy and forward-looking vision with ESG goals and commitments, aligned with the UN Sustainable Development Goals (SDGs),

and establishing levers for transformation and promotion actions. The main lines of action of this ESG framework are the following:

- Progress as a sustainable institution: the Bank focuses on achieving greenhouse gas (GHG) emissions neutrality, promoting diversity, safeguarding talent, and continuing to incorporate ESG criteria in its governance, as well as participating in the most relevant ESG alliances.
 - Support customers in the transition towards a sustainable economy: to do so, the Bank is making progress with mapping out decarbonisation pathways, supporting customers in their transition to specialised solutions in renewable energies, energy efficiency and sustainable mobility, and setting sectoral standards that limit controversial activities and/or those with a negative impact on
- social and environmental development.
 - Offer investment opportunities that contribute to sustainability: in the investor ecosystem, the Bank focuses on increasing savings and investment opportunities that contribute to sustainability, rolling out a wide range of social, ethical, green and sustainable bonds and funds, both its own and those of third parties.
 - Work together for a sustainable and cohesive society: in its commitment to society, the Bank believes that it is essential to take an active role to improve financial education, move forward inclusion, reduce social vulnerability to the minimum, and ensure security in transactions and exchanges of information.



A preliminary report on this framework was presented at the Annual General Meeting of March 2022, and the disclosure of that report culminated in the creation of a “Sustainable Commitment” section on the Group’s corporate website. Up until the publication of this report, the disclosure of updates has been carried out fundamentally on the Bank’s digital channels with the hashtag #SabadellCompromisoSostenible.

To complement this, the Bank continues to make progress with its Sustainable Finance Plan, as an operational tool to confront new developments and needs generated by changes in the regulatory and supervisory environment, which have an impact on business strategy and the business model, governance, risk management and disclosure.

All of these actions and goals established in Sabadell’s Commitment to Sustainability form the Bank’s ESG roadmap.

Remuneration linked to Sustainability

Through the synthetic sustainability indicator (SSI), established in 2020, Key Performance Indicators (KPIs) for ESG matters are included and linked to the variable remuneration of employees.

The commitment to sustainability and the involvement of the Bank’s staff in the delivery of the Institution’s ESG goals are factors reflected in the attainment of the Group’s objectives. Through the synthetic sustainability indicator (SSI), established in 2020, Key Performance Indicators (KPIs) for ESG matters are included and linked to the variable remuneration of employees, forming part of the Group objectives with a weight of 10%. This indicator is regularly monitored by the Sustainability Committee which incorporates updates of these indicators in its periodic review. The metrics that make up this indicator to measure sustainability include four types of indicators:

- a. A market-led assessment, carried out by ESG rating agencies, of the information disclosed.
- b. The degree of progress in the achievement of actions set out in the Sustainable Finance Plan.
- c. The commitment to diversity in relation to the increased presence of women in various management positions.
- d. In relation to the environment and the channelling of resources through the volume of sustainable financing (in accordance with the EU taxonomy).

Banco Sabadell’s ESG frameworks in other geographies

It is also worth noting that TSB and Banco Sabadell Mexico have continued to develop their own commitments to sustainability in line with those of Banco Sabadell:

TSB’s Do What Matters Plan

With origins stretching back to the start of the savings bank movement, TSB has always focused on generating social value as well as economic returns. The Do What Matters 2025 plan⁶, first introduced in 2020, and strengthened in 2022, was all about how to take forward those commitments today.

Named after one of TSB’s core behaviours – do what matters – and an integral part of the business strategy, “Do What Matters” brings together its social and environmental commitments to deliver a long-lasting and meaningful impact for its customers, colleagues, suppliers, and communities and to build on its credentials as a responsible business.

Thus the plan is focused on three key areas: essential business elements⁷, people⁸ and planet⁹. It has eight long-term goals focused on social and financial inclusion, fair commercial practices and support for a transition towards a greener planet.

⁶ <https://www.tsb.co.uk/do-what-matters/>

⁷ <https://www.tsb.co.uk/do-what-matters/essentials/>

⁸ <https://www.tsb.co.uk/do-what-matters/people/>

⁹ <https://www.tsb.co.uk/do-what-matters/planet/>



This framework provides robust governance while ensuring transparency in reporting and compliance with regulatory and voluntary codes of practice. Additionally, TSB works in partnership with different expert organisations to ensure that its actions comply with independent standards and commitments, such as the Good Business Charter¹⁰, the United Nations Global Compact and The Prince's Responsible Business Network¹¹. To support the achievement of the planet's goals, TSB has also joined the Science Based Targets initiative, become a signatory to the Net-Zero Banking Alliance (NZBA) and a supporter of the Task Force on Climate-related Financial Disclosures (TCFD).

All this allows TSB to focus on those key initiatives that reflect its role in society and link in with its business purpose.

Banco Sabadell Mexico

As part of Banco Sabadell Group, Banco Sabadell Mexico has developed its business ethically and responsibly, gearing its commitment to the environment and society so that its activities positively impact on people and avoid negatively affecting the natural environment. Therefore, since 2021, there is a Social and Environmental Policy in place, a Sustainability Committee and a Sustainability Division.

In 2022, Banco Sabadell Mexico continued to progress with its commitment to sustainability through the implementation of its Environmental and Social Policy, which

has been changed to adhere to the Banco Sabadell Group Sustainability Policy, and has made progress in terms of sustainable financing and climate risk management.

In terms of ESG milestones, Banco Sabadell Mexico has incorporated the Group's Eligibility Guide, which is aligned with the European Union taxonomy, for use as a tool to determine which activities facilitate the transition of its portfolio towards a more environmentally or socially sustainable economy. On the other hand, it continues to build on the implementation of its Environmental and Social Risk Administration System (known as SARAS by its Spanish acronym), which seeks to identify and manage environmental and social risks associated with its customers' activities.

In the context of its partnerships, during the year Banco Sabadell Mexico has reaffirmed its commitment to sustainable development by signing the "Declaration in favour of the development of environmental, green and sustainable finance in the Mexican banking sector", promoted by the Green Finance Advisory Council (*Consejo Consultivo de Finanzas Verdes* or CCFV) and the Association of Mexican Banks (*Asociación de Bancos de México* or ABM). Banco Sabadell Mexico has also become an active member of the Sustainability Commission of the Spanish Chamber of Commerce in Mexico (known as CAMESCOM by its Spanish acronym), forming part of a working group whose aim is to highlight and promote good practice demonstrated by Spanish investment in Mexico, as well as implementing new business models focused on social responsibility.

¹⁰ The Good Business Charter is an accreditation scheme that recognises businesses that behave responsibly in ten areas, including fair salary payments, not offering zero-hours contracts, prompt payment of suppliers, promoting diversity and inclusion, ensuring that employees' voices are heard in the Boardroom, and establishing firm plans to achieve emissions neutrality.

¹¹ The Prince's Responsible Business Network is a Business in the Community (BITC) initiative that helps companies to address a wide range of essential questions to build a fairer society and a more sustainable future.

In terms of communication, Banco Sabadell Mexico has engaged in digital communication on social networks in the context of ESG and Banco Sabadell's Commitment to Sustainability, and has also taken part in the main climate change information forums (including a webinar on businesses and climate change; a workshop on Business Sustainability Basics through the Spanish Chamber of Commerce in Mexico (CAMESCOM, by its Spanish acronym) ; and a virtual forum entitled Sustainable transition: the path to a new economy).

3.2 Initiatives and alliances

Cross-cuttingly and in line with its Commitment to Sustainability, Banco Sabadell continues to forge alliances with other sectors and is part of the most relevant international initiatives to combat climate change and promote social development, such as:

- Since 2005, with the signature of the adherence to the corporate responsibility initiative of the **United Nations Global Compact**, and the ten principles in the areas of human rights, labour, environment and anti-corruption.
- The signature of the **Equator Principles**, since 2011, which incorporate social and environmental criteria in the funding of large-scale project finance and corporate loans.
- Adherence to the **United Nations Principles for Responsible Banking**, the first global framework of reference that defines the role and responsibilities of the banking industry in ensuring a sustainable future, to that end reinforcing the alignment with the SDGs in relation to the Paris Agreement.
- Ratification of the **Collective Commitment to Climate Action**, whose goals serve to further reduce the carbon footprint of balance sheets.
- Adherence to the **Task Force on Climate-related Financial Disclosures (TCFD)** for the disclosure of risks and opportunities related to climate change.
- Signatory of the **Carbon Disclosure Project (CDP)** for action against climate change.
- Adherence in October 2021 to the **Net-Zero Banking Alliance (NZBA)**, an international alliance convened by the United Nations Environment Programme Finance Initiative (UNEPFI), through which the Bank commits to aligning its lending and investment portfolios with net-zero emissions by 2050, in line with the targets of the Paris Climate Agreement.
- Adherence in May 2022 to the **Partnership for Carbon Accounting Financials (PCAF¹²)**, with the aim of measuring and disclosing the CO₂ emissions of its credit and investment portfolios using a standardised approach.

The ESG framework of Sabadell's Commitment to Sustainability includes the global sustainability undertakings that it has subscribed and the transformation and promotion actions, both those implemented by the Group and those planned for the future, which aim to accelerate ecological transition, reinforce the fight against climate change and support social development, reinforcing and

in turn addressing priority matters arising in that respect. This framework is aligned with the UN SDGs and focuses on those where it has the greatest capacity to influence due to its systemic interrelationships, type of activity and capacity to make an impact. In this respect, although the goal of this Institution also involves a contribution to all of the SDGs, the following have been given priority:



3.3 Materiality

In 2022, a review has been carried out of the materiality analysis performed in 2021.

In 2022, a review has been carried out of the materiality analysis performed in 2021, which involved establishing a list of material topics for the Group with the aim of listening to stakeholders. This review was carried out with the aim of updating the Group's perspective in the materiality matrix and to adapt to the increasingly demanding regulatory requirements and market environment in this respect. Similarly, the method of prioritising relevant

aspects based on their importance has been replaced with a method based on the impact they generate, in line with the requirements of "GRI 3: Material Topics 2021", published in October 2021.

¹² The Partnership for Carbon Accounting Financials (PCAF) is a collaboration among financial institutions from all over the world, launched in 2019, to measure and disclose the CO₂ emissions of their credit and investment portfolios using a standardised approach PCAF participants work together to develop the Global Greenhouse Gas (GHG) Accounting and Reporting Standard for the financial industry. For more information, see <https://carbonaccountingfinancials.com/Industries>

¹³ For more details on the contribution to all SDGs, see Annex 5 - SDG alignment.

The objective of this analysis is to identify and prioritise ESG aspects¹⁴ of relevance to the Group and its stakeholders, with three aims:

- Recognise the ESG priorities on which Banco Sabadell Group should focus its attention, taking into consideration risks, opportunities, impacts and trends.
- Strengthen the relationship with different stakeholders and outline the impacts and expectations with regard to ESG.

- Address the reporting needs arising from legal requirements and from analysts and indices, as well as the demands of shareholders, investors and other stakeholders, with a common and simple language.

Methodology

Banco Sabadell has conducted and updated its materiality analysis, in accordance with the GRI disclosure standards and with the regulators' current recommendations, incorporating the double materiality perspective:

- Non-financial Reporting Directive (NFRD) and its transposition to Spanish law (Law 11/2018 on Non-Financial Information and Diversity).
- The requirements of the EU's Corporate Sustainability Reporting Directive 2022/2464 (CSRD) have also been taken into account.
- Report on CNMV oversight of the annual financial statements for 2020 and main areas for review in the financial statements for the following year of the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores* or CNMV).
- Considerations of materiality in financial reporting of the European Securities and Markets Authority (ESMA), published in October 2022.

To that end, in 2021 priority stakeholders, whose demands and requirements were included in the materiality analysis, were identified, namely: employees, suppliers, customers, investors, rating agencies, society, regulators and supervisory authorities, and economic operators. Following this interaction with different stakeholders, the relevance of all matters related to ESG was analysed, both from the perspective of stakeholders and that of the Group, and is described below. The material aspects and their definition are set out in section 3.3.1. of this document.

In a second stage of the materiality analysis process, carried out in 2021 and updated in 2022, Banco Sabadell Group combines the analysis of stakeholder expectations with the identification of impacts from a double materiality perspective. The double materiality process aims to identify the impacts of environmental and social matters on the Group, and of the Group on its stakeholders, which are assessed to obtain a holistic view of the relevance of the impacts of each material aspect on sustainability issues.

To that end, Banco Sabadell Group has identified the actual and potential impacts that it causes or to which it contributes through its activities. The identification of

impacts, by relevant aspect, are detailed in section 3.3.2. of this document.

Based on these identified impacts, and with the aim of prioritising them, the Group has carried out a quantitative assessment in which it consulted different areas of the Bank by means of questionnaires on the relevance of these impacts, which were answered according to pre-defined scales.

Actual and potential positive impacts were evaluated based on the following attributes:

- Probability: understood as the probability that the impact materialises
- Scale and scope: the scale of an impact refers to how beneficial it is or could be, and the scope refers to how far-reaching it is or could be.

On the other hand, actual and potential negative impacts were evaluated based on the following attributes:

- Probability: understood as the probability that the impact materialises
- Severity: determined by the level of severity of the impact, the extent of the impact and the degree of difficulty involved in counteracting or repairing the resulting damage.

The result of this analysis has made it possible to complete the double materiality approach which is presented in section 3.3.2 of this document, and to update the Materiality matrix, which is set out in section 3.3.3. Three levels of priority have been established for the results, level 1 being that which is of greatest impact for the Group and which includes the following material aspects: (i) Corporate Governance, (ii) Value Creation and Solvency, (iii) Ethics and Integrity, (iv) Climate Change and Environmental Risks (v) Sustainable Finance and Investment.

¹⁴ Relevant aspects: those that can reasonably be considered important when it comes to reflecting organisations' economic, environmental, and social impacts, or that influence the decisions of stakeholders. (GRI Standards).

3.3.1 Definition of Material Topics

The topics that the Bank has deemed material in its analysis are defined below:

Material topics	Definition
Governance	
1. Corporate governance	Compliance with best practice in Good Corporate Governance and ESG Governance. Including, among other aspects: structure and diversity of governing bodies, their evaluation and remuneration, functions in terms of ESG (setting non-financial targets, oversight, establishing commitments, etc.).
2. Transparency and data management	Mechanisms to ensure effective and transparent communication with stakeholders to enable expectations to be managed and to identify and address their requirements through established dialogue mechanisms, as well as reporting of financial and non-financial information.
3. Risk management and cybersecurity	Identification, assessment and management of the operational risks to which the Group is exposed. Includes financial risks (credit, market, liquidity and structural) and non-financial risks (cybersecurity, reputation, health and safety, among others).
4. Customer satisfaction and digitisation	Operations implemented by the Bank in order to achieve the highest possible quality and attain excellence in the provision of services (meeting customer expectations) and improvement of the customer experience (digitisation, special and adapted advisory measures, etc.), based on responsible and transparent marketing.
5. Corporate culture	Corporate principles and actions aimed at improving the image and business trajectory of Banco Sabadell, which is reflected in employees' pride in belonging to the Group, and in the corporate reputation as perceived by stakeholders.
6. Ethics and integrity	Compliance with the national and international legislation in force in all countries in which the Group operates, as well as the specific commitments undertaken by the organisation in its corporate policies and in its code of conduct.
7. Responsible supply chain	Extension to the supply chain of the Group's own commitment to socially responsible practices and of its undertaking to uphold workers' rights, freedom of association and environmental rights.
8. Value creation and solvency	Maintaining good economic performance to ensure profitability and value creation for shareholders and investors.
Environmental	
9. Sustainable finance and investment ¹⁵	Identification and development of a range of financial products and services that consider ESG aspects in their design, management and marketing.
10. Climate and environment: risks	Identification and management of risks associated with climate change and the environment, complying with best practice, the regulations in force and supervisory expectations.
11. Internal environmental footprint	Impact on the environment stemming from Banco Sabadell's activity, and the eco-efficiency initiatives and own emissions management that the company has implemented to reduce it.
12. Commitments and partnerships in environmental matters	Initiatives, certifications and commitments to which Banco Sabadell has subscribed with the aim of improving environmental management. Includes awareness activities and training in environmental topics carried out by the Institution.

¹⁵ Topic with environmental and social impacts.

Social

13. Diversity, Inclusion and Equality	Actions and initiatives proposed to eliminate discrimination in the workplace on the basis of gender, race, age, ethnicity, religion, disability or for any other reason. These include: reducing the gender pay gap, producing plans and protocols to foster diversity and equality (work-life balance, flexibility of working hours, working from home and the right to disconnect), and the inclusion of vulnerable groups, among other things.
14. Quality employment and talent management	Promotion of quality employment, fostering professional development and attraction and retention of talent. This aspect includes: training plans, promotion of wellbeing, employees' health and safety and all initiatives geared towards these aims (performance appraisal, pay and promotion, internal mobility, etc.).
15. Social commitment and Human Rights	Commitment to the development of local communities through corporate volunteering activities, collaboration with voluntary sector projects and/or direct donations. This aspect includes Banco Sabadell Group commitments and actions related to protecting Human Rights.

3.3.2 Double Materiality

With the aim of ensuring that the materiality analysis is comprehensive, in 2022 the identification of the main impacts was updated, according to the double materiality perspective.

With the aim of ensuring that the materiality analysis is comprehensive, in 2022 the identification of the main impacts was updated, according to the double materiality perspective of the impact of the environment on the Group and that of the Group on its stakeholders, in line

with the guidelines of the main bodies that regulate in this regard (i.e. EU, CNMV and ESMA). The update in 2022 included a list of impacts for all material aspects.

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
Governance		
1. Corporate governance	Appropriate management of this aspect enables the promotion of diversity and heterogeneity of skills in the governing bodies. Furthermore, it enables alignment with the requirements of supervisors/regulators in terms of corporate governance. Managing this aspect requires greater internal control and a higher level of reporting.	This aspect allows the Group to generate value and greater reliability in business management for shareholders and investors, in addition to generating a perception of greater strength and resilience before the regulators.

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
2. Transparency and data management	<p>Management of this aspect reduces future exposure to risks and possible economic sanctions related to transparency and data management.</p> <p>More stringent demands in the management of this aspect requires continuous improvement of systems, communication channels and internal control of data and data verification, as well as continuous investment in security and good data management.</p>	<p>The management of this aspect reduces the risk of a breach of regulations, and enables a relationship of trust to be built with the Supervisory authorities.</p> <p>On the other hand, it involves increasing the data requirements for customers, suppliers and other stakeholders.</p>
3. Risk management and cybersecurity	<p>Correct management of this aspect allows the Institution to meet its business objectives, maintain its solvency, liquidity, profitability and asset quality position, and generate trust among regulators, investors, customers and society.</p> <p>The management of this aspect requires continuous investment by Banco Sabadell Group in employee training, and directly affects financial performance.</p>	<p>The correct management of this aspect enables capital protection, generating trust and security among stakeholders.</p> <p>Insufficient management of this aspect directly affects the right to privacy of customers, suppliers and other stakeholders, and generates financial impacts.</p>
4. Customer satisfaction and digitisation	<p>Correct management of this aspect allows the Institution to attract new customers and develop their loyalty, which encourages long-lasting relationships built on trust, and in turn increases Group profits. The digitisation process enables the Group to be more efficient and reduce the environmental impact of its activities.</p> <p>Managing this aspect requires continuous investment in innovation and the development of new solutions based on employee training, new technologies and the digitisation of services that meet customer expectations.</p>	<p>The management of this aspect has a direct impact on customers, meeting their demands for financial products and services with an accessible and specialised service. In addition, digital solutions offer them tailored and personalised services, with greater availability.</p> <p>However, there may be difficulties accessing groups that are not familiar with the digital environment and an increased level of demand may need to be addressed, as well as specialisation of employees and suppliers.</p>
5. Corporate culture	<p>This aspect allows the Institution to protect itself from possible conduct risks or conflicts of interest, and in turn reduce loss of human and intellectual capital.</p> <p>Although this aspect requires continuous updating of policies and internal codes of conduct in order to align them with market expectations and those of society.</p>	<p>The corporate culture generates a feeling of belonging and increased job satisfaction among employees, as well as a better customer experience and greater confidence among society.</p>

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
6. Ethics and integrity	Ensuring ethical conduct and compliance with regulations has an impact on the Group's reputation and on its stakeholder relationships, underpinned by an ethical and fair approach to business that is also respectful of legal considerations.	Correct management of this aspect generates a feeling of pride and belonging among employees and customers. This improves the reputation of Banco Sabadell Group and builds trust among regulators, investors and society.
7. Responsible supply chain	The management of this aspect improves supply chain management and control. It requires, in turn, a more demanding approach to the control and approval of suppliers, generating a possible price increase as supply would be confined to sustainable suppliers.	A responsible supply chain generates greater confidence among society and among customers. On the other hand, tougher supplier contracting conditions could lead to a loss of suppliers.
8. Value creation and solvency	The attainment of solvency objectives has an impact on the Group's market positioning, allowing it to attract and retain capital. It also reduces its vulnerability to risks that could affect Banco Sabadell, and generates confidence among stakeholders.	Proper management of this aspect has a positive impact on all stakeholders, as it generates wealth, social value, security and confidence in capital protection, for both investors and customers.

Environmental

9. Sustainable finance and investment	This aspect allows the Institution to identify business and investment opportunities in new markets, and to develop a range of new products and services and, by doing so, create a new source of income. In addition, it allows the Bank to position itself in relation to competitors that include sustainability in their business model and strategy. This aspect may give rise to more demanding ESG requirements for funding or investment in certain sectors and activities. It also requires new plans to promote products and services in the medium- to long-term.	This aspect allows the Institution to increase the range of sustainable financial products and services, as well as products and services that contribute to a positive social impact through, amongst other things, financial inclusion, and thereby support and satisfy customers, shareholders and investors who have a greater appetite for ESG aspects. Supporting customers in this respect has a positive effect on the Group's reputation, differentiating the Institution in the market place as a more sustainable business that is more firmly committed to the environment and to society. On the other hand, it may make it more difficult for customers in carbon-intensive sectors to transition, and could increase customer information needs.
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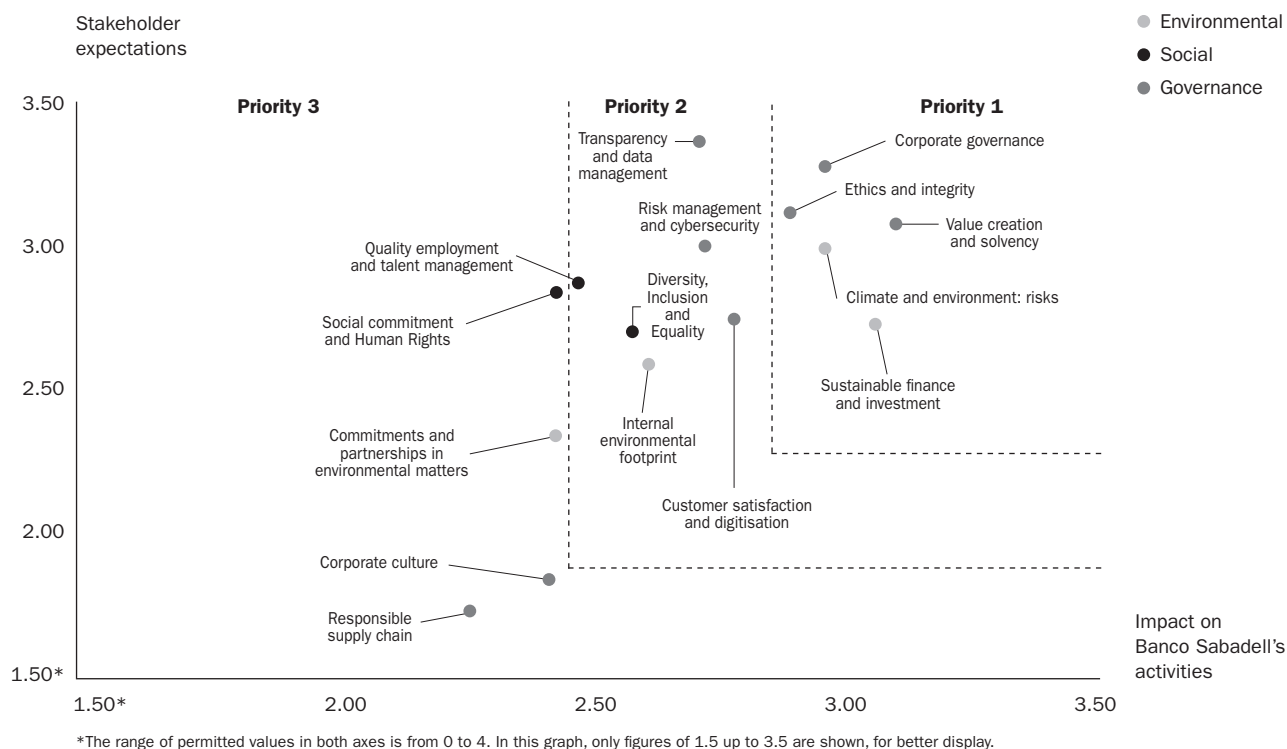
Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
10. Climate and environment: risks	<p>Correct management of this aspect allows the Group to reduce its future exposure to climate-related and environmental risks, improving the Banco Sabadell's reputation and relationships with its stakeholders and allowing it to remain aligned with regulatory requirements in this regard.</p> <p>The management of this aspect requires continuous investment by Banco Sabadell Group to continue to develop a high level of market monitoring, constant improvements to information systems, specialised training plans for employees and the hiring of qualified profiles.</p>	<p>This aspect allows the Institution to incentivise investment in sectors and products aligned with ecological transition, generating greater confidence among investors and society.</p> <p>The management of climate change and environmental risks may involve greater control and tougher funding conditions for those activities that carry more risk.</p>
11. Internal environmental footprint	<p>The reduction of the internal environmental footprint through appropriate management and control reduces future exposure to risks related to GHG emissions limits, and improves energy efficiency by reducing the associated resources required.</p>	<p>This aspect enables the Institution to increase confidence among an increasingly climate-aware society, and generate a positive environmental impact by reducing Group emissions.</p>
12. Commitments and partnerships in environmental matters	<p>The Group's adhesion to environmental commitments and partnerships, and its implementation of the corresponding initiatives and goals, enables it to gain greater knowledge of best practice in the market, improving its management of environmental matters and generating a competitive advantage and differentiation in the market place.</p> <p>This aspect involves increased demand in terms of resources to monitor and meet environmental goals, and in terms of reporting.</p>	<p>This aspect allows the Group to create value for investors and shareholders through partnerships and by meeting environmental goals, while generating confidence and visibility among customers and society through a more sustainable and transparent business.</p>

Double materiality approach

Material topics	Social and environmental impact on Banco Sabadell	Impact of Banco Sabadell on its Stakeholders
Social		
13. Diversity, Inclusion and Equality	<p>The achievement of diversity targets has a positive impact by attracting and retaining human and intellectual capital, generating value within the Bank and improving productivity.</p> <p>Management of these aspects entails greater demand for resources to update internal standards and policies, prepare regulations, develop control and training models, and carry out more stringent monitoring to ensure that the targets related to diversity, inclusion and equality are met.</p>	Appropriate management of these aspects reduces inequality, generating a feeling of pride and belonging among employees.
14. Quality employment and talent management	<p>Ensuring high quality employment makes it possible to attract and retain human capital, improve employee productivity and, in addition, allows the Institution to better align employees' capacities with its objectives and strategic lines.</p> <p>Management of this aspect requires training, updating and greater flexibility of standards and internal policies, as well as greater human resources to position the Institution as a benchmark among its competitors.</p>	This aspect allows employees to manage their professional career with tailored plans, producing greater stability and professional wellbeing. In addition, it enables the Institution to improve its image and reputation and boosts confidence among society.
15. Social commitment and Human Rights	<p>Proper management of this aspect allows the identification of new investment opportunities that cover the needs of vulnerable groups. In addition, it is a way of differentiating retail banking through financial inclusion. It allows the Institution to ensure alignment with international conventions for the protection of human rights.</p> <p>On the other hand, this aspect requires greater monitoring of specific products and services to cover the needs of vulnerable groups. Furthermore, it involves greater demand for the development of corporate volunteering programmes and the promotion of social action activities.</p>	<p>This aspect allows new products and services to be developed that contribute to a positive impact through inclusion and financial education for vulnerable groups. In addition, it allows for the implementation of social programmes that support the development of certain communities.</p> <p>This aspect may limit access to suppliers due to more stringent requirements demanded from suppliers in this regard.</p>

3.3.3 Materiality Matrix



3.3.4 Engagement with Principles for Responsible Banking

In 2022, Banco Sabadell also carried out an analysis to identify the positive and negative impacts arising from its financing activities, in line with the requirements of the Principles for Responsible Banking of the United Nations Environment Programme Finance Initiative (UNEP FI).

This analysis enabled the Institution to identify the environmental, social and economic impacts (positive and negative) associated with both the Retail Banking portfolio and the Business and Corporate Banking portfolio.

The result of this analysis prompted Banco Sabadell to prioritise two areas of impact on account of their relevance in both analyses: Climate and environment, and Education and financial inclusion.

Both areas of impact that have been prioritised are aligned with the results obtained in this materiality analysis. In this respect, the areas prioritised in the Impact Analysis, namely, Climate and environment, and Inclusion and financial education, relate directly to at least three of the relevant aspects for which positive and

negative impacts were identified according to the double materiality perspective (i.e. the environment on the Institution and the Institution on stakeholders). The area of climate and environment is closely related to the relevant aspects of Climate and environment, Sustainable finance and investment, and the topic of Commitments and partnerships in environmental matters. On the other hand, the area of inclusion and financial education is directly related to the relevant aspects of Social commitment and Human Rights, Sustainable finance and investment, and Customer satisfaction and digitisation.

4. Commitment to climate and the environment



In the current context of climate change and in its capacity as a financial institution, the Bank believes it has a fundamental role to play in the transition towards a sustainable economy and in the achievement of the goals established in the Paris Agreement and the 2030 Agenda.

To that end, Banco Sabadell has an ESG action framework (section 3. Sabadell's Commitment to Sustainability), which is aligned with the SDGs and in which climate action (SDG 13) is one of the priority SDGs of its corporate strategy.

4.1 Environmental risk governance

The governance of environmental risks (understood to be those stemming from climate change and environmental degradation) is defined by the Environmental Risk Policy approved in 2021 and revised in December 2022. The aim of the Policy is to define the guidelines for managing and controlling the risk associated with climate change and environmental degradation. To that end, the principles and critical parameters applicable to significant aspects are specified.

Specifically, the Board of Directors and the Board Committees and Internal Committees of the Bank indicated here below are responsible for supervising, with a pre-established frequency, the most significant aspects with regard to risks associated with climate and environmental degradation:

- Board of Directors: in relation to the environmental risk management and control duties, the Board is ultimately responsible for embedding this type of risk into the general strategy and for establishing the necessary mechanisms for its review. Its duties range from monitoring environmental risk to approving and reviewing the organisational and functional framework for managing, controlling and reporting on this risk, approving the associated policies and reviewing them on an annual basis. In addition, it is worth noting that in February 2022 the Board of Directors received specific training

on climate risk management, the impact deriving from climate risks, policies and rules on the topic, as well as measurement metrics such as the carbon footprint and decarbonisation pathways.

- Board Strategy and Sustainability Committee: responsible for analysing and reporting to the Board of Directors on environmental risk policies and for reporting to the Board of Directors on any amendments or periodic updates of the environmental risk strategy. It is also responsible for supervising the model for identifying, controlling and managing risks and opportunities in relation to sustainability including, where applicable, environmental risks.
- Board Risk Committee: responsible for supervising and ensuring that all of the Group's risks are properly taken, controlled and managed, and for reporting to the Board of Directors on the performance of its duties.
- Board Audit and Control Committee: its main duty is to supervise the effectiveness of the Group's internal control, internal audit and risk management systems, coordinating as required with the Board Risk Committee. Environmental risks, among other aspects, are included.
- Management Committee: this is the most senior management body of the Institution and it is responsible, among other things, for all matters related to the development of the business in the various regions, as well as matters arising from financial planning and financial activity, those relating to organisation and human resources, technology and all other aspects related to day-to-day business management.

- Sustainability Committee: this management body is responsible for establishing and promoting the Bank's Sustainable Finance Plan and monitoring its execution, as well as defining and disclosing the general action principles related to sustainability and promoting the development of related projects and initiatives. Its duties include reporting on a regular basis to the Management Committee and reporting, at least once a year, to the Board Strategy and Sustainability Committee on the progress made with the Sustainability Plan and its initiatives. It meets on a monthly basis to monitor the most relevant topics in relation to ESG. On a regular basis, the Corporate Sustainability Report is submitted to the Sustainability Committee and then subsequently to different bodies within the Bank.
- Technical Risk Committee: this is the management body responsible for supervising the management and control of the Institution's risks and which supports the Board Risk Committee in performing its duties. Every month, the Credit Risk Dashboard is submitted, which includes, among other things, details about the evolution of the Institution's exposure to activities classified

as carbon-related, intensive, green and social, the carbon footprint of the loan book, as well as monitoring indicators of new lending items.

4.2 Climate-related and environmental strategy

In 2022, the Institution has taken one step further towards its goal of fighting climate change and it has unveiled its first decarbonisation targets for 2030 (Portfolio Alignment section) and its ambition to provide support, advice and sustainable finance to individuals and above all to companies, focusing specifically on those in sectors that are the most CO₂ emissions-intensive on a global scale.

In keeping with its ESG framework and its role as a financial institution, the Group addresses climate-related and environmental topics from a two-fold perspective (internal and external), considering in its climate-related and environmental strategy:

- 1) The potential impacts of climate-related and environmental risk on financial activity. Its strategy is based on:
 - a. Identifying, measuring and managing the risks related to climate change and environmental degradation (section 4.3 Environmental risk management).
 - With regard to the identification of climate-related risks (section 4.3.1 Risk identification), the Bank has been including in its annual review a qualitative approach that strengthens the materiality assessment of the impact of environmental risks (physical and transition risks).
 - With regard to measurement and quantification (section 4.3.2. Assessment and measurement), the Bank has carried out, on one hand, an exercise to focus on climate scenarios, allowing it to obtain a first quantitative estimate at 30 years so as to calculate the expected impairment loss on the portfolio. In addition, the Institution has taken part in the Supervisor's climate stress test, which includes the measurement of potential impacts and the level of progress made to adapt and mitigate its financial activity. On the other hand, the Institution continues to make progress on the calculation of the carbon footprint of its financed portfolio, using the Partnership for Carbon Accounting Financials (PCAF) methodology.
 - With regard to the management of climate-related and environmental risk (section 4.3.3 Integration into management procedures), the Bank aims to: (i) continue building on its knowledge and classification according to the environmental and climate-related impact in its activity, in addition to including initiatives to improve the quality of information, and (ii) take action to mitigate the impact of these risks (sectoral standards and establishment of decarbonisation pathways for specific sectors).
 - b. Identifying and leveraging opportunities related to the transition to a sustainable economy (section 5. Commitment to sustainable finance):
 - Increasing exposure to green financial assets, as they are

a key factor in achieving decarbonisation targets. In this regard, the Institution in the implementation of financing solutions in the different businesses through Green and Social Loans (GSLs) and Sustainability-Linked Loans (SLLs).

- Advising and responding to the challenges of transition of all customers (large enterprises and corporations, SMEs and individuals) by:
 1. Offering strategic support, identifying the most appropriate sustainable finance solutions.
 2. Promoting the energy transition through solutions and agreements with partners from different sectors.
 3. Offering ESG investment opportunities.
- Managing with greater knowledge and specialisation, leveraging teams specialising in sustainability. Internally promoting the development of new solutions with the involvement of employees, such as the first internal sustainability hackathon. On an external basis, fostering ecological research through the Marine Sustainability Award, promoted by the Bank and its Foundation.

- 2) The impacts that the Group generates directly on the environment through its processes and facilities (section 4.4. Environmental management and impact). Its strategy in this regard consists of:

- a. Reducing own greenhouse gas (GHG) emissions and other sources of pollution, through:
 - Environmental management of its facilities
 - Reduction of own consumption
 - Actions in the circular economy and waste management
- b. Offsetting its own emissions.

Compared to 2021, Banco Sabadell has approved an expansion of its offsetting scope to include all its 2022 Scope 1, 2 and 3¹⁶ emissions in Spain, Mexico and the USA, by purchasing credits in a carbon capture project in Spain.

TSB, for its part, has offset its 2022 Scope 1 and 2 emissions through reforestation projects in Bolivia and will invest in forests and woodland in the United Kingdom to offset its future emissions.

¹⁶ The Scope 3 emissions that will be offset include supplies (water, paper and plastic), waste and business travel. This offsetting does not include emissions associated with the financed portfolio (category 15).

In 2022 Banco Sabadell published its first decarbonisation targets¹⁷ for 2030.

With this action the Bank, on one hand, based on the targets established in the Paris Agreement, prioritises the transition of its lending portfolio, focusing on the transformation of large enterprises in the Power Generation, Oil and Gas, Cement and Coal industries and, on the other hand, it continues to move forward in its commitment to the leading climate partnerships, such as the Net-Zero Banking Alliance (NZBA) promoted by UNEP FI, and in setting decarbonisation pathways to reduce the carbon footprint of its lending and invested portfolio in order to achieve net zero by 2050.

Decarbonisation targets

In this first year, the Bank has prioritised the setting of targets for 2030 for the four sectors with the biggest

climate impact and it has taken into account the Net Zero Emissions by 2050 Scenario published by the International Energy Agency (IEA), which establishes decarbonisation pathways for different sectors that are consistent with limiting the global temperature rise to 1.5 degrees centigrade above pre-industrial levels. In this regard, the Bank is following a sectoral approach, focusing on the stage of each sector's production chain where transition is most likely to reduce the overall volume of greenhouse gas emissions. Specifically, the Bank focuses its targets on:

- Electricity: businesses whose main activity is the generation of electricity.
- Oil and Gas: businesses associated with upstream and downstream hydrocarbons (including refining activity).
- Cement: focusing on companies with manufacturing activities.
- Coal: companies with activities related to coal mining.

Sector	Emissions scope	Reference scenario	Metric	Base year 2020	Target 2030	% total reduction 2020-2030
Electricity	1 and 2	IEA Net Zero 2050	Kg CO ₂ e / MWh	61	85-45	—
Oil & Gas	1, 2 and 3	IEA Net Zero 2050	Mt CO ₂ e	6.3	4.9	-23%
Cement	1 and 2	IEA Net Zero 2050	Kg CO ₂ e / tonne cement	660	510	-23%
Coal	n/a	IEA Net Zero 2050	Million euros (€)	3	~0	-100%

Notes about methodology applied: Base year and 2030 targets data are based on the large corporations segment. To determine industry commitments based on the reduction of emissions intensity (electricity and cement), average emissions intensity has been calculated based on emissions and output attributed according to the amount of financing granted. The commitments have been determined based on the methodology of the Science-Based Targets initiative (SBTi) and the pathway indicated in the reference scenario for the oil & gas, cement and coal industries.

Identification of impacts in the establishment of targets

To set targets and identify the levers of transformation in carbon-intensive sectors, it is vital to understand their origin and progression. To that end, the patterns described below have been identified:

¹⁷ <https://www.grupbancsabadel.com/corp/en/sustainability/commitment-to-sustainability.html>

— **In the electricity sector:** the Bank's current baseline is 61 kg CO₂e/MWh, far below the level of intensity envisaged in the reference scenario (IEA NZE 2050) for the base year. This intensity is even lower than the targets established for 2030 by the main European peers and is within the intensity range expected in the reference scenario approximately for 2036-2037. This situation is the result of the Bank's specialisation in renewable energy that it began in the 1990s by financing and investing in renewables projects, particularly those based on wind and solar technology. Against this backdrop, the Bank aims to maintain the intensity of its CO₂ emissions at a range of between 85-45 kg CO₂e/MWh in order to ensure that it remains by the side of all its customers during their transition process. This strategy is aligned with the REPowerEU plan and the ambitious energy targets of the European Union in relation to the buildout of renewable electricity generation. The Bank will continue to take action with the same diligence it always has, undertaking to remain a standard-bearer for financing and investing in energy and technology that can serve as alternatives to fossil fuels.

— **In Oil & Gas:** the Bank has set itself the target of reducing total emissions associated with positions in this industry by 23%, in line with the reference scenario. It plans to achieve this reduction

mainly by supporting companies in this industry as they implement their transition plans, whose main levers include producing low-carbon products (such as, for example, green hydrogen, e-fuels, biofuels), boosting their electricity generation business and improving the efficiency of emissions-intensive processes. These plans typically have emissions reduction targets that are generally aligned with this ambition.

— **In the cement sector:** the Bank has set itself the target of reducing the emissions intensity per tonne of cement produced by 23%, in line with the reference scenario. The measures with which it plans to achieve this reduction include, among others, supporting customers as they implement the transition plans published by organisations in their respective sectors, such as the roadmap of Spain's association of cement manufacturers (Oficemen), which among other things considers the buildout of renewable electricity generation, the use of low-carbon fuels and the improved efficiency of current production processes as a necessary path towards the industry's climate neutrality.

— **In the coal sector:** in line with expectations as a member of the Net-Zero Banking Alliance (NZBA), the Bank will have no exposure to coal mining activities in 2030.

Upcoming milestones

In its next steps, Banco Sabadell plans to continue setting additional interim targets for the rest of the carbon-intensive sectors identified by the Net-Zero Banking Alliance (NZBA).

The Bank will also report on the progress made with the commitments it has undertaken and it will unveil an action plan to ensure it meets the aforesaid targets.

4.3 Environmental risk management

Environmental risks can be associated with two types of factors that act as risk drivers: 'physical factors' and 'transition factors'. Physical and transition risks are closely interlinked. Specifically, it is estimated that physical risks

will be reduced once the transition policies have been implemented and vice versa, i.e. if no actions are taken to transition, physical risks will increase. There is therefore a trade-off between physical risks and transition risks depending on how and when policies are implemented to facilitate the transition towards a sustainable economy.

This aspect is key, as physical and transition risks have the potential to produce significant impacts for the real economy (institutions and households) and for the wider financial system. Ultimately, they could also affect the social stability and solvency of the countries that are most vulnerable due to their exposure to environmental risks.

The Group currently identifies environmental risks according to whether they are transition risks or physical risks.

Is it therefore worth pointing out that the Group currently identifies environmental risks (those related to the climate and environmental degradation) according to whether they are transition risks or physical risks. Specifically, climate-related risks are measured broken down by transition and physical drivers, while risks associated with environmental degradation (other non-climate-related factors) are measured in aggregate form, without distinguishing between the nature of the drivers in question (transition or physical).

4.3.1 Risk identification

Physical risks

Physical risks could have several consequences; for instance, they could destroy physical assets or render them unusable, or they could disrupt the business, with the ensuing risk of a loss of value of collateral, due to the impeachment of commercial or residential properties serving as guarantee for loans, or they could put borrowers

at risk of failing to meet their payment obligations due to being unable to use their assets or due to disruptions of the production and supply activities of companies that generate proceeds with which to meet payment obligations. In parallel, they could result in the emergence of

potentially significant effects of climate change on various socio-economic variables, including mortality, migrations, job offers or productivity (and therefore on GDP).

Therefore, physical factors or 'physical risks' identify the following types of risks (non-comprehensive list):

Environmental physical drivers		Description
Acute	Greater severity of extreme weather phenomena, such as: (i) heat waves (ii) cold snaps, (iii) forest fires, (iv) cyclones / hurricanes / typhoons / storms / tornadoes, (v) droughts, (vi) heavy rainfall, (vii) flooding, and (viii) landslides and subsidence.	Reduction of income due to reduced production capability (e.g. shutdown in production, in the supply chain or transportation difficulties). Direct losses due to damage to assets.
Chronic	Changes in rain patterns and extreme climate variability. Impacts on exposures with sensitivity to (i) changing average temperatures, (ii) heat stress and thawing of permafrost, (iii) changing wind patterns, (iv) changing patterns and amounts of rainfall, (v) water stress, (vi) land and coastal erosion, (vii) land degradation and (viii) rising sea levels. Gradual loss of services of ecosystems (water and food production, climate control and disease prevention, support for the pollination of crops and cultural benefits).	Loss of value of customers' assets serving as guarantees due to their being located in areas affected by these risks (desertification, rising temperatures, rising sea levels, among others). Decline of production and/or profitability of customers who depend on ecosystem services.

Following this definition, during 2021, Banco Sabadell Group conducted a preliminary estimation of the impacts arising from these climate events on its loan portfolio taking into account:

- the **probability of occurrence** of physical risks: using risk maps to assign a probability of occurrence;
- the **severity** of those risks should they occur: understood as the impact that would arise if physical risk were to materialise, estimated at a sectoral level for the business lending portfolio and in terms of the location of the collateral for the mortgage portfolio.

This way, the Group has developed a methodology internally which distinguishes between acute and chronic events in line with the three orderly transition, disorderly transition and hot house world scenarios of the NGFS (Network for Greening the Financial System)¹⁸ and adapted to a time horizon of 30 years.

This makes it possible to assess those that could have

a more significant impact on its portfolio, based on the location and activities of customers. Using this data, the Group identified a total of 16 events (8 acute and 8 chronic) that could affect the loan portfolio. A preliminary impact analysis was carried out for 11 of them, estimating the impact that they would have on the Spanish portfolio: **Floods, Fires, Rising sea levels, Droughts, Hot spots, Landslides, Maximum temperatures, Minimum temperatures, Rainfall and thaws, Fog and dust, Storms, winds and gales.**

The impacts of physical risk are classified as 'No risk', 'Low', 'Moderate', 'High' or 'Very High'. In this analysis, the impact is rated taking into account a 30-year time horizon, meaning that the portfolio could be impacted by the detected events in the medium or long term.

These risks are currently being monitored under the orderly transition scenario, which is considered the most likely scenario.

The Bank has continued to work on measuring physical risk and events associated therewith in the different geographies in which it operates.

On the other hand, in 2022, the Bank has continued to work on measuring physical risk and events associated therewith in the different geographies in which it operates. To that end, this year it has continued to work on the assessment through work groups with the teams in the different geographies in which the Bank operates, and a system has been put in place to automatically update that estimate on a regular basis.

Based on this assessment, the most severe physical risks in the portfolio are forest fires, floods resulting from severe storms, as well as coastal floods and rising sea levels in Spain, while hurricanes are added to the list in

the case of Mexico and Miami (United States). Using this methodology, the Bank's exposure associated with 'very high' physical risk is 2%. This impact analysis measures the risk inherent in the portfolio and not the residual risk, as the controls currently in place to mitigate it are not considered, nor is the existence of cover, such as home insurance and/or the existence of the Spanish Insurance Compensation Consortium (*Consortio de Compensación de Seguros*), among other things.

2%

Exposure associated with
'very high' physical risk
(Inherent risk)

¹⁸ For more information about the scenarios used, see section "Climate scenarios and stress test" of chapter 4.3.2.

With regard to TSB, taking into account that the loan portfolio is comprised mainly of mortgage assets, the main

physical risks (in the medium and long term) are floods, subsidence and coastal erosion.

Transition risks

Transition risks are those arising from the financial impact that activity decarbonisation processes have on companies. These risks can take the form of:

Environmental transition drivers		Description
Legal and regulatory	Increase in the cost of emissions or the use of natural resources.	Risk of borrowers failing to fulfil their payment obligations, particularly those with non-performing assets or belonging to sectors particularly exposed to transition risks.
	Increase in requirements concerning the monitoring, control and reporting of climate-related and environmental disclosures.	Increase in resources dedicated to the analysis, reporting and integration of transition and environmental protection plans for companies' activity. Potential increase in regulatory capital requirements for risks associated with climate change.
	Change in regulations of existing products and services.	Forecast increase in environmental demands going forward and lack of preparation in some sectors.
Technology	Substitution of existing products and services with other more efficient or less polluting ones.	Potential for companies being pushed out of their respective activities due to a lack of innovation or a failure to adopt technologies that promote the green transition compared to competitors.
	Failure to invest in new technologies. Costs of transitioning to low-emissions technology.	Technological changes depend on the availability of technology, in turn associated with investment in R&D, meaning that this aspect will determine the survival of some companies, especially those smaller in size.
Market	Changes in consumers' preferences and/or tastes in relation to the transition towards a more sustainable economy.	Risk of losing market share as a result of failing to offer sustainable products or due to poor ESG performance.
	Increased cost of commodities.	Reduction of income due to increased costs of commodities in certain carbon-intensive industries.
Reputational	Stigmatisation of a sector, company or product.	Loss of customers' solvency due to poor reputation as a result of the lack of a sustainable strategy or due to an incident or poor ESG ratings by a third party.
	Exclusions from investing in certain sectors due to market pressures.	Loss of trust among the general public.

Following this definition, Banco Sabadell Group has internally developed heat maps at a sub-sector level, aligned with the three scenarios (orderly transition, disorderly transition and hot house world) of the Network for Greening the Financial System (NGFS)¹⁹ and the recommendations of UNEP-FI and adapted to a time horizon spanning 30 years.

Based on this, all the activities of the loan portfolio have been classified according to their sensitivity to

climate transition risk, taking into account the impacts envisaged in each scenario in terms of income, expenses and low-carbon capex. Nevertheless, these risks are currently monitored under the orderly transition scenario, as this is considered the most likely scenario.

It is worth noting that the heat maps were updated in 2022 in order to obtain the impacts stemming from transition risk with a greater level of granularity.

Thus, the Bank currently has the capacity to identify the transition risk of each separate activity within a single sector.

This is important for sectors involving a variety of activities that differ considerably where emissions are concerned. One example of this is cattle rearing and rice growing, which both form part of the agriculture and livestock farming sector, as they are associated with higher

levels of emissions intensity than the other activities within that same sector.

In the case of transition risk, the impact has been considered in terms of revenues, costs and low-carbon capex. Impacts are classified as 'positive' for activities in which

¹⁹ For more information about the scenarios used, see section "Climate scenarios and stress test" of chapter 4.3.2.

the transition may indeed have a positive effect on one or more parameters, as ‘No risk’, ‘Low’, ‘Moderately low’, ‘Moderate’, ‘Moderately high’, or as ‘High’ which includes, for instance, the activities most affected by transition risk such as coking plants. In this analysis, the impact is rated taking into account a 30-year time horizon, meaning that

the portfolio could be impacted by the detected events in the medium or long term. This impact analysis measures the inherent risk of the portfolio and not the residual risk, as the controls currently in place to mitigate it are not considered.

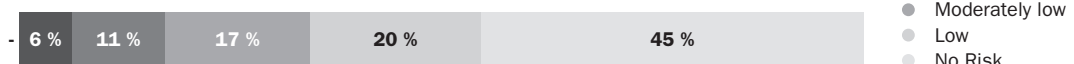
The Bank currently has no exposure to the segment with the highest transition risk (‘High’).

The Group’s most affected portfolio is its portfolio of companies, although as shown in the chart²⁰, the Bank currently has no exposure to the segment with the highest transition risk (‘High’). This exercise has also cast a light on the limited weight of sectors with higher transition risk (aviation, marine, mining, automotive, oil and extractive industries), which play a secondary role in terms of exposure within the Institution’s portfolio, as well as the high percentage of exposure classified as green in

the electricity sector, which is thanks to the efforts made by the Institution to be a leader in terms of renewables funding.

As regards TSB, the main transition risks stem from the low energy performance of the properties on which the mortgage loans are secured and the cost of improving the energy rating of the properties (in the short, medium and long term).

Distribution of the transition risk on the companies portfolio (%)



The Bank currently has the largest market share of sustainability-linked loans in sectors classified as having ‘Moderately high’ transition risk.

Lastly, as an embodiment of the Bank’s commitment to the transition of emissions-intensive industries, the Bank currently has the largest market share of sustainability-linked loans in sectors classified as having ‘Moderately high’ transition risk.

Environmental degradation risk

In 2022, the first assessment of the risk associated with environmental degradation of the business risk portfolio was carried out, based on the UNEP-FI methodology. To that end, each NACE²¹ code was assigned an environmental impact (rated as low, medium or high), obtained based on the consolidation of the following five non-climate-related environmental factors:

- Management of water resources: risk of water resources becoming contaminated, and their management.
- Impact on biodiversity: negative effects on species and natural spaces.
- Pollution and use of land: risk of land becoming contaminated or degraded, as well as the use associated therewith.
- Air quality: risk of air being polluted with non-GHG gases, which could potentially affect ecosystems and people’s health.
- Management of resources and waste: generation of waste (hazardous or otherwise) in large quantities and with intensive use of natural resources.

The total environmental degradation risk score consolidates the risk associated with each of these factors. It is worth noting that at present environmental degradation risk (as well as the five factors) is not broken down by drivers (transition and physical).

²⁰ It has not been possible to classify companies not identified with an economic activity code (which represent 1% of the total) according to their transition risk.

²¹ European classification of economic activities (NACE by its French acronym).

4.2% of the business portfolio has been rated as having a 'High' environmental degradation risk²².

'High' environmental degradation risk

4.2

At a sectoral level, environmental degradation risk is concentrated in certain sectors, such as electricity and gas, transport, and the chemical, oil and extractive industries, which results in these companies having a much more negative impact.

Lastly, to ensure that the measurement of the evolution of these risks is supervised, since September 2022 the portfolio's exposure to climate-related and environmental risk has been monitored on a quarterly basis. The reports are sent to the Bank's Sustainability Committee and to the Technical Risk Committee (TRC).

Since September 2022 the portfolio's exposure to climate-related and environmental risk has been monitored on a quarterly basis. The reports are sent to the Bank's Sustainability Committee and to the Technical Risk Committee (TRC).

Qualitative materiality analysis

Environmental risk should be understood as the risk of incurring losses as a result of the impacts of

environmental risk factors (associated with climate change and environmental degradation) and which are transmitted through two types of risk drivers, which can be categorised as physical risks or transition risks.

The Bank has created a matrix of transmission channels which identifies how the environmental risk factors impact on traditional risks.

Every year, the Institution reviews the materiality analysis of the impact of environmental risks (physical and transition risks), identifying all possible factors that can transmit these risks, evaluating them according to a scale of impact intensity and taking different time horizons into account (based on the criteria established by the supervisory body). This exercise takes place for all risks included in the Global Risk Framework considered to be directly impacted by environmental risk. Specifically, credit risk, market risk, operational risk and liquidity risk are assessed. It is thought that, in the case of reputational risk, the effect is indirect, as it originates through the impact and management of the aforementioned risks.

Indicators are used that allow the intensity of the impact of physical and transition risks on both customers/counterparties and on the Bank to be measured according to an impact intensity scale that goes from low to high and taking into account different time horizons (in years - short-term: 1-3, medium-term: 4-5; long-term: >5).

The results of the qualitative materiality analysis, by type of risk, are shown below. This is a preliminary risk assessment, without considering the controls implemented or the success of the mitigating factors that the Institution has in place or which are in the process of being implemented under the Sustainable Finance Plan.

²² Part of the portfolio could in turn also be affected by climate transition risk, therefore the percentages of each one cannot be added together directly.

Physical Risk	ST	MT	LT
Credit			
Market			
Liquidity			
Operational			
Transition Risk			
Credit			
Market			
Liquidity			
Operational			

○ No impact

● Low

● Medium-Low

● Medium

● Medium-High

● High

The results of the updated analysis carried out in Q4 2022 showed that the most affected risk was credit risk, followed to a lesser extent by operational risk. With regard to credit risk, the long-term impact stemming from acute physical risks was revised upwards, while the medium-term impact from transition risks due to technological factors was revised downwards.

4.3.2. Assessment and measurement

Climate scenarios and stress test

All activities of the loan portfolio have been classified according to their sensitivity to transition risk and physical risk, taking into account the impacts envisaged in the three scenarios used to forecast them:

- Orderly transition: In the Orderly Transition scenario (RCP²³ scenario 2.6), early and decisive action is taken to be carbon-neutral by 2070; as a result, the average temperature of the planet in 2100 is no more than 2°C higher than in the pre-industrial era. To that end, the “Immediate 2 degrees” climate scenario of the NGFS (Network for Greening the Financial System) is considered for transition risk, forecast using the Remind and Magpie models.
- Disorderly transition: In the Disorderly Transition scenario (RCP scenario 4.5), action to combat climate change is delayed by 10 years. This means that sharper action needs to be taken between 2030 and 2050 in order to achieve carbon neutrality before 2070. To that end, the “Delayed 2 degrees” climate scenario of the NGFS is considered for transition risk, forecast using the Remind and Magpie models.
- Hot House World: In the Hot House World scenario (RCP scenario 6.0), only currently implemented policies designed to fight climate change are preserved. Emissions continue to rise at the current pace and the target warming of <= 2°C before 2100 is not met. The impact stemming from transition risk is non-existent (NGFS Current Policies).

This has enabled the Institution to make progress on its first bottom-up quantitative estimation with a 30-year time horizon using a structural model that can be used to carry out a quantitative calculation of expected impairment loss on the portfolio.

The characteristics of the scenarios used internally by the Bank are the same as those presented by the European Central Bank in its climate stress test of 2022²⁴, with the

exception of the 1-year physical risk flood scenario. This has been replaced with a 1-year physical risk scenario based on severe forest fires, in an attempt to include a more damaging systemic scenario for the Spanish economy and for the Group than the flooding scenario envisaged by the ECB.

The main sources used to develop the climate scenarios are the scenarios published by the NGFS in September 2022 and the forecasts made by the ECB in its 2022 climate stress test. Similarly, the forest fire scenario has been developed based on the forest fire risk index created by the European Forest Fire Information System (EFFIS, a body of the European Commission) and academic literature on this topic.

In 2022, Banco Sabadell took part in the climate risk stress tests conducted by the European Central Bank. To that end, it also used its own framework of climate risk stress testing, which establishes the basic characteristics of the aforesaid tests, including their integration in the Internal Capital Adequacy Assessment Process (ICAAP).

During these stress tests, forecasts are made of climate risk in order to measure the sensitivity of the Group's credit risk to transition and/or physical risks linked to climate change and to possible transition pathways towards a decarbonised economy. The impact of physical and transition risks on the Group's solvency position is limited, from both a regulatory perspective and an internal perspective. Environmental risk has a limited impact on internal capital requirements due mainly to the time horizon over which it materialises.

²³ Representative Concentration Pathways

²⁴ In addition to the scenarios described above, two short-term physical risk scenarios and one short-term disorderly transition scenario are used for the ECB stress test.

Emissions of the financed portfolio

Emissions of the financed portfolio account for the largest proportion of the Group's Scope 3 emissions.

Banco Sabadell Group has calculated the carbon footprint of its financed portfolio using the Platform Carbon Accounting Financials (PCAF) methodology.

Therefore, since 2021, Banco Sabadell Group has calculated the carbon footprint of its financed portfolio using the Platform Carbon Accounting Financials (PCAF) methodology. PCAF is a global alliance of financial institutions that work together to develop and implement a harmonised and global approach to measure and report emissions associated with their loans and investments.

As part of this alliance, 16 institutions established the design of the Global GHG Accounting and Reporting Standard for the Financial Industry, which aims to harmonise the accounting of greenhouse gas emissions. Banco Sabadell became a member of the PCAF in June 2022. The measurement of emissions of the financed portfolio using this standard is a key step for financial institutions to assess the transition risks associated with climate change, set objectives aligned with the Paris Agreement and develop effective strategies to decarbonise the economy.

As regards the PCAF methodology, Banco Sabadell Group has applied the methodology envisaged in the Standard mentioned above, which has been devised mainly for financial institutions that want to measure and share their GHG emissions financed through their loans and investments, and which allows the following asset classes to be measured:

- Listed stocks and corporate bonds
- Corporate loans and unlisted stocks
- Project finance
- Commercial real estate
- Mortgages
- Consumer loans for vehicle purchase

Additionally, the Bank has estimated the emissions of sovereign wealth funds.

Based on this methodology, the Group has calculated its carbon footprint (Scope 1 and 2) for approximately 95% of its financed portfolio²⁵. The portfolios not calculated are those for which no calculation or estimation standards or methodologies exist, such as public sector lending, consumer loans for purposes other than vehicle

purchase, and private banking lending, among others. It is worth noting that in 2022 the Group has continued to improve its calculation model to obtain more reliable and complete results, all of which have been submitted to the Sustainability Committee. The main improvements are the following:

- increase of data coverage due to the inclusion within the perimeter of exposures of foreign branches and Banco Sabadell's subsidiary in Mexico, in terms of both business lending and project finance;
- incorporation of actual emissions data with regard to business risk as well as floor area and energy certificates, both real and estimated by appraisal firms, leading to an improved estimate of data quality (DQ)²⁶;
- incorporation of emissions factors set out in PCAF standard in cases for which no information is reported by the borrower.

The emissions intensity of the financed portfolio in terms of Scope 1 and 2 in 2022 was 82.67 tCO₂eq/€m with an average DQ of 3.77. The segment that contributes the most to the footprint is the business portfolio (approximately 75%), followed by mortgage lending.

Emissions Intensity of the financed portfolio in terms of Scopes 1 and 2 in 2022

82.67 tCO₂eq/M€

3.77 Average DQ

To ensure that the carbon footprint of the financed portfolio is monitored and supervised, since September 2022 the portfolio's exposure to climate-related and environmental risk has been monitored on a quarterly basis and reported to the Bank's Sustainability Committee and to the Technical Risk Committee (TRC).

²⁵ The calculation includes the mainstream business of the subsidiary TSB, which represents 98% of its portfolio.

²⁶ The PCAF methodology provides scores for rating the quality of the data used (Data Quality, DQ), which go from 1 (highest data quality) to 5 (lowest data quality).

Similarly, in the last quarter of 2022, the calculation of the carbon footprint of the financed portfolio was audited with the participation of an independent third party.

4.3.3 Integration into management procedures

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the guidelines, targets and limits required at different points of the credit approval workflow.

For this reason, the Group has an environmental and social risk framework that establishes the Group's position, stating that it aims to avoid financing activities considered to have a high environmental risk.

At the same time, the Group fosters green financing, using to that end an Eligibility Guide that outlines the activities deemed to be sustainable (in environmental and social terms), in alignment with the EU Taxonomy Regulation.

In parallel, as part of the financial sector, the Group promotes the transition of companies and businesses, steering the financing according to the nature of the activities and making it easier for agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model. With this aim in mind, the Management Guidelines for ESG risks have

been defined, through which the Group aims to limit access to funding for polluting companies with poor ESG performance. To classify large enterprises according to their ESG performance, the Group is defining an indicator internally.

Lastly, it is worth pointing out that the Bank, in parallel to all of the initiatives intended to integrate environmental risks into management arrangements, has a series of initiatives underway to improve the quality of the information on which it bases its decisions (databases, customer data gathering projects, among others).

Environmental and social risk framework

Banco Sabadell Group has a public framework of environmental and social risks.

Banco Sabadell Group has a public framework of environmental and social risks that is applicable to new loan transactions granted to groups or companies with turnover in excess of 200 million euros and to projects for which over 5 million euros have been borrowed. This framework consolidates the set of applicable criteria that aim to limit the financing of customers or projects that the Institution considers to be contrary to the transition to a sustainable economy or to lack alignment with international regulations or best practices in the industry.

The environmental and social risk framework is developed in stages in order to adapt the applicable criteria to the trends of the various sectors, the regulatory and economic environment and the Group's performance. Currently, the Bank has a first set of standards approved and implemented in 2020-2021 and it has approved a second set that will be implemented between 2022 and 2023.

The first set of the Group's sectoral standards particularly affected the energy and mining industries. They were validated by the Sustainability Committee in 2020 and

approved by the Group's Risk Operations Committee and implemented in the Institution's systems during 2021. The scope of these standards included the funding of new transactions carried out to grant lending for the following types of projects²⁷:

- Coal mining (new and expansion)
- Asbestos mining, processing and trade
- New coal-fired power plants
- New nuclear power plants
- Arctic oil, gas exploration and production
- Oil sands exploration and production

The second set of standards approved in December 2021 introduced over 40 additional rules, which can be categorised as general criteria and specific criteria, which can apply to either customers or projects:

- The applicable general criteria, which have a cross-cutting impact on all sectors and which were included in the second set, follow international standards such as the Global Compact and the principles of the International Labour Organisation (ILO), among others.
- The applicable specific criteria (with standards at the customer and project levels), on one hand, include additional standards for sectors already considered in the first set (i.e. mining and energy) and, on the other hand, they introduce standards for new sectors such as defence, infrastructure and agriculture.

The effective implementation of the standards is based on the inclusion of their analysis in the routine processes for customer onboarding, acceptance of transactions and approval of new products. The standards applicable to projects have already been implemented, while those applicable to customers will be implemented in 2023.

In the specific case of Banco Sabadell Mexico, as part of the Environmental and Social Policy, the Institution has developed the Environmental and Social Risk Management System (*Sistema de Administración de Riesgos Ambientales y Sociales*, or SARAS), which serves as a

guide to promote sustainable economic growth through the identification, assessment and management of environmental and social risks arising from the activities and projects financed by the Bank. This system is fully aligned with the operational and credit processes of Banco Sabadell Group, national laws and international standards. The SARAS process is mandatory for infrastructure projects of the various sectors financed by Banco Sabadell Mexico with traditional loans, syndicated loans and financial intermediaries amounting to 5 million US dollars or more.

Lastly, as mentioned, the implementation of the standards included in the environmental and social framework are already in place at the transaction level and they will be fully in place at the customer level during 2023. To ensure they are implemented correctly, the Bank has a specialised tool used for screening any disputes associated with the counterparties and backed by the services provided by a reputable third-party supplier²⁸.

EU Taxonomy

The European Union took a further step as promoter of the energy transformation and the decarbonisation of the economy. In line with the objectives of the fight against climate change, it established the Taxonomy Regulation (Regulation (EU) 2020/852), which was the first step towards obliging firms to disclose the proportion of their activities that are considered green or social, according to this regulation.

This regulation, which establishes requirements for the classification and reporting of sustainable activities, is a key aspect for the integration of ESG aspects into the Group's ordinary activity, as well as being a strategic aspect for the Group. For this reason, it is regularly monitored by the Technical Risk Committee and the Sustainability Committee.

Banco Sabadell Group developed its own Eligibility Guide in accordance with the EU Taxonomy of green activities and based on the Social Bond Principles.

This is why, back in 2020, Banco Sabadell Group developed its own Eligibility Guide in accordance with the EU Taxonomy of green activities and based on the Social Bond Principles in relation to social matters pending release of the EU's social taxonomy. This led to the first implementation phase of the internal eligibility guide

to identify eligible activities based on the Taxonomy, as well as those considered to be taxonomy-compliant or in alignment with the Taxonomy. As a result of this work, the Group's systems currently include a process for tagging priority green products, which allows the entire management cycle of those products to be traced and ensures

²⁷ In addition to the activities impacting the environmental transition, the Group abstains from establishing trade relations with links to 'controversial weapons' and/or with 'countries subject to arms embargoes' to avoid the potential use of these weapons for the commission of crimes or serious human rights violations. This point is described in section 9. Commitment to human rights.

²⁸ An external tool has been acquired for research, ratings and analysis of data concerning environmental, social and governance (ESG) factors of institutional investors and firms.

their alignment with the taxonomy's requirements. As described earlier, given that this is a key strategic aspect for the Bank, work has been underway since 2020 to keep the Eligibility Guide in line with regulatory updates and to implement it in operating systems. For this reason, since 2020, two additional phases have been carried out, which are explained here below.

The second phase consisted of updating the Eligibility Guide according to the latest Delegated Act in relation to the taxonomy, of July 2021. In addition, the Bank worked to align the guide to eligible activities with the first draft of the social taxonomy. In June 2021, a new feature was introduced in the corporate systems to allow transactions to be tagged as sustainable, so that they can be not only identified, but also duly justified in accordance with the Bank's Eligibility Guide and, therefore, aligned with EU Taxonomy criteria. It is worth noting that this implementation went hand in hand with a specific training course that focused on promoting the identification and documentation of transactions that meet the criteria of the Bank's Eligibility Guide.

Lastly, in January 2022, the guide was updated to include energy activities related to natural gas and nuclear energy, set out in the Complementary Climate Delegated Act of the European Commission.

Thanks to this work, in accordance with the disclosure requirements established by Delegated Regulation (EU) 2021/2178 of the European Commission, of 6 July 2021, the following information is disclosed, as at 2022 year-end:

Among the obligations of the aforesaid regulation is that of reporting, within the Non-Financial Disclosures Report of financial institutions, the proportion in their total assets of exposures to Taxonomy-eligible and Taxonomy non-eligible economic activities.

Based on the current EU Taxonomy, Banco Sabadell Group has an eligible portfolio of 43% of total assets as at 2022 year-end.

Elegible Portfolio 2022

43%

In order to identify and segment exposures deemed 'eligible' within the Group's exposures, the following eligibility criteria are applied to loans in the business and retail portfolio:

- Business risk: Exposures to companies with (NACE) activities included in the Banco Sabadell Eligibility Guide (activities for which there are technical criteria defined in the EU Taxonomy to determine whether they can be considered sustainable) are deemed eligible. There are two criteria whereby a NACE code is included in the Banco Sabadell Eligibility Guide, the main one being the inclusion of the same in the NACE list proposed by the European Commission in its "EU Taxonomy Compass document - Annex 1: List of activities and NACE codes assigned". In addition, there is an additional criterion which is an activity that is not listed by the European Commission, but that is included in Annex 1 of the Delegated Taxonomy Regulation.
- Retail mortgage risk: All exposures to individuals secured with a first or second property are deemed eligible, as the purpose of these loans is included within the EU Taxonomy. By the same token, exposures to individuals secured with other types of assets (garages, cellars, etc.) are not included.
- Vehicle financing risk: All vehicle financing exposures are deemed eligible, as this purpose is included within the EU Taxonomy.

Compliance with any of the three criteria described above results in the classification of the exposure as 'eligible'. On a complementary basis, the remaining exposures that do not meet any of the above criteria are considered 'non-eligible'.

In addition, the remaining information to be disclosed is included in Annex 4: Taxonomy indicators.

Climate-related and environmental performance of the loan book

All of the Group's transactions that are submitted to or revised by the Delegated Credit Committee have an advanced ESG assessment to identify the most significant ESG risks of the counterparty.

Since September 2021, all of the Group's transactions that are submitted to or revised by the Delegated Credit Committee have an advanced ESG assessment to identify the most significant ESG risks of the counterparty. This assessment takes into account the type of exposure that the Bank has to customers and, in particular, the customers' ESG performance, considering not only the intrinsic risk of their activity, but also their attitude towards and management of these risks, as well as external ESG ratings, ESG plans or strategies and their comparative position compared to peers in their respective sectors. The Delegated Credit Committee is therefore able to incorporate non-financial factors into its decisions.

During 2022, efforts have been made to build on this advanced assessment in order to automate factors and incorporate new ones. An indicator is being designed for large enterprises, which will make it easier to screen

borrowers in terms of climate-related and environmental risks, with improved uses in both business and risks, thus enabling improved integration in policies and tools.

On the other hand, management guidelines for smaller businesses are different from those for larger firms; therefore, since 2021 an ESG indicator has been in place that has been adapted to companies according to their size. The indicator in question is an integrated questionnaire used when interacting with customers in order to advise them on their transition towards more sustainable models and increase the exposure to green financial assets. Using the results of the questionnaire as a basis, an indicator has been developed that can identify the degree of customers' sensitivity to sustainability, as the indicator allows companies to be classified according to ESG criteria.

ESG risk management guidelines

The ESG Risk Management Guidelines limit the origination of funding transactions for corporates and projects with carbon-related activities (greenhouse gas emissions-intensive) and with low ESG performance and/or a poor attitude to ESG.

In order to limit the Bank's exposure to transition risk and, at the same time, support emissions-intensive companies in their transition to sustainable activity, the ESG Risk Management Guidelines have been defined. These Guidelines limit the origination of funding transactions for corporates and projects with carbon-related activities (greenhouse gas emissions-intensive) and with low ESG performance and/or a poor attitude to ESG. This way, the Bank will be able to continue funding the transition of emissions-intensive companies if they have made sufficient progress in their management and have medium or advanced ESG performance.

With regard to the evaluation of companies' management and performance, at present the Bank classifies companies based on the advanced ESG assessment that is escalated to the Delegated Credit Committee, according to the criteria described in the previous heading.

Initiatives to improve the quality of environmental information

Given the limited ESG information reported and disclosed by companies, as well as the lack of historical records and lack of uniformity between the information reported on those risks and their monitoring metrics, it is vital to have access to better ESG data in order to identify, manage, classify and monitor risks associated with climate change.

Banco Sabadell Group has been taking various actions to increase the quantity and quality of ESG data about customers.

For this reason, since 2020, Banco Sabadell Group has been taking various actions to increase the quantity and quality of ESG data about customers. There are two particular areas on which it has taken action in 2022 that are worth mentioning:

Real estate collateral: with the support of a third-party supplier, since 2021 batch uploading processes of the energy ratings of residential real estate and commercial real estate (CRE) of the portfolio have been carried out. It is worth highlighting that, since the second quarter of 2020, the Group has been capturing this data for its newly originated mortgage loans. On the other hand, due to the calculation of the carbon footprint of the Bank's mortgage and CRE portfolio, the Bank has been working to gather information about actual useful surface areas of the assets it has financed.

Business risk: in 2021 a task force was held to gather environmental data from customers (ESG KYC - Know Your Customer), as the first pilot project for the CO₂ emissions-intensive portfolio, which included, among other things, the capture of actual emissions data (Scope 1, 2 and 3) as well as additional data such as energy consumption, % of renewables consumption, emissions prevented (where applicable), external ESG ratings, environmental targets and sectoral emissions intensity KRIs (Key Risk Indicators).

Furthermore, in 2022 work has continued to improve information. On one hand, the calculation of the carbon footprint of the financed portfolio involved gathering actual data of borrowers' emissions, as well as the information needed to calculate the attribution factor.

On the other hand, the Group has created an indicator for large enterprises through which it has begun to gather information from customers through a team specialising

in ESG risks. In order to begin gathering information, in the fourth quarter of 2022 a supplier was hired to do a batch upload of the main borrowers' ESG information.

Lastly, due to the definition of the Bank's decarbonisation strategy, work has been carried out to capture data regarding the emissions, production and transition plans of the main borrowers. First, attempts were made to obtain this information from public sources and, where this was not possible, customers were contacted to request that information.

In addition to this work to gather external information from customers, the Bank also works internally to centralise ESG information through a thematic sustainability datamart in order to provide a single point of access to all those who require it. In order to ensure the internal control of the information managed, a person is assigned to be directly responsible for the information, and users of the information are also defined. Based on the assigned responsibilities, a series of tasks are established to ensure the quality and uniformity of the information.

Control, Supervision and Monitoring of the sustainable portfolio

The Bank has different policies and procedures in place and it also takes action to foster sustainable financing. To ensure the aforesaid policies, procedures and actions are implemented correctly, one key tool it uses is the monitoring of the sustainable portfolio.

All green activities have been fully tagged, both those aligned with the taxonomy and those linked to sustainability.

To consolidate the information that is to be monitored, the Bank continuously works to tag green and social transactions and to identify them as soon as they are originated. As of today's date, all green activities have been fully tagged, both those aligned with the taxonomy and those linked to sustainability. With regard to the social portfolio, tagging is either done by the account manager or, alternatively, specific products are tagged. At present, work is still underway to update the systems with the requirements of the internal Eligibility Guide for social

activities. This all makes it possible to trace green and social activities throughout their entire life cycle, for the purpose of their monitoring and reporting.

In the same way, other variables are monitored on a monthly basis that are key to the transition of the Bank's portfolio, such as:

- The exposure of the Bank's portfolio to carbon-intensive or carbon-related sectors.
- New lending for green activities, carbon-intensive activities or carbon-related activities.

The Institution establishes and develops specific RAS metrics and indicators in the different risk management and control frameworks at the portfolio level.

At the same time, the Institution establishes and develops specific RAS²⁹ metrics and indicators in the different risk management and control frameworks at the portfolio level, which makes it possible to adapt environmental KRIs to the types of risks and assets that are financed in each one.

With regard to monitoring, the Credit Risk Dashboard is submitted on a regular basis to the Technical Risk Committee and to the Sustainability Committee and includes, among other things, information regarding the progression of the exposures classified as carbon-related, emissions-intensive, green and social, in addition to indicators for monitoring new lending items.

For details about performance on this topic, see section 5. Commitment to sustainable finance.

Credit rating models

Currently, the credit rating model for large enterprises and groups³⁰ already includes an environmental risk factor. The project finance rating model also collects information on environmental risk.

4.3.4 Equator Principles

Since 2011, the Group has adopted the Equator Principles, an international voluntary policy, standard and guide framework, coordinated by the International Finance Corporation (IFC), a sister organisation of the World Bank, which aims to identify, assess and manage environmental and social risks relating to project finance of 10 million US dollars or more and corporate loans related to projects of more than 50 million US dollars. Through the Equator Principles standards, a social and environmental assessment of the potential impacts of the project is carried out by an independent expert.

During 2022, a total of 21 new structured finance projects incorporating the Equator Principles were signed, 81% of which are renewable energy projects.

Sector	Number of projects	Category	Country	Region	Designated country	Independent review
Renewable energies	4	B	USA	Americas	Yes	Yes
	10	B	Spain	Europe	Yes	Yes
	1	C	Portugal*	Europe	Yes	Yes
	1	B	Portugal	Europe	Yes	Yes
	1	B	United Kingdom	Europe	Yes	Yes
Gas	1	A	USA	Americas	Yes	Yes
Infrastructures	2	C	USA	Americas	Yes	Yes
	1	C	Spain	Europe	Yes	Yes

The categorisation of three renewable energy transactions potentially eligible for inclusion is currently being validated/certified.

*One of the projects in Portugal includes three sub-projects (two category C and one category B).

²⁹ Risk Appetite Statement.

³⁰ Enterprises whose individual balance sheet shows sales of more than 200 million euros and consolidating groups with sales of more than 200 million euros and loans granted by Banco Sabadell of more than 25 million.

4.4. Environmental management and impact

Banco Sabadell Group has embedded its environmental, social and governance commitments in its strategy.

This change of approach to activity, organisation and processes is based on the transition towards a sustainable economy and sustainable development, on the basis of the 2030 Agenda, the Sustainable Development Goals, the 2015 Paris Agreement against climate change and the European Green Pact, to move towards an emissions-neutral economy.

The integration of environmental commitments puts the Institution in a stronger position from which take on the new challenge of sustainability, on which the Bank has designed its governance model and organisational structure. The Bank fosters responsible policies and practices among its staff, to stimulate environmental protection and build a fairer and more respectful society. Again this year, the Banco Sabadell Annual General Meeting held on 24 March 2022 was certified as sustainable by the company Econep Consultes S.L. (Eventosost), as it was considered that sustainability criteria were met throughout the entire life cycle of the Annual General Meeting.

The organisation has aligned its business objectives with the SDGs, setting different key courses of action. In particular, the commitment to good environmental management requires, among other things, actions to move towards neutrality in terms of the greenhouse gases released into the atmosphere. In this transition towards emissions neutrality, Banco Sabadell has renewed the ISO 14001 certification of its Environmental Management System in its six corporate buildings in Spain, where 20.07 % of the workforce worked as at the end of 2022.

Corporate buildings with
Environmental Management
System certified ISO 14001

% of the workforce in certified
buildings

6

20,07%

It also requires decisive action to be taken to reduce the Institution's carbon footprint, through activities aimed at reducing its own consumption. Of these, particular note should be taken of the technological advances made to achieve digital interconnection between employees, achieving a substantial reduction of business travel, in addition the actions taken to improve the maintenance of HVAC systems in the Group, to reduce fluorinated gas leaks, which are highly intensive in terms of greenhouse gas emissions released into the atmosphere.

With regard to training activities on ESG for employees, the Group has undertaken the commitment to continue developing its specific training on ESG. Through the *Universidad Carlos III de Madrid*, a certification in sustainable finance is issued, which includes topics about the environment and the fight against climate change, among other topics on financial and social matters. In 2022, the module on sustainable finance was completed by 649 employees. In addition, during 2022, specific on-site training sessions have taken place, to convey the vision of sustainability applied to the business to managers in the branch network and to other specialist roles in corporate buildings.

In Campus, the online training space for Group employees, in addition to the sustainable finance certification programme, employees can also access an introductory course on sustainability, a course on the circular economy and its application in the financial sector, and another operational course on sustainable financing products. A detailed explanation about the training is provided in section 6.3 Training.

In the United Kingdom, TSB sets out its goals in relation to environmental management in its Do What Matters Plan 2025 which, among other aspects, focuses on reducing the Institution's impact on the environment and on supporting customers, employees and other stakeholders to help them make sustainable decisions.

It is worth noting that, in 2022, the Group has started to measure the environmental impact of its business in Mexico and the USA (Miami) by calculating their GHG emissions released into the atmosphere, thereby including the carbon footprint of Banco Sabadell Group in all of the geographies in which it is present.

4.4.1 Carbon footprint

The CO₂ emissions of the Group in its geographies (Spain, UK, Mexico and USA) amounted to 8,103 tonnes (market-based data). If one considers the Group's emissions (ex-Mexico and ex-USA, of which no past emissions data is available), there was a reduction of 3.9% compared to 2021 and a reduction of 60.3% compared to 2019.

Reduction vs.
2021

▼ **3.9%**

Reduction vs.
2019

▼ **60.3%**

	Group (all geographies) ³¹	Group (ex-Mexico and ex-USA)			
	2022	2022	2021	2020	2019
Scope 1: Direct activities	4,039	3,981	4,975	4,747	5,263
Scope 2: Indirect activities					
Market-based ³²	526	7	10	26	3,971
Location-based ³³	15,138	14,619	17,297	17,356	20,964
Scope 3: Other indirect activities	3,539	2,994	2,281	3,311	8,357
Total emissions generated					
Total market-based	8,103	6,982	7,266	8,084	17,591
Total location-based	22,715	21,594	24,552	25,414	34,584
Total emissions generated per employee (market-based)	0.43	0.39	0.38	0.40	0.86

CO₂ emissions in tonnes (t.CO₂)

Data for 2020 and 2021 include the effects of COVID-19. In 2020, corporate buildings and branches were closed for three months, with employees working from home. For the remainder of 2020 and 2021, corporate buildings alternated between periods of 50% occupancy (with staff taking shifts) and periods of voluntary on-site presence, resulting in an average occupancy reduction of 80%. This in turn resulted in a reduction of consumption, waste generation and business travel.

4.4.2 Offsetting

In 2022, Banco Sabadell approved increasing the offsetting scope compared to 2021 to include all Scope 1, 2 and 3³⁴ emissions in Spain, Mexico and the USA by purchasing credits in a carbon capture project in the forest of Carballedo (Pontevedra, Spain) to recover degraded land and create a biodiverse forest. The project will also have a social impact, as 80% of the workers belong to vulnerable groups and 50% of the workforce are women from the surrounding rural areas. The total CO₂ emissions that will be offset comes to 5,542 tCO₂ equivalent.

TSB, for its part, has offset its Scope 1 and 2 emissions carried out in 2022, which amounted to 1,669 tCO₂ equivalent, through Forest Carbon's ArBolivia reforestation project (Plan Vivo afforestation), through which TSB has planted more than 55,800 trees and will invest in forests and woodland in the United Kingdom to offset its future emissions.

Planted Trees

55,800

Emissions Offsetting (tCO₂)

5,542

The Group maintains its commitment to fighting against climate change, embodied in its aim of being carbon-neutral in its operations, which it undertook upon becoming a member of the Net-Zero Banking Alliance in 2021.

31 Comparisons with previous years will not include data for Mexico and USA, as the Bank has not been able to calculate historical data for their carbon footprints.

32 Emissions associated with energy supplies calculated based on the emissions certificates of energy resellers.

33 Emissions associated with energy supplies calculated by applying the country's energy mix as the emissions rate.

34 The Scope 3 emissions that will be offset include supplies (water, paper and plastic), waste and business travel. This offsetting does not include emissions associated with the financed portfolio (category 15).

4.4.3 Details of emissions and sustainable use of resources

Further details on CO₂ emissions for each region are included below, as well as details about the resource management carried out:

	2022	2021	2020	2019
Scope 1 emissions:	2,312	2,802	2,703	3,113
Consumption of gases ³⁵	754	787	630	872
Leaks of refrigerated gases ³⁶	1,514	1,984	2,031	2,091
Fleet of company vehicles ³⁷	43	31	42	150
Scope 2 emissions:				
Electricity - market-based	7	10	26	18
Electricity - location-based	11,661	13,026	13,054	15,436
Scope 1 and 2, market-based	2,319	2,812	2,729	3,131
Scope 1 and 2, location-based	13,973	15,828	15,757	18,549
Scope 3 emissions:	2,103	1,538	1,941	5,607
Water ³⁸	105	156	125	157
Paper ³⁹	451	473	482	818
Plastic ⁴⁰	11	14	40	221
Waste ⁴¹	63	75	67	81
Business travel ⁴²	1,473	820	1,227	4,330
Travel by aeroplane	655	245	410	2,150
Travel by train	35	14	38	249
Travel by car	782	561	779	1,931
Total emissions (Scope 1, 2 & 3), market-based	4,422	4,350	4,670	8,738
Total emissions (Scope 1, 2 & 3), location-based	16,076	17,366	17,698	24,156

Report on Banco Sabadell Spain's greenhouse gases (t.CO₂)

In Spain, as at the end of 2022, the reduction of CO₂ emissions compared to 2019 was 25.9% for Scope 1 and 2 and 62.5% for Scope 3. With regard to Scope 1, the most significant impact on the reduction of carbon emissions came from fluorinated gas leaks, with 27.6% of emissions, mainly due to the process involving the restructuring the branches in the branch network and improvements in the HVAC systems. In terms of Scope 3, paper consumption and business travel, with a reduction of 44.9% and 66.0% respectively, were the factors that had the biggest impact on the reduction of CO₂

emissions compared to 2019. These figures largely reflect the success of the initiatives rolled out to reduce the use of materials in the office, as well as plans to regulate business travel.

CO₂ Emissions Reduction
(Scopes 1 and 2)

25.9%

CO₂ Emissions Reduction
(Scope 3)

62.5%

With the entire determination to support and accelerate economic and environmental transformations, Banco Sabadell has undertaken the commitment to reduce its carbon footprint by 2025, taking 2019⁴³ as the base year, by 14.2% for its Scope 1 and 2 emissions, and by 48.3% for its Scope 3 emissions (except category 15).

³⁵ Conversion factors: Diesel, Propane Gas and Natural Gas based on Inventories Report GHG 1990-2019, and GHG 1990-2020 Spain. Version according to year.

³⁶ Conversion factors: Leaks of fluorinated gases based on the practical guide for the calculation of greenhouse gas (GHG) emissions of the Catalan Office for Climate Change. Version according to year.

³⁷ Data refer to business trips and do not include travel from home to the workplace. Conversion factors: Fleet of vehicles based on DEFRA (Government GHG Conversion Factors for Company Reporting). Version according to year.

³⁸ Conversion factors: Water consumption based on the practical guide for the calculation of greenhouse gas (GHG) emissions of the Catalan Office for Climate Change. Version according to year.

³⁹ Conversion factors: Paper consumption based on DEFRA. Version according to year.

⁴⁰ Conversion factors: Plastic consumption based on DEFRA. Version according to year.

⁴¹ Conversion factors: Waste based on DEFRA. With the exception of paper and cardboard, glass and organic waste, which have been calculated based on the Calculation of GHG Emissions from Municipal Waste Management (OECC). Version according to year.

⁴² Data refer to business trips and do not include travel from home to the workplace. Conversion factors: Travel by aeroplane, train and car based on DEFRA. Version according to year.

⁴³ 2019 is considered the base year because it is the last year without COVID-19 restrictions.

CO ₂ emissions reduction targets	Scope 1+2	Scope 3	Total emissions	CO ₂ emissions reduction targets
Spain (targets 2019-2025)	-14.2%	-48.3%	-36.1%	

Total CO₂ emissions in Spain in 2022 were 1.66% higher than in 2021, due to the increase in business travel, as business activity gradually returned to normal following the pandemic. Consequently, the CO₂ emissions reduction

targets established for 2025 continue to adequately reflect the efforts made to reduce the Institution's emissions, acting on its commitment to the environment.

	2022	2021	2020	2019
Scope 1 emissions:	1,669	2,173	2,044	2,150
Consumption of gases	1,493	2,027	1,962	1,883
Leaks of refrigerated gases	171	140	49	103
Fleet of company vehicles	5	6	33	164
Scope 2 emissions:				
Electricity - market-based	0	0	0	3,953
Electricity - location-based	2,958	4,271	4,302	5,528
Scope 1 and 2, market-based	1,669	2,173	2,044	6,103
Scope 1 and 2, location-based	4,627	6,444	6,346	7,678
Scope 3 emissions:	891	743	1,370	2,750
Water	17	20	53	70
Paper	409	536	905	1,318
Waste	19	27	39	29
Business travel ⁴⁵	447	160	373	1,333
Travel by aeroplane	305	89	166	654
Travel by train	53	22	29	162
Travel by car ⁴⁶	89	49	178	517
Total emissions (Scope 1, 2 & 3), market-based	2,561	2,916	3,414	8,853
Total emissions (Scope 1, 2 & 3), location-based	5,519	7,187	7,716	10,428

Report on TSB's greenhouse gases (t.CO₂)⁴⁴

Since 2021, TSB has been keeping detailed information about its Scope 3 water consumption, paper consumption and waste. Scope 2 emissions (for SECR⁴⁷) include only direct commercial electricity supplies⁴⁸.

TSB's reduction of its emissions in 2022 compared to its emissions in 2019 is due to various factors, notably including the branch network concentration process, the launch of the energy efficiency programme and paperless processes and the continuation of blended work arrangements following the COVID-19 pandemic.

TSB continues to acquire 100% renewable energy, which has contributed to a general reduction of its market-based Scope 1 and 2 emissions of 72.6% in 2022 compared to 2019. TSB is committed to continuing to purchase renewable energy and has plans to explore other biofuels and to reduce its total energy consumption.

In 2022, the USA (Miami branch) and Banco Sabadell Mexico began to keep records of their carbon footprint, breaking down the information according to each Scope.

No carbon footprint data prior to 2022 is available, therefore these geographies will not be taken into account in the Group's comparisons of its carbon footprint in relation to previous periods.

44 The conversion factors have been calculated based on DEFRA. Version according to year. In addition, the figures for 2019 through 2021 have been recalculated under new calculation criteria in TSB, taking into account the branch and building closures between 2019 and 2021.

45 In line with the Group's reporting criteria, the relative emissions during hotel stays that TSB reports in its standalone accounts are not included.

46 Emissions from rental cars and employee-owned vehicles where TSB is responsible for purchasing the fuel.

47 Streamlined Energy and Carbon Reporting (SECR) regulation in the United Kingdom for large unlisted organisations on reporting greenhouse gas emissions.

48 A small amount of domestic or cross-charged consumption from landlords is not included, but TSB is working on improvements for the next reporting period.

	2022
Scope 1 emissions:	3
Gases	3
Scope 2 emissions:	
Electricity - market-based	282
Electricity - location-based	282
Scope 1 and 2 - market-based	285
Scope 1 and 2 - location-based	285
Scope 3 emissions:	220
Water	2
Paper	1
Business travel	217
Travel by aeroplane	217
Total emissions (Scope 1, 2 & 3) - market-based	505
Total emissions (Scope 1, 2 & 3) - location-based	505

Report on the USA's greenhouse gases (t.CO₂)⁴⁹

	2022
Scope 1 emissions:	55
Fleet of company vehicles	55
Scope 2 emissions:	
Electricity - market-based	237
Electricity - location-based	237
Scope 1 and 2 - market-based	291
Scope 1 and 2 - location-based	291
Scope 3 emissions:	324
Water	5
Paper	1
Business travel	318
Travel by aeroplane	291
Travel by car	27
Total emissions (Scope 1, 2 & 3) - market-based	615
Total emissions (Scope 1, 2 & 3) - location-based	615

Report on Mexico's greenhouse gases (t.CO₂)⁵⁰

Neither Mexico nor USA have a renewable origin certification for their indirect emissions stemming from the consumption of electricity purchased from a reseller (Scope 2), therefore market-based and location-based emissions data coincide. These emissions will be offset as explained in section 4.4.2 Offsetting.

Details of the Group's emissions, by scope

Scope 1 - Direct activities:

This scope includes emissions generated by facilities through the use of fuel such as diesel (including that used by mobile branches in Spain), propane gas, natural gas, as well as leaks of fluorinated greenhouse gases and the fleet of company vehicles (excluding travel between home and the work centre).

Acting on its public commitment to sustainability,

Banco Sabadell Group is making progress with its sustained reduction of proprietary emissions. As at the end of 2022, Banco Sabadell had managed to reduce its overall Scope 1⁵¹ emissions by 24% compared to 2019.

Reduction vs. 2019

▼ **24%**

Gases

Data relating to gases correspond to the use of fuel such as propane gas, natural gas and diesel (including that used by mobile branches in Spain).

In 2022, propane gas consumption in Spain amounted to 844 m³, compared to 682 m³ in 2021 and 486 m³ in 2019 – a 24% increase compared to 2021 and a 74% increase compared to 2019. Propane gas is only used to

49 The conversion factors have been calculated based on DEFRA, except for Scope 2, where they have been calculated using IEA. Version according to year.

50 The conversion factors have been calculated based on DEFRA, except for Scope 2, where they have been calculated using IEA. Version according to year.

51 Reduction calculated for Spain and the United Kingdom. Mexico and USA are not included as no historical data is available.

provide additional heating in one branch, which is located in a mountainous region where low temperatures in winter require it to be used in order to prevent the gas from freezing.

In the UK, Mexico and the USA, propane gas is not used in any of the branches or corporate buildings.

On the other hand, the consumption of natural gas in Spain is limited to three of the corporate buildings, and used to reinforce the HVAC system, both to provide heat and for dehumidification purposes, while in the United Kingdom it is used in winter across practically all branches and corporate buildings. In 2022, consumption in Spain amounted to 299,312 m³, compared to 233,467 m³ in 2021 and 257,920 m³ in 2019 – a decrease of 2% compared to 2021 and of 11% compared to 2019.

Reduction vs. 2021

▼2%

Reduction vs. 2019

▼11%

In the United Kingdom, consumption amounted to 724,673 m³, compared to 990,367 m³ in 2021 and 919,368 m³ in 2019 – a reduction of 27% compared to 2021 and of 21% compared to 2019.

Reduction vs. 2021

▼27%

Reduction vs. 2019

▼21%

Similarly, TSB has also launched a new training module on Energy Efficiency for employees, called Do What Matters for the Environment, to complement and build on existing training. The aim of the new module is to educate employees on energy waste and to equip them with practical tools to reduce energy consumption in the workplace and at home.

No natural gas is consumed in Mexico or the USA, as their HVAC systems run entirely on electricity.

Finally, consumption of diesel in Spain amounted to 5,418 litres, compared to 13,016 litres in 2021 and 14,246 litres in 2019 – a reduction of 58% compared to 2021 and of 62% compared to 2019. Between the end of 2020 and early 2021, a large-scale top-up of diesel tanks took place to prevent potential supply shortages in the future, which reduced the need for diesel refuelling during 2022. In 2023, it is hoped that consumption will also be reduced, as the Bank's data servers will be physically moved from its own facilities to the facilities of the IT infrastructure supplier.

Reduction vs. 2021

▼58%

Reduction vs. 2019

▼62%

In the UK, diesel consumption amounted to 8,487 litres in 2022 compared to 5,931 litres in 2021 and 8,802 litres in 2019 – an increase of 43% and a reduction of 4%, respectively.

In the UK, diesel is mainly used for generators in corporate buildings, as well as in heating systems in some remote island locations. In 2022, TSB launched the Energy Optimisation programme, with training provided by an Energy Management team from the company managing the facilities. This programme will involve a review of all possible ways in which energy can be reduced, in order to implement improvements in all facilities over the coming years.

In Mexico, there are no records of diesel consumption while in the USA, consumption amounted to 1,140 litres in 2022, due to the use of a genset in one of its corporate buildings (MLOC).

Fluorinated gases

The figures relating to fluorinated gases correspond to leaks of F-gases due to breakdowns of HVAC systems in corporate buildings and branches. In Mexico, no fluorinated gas leaks in HVAC equipment were recorded, as the refrigeration system uses water circuits. In the case of Miami, no fluorinated gas leaks were recorded in 2022 in any of the machinery in its facilities.

In 2022, fluorinated gas leaks in Spain amounted to 860 kg, compared to 934 kg in 2021 and 1,144 kg in 2019 – a reduction of 8% and 25%, respectively. In the UK, on the other hand, fluorinated gas leaks amounted to 82 kg in 2022 compared to 68 kg in 2021 and 53 kg in 2019 – an increase of 21% and 55%, respectively.

To reduce these leaks, every year the Bank upgrades its air conditioning systems, introducing more efficient equipment (thus also reducing Scope 2 emissions) that uses gas with a lower environmental impact. Furthermore, the 24% reduction in the branch network that occurred between 2021 and 2022 also had an impact on the reduction of emissions due to fluorinated gas leaks.

The Bank is firmly committed to reducing its direct carbon footprint; therefore, in the coming years, it will continue to periodically review its facilities, both machines and other fixtures (pipes, connections, shut-off valves), in order to detect any possible faults. Similarly, the Bank will continue to identify the machines with the most breakdowns to include them in the replacement project. This analysis will also make it possible to detect which models have the most faults in order to adjust the policy for the purchase of new equipment accordingly.

Company vehicles

In Spain, business journeys in 2022 amounted to a total of 249 thousand kilometres compared to 178 thousand kilometres in 2021 and 832 thousand kilometres in 2019 – an increase of 40% and a reduction of 70%, respectively.

Reduction of business
journeys in km vs. 2019

▼70%

In the UK, business journeys in 2022 amounted to a total of 141 thousand kilometres compared to 64 thousand kilometres in 2021 and 1,426 thousand kilometres in 2019 – an increase of 122% and a reduction of 90%, respectively. TSB offers only fully electric vehicles to employees who have opted into the company car scheme and 79% of TSB's vehicle fleet is now fully electric. In 2023, TSB will explore different improvement options, such as the installation of electric vehicle charging facilities in corporate buildings.

TSB's Electric vehicle fleet

79%

In Mexico, records of CO₂ emissions from company vehicles are not kept in kilometres but rather in terms of petrol consumption. In 2022, total petrol consumption in vehicles controlled by the Bank amounted to 17,196 litres.

In the USA, there is no fleet of company vehicles under the criteria applicable to Scope 1 GHG emissions.

Scope 2 - Indirect activities:

This scope includes emissions generated by the consumption of electricity.

Electricity consumption

The consumption of electricity in Spain in 2022 amounted to 59,398 MWh, compared to 66,214 MWh in 2021 and 77,842 MWh in 2019 – a reduction of 10% and 24%, respectively. As at the end of 2022, 99.96% of the energy consumed came from 100% renewable sources.

Reduction vs. 2021

▼70%

Reduction vs. 2019

▼24%

Consumption from renewable
sources

99,96%

In Spain, from 2023 onwards, the total consumption of electric power will be from 100% renewable sources.

In the UK, on the other hand, electricity consumption amounted to 15,297 MWh in 2022 compared to 20,094 MWh in 2021 and 20,947 MWh in 2019 – a reduction of 24% and 27%, respectively.

Reduction vs. 2021

▼24%

Reduction vs. 2019

▼27%

In Spain, throughout 2022, 98.96% (58,777 MWh) of the electricity used was acquired from a single reseller (Cepsa), with all the energy used certified to have come from renewable sources, while the remaining 0.05% (28 MWh)

was acquired from another reseller whose electricity is not all from renewable sources. The 7 tonnes of CO₂e corresponding to Scope 2 emissions (market-based) in 2022 for Spain correspond to the consumption of electricity from non-renewable sources.

1.0% of the total electric power consumed in Spain was self-generated through the photovoltaic panels installed in the corporate buildings at Sant Cugat del Vallès.

	2022	2021	2020	2019
Consumption of electricity provided by Cepsa and Nexus Renovables, 100% REGO (% supplied out of total electricity in Spain)	98.96%	99.14%	99.91%	99.95%
Consumption of electricity provided by other resellers without REGO (% supplied out of total electricity in Spain)	0.05%	0.06%	0.09%	0.05%
Self-consumption (% of total electricity) in Spain	1.00%	0.79%	0.00%	0.00%

Thanks to these photovoltaic panels, 592,394 kWh did not have to be purchased from resellers and was instead generated by the Institution's systems for own use in the corporate buildings at Sant Cugat del Vallès. With this electricity generation, Banco Sabadell has reduced its energy dependence on third parties as it is able to use its own systems to generate 8% of the energy needed for this building to operate.

In addition, in order to reduce its energy consumption, Banco Sabadell continues with its ongoing consumption assessment programme at its branches and corporate buildings to detect changes and actions that help improve consumption efficiency:

- As indicated in relation to Scope 1, every year a programme takes place to replace air-conditioning equipment with more energy-efficient models where appropriate.
- The project to replace the lighting at branches with LED (Light Emitting Diode) technology is still in progress, to ensure that all branches are equipped with LED lighting and thus reduce consumption (corporate buildings are already 100% equipped with LED lighting).
- The majority of the branch network is equipped with a centralised low energy consumption HVAC and lighting system, as well as light activation systems for billboard advertising adapted to daylight hours.
- Corporate buildings are equipped with motion-sensitive lighting systems and LED lights. In these corporate buildings and larger branches, HVAC installations are equipped with energy recovery systems.

In the UK, the supply of electricity continues to be 100% from renewable sources, thus contributing significantly to the strategy for attaining carbon neutrality by not generating market-based Scope 2 emissions.

TSB also continues to develop efficiency measures to reduce electricity consumption. In 2022, a scheme to replace old inefficient lightbulbs with more energy-efficient LED equivalents was completed. As at the end of 2022, the cost of reactive maintenance tasks to replace lightbulbs had already been noticeably reduced, and work continues to monitor cost savings and the reduction of energy usage.

The Bank is looking to install a photovoltaic self-generation plant at its logistics hub in Polinyà before the end of 2025. An annual 1% reduction in the energy acquired from the main reseller is estimated by 2025.

In Mexico, electricity consumption in 2022 amounted to 595 MWh, while in Miami consumption reached 737 MWh. These two geographies do not have a renewable origin certification for their electricity production.

	Group (all geographies)	Group (ex-Mexico and ex-USA)			
		Group	2021	2020	2019
Total electricity consumption (MWh)	76,028	74,695	86,308	84,281	98,789

Total electricity consumption

Scope 3 - Other indirect activities:

This scope includes other indirect activities in which emissions from the consumption of water, paper, plastic and waste management are quantified, as are those from travel by aeroplane, train and car (except company vehicles).

Water

Water consumption includes water for sanitary use, irrigation and catering in corporate buildings. In 2022, water consumption in Spain amounted to 265,892 m³, compared to 395,036 m³ in 2021 and 396,260 m³ in 2019 – a decrease of 33% compared to both periods.

Reduction

▼ **33%**

As for the UK, water consumption amounted to 39,289 m³, compared to 47,238 m³ in 2021 and 66,398 m³ in 2019 – a reduction of 17% and 41%, respectively.

In Mexico⁵², water consumption in 2022 amounted to 11,688 m³, while in Miami consumption reached 3,826 m³.

The process to reduce the number of branches in the branch network has had a significant impact on the reduction of consumption in Spain and in the UK.

100% of the water used comes from the supply network. The Group's headquarters are located in urban areas where the water collected and discharged is done so through the urban network.

With regard to eco-efficiency measures, bathroom facilities and taps are fitted with water-saving mechanisms. The headquarters in Sant Cugat have a deposit that collects rainwater and greywater to reuse it as irrigation water. At the same time, the landscaped areas are comprised of native plants with low irrigation needs.

During the 2022-2025 period, the WC discharge system is being gradually replaced with dual flush toilets to reduce the consumption of water for sanitary use. An annual 1% reduction in emissions is estimated by 2025, associated with this initiative.

	2022	2021	2020	2019
Recycled paper used in branches and corporate buildings in relation to total paper consumption (white and recycled) in Spain (%)	100%	100%	100%	99.98%
Recycled paper used in corporate buildings in Spain with a postal service (courier) in relation to total paper consumption (white and recycled) (%)	100%	100%	100%	99.98%

The Group has also continued with the programme to reduce correspondence and simplify contractual documentation, helping to reduce paper consumption. This programme started in 2019. The progressive digitisation of customer profiles and the consolidation of the model of a single monthly account statement have enabled a reduction of 40.7% compared to 2019. Among the initiatives with the greatest impact that have been carried out, it is

Paper

The Group's daily activities require the regular use of paper. Paper consumption in Spain in 2022 amounted to 610 tonnes, compared to 640 tonnes in 2021 and 1,030 tonnes in 2019 – a reduction of 5% and 41%, respectively. While in the UK, paper consumption amounted to 445 tonnes in 2022 compared to 583 tonnes in 2021 and 1,439 tonnes in 2019 – a reduction of 24% and 69%, respectively.

Reduction vs. 2021

▼ **24%**

Reduction vs. 2019

▼ **69%**

In order to reduce paper consumption, a series of measures have been implemented, such as (i) the set-up of a 24-hour service for customers through remote channels and digital platforms, (ii) the use of tablets and digital systems in branches, which allow customers to sign documents digitally and thus eliminate the use of pre-printed documents, and (iii) introduce default printing settings in the Institution's printers for double-sided printing.

worth highlighting the following:

- Simplification of pre-contractual and contractual documents about the Bank's products.
- Further development of digital solutions in relation to signing for transactions, issuing certificates and customer correspondence.
- Greater digitisation of internal operating processes.

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

⁵² Consumption on a pro-rata basis according to number of floors occupied by the Bank in the respective buildings.

In the UK, TSB had set the target of reducing paper consumption by 25% by 2022 year-end compared to 2019. To that end, several initiatives have been launched to

digitalise processes and leaflets, reduce the use of postal mail for customer correspondence and reduce printing.

	Group (all geographies)	Group (ex-Mexico and ex-USA)			
	2022	2022	2021	2020	2019
Paper consumption (DIN A4 format) during the year (tonnes)	1,058	1,055	1,223	1,636	2,469

Paper consumption

During 2023, the zero paper project will continue to be promoted across the organisation. This project seeks to digitalise all of the Bank's processes to reduce paper consumption to zero. An annual 2% reduction in emissions is estimated by 2025.

In Mexico, paper consumption in 2022 amounted to 1.4 tonnes, while in Miami consumption reached 1.5 tonnes.

Plastic

Plastic consumption is attributable to the materials purchased for various uses. Plastic consumption in Spain in 2022 amounted to 3.4 tonnes, compared to 4.5 tonnes in 2021 and 71.1 tonnes in 2019 – a reduction of 23% and 95%, respectively.

To reduce plastic consumption, the Bank has been applying a series of measures since 2020 designed to eliminate plastic in the products it purchases for various uses:

- Elimination of plastic in certain desk and/or common use materials.
- Elimination of coin blister packs.
- Elimination of blue bag for documents requiring urgent digitisation.
- Elimination of bankbook covers.
- Replacement of the plastic film in event blue bags with brown kraft paper.
- Replacement of plastic coffee spoons with wooden spoons.
- Replacement of the plastic window in envelopes with a transparent paper window.
- Manufacture of cash transfer bags with a mixture of recycled (80%) and virgin (20%) plastic.
- Manufacture of shrink film from 56% sugar cane (bio-based material).
- Replacement of corporate pens (100% plastic) with an alternative manufactured with kraft paper and wheatpaste.

During the 2022-2025 period, the various materials used by the Bank that contain plastic will be gradually analysed and replaced with sustainable materials. In Spain, an annual 2% reduction in emissions is estimated.

In the UK, plastic consumption amounted to 112.4 tonnes. It was not possible to keep records of plastic consumption in the UK subsidiary until 2022, therefore no historical data is available to analyse changes and trends.

The Group is working to explore and, if necessary, implement the necessary capabilities to measure the plastic consumption of its subsidiaries in Mexico and Miami.

Waste management

Waste can be classified as either non-hazardous waste or hazardous waste. Non-hazardous waste includes: scrap metal, inert plastic, bulky general waste, incandescent light bulbs, paper and cardboard, glass, organic waste, grease trap and wood. Hazardous waste includes: chemical containers, absorbents (filters), lead batteries, oils, fluorescent lamps, electronic equipment, batteries and aerosols.

In 2022, in Spain, general waste was reduced by 32% and 40% compared to 2021 and 2019, respectively, due mainly to the reduced travel to workstations in the corporate buildings as a result of telecommuting, and also due to the Bank's restructuring process. In the UK, waste was reduced by 30% and 35% compared to 2021 and 2019, respectively, also mainly due to the situation mentioned for Spain.

The Group is analysing the resources needed to keep records of the volume of waste generated in Mexico and Miami, so that it may soon have data available for disclosure in relation to tonnes of waste and CO₂ emissions.

Section 4.4.4 Circular economy and waste management includes more details on waste management and emissions.

Business travel

Business travel includes journeys by aeroplane, train and car.

In Spain, business journeys in 2022 amounted to a total of 11,940 thousand kilometres compared to 6,058 thousand kilometres in 2021 and 34,586 thousand kilometres in 2019 – an increase of 97% and a reduction of 65%, respectively.

Reduction

▼ 65%

At the start of 2020, before the State of Emergency was declared in Spain, the Bank reviewed its business travel policy, laying down new guidelines to limit travel to only journeys strictly necessary due to business needs and to prevent travel for internal meetings, encouraging the use of the remote and electronic solutions available.

It is not possible to draw a fair comparison between the numbers of kilometres in 2021 and the numbers in 2022,

given the restrictions imposed due to the COVID-19 pandemic. Compared to 2019, as a pre-pandemic reference year, the data for 2022 in Spain reflected the large positive effect that the review of the Group's business travel policy has had on the Institution's carbon footprint.

In this regard and considering the gradual easing of restrictions, business travel is expected to decrease and reduce emissions by 43% in 2023 compared to 2019.

As regards commuting journeys, a sustainable mobility model will continue to be promoted with the creation of new parking spaces at corporate buildings for private electric vehicles, bikes, scooters, etc.

For the 2022-2025 period, an annual 5% reduction in emissions is expected in Spain by 2025 with the implementation of new measures every year that enable the Bank to establish and achieve ongoing emissions reduction targets.

For the UK, in line with the Group's reporting criteria, the relative emissions during hotel stays that TSB reports in its standalone accounts are not included. In terms of other items, business journeys in 2022 amounted to a total of 3,291 thousand kilometres in TSB compared to 1,220 thousand kilometres in 2021 and 14,756 thousand kilometres in 2019 – an increase of 170% and a reduction of 78%, respectively. The target had been to reduce business travel by 50% compared to 2019.

The COVID-19 pandemic has largely contributed to the 66% reduction of emissions compared to 2019. In addition, TSB has undertaken to promote new alternative means of transport, such as the inclusion in company benefits of an additional grant for the purchase of electric bicycles, as well as new ways of working to keep reducing emissions.

In 2022, business travel in Mexico and Miami came to 1,727 thousand kilometres and 1,183 thousand kilometres, respectively.

Other actions

In Spain, the Bank certified its Barcelona hub branch with the Spanish Green Building Council seal during 2022.

Moreover, to mitigate the environmental impact of its suppliers, it will encourage the use of electric vehicles for the various logistics services and the use of ecological ink among the printing companies that collaborate with the Bank.

In the UK, TSB has been identifying the potential reduction in CO₂ emissions for third-party products and services. Furthermore, since 2021, TSB has included new sustainability requirements in its procurement processes.

4.4.4 Circular economy and waste management

Waste management in Spain in 2022 amounted to 806 tonnes, compared to 1,192 tonnes in 2021 and 1,353 tonnes in 2019 – a reduction of 32% and 40%, respectively.

Reduction vs. 2021

▼ 32%

Reduction vs. 2019

▼ 40%

In the UK, waste management amounted to 839 tonnes in 2022 compared to 1,200 tonnes in 2021 and 1,283 tonnes in 2019 – a reduction of 30% and 35%, respectively. Recycling continues to be a key part of the approach adopted by TSB, which has renewed its commitment to attaining a 90% recycling target in its Do What Matters Plan 2025. In 2022, the general recycling rate at TSB was 79%.

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

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

Among the actions taken by the Bank to reduce the waste that it generates, it is worth noting the programmes to reduce paper consumption and the associated waste (which accounts for the largest volume of waste).

	2022		2021		2020		2019	
	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂	Waste t.	Emissions t.CO ₂
Total non-hazardous waste ⁵⁴	1,634	82.0	2,383	101.1	2,614	105.5	2,633	110.1
Total hazardous waste ⁵⁵	11	0.19	9	0.24	8	0.29	2	0.05
Total waste	1,646	82.2	2,392	101.3	2,621	105.8	2,636	110.2

Breakdown of waste (W) in Spain and UK⁵³

In line with the rest of the targets to reduce the carbon footprint by 2025, the Bank will continue to reduce paper waste by reducing its usage.

In addition, there are plans, expected to be completed by 2025, to create a new centralised waste room to reduce waste generation and to install an organic matter composting plant at the main Sant Cugat headquarters to reduce all organic waste. A 9% reduction is estimated for 2025, compared to 2019.

53 Conversion factors used for waste based on DEFRA 2021 (Waste Disposal), with the exception of paper, glass and organic waste in Spain, which are based on (OECC) calculation of GHG emissions from municipal waste management. In the UK, a breakdown of hazardous and non-hazardous waste for 2019 and 2020 is not available and thus data only includes total waste. The Group is analysing the resources needed to keep records of the volume of waste generated in Mexico and Miami, so that it may soon have data available for disclosure in relation to tonnes of waste and CO₂ emissions.

54 In Spain non-hazardous waste includes: scrap metal, inert plastic, bulky general waste, incandescent light bulbs, paper and cardboard, glass, organic waste, grease trap and wood. The top 3 waste products in 2022 were paper and cardboard with waste of 609 t (34.33 t.CO₂), bulky general waste with waste of 65.84 t (0.59 t.CO₂) and organic waste with waste of 78.7 t (27.87 t.CO₂).

55 In Spain hazardous waste includes: chemical containers, absorbents (filters), lead batteries, oils, fluorescent lamps, electronic equipment, batteries and aerosols. The two biggest waste products were electronic equipment with waste of 2.71 t and emissions of 0.02 t.CO₂ and absorbent filters with waste of 0.79 t and emissions of 0.01 t.CO₂.

5. Commitment to sustainable finance



The Group promotes sustainable financing and investment to drive forward the transition towards a more sustainable model and a low-carbon economy.

The Group promotes sustainable financing and investment to drive forward the transition towards a more sustainable model and a low-carbon economy, offering customers and investors the best possible solutions. In 2021, the Bank committed to mobilise €65,000M in sustainable finance by 2025. To date, it has mobilised more

than €25bn, including €14.8bn in 2022.

To deliver on this commitment, and in order to encourage social and financial inclusion and contribute to environmental conservation and climate change mitigation, the Bank has:

Objective Sustainable finance 2021-2025

65,000M€

Mobilised Sustainable Finance 2021-2022

25,000M€

Mobilised Sustainable Finance 2022

14,800M€

— Financing solutions in the different businesses:

To bring processes for loan approval, portfolio management and reporting tasks in line with international standards on sustainable financing “Green Loan Principles” and “Sustainability-Linked Loan Principles” issued by the Loan Market Association and the “Green Bond Principles” and “Sustainability-Linked Bond Principles” issued by the International Capital Market Association (ICMA), in 2020 the following types of financing were defined, according to the intended use of the funds:

— **Green and Social Loans (GSLs)**, in which the use of the funds is the main criterion for determining the green, social or sustainable nature. In general, this type of financing is preferable as it generates a positive direct impact on the environment and/or society. This type of financing is closely related to Banco Sabadell’s Eligibility Guide, whose main reference is the EU Taxonomy, and to the green bonds issued by the Bank in recent years under the SDG Bond Framework. This category mainly includes Project Finance transactions related to renewable energy, customers whose business activities are aligned with the EU Taxonomy and bond issuances and private placements intended to fund a specific green and/or social project (further details provided in the

corresponding sections).

To promote GSL transactions, the Bank has approved discounts that allow it to offer better prices to customers.

The rollout of the Next Generation EU Recovery Funds are expected to significantly boost this type of financing (section 5.1.4 Next Generation EU provides more details on the actions that the Bank is taking in relation to the aforesaid funds).

— **Sustainability-Linked Loans (SLLs)**, relating to the type of financing that incentivises the achievement of sustainability targets, linking the transaction price to the evolution of one or more KPIs. This category does not require the funds to be used for any specific purpose. It is considered essential for the selected indicators to be relevant and central for customers, as this enables their sustainability strategy to gain more traction.

— Investment in renewable energies through Sinia Renovables subsidiary (further details provided in section 5.2 Sinia Renovables).

— Issuance of own sustainability bonds (more details in section 5.3 Issuance of sustainability bonds).

— Sustainable savings and responsible investment solutions (more details in section 5.4 Sustainable savings and responsible investment solutions)

5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals

5.1.1 Sustainable financing solutions for the Corporate & Investment Banking business

As at year-end 2022, the Bank has participated in 64 sustainable financing and investment transactions, with a total value of 35,165 million euros, in the area of Corporate & Investment Banking (CIB) (which includes corporate business and investment banking transactions). A significant part of this activity was carried out in Spain, complemented by work carried out in other geographies where the Bank is present.

	No. of Transactions	Total Volume	Bank Participation
Corporate Banking	50	30,695	2,209
Investment Banking	14	4,470 ⁵⁶	n.a.
Total CIB	64	35,165	2,209

Number of Operations CIB Total Amount CIB

64 **35.165MM€**

At the organisational level, the “Sustainable Finance and ESG Advisory” team has been set up. This team has cross-cutting scope in CIB and its main aim is to promote the range of sustainable financing and investment solutions and support customers with their environmental transition.

The information shown in the table above is explained here below:

Corporate Banking

In the area of corporate banking, 50 transactions were signed, amounting to 2,209 million euros, a 30% improvement on the figure reported in 2021. Of these, 11 transactions are considered to involve Green and Social Loans (GSLs) given their alignment with the EU Taxonomy, for a volume of 379 million euros, and another 39 are Sustainability-linked Financing (SLF) transactions for a total amount of 1,830 million euros.

In both cases, the transactions are the subject of continuous monitoring, jointly with the customers involved and with sustainability agencies, through the KPIs defined in the financing agreement in each case.

Sustainable financing is prioritised as a way of supporting customers. To this end, customised proposals are formulated according to customers’ needs, their sustainability strategy and factors specific to their industry.

Investment Banking

In 2022, Banco Sabadell participated in the placement of green and sustainable bonds in the capital markets, as Joint Lead Manager, in the following public issuances for customers:

- Acciona Energía, for 500 million euros in green bond format, with a 10-year maturity and 1.375% coupon, issued in January.
- Comunidad de Madrid, sustainable bond for 1 billion euros, with a 10-year maturity and 1.723% coupon, issued in March.
- Junta de Andalucía, a sustainable bond for 500 million euros, with a 10-year maturity and 2.4% coupon, issued in May.

The Bank also participated in four (4) sustainable merger and acquisition transactions for a total value of 720 million euros.

Furthermore, during 2022, it participated in various Banco Sabadell⁵⁷ green bond issues, such as:

- Joint Lead Manager in two Banco Sabadell green issuances for 750 million euros each (March and November).
- Sole Bookrunner in Banco Sabadell green issuances, for 120 million euros issued in March and for 75 million euros issued in November.

5.1.2 Project Finance

The world of renewable energies has not been immune to the current situation, having been affected both by inflation which has raised costs, and by increased funding costs in the second half of the year, compounded by a simultaneous increase in electricity prices. This volatility of electricity prices has highlighted the importance of renewables as a source of energy that is clean as well as cheaper than other sources. This is why society at large has stepped up its commitment to renewables and Banco Sabadell has continued to support the financing of renewable energy plants.

Overall, this environment has served to consolidate European objectives to combat climate change and improve energy efficiency, embodied, at European level, by the European Commission’s “Fit for 55” package of measures and, at national level, by Spain’s Integrated National Energy and Climate Plan. However, 2022 has been characterised by a delay in projects obtaining the necessary licenses to commence construction of Ready to Build (RTB) projects, and also by fewer refinancing transactions for Feed-in Tariff (FIT) transactions⁵⁸. For this reason, the volume of renewable financing is lower than last year, dropping from 1,108 million euros to 655 million euros, mainly on account of the absence of FIT transactions which represented 354.7 million euros last year.

⁵⁶ Includes 1,695 million euros of own green bond issuances.

⁵⁷ For a more detailed breakdown of Banco Sabadell green bond issues, see 5.3 Issuance of sustainability bonds.

⁵⁸ Feed-in Tariff (FIT) transactions are those in which the unit price is agreed with the government for a specified period of time.

Over the year, 26 transactions were executed, mobilising 655 million euros.

Number of operations Total Amount

26 **655M€**

In terms of renewable projects executed in the geographical regions in which the Institution operates, in 2022 there have been four renewables projects in the United States (99 million euros), two in Portugal (20 million euros) and 20 in Spain (536 million euros).

Data in millions of euros.

Country	# Transactions	Amount	%
Spain	20	536	82%
Portugal	2	20	3%
USA	4	99	15%
TOTAL	26	655	100%

With regard to the types of technology financed, the number of photovoltaic projects is particularly noteworthy compared with other technologies. In previous years, financing was distributed across wind energy and photovoltaic projects, but this year there has been a lack of significant wind energy projects in Spain. As a result, photovoltaic plants represented 88% of total financing at 575 million euros. With regard to wind energy plants, these represented 12% of total financing at 79 million euros.

Data in millions of euros.

Technology	# Transactions	Amount	%
Wind	4	79	12%
Photovoltaic	22	575	88%
Other	0	0	—%
TOTAL	26	655	100%

Lastly, in relation to transactions in Spain and Portugal, Banco Sabadell has continued to be a leader in the sector in terms of the execution of Project Finance transactions. It is worth noting that in 2022, all projects executed were greenfield projects, providing additional capacity for the production of clean energy in the Spanish energy system. Also of note in the year was the interest of renewables developers in financing projects whose revenues come from sales to the market without using a Power Purchase Agreement (PPA⁵⁹) with a third party as a hedge. In terms of their breakdown, financing has been given to three projects through auctions in 2020 (3% of the total), to nine projects whose income structure includes energy forwards or PPAs (42% of the total), one Construction Loan project (3% of total) and nine projects whose income is obtained exclusively through the wholesale market (52% of the total). Overall, Banco Sabadell has contributed by financing 1,149 MW of attributable renewable installed capacity in the system, after the construction of plants, which will produce sufficient electricity to satisfy the demand of approximately 589,500 households in Spain and will offset the equivalent of 252,844 tonnes of CO₂ each year they are in use.

Data in millions of euros.

Type	# Transactions	Amount	%
FIT Peninsula	0	0	—%
PPA Spanish Government	3	16	3%
Merchant with PPA	9	232	42%
Merchant without PPA	9	291	52%
Construction Loan	1	17	3%
TOTAL	22	556	100%

5.1.3 Sustainable financing solutions for retail customers and businesses

Sustainable financing is one of the main tools used to promote a clean and circular economic model, which reduces CO₂ emissions and contributes to protecting the environment.

⁵⁹ Power Purchase Agreement (PPA): an energy purchase and sale agreement.

In the case of individuals and SMEs, Banco Sabadell offers its customers a range of solutions geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems.

The actions and solutions offered to customers are described below:

Support and financing solutions for individuals

Support for individuals

At Banco Sabadell we support customers in the transition towards a sustainable economy.

The Bank has a clear aim to promote the use of renewable energies by offering financial support, whilst consolidating its commitment to sustainability and energy efficiency.

A clear example of this is the collaboration agreement signed between the Bank and Solar Profit, a company that sells world-class solar panels, aimed at retail customers seeking to install solar panels in their homes. The agreement offers turnkey installations, through a fully digital process. The entire project is taken in hand, including customised design, installation, and managing the application process for permits, grants and subsidies.

Other initiatives in line with the Bank's objective of achieving a more efficient and responsible domestic economy are commercial actions to promote renovation projects that improve energy efficiency in customers' households, proactively offering access to financing with more advantageous conditions.

In addition, Banco Sabadell continues to work on its objective of reducing its environmental impact by offering customers two types of cards: a physical card, manufactured using biodegradable PVC, and a digital card, thus avoiding the use of plastic altogether and offering customers an opportunity to do their bit in this challenge.

Green financing solutions for individuals

Green mortgages

Banco Sabadell currently offers a reduced price across its entire mortgage range to incentivise the purchase, construction or renovation of homes with energy certification B or higher.

In 2022, the volume of Mortgages with sustainable certification was more than 540 million euros.

Green Mortgages

540M€

Sabadell green renovation loans

The aim of the Sabadell green renovation loan is to encourage home renovations and/or purchases that improve the sustainability and or energy saving capacity of a main or secondary residence. The Bank offers financing, with attractive conditions, for improvements of openings (windows and doors), upgrades of heating or cooling systems to make them more efficient, and purchases of household appliances with an energy efficiency rating of A or higher.

TSB, for its part, markets the 'Green Additional Borrowing' mortgage, launched in June 2021, which helps customers to refurbish their homes to obtain more energy efficient consumption and, by doing so, reduce their environmental impact and the amount of money they spend on their energy bills. TSB plans to launch other green products for its customers next year.

ECO car loan (2022)

The Bank offers the '*Préstamo Coche ECO*' (ECO car loan), aimed at retail customers, which enables the purchase of 'zero emissions' or 'ECO' labelled vehicles with very attractive conditions, contributing to the adoption of cleaner vehicles that are adapted to the new low-emissions zones in Spain's largest cities.

Social financing solutions for individuals

In the area of social financing, and due to the economic impact of higher interest rates, Banco Sabadell has proactively offered solutions to customers with variable-rate mortgages who may be experiencing difficulties, in addition to customers who meet the vulnerability criteria in accordance with the Code of Good Practice, with the aim of helping these customers to meet their obligations, relieve their financial burden and avoid default situations.

With regard to vulnerable customers, it should also be noted that:

- Customers at risk of financial exclusion, who have refugee status (holders of red or white asylum seeker's card) or who have scant resources, may register free of charge for a Banco Sabadell Basic Payment Account and access free services, such as: cash withdrawals, national transfers and transfer to EU countries, direct debits, or the use of electronic banking, among other things.
- Specific benefits aimed at customers aged above 65 years, such as the issue and renewal of a commission-free passbook and free transfers throughout Spain and the EEA⁶⁰ carried out at a branch. Furthermore, if the customer is a pensioner and has income of less than 10,000 euros per year, they may access certain additional subsidies and benefits.
- A customer service model that is sensitive to the needs of vulnerable customers (due their age, reduced mobility or other restrictive factors) and/or non-digital customers (with no access to remote banking), with specific protocols in place for these groups, to address specific situations, such as branch closures,

changes to the usual services offered, or certain transactions that may be risky for them, such as cash withdrawals at branches, offering them a differentiated service that is adapted to their specific abilities and needs.

- Application of the Code of Good Practice when granting financing which protects the interests of customers by ensuring that they select the product that best suits their needs and financial capacity, paying special attention to vulnerable customers (people who, due to their physical or mental capacities, their personal needs or their economic, educational or social circumstances, find themselves unable to work or unable to function on equal terms with other consumers due to being in a helpless or vulnerable situation).
- Application of the Code of Good Practice to restructure mortgage loans for vulnerable customers. The code was recently updated and made more flexible to address the needs of low income mortgage customers.

Support and sustainable financing solutions for businesses

Support for businesses

In order to help businesses achieve a better understanding of sustainability, a series of webinars were organised through the Bank's Business Hub which, drawing on examples of good practice implemented by customers and experts, dealt with aspects related to the carbon footprint, renewable energies, energy efficiency and the UN Sustainable Development Goals.

The annual visit to companies now includes a conversation about sustainability, providing customers with the necessary background information and explaining the benefits of moving towards sustainability, and proposing financing solutions for projects that enable greater energy efficiency and a reduction in their carbon footprint.

Green financing

During 2022, more than 1,100 million euros were mobilised to fund companies engaged in green operations or projects, mainly through loans, leasing and rentals. This financing is intended for projects that are aligned with the Bank's Eligibility Guide, primarily:

- Construction and real estate
- Energy
- Mobility
- Water and Waste

With the aim of helping companies to execute their sustainable projects more efficiently, Banco Sabadell has entered into a number of agreements with partners in a variety of sectors so as to offer turnkey solutions:

- Photovoltaic self-consumption: The Bank has partnerships in place with Iberdrola and EDP Solar to provide a comprehensive offering that includes both photovoltaic systems and maintenance & upgrade services to ensure an optimal installation to suit the customer's requirements.
- Building renovations: The Bank has partnerships in place with Rehabiterm and Agentia R+ as renovation agent, in which it leads the entire project, including management of government subsidies. In this specific area, Banco Sabadell has a 30% market share in the homeowners' associations segment, and has agreements in place with 100% of homeowner association managers.

Award for most sustainable transaction: The Spanish Association of Leasing and Renting recognised Banco Sabadell four times in 2022 in the category of "Most sustainable transaction of the month" in the months of February, March, May and June.

Sustainability-linked financing

Banco Sabadell has been offering sustainability-linked financing (ESG loans) to Corporate Banking customers for some years, with great success.

In 2022, sustainability-linked financing was rolled out to other business customers with the aim of contributing to their sustainability strategy, offering them guidance on the most appropriate goals for their business and their needs.

⁶⁰ Transfers within the European Economic Area.

As of the date of this report, in 2022, the Bank has mobilised more than 500 million euros in sustainability-linked financing for business and SME customers, to fund green purposes only, primarily focused on the reduction of their CO₂ emissions.

**Sustainability-linked
financing**

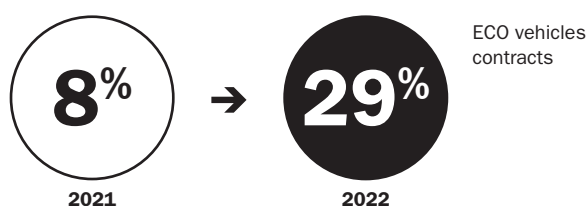
+500M€

Mobility solutions

Since the disposal of the vehicle leasing subsidiary which took place in December 2021, in 2022 Sabadell Renting has continued to focus its business on sustainable mobility. This has not been an easy task given the difficulties sourcing vehicle supplies due to general issues affecting the automotive industry, such as the semiconductors crisis and the scarcity of raw materials, particularly steel, which has led to a significant reduction in vehicle production.

These setbacks have meant that the range of ECO vehicles (hybrid and electric vehicles with the DGT 'ECO' or 'Zero Emissions' environmental label) have accounted for 44% of the full range of models offered, compared with 42% in the previous year, with at least three sustainable vehicle models featured in the range all year round.

Despite this, new contracts for ECO vehicles have increased year-on-year from 8% in 2021 to 29% in 2022. Sustainability solutions have been given greater visibility through direct communications with Banco Sabadell customers during the year and, in 2023, Sabadell will continue to promote ECO vehicles, with particular focus on the electric range, and with specific campaigns aimed at Banco Sabadell Group employees.



In 2022, emphasis was also placed on the digital offer, both through Banco Sabadell's own channels and through external distribution and dissemination channels. The remote sales circuit, in which customers can choose their vehicle and sign up for a leasing contract without having to visit a branch and with a fully-digital process, has now taken root.

In terms of used vehicle sales, there has been a significant increase in the sale of small- and medium-sized vehicles. This offer consists of vehicles less than four years old that contribute to the renewal of the vehicle fleet and to the environmental improvement of urban environments.

The objective for 2023 is to continue growing, both the range and the number of contracts for ECO models, thereby contributing to a clear transition towards sustainability mobility for both customers and employees.

Social financing

In the area of social financing, we highlight our objective to promote and maintain employment by providing financing for micro-entities.

In 2022, micro-entities were granted more than 4,800 million euros in funding, mainly through loans and credit, thereby helping to maintain employment and facilitating the development and progress of the business and industrial fabric of each region.

Social Financing 2022

+4,800M€

5.1.4 Next Generation EU

Financial institutions have the responsibility to complement the funds made available by European institutions in order to repair the damage caused by the pandemic as much as possible and progress towards a more sustainable economy. It is also essential to provide the maximum possible capillarity to the programme of European funds in order to ensure that it is rolled out to the entire business world, including SMEs.

To that end, various specific products are made available to businesses in order to advance subsidies, supplement them if they do not cover the entire investment, or to provide the authorities with any guarantees they may require.

At Banco Sabadell, the aim is to support businesses on this journey and, to do so, several campaigns have been launched to disseminate information about subsidies and to offer turnkey solutions that include a value proposition from the main market partners in each of the key areas involved in subsidies and financing or involved with the guarantee that may be needed to develop the related projects.

- **Business digitisation:** on 15 March last year, the Spanish government opened the deadline to apply for the first KIT digital grants, a support programme for companies managed by Red.es, whose total investment amounts to 500 million euros. This first call for applications was addressed to SMEs with between 10 and 49 employees, and it has since been complemented by new calls for applications aimed at business with fewer than 10 employees. With the aim of helping customers to take advantage of these support measures, an agreement has been reached with Masmóvil to provide digitisation solutions for those businesses.
- **Photovoltaic self-consumption:** This involves a package of government aid amounting to 1,320 million euros, which is intended to promote self-consumption and energy storage, and

renewable power systems. This provides an opportunity for businesses to carry out investment projects aimed at self-consumption, and they are able to benefit from the complementary financing offered by Banco Sabadell.

In this respect, the agreements with key market players, such as Iberdrola and EDP Solar, allow us to offer customers turnkey solutions complemented by the funding that they may require to take up the offer.

- **Home renovations:** The Next Generation EU funds offer grants for home or office renovations linked to energy efficiency and renewable energies projects. The main beneficiaries of these grants are homeowners' associations. The amount of the grant will vary depending on the savings achieved by the renovation.

Participation in 'PERTE' projects⁶¹:

Strategic projects for economic recovery and transformation (*proyecto estratégico para la recuperación y transformación económica* or PERTE) are a new feature, conceived as a way of promoting and coordinating high-priority projects that are strategic in nature due to their impact on economic growth, employment or the competitiveness of a given sector. They are intended to serve as a connecting node between public and private initiatives by providing a predictable legal framework with which to develop innovative and collaborative solutions.

The most developed PERTE at the time of writing this report is the Connected Electric Vehicle project, which is focused on strengthening value chains in the automotive industry. This set of initiatives includes the promotion of electric vehicles, the distribution of charging points, and incentives for electric vehicle purchases.

The Institution holds conversations with the companies that lead the main projects and with participating SMEs, to offer them financing and the guarantees they may need to carry out their projects.

5.2 Sinia Renovables

At year-end 2022, Sinia Renovables, Banco Sabadell's division for investment in renewable energies and sustainability, has investments in operation, construction and development projects with an overall installed capacity of 1,139 MW, of which the portion attributable to Sinia through its direct shareholding is 342.0 MW, equivalent to the generation of 754.0 GWh of sustainable

electricity each year. This power generation, assuming all projects are in operation, would be enough to satisfy the average annual consumption of approximately 230,469 households.

Renewable electricity

1,139^{MW}

Direct shareholding

342.0^{MW}

Emissions prevented (households)

230,469

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 157 GWh/year. This renewable energy prevents the emission of around 22,061 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 48,159 households⁶².

In 2022, Sinia has launched the Alternative Green Equity Solution, a hybrid financial product that provides a solution for many small developers who currently have renewable energy projects at the ready-to-build stage but are unable to build them, operate them, and eventually become Independent Power Producers (IPPs), due to a lack of financial resources and unavailability of funding.

In 2022, Sinia Renovables has mobilised more than 110 million euros, between invested capital and funding.

⁶¹ Strategic Projects for Economic Recovery and Transformation (*Proyectos Estratégicos para la Recuperación y Transformación Económica* or PERTE).

⁶² The conversion factor for this calculation is based on data from the Spanish Office for National Statistics (*Instituto Nacional de Estadística* or INE).

These figures position the Group as one of the financial sector's top investors in renewable energy projects.

In addition, the main actions taken during the year are set out below:

- Sinia currently holds investments in wind energy projects in operation in Mexico equivalent to 247.3 MW installed capacity, in the Tamaulipas and Baja California regions. In Peru, it disposed of two wind farms in the northeast of the country with total installed capacity of 36.8 MW. And in Chile, it has maintained its investment in a 103.5 MW photovoltaic plant in the north of the country.
- With regard to assets in operation in the Spanish market, Sinia has maintained its investment in two wind farms in Navarre with a combined 93.6 MW capacity, a 10.5 MW wind farm in Tarragona, and 8.56 MW of photovoltaic self-consumption facilities which distributes surplus energy to different autonomous communities.
- With regard to assets under development at year-end 2022, Sinia holds investments in assets with total installed capacity of 530.0 MW located throughout Catalonia, Galicia, and Castilla y Leon, among other regions, including both photovoltaic plants and wind farms.
- In terms of construction, Sinia has investments in a total 145 MW distributed throughout Castilla y Leon, Galicia, Valencia, Castilla La Mancha and Catalonia, among other regions.
- It continues to hold 25% of the first franchiser of engineering firms engaged in photovoltaic self-consumption and electric vehicle charging points in Spain, called Doctor Energy, in order to help the company accelerate its growth.
- It continues with its second and third investments in the industrial self-consumption sector, through the provision of finance and the acquisition of a 10% stake in 15 plants with overall volume of 19.34 MW, and another 10% stake in 10 plants with additional volume of 5.29 MW.

5.3 Issuance of sustainability bonds

In July 2020, Banco Sabadell published the Framework for the issuance of bonds linked to Sustainable

Development Goals (SDGs), which serves as the reference document for the issuance of green, social and sustainability bonds. This Framework is aligned with the European Union Taxonomy and complies with the voluntary guidelines issued by ICMA (International Capital Market Association).

- **Green bonds** are intended to finance eligible green project categories, focusing on projects with environmental benefits, such as reduction of greenhouse gas emissions, pollution prevention and climate change adaptation.
- **Social bonds** are designed to finance eligible social project categories, focusing on the generation of social benefits by providing access to essential services, facilitating social inclusion and promoting the creation and maintenance of employment.
- **Sustainability bonds** are aimed at providing finance for a combination of green and social projects as described above.

The funds obtained by issuing these types of bonds are used to fully or partially finance or refinance new, existing

or future loans or projects that meet the eligibility criteria established in the Framework.

In 2022, Banco Sabadell has issued four green bonds.

In March, two green issuances of non-preferred senior debt were carried out, one for 750 million euros with a coupon of 2.625% and a 4-year maturity with an option to call early at 3 years, and one for 120 million euros with a coupon of 3.15% and a 15-year maturity. In November, a further two green issuances were carried out, one of

senior debt for 750 million euros with a coupon of 5.125% and a 6-year maturity with an option to call early at 5 years, and one of non-preferred senior debt for 75 million euros with a coupon of 5.5% and a 10-year maturity with an option to call early at 9 years.

Banco Sabadell has accumulated 2,815 million euros in green issuances.

Including the bonds issued in 2022, Banco Sabadell has accumulated 2,815 million euros in green issuances, of which 2,695 million euros remain outstanding.

Based on the provisions of the Framework for the issuance of bonds linked to Sustainable Development Goals (SDGs), a report has been prepared, for the green

bonds issued in 2021, on the allocation of funds to eligible projects and the impact generated by those projects. This report has been reviewed by an independent expert. The report is available on the corporate website under the heading "Green Bonds Report 2022".

5.4 Sustainable savings and responsible investment solutions

In the area of investment, both pension fund manager BanSabadell Pensiones EGFP S.A. in 2012 and, since 2016, Aurica Capital, a venture capital enterprise that invests in Spanish companies with plans to expand in

foreign markets, have adopted the United Nations Principles for Responsible Investment (PRI) in the investment manager category. Pension funds individually subscribed to the PRIs by BanSabadell Pensiones EGFP S.A. include BanSabadell Pentapensión Empresa FP, the Banco Sabadell Employees' Pension Fund MF2000, the Banco Sabadell Employees' Pension Fund GM, BanSabadell 18 FP, and the Pension Fund of Compañía de Servicios de Bebidas Refrescantes, a soft drinks company in Spain.

Banco Sabadell maintains its strategic alliance with Amundi, Europe's leading asset manager, committed to sustainable investment since its creation.

In mutual funds, Banco Sabadell maintains its strategic alliance with Amundi, Europe's leading asset manager, committed to sustainable investment since its creation. Amundi has been a signatory of the United Nations Principles for Responsible Investment (PRI) since 2006.

At the end of 2022, 20 Sabadell Asset Management mutual funds (€8,850.3M) promote environmental or social characteristics, meaning that they are classified as Article 8 funds⁶³ under the European SFDR (Sustainable Finance Disclosure Regulation). When combined with the other Amundi mutual funds distributed by Banco Sabadell, this means that €11,136.9M, the 88.2%⁶⁴ of Banco Sabadell customer assets invested in non-guaranteed Sabam/Amundi mutual funds, promote environmental or social characteristics or have environmental or social objectives (Article 8 or Article 9 of SFDR⁶⁵).

20 Sabadell Asset Management Funds (Art. 8 SFDR)

8,850.3M€

Amundi Funds (Art. 8 or 9 SFDR)

11,136.9M€
88.2%

In 2023, the offering of savings/investment products that meet sustainability criteria will continue to be expanded, following a key breakthrough in 2022. Mutual funds will

continue to be the focus of attention, as they are the investment product most frequently chosen and contracted by customers. Based on this year's target of around 75%, it is anticipated that assets under management meeting ESG criteria will reach 77%.

Banco Sabadell recognises the importance of the investment products and services sector in financing a more sustainable economy. Within this commitment, and in order to foster best practices in relation to investment in 2022, training sessions on ESG investment have continued for all customer-facing staff who may have an advisory role. In the same vein, a course was carried out in 2022 for those in more specialist roles in relation to Savings/Investment, in order to further explore ESG investment, with topics such as the integration of ESG criteria, financial returns and regulation.

The Banco Sabadell Policy on Integrating ESG Risks in Savings/Investment Products was updated in 2022 with the latest progress made in this regard, and initial evidence of its application, as defined in 2021. This policy is enshrined within Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector. The process consists of four stages. The first stage corresponds to the analysis of evidence submitted by the companies or partners to which the Institution has delegated tasks related to the management of products of which the Institution is a Financial Market Participant, or to the selection of products that it offers in its capacity as Financial Advisor. The second stage involves reviewing the offering defined for the different segments, including sustainability risks within the decision-making variables, to be submitted to the Working Group of the

⁶³ Article 8 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as SFDR), which governs transparency of the promotion of environmental or social characteristics in pre-contractual disclosures and transparency of sustainable investments in pre-contractual disclosures, respectively.

⁶⁴ Assets invested in different asset management companies of the Amundi group, not including guaranteed mutual funds. Including these assets, the percentage is 68%.

⁶⁵ Articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council.

Advisory Offering. In a third stage the decisions taken by the Technical Product Committee are ratified. Lastly, the fourth stage involves monitoring the information to be disclosed in accordance with Regulation 2019/2088. It should be noted that in 2022 changes to the advice and discretionary portfolio management models were implemented, in line with the objective set forth in the Sustainable Finance Plan, to introduce customers' sustainability preferences into those models, as from 2 August 2022. In this respect, customers are asked to answer new questions to find out their preferences in terms of sustainability aspects related to their investments and financial assets, which serves to update the Institution's tools in this regard. Specific training has also been arranged to explain these changes and prepare the network managers so that they are able to communicate terms associated with sustainability to customers.

With regard to BanSabadell Pensiones, in recent years various actions have been carried out to encourage the development of socially responsible investment among its pension plans, and it was one of the first institutions to offer an ethical and charitable pension plan which, in addition to investing according to socially responsible criteria, also made a donation to fund selected projects. In 2018, Bansabadell Pensiones, jointly with Banco Sabadell and the Spanish Workers' Commissions (*Comisiones Obreras* - CCOO) signed an agreement in relation to the socially responsible investment (SRI) clause, to include in the statements of investment policy principles of occupational pension funds. BanSabadell Pensiones currently manages nine pension funds that explicitly incorporate a socially responsible investment (SRI) mandate in their investment policy, with assets of 979.5 million euros as at year-end 2022.

BanSabadell Pensiones
pension funds

Total Assets 2022

9

979,5M€

In terms of the integration of sustainability risks in investment-related decisions at Sabadell Seguros, the asset management process integrates quantitative and qualitative ESG criteria. To this end, ESG ratings issued by specialised ESG rating agencies are used. These allow the risks and opportunities associated with short- and long-term investments to be identified. Certain tools are also used in the process that detect reputational alerts related to the companies and assets that form part of its investments. It is also worth noting that exclusion policies are applied, which dictate that no investments should be made in controversial sectors (weapons, thermal coal, etc.). To analyse sustainability risk controls in investment portfolios, the ESG Footprint Committee was created, which is responsible for supervising sustainability risks and verifying the correct implementation of the sustainability risk policy by each investment manager.

Similarly, Sabadell Seguros has been a participant of the Q-Impact fund since July 2021, in order to contribute to the global energy transition challenge and create professional opportunities for vulnerable groups.

Q-Impact invests in companies in growth and expansion stages that mitigate problems of social inclusion and ecological transition in Spain. In the social sphere, the fund primarily focuses on companies which promote the employability of young people and reduce youth unemployment, which work towards the inclusion of those with different abilities and vulnerable groups, and improve the lives of people with different abilities and the elderly through adapted products and remote assistance services. With regard to ecological transition, the fund focuses on catalysing investment in underserved markets, as well as on organic agriculture, sustainable technology and related sectors: renewable generation on islands and financing of self-consumption and energy efficiency.

As at September 2022, the Q-Impact fund had obtained the following results: In its financial valuation, it has reached an Internal Rate of Return (IRR) of 17%. With regard to its social and environmental impact, 54% of the impact target has been reached, which means the impact of companies has increased since the Bank's entry in the fund.

In terms of protection insurance, the aim of companies is to promote the development of products and services that create social value and foster environmental protection.

Similarly, the Bank wants to offer insurance products that help it honour its commitment and fulfil its responsibility to the environment. To this end, a number of its products include services and benefits that promote the fight against climate change.

Travel has become less frequent, consequently reducing greenhouse gas emissions, thanks to video valuations in Auto Protection and Home Protection insurance and 24-hour video consultations in Health Protection provided by Sanitas.

Home Insurance also takes into account the needs of customers concerned about climate change, offering coverage for accidental breakages of the sheets of glass of any solar panels that they have installed and which are fixed to the fabric of the building of their homes and for their exclusive use. Any charging points for electric vehicles installed and fixed in their (owned) garage are also considered part of the fabric of the building.

On the other hand, Auto Insurance offers special coverage for electric vehicles, such as roadside assistance in the event of a breakdown, accident or low battery; coverage for the theft of the charging cable or plug; as well as coverage for damage to third parties caused by faults when charging the vehicle (with the Civil Liability coverage).

5.5 Green financing and funding lines with multilateral development banks in Mexico

Green financing in Mexico

In 2022, Banco Sabadell in Mexico granted green finance amounting to approximately 65 million euros, involving the following main funding destinations:

- Renewable energy projects;
- Sustainable transport;
- Construction projects using energy efficient materials.
- Installation and maintenance of renewable energy technologies (photovoltaic panels) in the industrial and agricultural sectors;

Lines of credit with multilateral development banks

Banco Sabadell Mexico has had access to a 10-year line of credit of 100 million US dollars granted by International Finance Corporation (IFC), a member of the World Bank Group.

Since 2019, Banco Sabadell Mexico has had access to a 10-year line of credit of 100 million US dollars granted by International Finance Corporation (IFC), a member of the World Bank Group, to promote the development of sustainable tourism and construction in Mexico. These funds are granted to customers seeking to promote the development of sustainable projects.

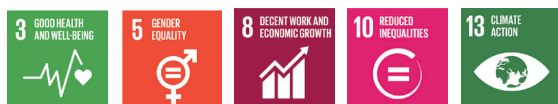
This partnership with the IFC has boosted sustainable financing, with loans being granted to the hotel industry to promote sustainable tourism in the country. These projects meet over 90% of the environmental requirements of the Rainforest Alliance, which bases its certification criteria on energy efficiency, reduced water consumption and control of greenhouse gas emissions.

Sabadell Mexico also has an 8-year line of credit of 50 million dollars with the German Development Finance Institution (DEG).

Sabadell Mexico also has an 8-year line of credit of 50 million dollars with the German Development Finance Institution (DEG), which aims to promote sustainable projects aimed at environmental protection, including investments in energy efficiency, measures to reduce greenhouse gas emissions, and devices for facilities and equipment for the rational management of water and waste, among others.

Since July 2021, all infrastructure projects that have received 5 million US dollars or more in funds from the IFC and the DEG are evaluated by Banco Sabadell Mexico's SARAS system, which identifies the environmental and social impacts and risks associated with customers' activities. At the end of these evaluations, an Action Plan is drawn up designed to help mitigate the identified impacts and risks, which the customer undertakes to carry out.

6. Commitment to people



6.1 Workforce information

Banco Sabadell has a committed and professional workforce geared towards helping people and companies make the best economic decisions.

Banco Sabadell has policies and procedures in place aimed at developing talent, fostering the commitment of its workforce and encouraging diversity and inclusion.

As at year-end 2022, Banco Sabadell Group's workforce consists of 18,895 employees distributed across the various regions in which it operates, practically all of

whom have permanent contracts (99.0%). The average age of the workforce is 44 years, with an average length of service in the organisation of 16 years. This workforce is diverse in terms of both geographical distribution (33.2% are in international locations) and gender (55.6% are women).

Professionals

18,895

International workforce

33.2%

Women

55.6%

Banco Sabadell Group employees: Breakdown by professional category, age, country and nationality

Professional category	2022			2021		
	Men	Women	Total	Men	Women	Total
Senior management	460	208	668	515	214	729
Middle management	1,944	1,381	3,325	1,988	1,281	3,269
Specialist staff	5,298	7,194	12,492	5,663	7,766	13,429
Administrative staff	683	1,727	2,410	724	1,919	2,643
Total	8,385	10,510	18,895	8,890	11,180	20,070

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

Age range	2022			2021		
	Men	Women	Total	Men	Women	Total
Under 31	1,080	1,209	2,289	1,113	1,245	2,358
Between 31 and 49	4,682	6,290	10,972	5,093	7,012	12,105
Over 49	2,623	3,011	5,634	2,684	2,923	5,607
Total	8,385	10,510	18,895	8,890	11,180	20,070

Group data as at 31/12/2022.

Country	2022			2021		
	Men	Women	Total	Men	Women	Total
Spain	5,796	6,828	12,624	6,157	7,310	13,467
United Kingdom	2,168	3,343	5,511	2,291	3,507	5,798
Mexico	266	166	432	278	185	463
Other regions	155	173	328	164	178	342
Total	8,385	10,510	18,895	8,890	11,180	20,070

Group data as at 31/12/2022. Workforce in the United Kingdom includes employees at TSB and at Banco Sabadell's London branch.

Nationality	2022	2021
Spanish	66.0%	66.4%
British	27.3%	27.4%
Mexican	2.2%	2.3%
United States	1.1%	1.1%
Other nationalities	3.3%	2.8%
Total	100%	100%

Group data as at 31/12/2022.

In 2022, the Group's workforce has been reduced by 5.9%, going from 20,070 employees to the current 18,895 employees. This reduction includes part of the commitment to efficiency of the strategic plan, embodied in the collective dismissal agreement reached between the Bank and 100% of workers' legal representatives. The Bank continues to engage in a process to adapt to the transformation of the environment (customer digitisation, new ways of working, disruptive technology, etc.) in order to build the best possible future for the workforce, customers and other stakeholders.

The redundancy scheme that envisaged the gradual dismissal of 1,603 Banco Sabadell employees ended in June 2022. In accordance with legal requirements, but with conditions far superior to those provided in law, all of these employees were offered the option to be enrolled in the different programmes included in a Social Plan, which had a dual commitment: to find new employment for all those affected (Relocation Programme) and, on the other hand, to provide effective guidance and emotional support to those who needed it during this personal and professional transition (Silver Programme). The programmes were offered effectively to all those affected

by the dismissal and, during the 12 months following their launch, a total of 487 people (30% of those affected) have made use of them. Of those who made use of the programmes, 356 were enrolled in the Relocation Programme and 131 in the Silver Programme.

As part of these programmes, the support given was tailored to the needs of each particular case, achieving a labour market insertion rate of 61% of participants interested in finding a new position during this period.

The activities and professional support provided by Banco Sabadell were given an average overall rating of 4.8 out of 5, with those surveyed rating it as a comprehensive service that was very useful during their professional and personal transition.

Breakdown of staff departures from the Group due to dismissal

There were 1,228 staff departures in 2022, 25% less than in 2021, when they numbered 1,648. The data below reflect the staff departures that took place under the redundancy scheme that ended in June 2022:

Professional category	2022			2021		
	Men	Women	Total	Men	Women	Total
Senior management	33	8	41	16	5	21
Middle management	136	34	170	70	24	94
Specialist staff	357	621	978	398	520	918
Administrative staff	20	19	39	66	549	615
Total	546	682	1,228	550	1,098	1,648

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

Age range	2022			2021		
	Men	Women	Total	Men	Women	Total
Under 31	26	12	38	28	40	68
Between 31 and 49	176	457	633	108	259	367
Over 49	344	213	557	414	799	1,213
Total	546	682	1,228	550	1,098	1,648

Group data as at 31/12/2022.

Voluntary turnover

The voluntary turnover rate (VTR⁶⁶) of the Group (ex-TSB) in 2022 was 2.5%. In Spain, the voluntary turnover rate was 1.7%, increasing by 0.8 p.p., leavers mainly profiles highly sought after in the market (Data, Regulatory and Corporate Banking).

Age range	2022		2021	
	National	International	National	International
Under 31	13.9%	21.8%	9.1%	19.8%
Between 31 and 49	1.3%	17.2%	0.8%	10.6%
Over 49	0.2%	4.2%	0.2%	1.4%
Total	1.7%	14.7%	0.9%	9.9%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Gender	2022		2021	
	National	International	National	International
Men	2.4%	14.9%	1.2%	12.3%
Women	1.1%	14.4%	0.7%	7.0%
Total	1.7%	14.7%	0.9%	9.9%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Involuntary turnover

The involuntary turnover rate (ITR⁶⁷) of the Group (ex-TSB) was 1.1%. In Spain, the involuntary turnover rate was 1.0%.

Age range	2022		2021	
	National	International	National	International
Under 31	2.4%	3.8%	2.1%	6.4%
Between 31 and 49	0.5%	2.7%	0.8%	4.8%
Over 49	1.7%	6.3%	2.5%	7.0%
Total	1.0%	3.7%	1.4%	5.5%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Includes those leaving due to dismissals or for other involuntary reasons. Does not include those leaving due to restructuring processes.

⁶⁶ Rate that measures those leaving the Group (ex-TSB) on a voluntary basis.

⁶⁷ Rate that measures those leaving the Group (ex-TSB) on an involuntary basis.

Gender	2022		2021	
	National	International	National	International
Men	1.3%	4.1%	1.6%	5.8%
Women	0.8%	3.3%	1.3%	5.2%
Total	1.0%	3.7%	1.4%	5.5%

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices. Includes those leaving due to dismissals or for other involuntary reasons. Does not include those leaving due to restructuring processes.

Types of contracts in the Group

Practically all Group employment contracts (99.0%) are permanent contracts, and only 182 are temporary.

Type of contract and gender	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent	8,304	10,409	18,713	8,817	11,061	19,878
Temporary	81	101	182	73	119	192
Total	8,385	10,510	18,895	8,890	11,180	20,070

Number of contracts, by type:

Group data as at 31/12/2022.

Type of contract and professional category	2022			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Senior management	666	2	668	727	2	729
Middle management	3,319	6	3,325	3,258	11	3,269
Specialist staff	12,405	87	12,492	13,337	92	13,429
Administrative staff	2,323	87	2,410	2,556	87	2,643
Total	18,713	182	18,895	19,878	192	20,070

Number of contracts, by type:

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

Type of contract and age range	2022			2021		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Under 31	2,178	111	2,289	2,306	52	2,358
Between 31 and 49	10,911	61	10,972	12,009	96	12,105
Over 49	5,624	10	5,634	5,563	44	5,607
Total	18,713	182	18,895	19,878	192	20,070

Number of contracts, by type:

Group data as at 31/12/2022.

6.2 Commitment to talent

Banco Sabadell Group aspires to provide its employees with an ideal place in which to develop their careers. To make this possible, the Group has a solid talent management model, a framework of professional opportunities within the Group (internal mobility, promotions and training) and the ability to attract the best external talent.

6.2.1 Talent management model

Banco Sabadell's talent management model seeks to manage talent and foster employee loyalty.

Banco Sabadell's talent management model seeks to manage talent and foster employee loyalty, applying the principles of meritocracy, development of internal potential, and diversity. To prioritise the development of internal talent, the focus is placed on developing the potential of each person, and employees are offered the possibility of new career opportunities and professional advancement in Banco Sabadell Group.

The main processes used to identify and unlock the potential talent of each employee are the following:

- **Annual Appraisal of Performance and Potential:** (for employees without variable remuneration). This is a structured process designed to identify internal talent and measure potential. It appraises the performance, capabilities and potential of employees and offers a chance to ascertain their professional ambitions and to define their development plan. This year, improvements have been detected and introduced in the process, such as improved access, additional information about the training and targets of each person and, above all, adding future roles and moving forward with the individual career development plan needed to complete the appraisal and to foster the development of the entire workforce. Based on the results of the annual appraisal, actions are defined for employees with the best performance and greatest potential, providing them with professional opportunities, access to special training and events for their personal development throughout the year. It is the basis used for making decisions regarding their professional career in processes such as internal mobility, training or salary-related actions, and also for decisions made by the Employee Appraisal Committees and the Managerial Performance Evaluation Committee.
- **Individual Qualitative Appraisal:** (for employees with variable remuneration). This appraisal is based on two key pillars: internal equity and meritocracy. The Individual Qualitative Appraisal appraises the contribution made by each person and the way in which they have achieved this, using 10 elements (which vary depending on the level of responsibility), as well as their potential. This appraisal counts as 20% of the individual targets of the employee.
- **Management Appraisal (180°):** Every year, teams appraise the performance of their line managers, focusing on six key elements. This process is visible to the line manager and considered in their appraisal. The line manager is also given feedback about the results obtained, while the people manager keeps track of them. The following elements are appraised:
 - Communicate effectively and regularly share the relevant information of the organisation about topics concerning the division, their area of activity, and the entire organisation, helping employees understand the new competitive environment.
 - Coordinate effectively with those working alongside them and promote teamwork and collaboration both within and outside the division.
 - Focus on productivity and the efficient use of time, helping employees to prioritise and work in an effective and flexible manner in a changing environment. Be in line with the Group's commitments on the topic of ESG and adequately manage risk and compliance.
 - Delegate, empower and guide the team for autonomous decision-making, encouraging employees to be non-conformist, so as to anticipate their needs and develop in order to offer the best possible solutions.
 - Monitor the work of both individuals and the team as a whole on a regular basis, ensuring that there is individual accountability.
 - Take ownership of professional development and advancement: monitor the development plan on a

regular basis, give constructive feedback and recognise achievements.

- **Employee Appraisal Committees:** Employee Appraisal Committees meet on an annual basis to run talent diagnostics and analyses using data about the workforce, in addition to all elements of human capital for each general/territorial division. Every year, through the Employee Appraisal Committees, a comprehensive picture is obtained about the workforce and talent in each division, thus making it possible to take objective, meritocratic and collective decisions.
- **Managerial Performance Evaluation Committee:** This Committee meets on an annual basis with the Bank's Management Committee. In order to decide on changes to senior management staff, approving proposals for

promotions to or demotions from that group. Promotions to senior management take place taking into account as fundamental criteria both the assessment of positions and the assessment of talent, as well as the size of this group, which should be in keeping with the structure and the established targets and commitments in relation to diversity. The resulting talent maps are fundamental elements for managing internal talent, based on strategic needs and meritocracy.

- **Key Function Holder Substitute Map:** the 'key roles' identified to date are reviewed every year, as a result of changes in the organisational structure, and the substitute pool is updated.

Meritocracy is key to developing talent in a sustainable way in the long term.

In Banco Sabadell, meritocracy is key to developing talent in a sustainable way in the long term. The talent management model prioritises the promotion of employees who achieve the expected results whilst putting the Bank's values into practice on a daily basis. Promotions to roles with greater responsibility are validated by internal bodies, with the support of the People Division.

Other regions:

TSB has not used individual performance ratings since 2020. The Institution has developed a management process designed to improve performance and foster development through regular conversations between employees and line managers. Employees who achieve their personal targets and objectives, demonstrate the core behaviours and who regularly meet or go beyond the expectations of their role will be eligible for annual variable remuneration.

Similarly, for those in the highest echelons of the Institution, the evaluation takes place using an individual comprehensive scorecard. This scorecard includes individual financial and non-financial metrics that are established and linked to the Primary Corporate Objectives of TSB and the Group.

In 2022, TSB has continued to actively identify and develop talent, building strong and diverse sources for its management.

Those identified are given access to the coaching system for senior roles, through which they gain access to sound development plans and management coaching, as well as access to internal and external opportunities and events for development. The skills development programmes help candidates to develop skills to promote internal mobility.

Similarly, TSB's mentoring programme continues to give employees access to networking opportunities in the banking industry. In 2022, more than 300 employees

have taken part in the programme, which consists of six schemes, three of which connect employees with participants outside of TSB, while the other three focus on building internal connections throughout the Bank.

In Mexico, the talent management processes described above for Spain also apply to the subsidiary, which carries out an Annual Appraisal of Performance and Potential and where the Employee Appraisal Committee and Managerial Performance Evaluation Committee meetings take place every year, as does the review of the Key Function Holder Substitute Map, to align it with the Group's talent management model.

6.2.2 Attracting talent

Once the staff restructuring process was complete, from March 2022 onwards the greatest challenge in relation to the attraction of both internal and external talent involved the creation of teams with the necessary skills and capabilities to meet the strategic objectives of the Group.

With regard to the attraction of external talent, in Spain, 469 new employees were hired, with the following profiles: financial analysts (regulatory quantitative) (27%), data specialists (23%), business specialists (22%), technologists and other profiles such as project managers (11%) and specialised technicians (17%).

Similarly, in relation to attracting talent, 314 vacancies have been filled internally.

New permanent hires in Banco Sabadell Group: Breakdown by professional category, age and gender

Professional category	2022		2021	
	National	International	National	International
Senior management	2	0	4	0
Middle management	39	13	121	16
Specialist staff	423	89	231	90
Administrative staff	5	0	11	0
Total	469	102	367	106

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

Age range	2022		2021	
	National	International	National	International
Under 31	305	47	293	41
Between 31 and 49	159	50	67	59
Over 49	5	5	7	6
Total	469	102	367	106

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Gender	2022		2021	
	National	International	National	International
Men	261	60	244	64
Women	208	42	123	42
Total	469	102	367	106

Group (ex-TSB) data as at 31/12/2022. 'International' includes Mexico, foreign branches and representative offices.

Talent incubators

Young talent programmes are a key way to achieve business goals and to ensure the transformation of the Institution.

Young talent programmes are a key way of incorporating the skills and knowledge necessary to achieve business goals and to ensure the transformation of the Institution. Two scholarship programmes have been launched in 2022: the first edition of the CIB Internship Programme, and a new edition of the Internship Programme, taken up by 20 and 97 students, respectively. The aim of these programmes is to offer these students a period of practical learning by placing them either at the corporate headquarters or in the branch network.

The Banking Sales Graduate Programme (Plan Cantera) has also continued this year, which aims to establish

preliminary training with basic content for commercial roles (Commercial Managers) and to provide essential training for regulatory certifications. The participants (210) who joined in 2021 to become business specialists have all achieved the established objectives. Participants have also successfully completed the training programmes for commercial skills and the certifications for the correct marketing and sale of financial products.

The people who form part of the Graduate Data Science Programme have taken part in several projects involving advanced data analytics and the use of modelling technologies of the business units, as well as activities

organised outside the Institution. One example of these initiatives is the Datathon, held in collaboration with the Spanish National Organisation for the Blind (ONCE) and Microsoft, in order to foster the social impact and provide analytical capabilities aimed at improving their projects.

Both programmes (Banking Sales Graduate Programme and Graduate Data Science) have specific proposals and pathways for training and development, and they also aim to create a sense of belonging in the Institution.

Lastly, it is worth mentioning the end of the Young Talent 2019 programme, a 3-year programme to attract young talent that focused on financial areas and roles in control and compliance.

These talent programmes contribute to increasing gender diversity and they strengthen the Institution's commitment to young employees as they develop their talent and professional careers. They also help to convey an image of a pioneering bank with a clear course of action going forward.

Employer brand

Banco Sabadell has a staff selection process that ensures the professionalism of staff and the extent to which they are suited to their roles, as well as their potential for development in the company.

Banco Sabadell has a staff selection process that ensures the application of objective criteria, assessing the professionalism of staff and the extent to which they are suited to their roles, as well as their potential for development in the company. Keeping a close relationship with universities continues to be a key factor in attracting talent and building a strong employer brand. This year, this has been achieved by participating in a variety of events at top universities. The Bank has also continued to be present in the main careers fairs of the country.

Banco Sabadell's use of LinkedIn has also been another key factor in finding talent, particularly young talent and digital profiles, through campaigns with organic and sponsored content. Its company page on this social network has more than 163,100 followers as of this year, a figure that represents a 15% increase on the previous year's figure.

Banco Sabadell continues to be among the top 100 places to work in Spain, according to the prestigious employer reputation monitor MercoTalento, occupying the 42nd spot on the ranking.

6.2.3 Leadership programmes

Managers are the backbone of the Group's development and they play a fundamental role. They guide people, generating environments of collaboration and agility, developing the business with the customer in mind. The Bank is evolving its culture and ways of working to be more agile and exciting and for this to happen it leans on managers as a lever of change.

Corporate Management Programme

The Corporate Management Programme, for people promoted to the role of director or unit head with direct reports and who have held that role for 1.5 years or less, continues to offer a training pathway for managers focusing on skills, collaboration and values. The programme focuses on the culture of the consolidated Bank and on a development pathway for the manager in question, based on a meritocratic model that places the best people as leaders and drivers of change and innovation. It is a blended programme that combines on-site and online content and which lasts 15 weeks in total, with an estimated 60 hours dedicated to in-person sessions, online courses and hours assigned to the project.

Between September 2021 and February 2022, a total of 91 managers completed this pathway. In addition, a further 149 managers completed this pathway between March and November of 2022.

In the most recent editions, the approach of the project has been changed to align it with the Eres Manager project, improving the networking sessions with People (HR). The key ideas to be conveyed during the programme relate to both a cross-sectoral approach in terms of the diversity of the members of the work teams, and to the nature of their experiences. At the same time, they concern the generation of greater self-knowledge, the development of skills, and abilities to manage people.

Career Acceleration Programme

The goal of this programme is to prepare the leaders who will tackle the challenges of the future. In 2022, a new edition of the CAP was held, with a total of 103 participants (56% of whom were women), all upcoming senior managers of the Bank, which lasted 18 months.

The programme was designed with the aim of accelerating the career development of upcoming directors considered to have great potential and who represent the values and attitudes that the Bank seeks to promote, making it easier to attain the necessary diversity that it is seeking to achieve among senior managers.

Participants focused on five different levers:

- Self-knowledge: each participant completed a 360° questionnaire designed to paint a picture of the behaviours that they exhibit on a day-to-day basis, in addition to several group workshops on self-knowledge to develop their self-awareness and personal and relational self-management, as well as various sessions led by an individual coach, to help them draw up a subsequent development plan ("My Map"), to provide an insight into their strengths, opportunities for improvement and suggestions for their development.
- Training: participants completed four modules on Leadership Development imparted with the partner ESADE (*Escuela Superior de Administración y Dirección de Empresas*), which took a total of 85 hours per participant and which focused on four aspects: Global perspective, Leadership vision, Functional vision,

Cross-cutting vision. The purpose of the training was to make participants ready for a career jump, generating energy for change and a vision for the future in the organisation.

- Banco Sabadell perspective: quarterly meetings were held with senior executives, in addition to sporadic meetings with the different general divisions. This perspective brings everyone in the Bank closer together, allowing those in executive levels to become more familiar with the know-how and culture of the Bank in other areas.
- Mentoring: a systematic process to assign mentors to mentees and which consists of seven internal mentoring sessions. The aim is to help participants to create their own professional growth and career development plan, further empowering participants in their professional trajectory. For the mentoring process, both mentors and mentees received a guide and had access to a help and assistance service.
- New challenges: working and thinking 'outside the box', through different assignments or participations in several activities, such as corporate volunteering. Establishing development assignments, taking on new challenges outside their area of responsibility and exposing participants to roles that are different from their usual ones.

Senior Manager Development Programme

Programmes for senior managers have continued in 2022, including the Senior Manager Development Programme, for those who attain the role of Top Manager, in order to support them as they transition to their new role and to prepare them for the changing business environment, focusing particularly on the specific challenges of their new position.

The talent strategy allows the Institution to have the necessary talent in order to achieve the objectives it sets itself, ensuring the existence of the necessary skills, an improved fit between the person and their role, and equal opportunities.

The programme follows a 'learning by doing' approach and aims to build networks within senior management, offering networking opportunities and visibility. Participants are required to take on more leadership than their current role requires them to, conveying the vision and values of the Institution. To that end, the key challenges of the programme focus on how participants approach managing their team as a leader of managers and as the main person responsible for the environment within the team and their commitment to their work, on the creation of spaces of trust within their area of responsibility, offering teams feedback and working on team development and, lastly, they focus on contextualising decision-making from the broadest possible perspective, understanding and establishing relationships with other corporate areas.

It includes a 360° appraisal process and various group coaching sessions, with groups of 5/6 people, to

complement the training sessions. The 360° processes are carried out based on the skills previously identified by Banco Sabadell as being necessary for the performance of the managerial role. Depending on the specific skills in question, a self-assessment takes place, along with evaluations by managers, peers and other assessors. All of these evaluations culminate in an individual report, shared with each participant, so that they may put together their individual development plan based on the skills that need to be developed. The partner working on the 360° tool is Korn Ferry International, a leading global partner for management solutions, while the provider of the overall programme is CCL (Center for Creative Leadership), a standard-bearer for leadership on an international scale.

In 2022, a new edition of the programme took place in 100% on-site format, in which 70 senior managers took part and rated the programme very highly.

Eres Manager

The 'Eres Manager' training programme was rolled out in 2021. It is a growth and development programme designed to recognise managers, supporting them as they enhance their capabilities, gearing these towards promoting a more agile, exciting and connected bank, and also to ensure that managers are aligned with the corporate purpose of the Institution and embody its values.

It is a cross-cutting programme that encompasses all divisions within the Bank, with a target number of 3,400 managers ranging from Unit Heads to General Managers.

The programme is based on training and facilitation sessions, working with teams of managers from each division. The focus is on the role of manager and on how to reach systemic agreements to ensure that all divisions and managers are committed to seeing them through. Focusing on two elements of the role, "we focus on people and generate environments of collaboration and agility", through targeted communications, spaces for reflection, and training.

In 2022, the General Divisions of the Bank have carried out the programme through different editions; 93% of attendees said they would recommend the programme after completing the first edition. The programme is also expected to continue in 2023.

Furthermore, every month an email is sent to all managers containing a newsletter to give them key information, remind them of specific actions they should take with their teams, reinforce their role and support them with thought-leading content (news capsules, articles, podcasts, etc.) so that they may behave as team leaders should. The content of these newsletters is published periodically on the private space of Campus made available to those participating in the programme, which contains all of the training and information content that they may need at any time.

Other regions:

Leadership development at TSB

In 2022, TSB launched the 'Leadership Expectations' programme, which describes the behaviours expected from all senior leaders based on the leadership development strategy. Leadership Expectations incorporates the processes and evaluations carried out by Human Resources, including its 360° feedback and the evaluation of the recruitment of senior leaders.

TSB provides all team leaders with access to Hive Learning, a tool and digital training plan that focuses on 6-week learning campaigns that will be available to support the development of each leadership expectation in 2023. This space replaces the previous Leadership Essentials tool that had been available up to now.

TSB continues to explore the skills and knowledge needed for managers of blended teams, including well-being, through specific resources, such as the launch of the online seminar People First, Performance Follows, consisting of electronic learning modules designed in association with psychologists to support the change of habits and the performance foundations for managers and their teams.

Over the year, all leaders have had access to an online leadership development study plan and set of tools. New leaders can access the content to develop a deeper understanding of all elements of leadership. More experienced leaders had access to the external content and the knowledge of business and sport psychologists.

In addition to the leadership programmes already in place, TSB has also added to its catalogue of core skills programmes in 2022:

- TSB Manager: a programme developed in 2020 that instructs team leaders in the fundamentals of management. It includes a learning programme based on four online modules, with an emphasis on empowered decision-making and on looking after mental health. A fifth module has been added for digital skills building. This completes the programme for putting key skills into practice and receiving development feedback.
- Online Talking Performance training: a programme, developed in 2020, that focuses on performance management and has continued to take place in 2022. This training provides tools and knowledge to enable employees to take charge of their performance conversations and allow each employee to perform to the best of their abilities.
- Senior Leader as Coach programme: this programme was developed in 2020 in online format and was later launched in a blended format in 2021, in order to build on coaching skills through a learning programme that combined practical skills training with mentoring from professionals trained by the International Coaching Federation. The programme currently consists of a study plan designed for former students to allow them to maintain and continue practicing the skills they have learned after completing the programme. In 2023, the

aim is to create a new role – that of Coach. These coaches will support managers in the programme.

Moreover, every month, all team leaders at TSB continue to receive Leadership Insights, a newsletter that communicates current and future research-based concepts aligned with the strategic priorities of the Institution and the business.

Leadership development in Mexico

Banco Sabadell Mexico seeks to align the culture and skills of leaders on a global scale. To this end, it has partnered up with IPADE, Latin America's top business school. As part of its In-Company business management programme, it has developed a senior management training programme that aims to enhance and accelerate the development of skills to enable adequate decision-making. In this programme, training sessions are imparted that focus on Global perspective, Leadership vision, Functional vision, Cross-cutting vision, and Common ethical dilemmas of the director.

In addition, note should be taken of the following initiatives:

- Training for New Leaders: A training programme developed for new leaders and partners who have switched to a role with direct reports. It aims to provide them with key information about their role and to help them master the Bank's internal operational

processes. This course is imparted by experts on each of the topics, which include: benefits, social welfare and regulations, recruitment, talent attraction process, performance appraisal (targets and competencies), technological processes and documentary methodology.

- Open Training Programmes: These allow all those taking part to choose the courses or workshops that they are interested in to enhance their skills, ranging from technical skills to soft skills. In 2022, courses have been imparted that focused on results, adaptability, public speaking and intermediate Excel.
- Sabadell Leaders Forum: This is a space led by the CEO for Banco Sabadell Mexico that has been created to improve the relationship between senior managers and their teams. It seeks to bring team members closer to their leaders, not only to improve communication, but also to enable fully transparent dialogue about the changes taking place in the Organisation.

There is also an annual mentoring scheme provided by experts from Great Place to Work, in which top-performing leaders are selected to mentor upcoming leaders. The aim of this scheme is to build on existing strengths, identify opportunities and put forward suggestions on how to improve the work environment. It also considers commitments and actions that will help them become leaders who exert a positive influence within the organisational culture.

6.3 Training

The goal of the Banco Sabadell Group's training model is to train employees for the world of today and tomorrow.

The training model of Banco Sabadell Group is built on the following pillars:

- Offer training aligned with the business and needs, both the regulatory needs in the market and the needs of staff members of Banco Sabadell Group.
- Improve the development of employees, as the drivers of change and transformation.
- Streamline the Institution's training budget so that more employees can receive training and to achieve greater transformation.
- Be a standard-bearer within the financial sector in terms of innovation in staff training.
- Be leaders in terms of adjusting training schemes to the digital transformation of business lines.

The goal is to train employees for the world of today and tomorrow, anticipating training needs using the People workforce strategic plan and business objectives, taking regulatory obligations into account, and developing a training model with customised, innovative and efficient solutions. The training is aimed at all Group employees, including those on part-time contracts and interns.

Key training-related data of the Group during 2022:

In 2022, the Group has continued to support the business in the challenges and targets that it has set itself, offering new specific training resources for strategic projects that are a matter of priority for Banco Sabadell Group, focusing on aspects such as specialisation programmes for commercial roles, financial current affairs and sustainability.

The online and virtual training catalogue has been further developed, despite the addition of a few on-site sessions as part of longer training programmes, with a blended format and a larger proportion of sessions held in virtual format live on Teams or Zoom for efficiency reasons.

With regard to supporting the business, in Spain, particular note should be taken of the different specialisation pathways for those in commercial roles, which have been designed and gradually implemented throughout the year in the Training Campus, prioritising roles taken up by a larger proportion of people from more administrative roles or from non-specialist commercial roles. The different pathways are as follows:

- Commercial Branch Manager
- Director of Personal Banking
- Direct Management
- Direct Branch
- Service Specialist
- Mortgage Specialist
- Administrative Staff involved with Retail Customers
- Administrative Staff involved with Business Customers

Spaces for specialisation have also been enabled in the areas of International Business and Mortgages.

It is also worth mentioning the high-level training programmes that are carried out with renowned institutions, such as:

- Digital Plus and Digital Tech Programmes, which offer training for professional digital skills and technologies applied in the banking industry, imparted and certified by the EADA Business School.
- Postgraduate in Credit Risk Analysis, a programme aimed at very specialised risk analysts, designed and executed with the collaboration of the Barcelona School of Management (Pompeu Fabra University).
- Advanced Personal Banking Programme, co-created with AFI Escuela de Finanzas.
- Banking Law Specialisation Programme, designed and imparted by ESADE.
- Financial adviser course for religious institutions and third-sector organisations; this programme is open to all employees of the branch network and is imparted and certified by Francisco de Vitoria University.

- Sustainable Finance Certification, which is explained in more detail later on, which is carried out together with Aditio and the Carlos III University in Madrid.
- Programme on Expert Advice for Large Corporations, aimed at directors of Large Corporations and Global Financial Solutions, designed together with and imparted by IE University.

On the other hand, in 2022, regulatory training in Spain has continued to be very intensive. Indeed, 78% of the total training hours related to regulatory training. This percentage of hours includes training on mandatory subject matters, including the following courses:

- Code of Conduct: mandatory for all employees.
- AML/CTF (Anti-Money Laundering and Counter-Terrorist Financing): Information accompanying transfers of funds
- AML/CTF: Anti-Money Laundering: Legislative developments
- Course on Environmental Management System
- Ongoing Due Diligence
- Types of Cyberattack
- Reportable Cross-Border Arrangements
- Banco Sabadell Equality Plan
- AML/CTF Training (Sabadell Consumer)
- AML/CTF New Case Studies

In addition to this mandatory training, annual ongoing training courses are also imparted in relation to the three certifications required to sell banking products (MiFID⁶⁸, IDD⁶⁹ and LCCI⁷⁰), which are mandatory for most employees of the Bank's branch network. The time dedicated to accumulating training hours required for certification renewal represented more than 86% of the total regulatory training.

The vast majority (97.8%) of employees received training in 2022, with 634,599 total hours of training completed at the Group level (equivalent to an average of 34 hours per employee), which improved both the professional skills of the workforce and their future employability within the organisation. In Spain, 22% of the training received was voluntary and 81% took place online.

Employees with training received 2022

97.8%

Total hours of training completed

34.3

68 The new European Markets in Financial Instruments Directive (MiFID) aims to increase transparency and improve the protection of customers during the provision of investment services.

69 Insurance Distribution Directive
70 Ley de Contratos de Crédito Inmobiliario (Spanish real estate credit law).

	2022	2021	Training received
Employees who received training (%)	97.8%	98.2%	

Active employees as at 31/12/2022. Training data refers to the entire Group.

	2022	2021	Average training expense
Average training expense per employee	€496.00	€467.00	

Active employees as at 31/12/2022. Training data refers to the entire Group.

	2022		2021		Total hours of training and average of each professional category
	Hours of training	Average hours	Hours of training	Average hours	
Senior management	23,752	36.7	28,969	40.9	
Middle management	137,963	42.3	149,818	46.6	
Specialist staff	431,629	35.5	549,691	41.8	
Administrative staff	41,255	17.2	53,420	20.3	
Total	634,599	34.3	781,899	39.7	

Active employees as at 31/12/2022. Training data refers to the entire Group. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

	2022		2021		Total hours of training and average of each age range
	Hours of training	Average hours	Hours of training	Average hours	
Under 31	83,968	37.3	118,962	50.5	
Between 31 and 49	382,359	35.5	472,889	39.1	
Over 49	168,272	30.8	190,049	33.9	
Total	634,599	34.3	781,899	39.7	

Active employees as at 31/12/2022. Training data refers to the entire Group.

In-house trainers

Highlight the ongoing contribution of the group of the in-house training team. They play a key role in the transfer of knowledge and dissemination of the Banco Sabadell culture.

In Spain, continues to highlight the ongoing contribution of the group of the in-house training team. They play a key role in the transfer of knowledge and dissemination of the Banco Sabadell culture.

The **fifth In-House Trainer Gatherings** took place this year. These gatherings are held to recognise the contribution of the most active trainers and they take place annually. Around 200 trainers were invited to take part in the event, which aims to promote networking within the group and during which collaborative activities take place.

Of the training activities arranged with in-house trainers during the year, it is particularly worth noting those related to the provision of support for employees who took on a new position or role and for employees facing some form of specific difficulty:

- More than 300 hours were dedicated to mentoring new in-house trainers.
- A team of almost 30 trainers spent over 100 hours helping their colleagues to complete their ongoing training.
- 48 trainers revitalised support and onboarding activities in two projects for new hires in the Bank: Plan

Cantera and Banking Sales Graduate Programme.

- Specialist trainers offered their support during specialisation programmes for certain roles such as International Business Directors, Mortgage Specialists and Directors of Businesses.

This trend increased in the second half of the year, as an internally designed project was implemented in relation to the new role of Pro-T (Professional Trainer). In-house trainers of priority commercial roles will support those employees taking up these new roles. Since the end of the year, Pro-T support schemes have been launched for:

- New Directors of Businesses
- New Directors of Enterprises

Sabadell Campus

Sabadell Campus is the training platform used by the Bank in Spain and it is so much more than a mere training environment. The schools, as the spaces designed to enable training and development in relation to a particular topic, are the mainstay of the Campus. They provide the Bank's employees with access to certification pathways, participatory forums, self-guided training content and content to use as reference.

There are currently six separate schools:

- Business School
- Regulatory School
- Management School
- Digital School
- Financial School
- Language School

A specific area is also available for in-house trainers, where they can further their development and enhance their knowledge management as well as good practice in relation to training. Resources are also available that serve to inspire in-house trainers as they perform their roles.

All of these development spaces and their content are intended to provide guidance and support for commercial and business activities, provide information that is quick and easy to 'digest', and help employees make use of this information in their day-to-day activities.

The most noteworthy training projects at the Campus in 2022 are the following:

- **Restructuring of the Business School**, giving visibility to the prioritisation of training to specialise employees in the Bank. New pathways and learning spaces have been created for key functions such as Directors of Businesses, International Business Directors and Directors of Enterprises.
- **Enhancement of the Ongoing Training** space, which regularly includes new content, allowing employees to accumulate training hours on topics such as MiFID, IDD and LCCI (Spanish real estate credit law) and to update their market knowledge.
- New content has been added to the **Financial Current Affairs** space, to allow employees to be up to date with

the most salient topics affecting financial markets.

- The **Equality and Diversity** space, which gives all employees in the Bank access to the Equality Plan, as well as recommended training materials and resources, including: the protocol on the prevention of workplace harassment, a guide on inclusive language and courses on diversity and inclusion in the workplace, as well as inclusive leadership and gender equality.
- The new **First Steps** space in the Bank, which includes all of the information that a new employee of the Bank may need.
- A new space in the Regulatory School on corporate crime prevention and anti-corruption, available to all employees of the Bank. It offers training in a variety of formats, with infographics and specific documentation. It also offers access to online courses on several topics, such as corporate crime, the whistleblowing channel and anti-corruption.

Furthermore, the following training projects continue to be important:

- Ongoing training at the Business School. This space organises and provides specific training resources that employees can use to update their knowledge to obtain the three regulatory certifications that affect the possibility to sell financial products: MiFID, IDD and LCCI (Spanish real estate credit law). Audiovisual content is posted every month, so that employees can stay up to date with the latest developments and accumulate the hours needed to renew their certification.
- Training for specialists at the Business School. Collaborative groups have been designed for the various specialist functions within Business Banking.
- Training at the Regulatory School: Employees can find all regulatory courses and other content in innovative formats, through Norma, an assistant that helps branch employees apply what they have learned in training to their day-to-day activities. Through this assistant, the Bank's employees also have access to support to generate a culture of compliance with an in-house blog written in a way that makes it relatable and laid-back, as well as comic strips and infographics.
- SmartSite. This space provides information about all the different projects related to SmartWork, as well as the new ways of working, in a single place.
- Legal Classroom. This group is for the exclusive use of the Legal Advice Division; it contains all the specialist training in the field of legal advice and law, and it is where news of regulatory developments can be shared with all of the intended recipients.

The area of sustainability continues to have its own specific place on Campus, with self-guided training content for the Bank's employees.

Here they can access training provided through introductory content that was already in place last year, such as the Introduction to Sustainability course, as well as a new course added this year, the Sustainable Borrowing course, developed together with EADA Business School.

This course is open to all employees and offers them the chance to learn about the new sustainable paradigm, teaches them to explain the triple bottom line and the ESG Framework, as well as the Sustainable Development Goals (SDGs), and also what is meant by the circular economy and how the Bank is pursuing its Sustainability Plan.

A further two courses are also still being offered:

- Sustainability is a one-hour training course designed to allow employees to become familiar with the key aspects of sustainability and to prepare for the 360 Visit so that they may also support customers in this regard.
- Environmental Management System is a two-hour training course intended to ensure that employees understand the importance of implementing an environmental management system in the Bank and are able to collaborate in the implementation of the system based on Standard ISO 14001.

One new development concerns the launch of the Sustainable Finance Certification scheme. This scheme has been developed by the Carlos III University in Madrid and by the Aditio Business School and is aimed at all employees, who will acquire the necessary knowledge to be able to offer advice on green products (financing and investing products) as well as becoming familiar with the main regulations and legislation affecting the financial sector and the banking industry in this regard. Group employees dedicated a total of 10,394 hours to Sustainability training.

Hours dedicated to Sustainability training

10,394

The scheme consists of two modules, one basic and the other advanced. Those interested in completing the course were able to take the first module in the first half of the year. The second module was launched in October. The basic module focuses on ESG criteria, sustainable finance, the Bank's commitment to sustainability and on knowledge about sustainability products. The advanced module focuses on specialised knowledge, in particular on the management of ESG risks and the application of specialised knowledge when managing affluent customers.

Lastly, the same space includes access to a news capsule about the circular economy.

Other regions:

In 2022, TSB has continued to focus on Money Confidence, a programme accredited by the Chartered Banker Institute aimed at all customer-facing employees to allow them to gain greater knowledge about responsible and professional banking. Furthermore, in 2022, TSB developed the Cost of Living learning module, which focuses on building the confidence of employees so that they may support customers who are struggling financially. In addition, TSB has completed a programme covering multiple skills for employees at its branches and in the Contact Centre, so that they may resolve customer queries at the first point of contact.

Mexico has an annual training plan that includes all of the regulatory courses required by the Regulator, which apply to all employees and in some cases include specialist courses for selected employees on the operation and management of the different systems; the main goal is to achieve compliance and alignment in all of the Bank's internal processes.

The training courses included in this plan are the following:

- Annual Anti-Money Laundering and Counter-Terrorist Financing training renewal: Raise awareness among staff regarding the latent risks that exist in Mexico in relation to money laundering and the financing of terrorism, through a product with the technical and professional specifications required by the Authority, which is continuously updated to take into account the constantly changing regulations and global trends.
- Business Continuity: Train critical staff so that they may have the knowledge required to deal with a contingency in the Institution, identifying the various recovery strategies designed in Banco Sabadell.
- Personal Data Protection: Reinforce the knowledge of all employees with regard to processing the personal data of users, applying best practice.
- SPEI⁷¹ and SPID⁷² payment systems: Transfer the knowledge required by participants in connection with the management, operation, administration and support of SPEI and SPID, as well as the regulatory alignments established by the Bank of Mexico to ensure the correct operation and use of payment systems in Banco Sabadell.
- Cybersecurity: Generate a culture of security in the organisation and raise awareness about the threats, existing risks, best practices and the importance of data protection.
- Comprehensive Risk Management Unit: Keep Comprehensive Risk Management staff up to date about amendments in regulations and in the RAS envisaged in the framework of risks associated with the Bank's activity.
- Derivatives: Validate and update the knowledge of staff within the Bank in relation to derivative products.

⁷¹ Sistema de Pagos Electrónicos Interbancarios (Interbank Electronic Payments System).

⁷² Sistema de Pagos Interbancarios en Dólares (USD Interbank Payments System).

- IFRS 9: Keep those working in the strategic areas of the Bank up to date on IFRS 9 and CUB⁷³, to ensure they are familiar with the different regulatory elements and with their implications for management and the business.
- Indeval⁷⁴: Ensure that the staff identified as being users of Indeval have the necessary knowledge to adequately operate and use the systems.
- Transfers Database (*Base de Datos de Transferencia, BDT*): Those taking part in this course will acquire technical knowledge to better meet requirements and use the Transfers Database, optimising the use of information and the identification and knowledge of risk-based methodologies and approaches for anti-money laundering and counter-terrorist financing.

It also includes training on the topic of Sustainability which has been launched together with the Environmental and Social Risks unit and focuses on the implementation of the Environmental and Social Risk Management System (*Sistema de Administración de Riesgos*

Ambientales y Sociales, SARAS) in order to strengthen technical aspects and identify opportunities for improvement in processes. This space is also used as a forum where participants can raise questions and concerns, thus ensuring its correct implementation.

6.4 Diversity

The Group views diversity as a valuable source of corporate wealth and promotes actions to cultivate it. To that end, Banco Sabadell is committed to fostering workplace environments in which people are treated with respect and dignity, seeking to further the professional development of its workforce and ensuring equal opportunities in its candidate selection, staff training and promotion processes, offering a workplace environment that is free from any form of discrimination based on gender, age, sexual orientation, religion, ethnicity or any other personal or social circumstance.

As part of its commitment to diversity, Banco Sabadell has had an Equality Plan renewed in 2022.

As part of its commitment to diversity, Banco Sabadell has had an Equality Plan in place since 2010, which was updated in 2016 and renewed in 2022, adapting it to new legislation and with the agreement of 100% of workers' legal representatives.

It is an inclusive plan aimed at all people and which seeks to achieve the active participation of all those involved in the organisation. It is a dynamic plan that is open to changes so as to ensure its adaptability to any new needs that may arise over the years while it remains in effect.

This plan aims to:

- Integrate the principle of equality between women and men in the workplace; prevent, rectify and penalise behaviours that are discriminatory on gender grounds; reduce the gender gap both in functional aspects and in terms of remuneration.
- Disseminate a business culture based on equal treatment and opportunities, prioritising the underrepresented sex in candidate selection processes and fostering internal promotion to fill vacancies.
- Facilitate shared responsibility and a balance between employees' personal life, family and work.
- Ensure a balanced presence of women and men in all professional areas and levels.

- Prevent and penalise sexual harassment, harassment on grounds of sex and workplace discrimination and/or harassment.

The main goal of the Equality Plan is to integrate the principle of equality between women and men in the workplace and, to that end, it envisages a series of actions, such as:

- The creation of the role of workplace equality officer who works alongside the work-life balance consultant to promote the correct implementation of the Equality Plan.
- Ensure compliance with the principle of equality, both internally and externally.
- Identify female talent among upcoming managers within more male-dominated areas.
- Improve the representation of female senior managers and managers.

Furthermore, in addition to the signature of the Equality Plan, a protocol has also been drawn up for the prevention of sexual harassment, harassment on grounds of sex and workplace harassment, which has led to the creation of a joint Harassment Prevention Committee, in addition to the creation of a specific channel for reporting

⁷³ Circular Única de Bancos (Mexico's Single Banking Circular).

⁷⁴ Depósito Central de Valores en Mexico (Mexico central securities depository).

harassment and a procedure for swift, agile and confidential action.

This Equality Plan serves as a basis from which to continue evolving, promoting change and strengthening the level of commitment, particularly the commitment to equality between women and men, but also in relation to

the management of all types of diversity in order to open new horizons.

This commitment is exemplified by the inclusion, since 2020, of a diversity indicator in the sustainability target that is part of the Group's corporate objectives.

6.4.1 Gender

The Bank's workforce is diverse in terms of gender, with women making up 55.6% of its total staff.

In the senior management group, women represent 31.1%, with an increase of 1.8 points in 2022, continuing with the steady trend of improvement of recent years. Nevertheless, the commitment to continue increasing diversity at the management levels remains in place. It is therefore vital to drive forward the diversity agenda in middle management roles, over 41.5% of which were held by women in 2022, representing an improvement of 2.3 points compared to 2021.

In Spain, the proportion of women in management positions has increased from 29.1% to 30.3% (+1.2 points) in the case of senior managers and from 38.8% to 41.6% (+2.8 points) in the case of middle managers, in line with the trend observed in previous years. The ratio of promotions given to women has also increased (60.0% in 2022 compared to 55.3% in 2021), which demonstrates the commitment to improving diversity and the results obtained with the measures put in place.

By gender	2022	2021
Men	8,385	8,890
Women	10,510	11,180
Total	18,895	20,070

Percentage of women, by professional category	2022	2021
Senior management	31.1%	29.4%
Middle management	41.5%	39.2%
Specialist staff	57.6%	57.8%
Administrative staff	71.7%	72.6%
Women promoted out of total number of promotions during the year	60.0%	55.3%

Breakdown of Group employees

Group data as at 31/12/2022, with the exception of promotion figures, which relate to Spain only.

Senior management
2022

2021

31.1%

29.4%

Middle management
2022

2021

41.5%

39.2%

Women promoted
2022

60.0%

The favourable development of the indicators in Spain is the result of the launch of various measures, including following measures for this year:

— **Recruitment and Selection:**

- Inclusive Recruitment and Selection training (elimination of unconscious bias) in selection and recruitment teams and hiring managers.

— **Training:**

- Gender equality course (mandatory for all employees with direct reports).
- Training on diversity and inclusion: Inclusive leadership and other external resources
- New Equality Plan Course (mandatory for all employees) launched in December 2022 to incorporate its principles and foster the culture of equality in the day-to-day lives of all of the people that form part of the organisation.

In 2022, Banco Sabadell has remained committed to the internal and external communication and dissemination of all the measures taken by the Bank in terms of diversity.

- The Sabadell Women Inspiration Group (SWING), an initiative promoted by female senior managers at the Bank, has continued to take action throughout 2022, with monthly meetings. The aim is to empower women at Banco Sabadell and raise awareness of the value of diversity and its benefits. The female senior managers that make up this group are standard-bearers for female talent and leaders in Banco Sabadell.
- In addition, the wider network called SWING&Co, which is open to anyone interested in diversity issues, continues to take action.

During the Equality and Diversity Week:

- An event was held to share details about the third Equality Plan, whose signature was backed by 100% of workers' legal representatives. The event was led by Sonia López, teacher, educational psychologist and social commentator; Mireia Navarro, work-life balance consultant at the Bank; and Chus Plaza, member and representative of the social side of the negotiating body.
- An open event was held, open to all employees, entitled "Equality: more than just words", with the participation of Laura Baena, creative advertiser, influencer, founder of the Club de las Malasmadres and chair of the Yo No Renuncio association. The event was led by María García, head of Labour Relations and OHP⁷⁵ at the Bank, and the introduction was given by General Manager and head of Business Banking Carlos Ventura, Assistant General Manager of Organisation and Corporate Resources Federico Rodríguez, and the Assistant General Manager of Human Resources in the Bank Ana Aller at that moment.

To mark the World Day for Cultural Diversity, the Bank sought to showcase the diversity that exists in its workforce from a different angle: the diversity of cultures,

origins and nationalities that make up the team, the diversity of languages in which staff interact, and the diversity of customers whom it serves in different countries.

The SmartBreak workshop *Conciliar a Tè Tambièn Te Interessa* (work-life balance is in your interest too), on work-life balance and shared responsibility, was held together with the Yo No Renuncio association of the Club de las Malasmadres, with the participation of Xavi Comerma, Deputy General Manager and head of the Catalonia territorial division, and Mireia Navarro, one of the Bank's work-life balance consultants.

One of the main courses of action envisaged in the third Equality Plan is to foster the use of inclusive language in all communications, whether informal, formal, external or internal, in order to give more visibility to women. Furthermore, a workshop was held aimed at those involved in the Bank's communication processes, which pursued a dual objective: to raise awareness about the importance of using inclusive language, and to provide the necessary tools to incorporate inclusive language into the day-to-day activities of the entire organisation. This workshop was led by Irene Yúfera, linguist, professor of the Linguistic and Literary Education department at the University of Barcelona, and adviser on communication and gender in both the public and private sectors.

At an external level, Banco Sabadell is part of the group behind the project Women in Banking (WIB), an initiative to share best practices among banks in Spain and promote a network of women within the banking industry. The aim of Women in Banking is to lead and bring about a meaningful change in the way women are valued in decision-making roles within the Spanish banking industry. The aim of WIB is to become a standard-bearer in the financial sector for diversity and the inclusion of women, giving visibility to female talent and inspiring new generations through exemplary models. The initiative has the support of eight financial institutions present in Spain and of the Spanish Banking Association (Asociación Española de Banca, AEB).

Banco Sabadell also takes an active role in external events such as Empowering Women's Talent, organised by Equipos&Talento, which is a specialist publication on Human Resources and which was also awarded a seal in recognition of the Bank's commitment to gender equality. In September, it took part in Women's Talent Day, also organised by Equipos&Talento, where Esther Nin, International Advice Director, showcased the SWING initiative.

This commitment has long been held by Banco Sabadell, which received the Spanish Government's Equality in the Workplace (*Igualdad en la Empresa*) seal of distinction in 2018 and again in 2022. Furthermore, Banco Sabadell's Chief Executive Officer, César González-Bueno, signed the "CEO por la diversidad" ("CEOs supporting diversity") initiative launched by the Adecco Foundation and the Spanish Confederation of Employers' Organisations (Confederación Española de Organizaciones Empresariales, CEOE).

⁷⁵ Occupational Hazard Prevention.

Other regions:

In the United Kingdom, TSB promotes equal membership, as women continue to account for a larger portion of those in more junior roles (66% of which are held by women). Since April 2021, the proportion of women in positions of responsibility has increased to 42%, above the average of UK banks of 36%.

Diversity is also a key pillar in the United Kingdom. TSB is committed to creating a diverse workplace where all employees can develop their potential and have a rewarding career regardless of their culture and origins.

Mexico has taken part in the “Diagnóstico y recomendaciones para promover el liderazgo femenino en el sector financiero” event (Evaluation and recommendations to promote female leadership in the financial sector) organised by the Interinstitutional Committee for Gender Equality in Financial Institutions (Comité Interinstitucional para la Igualdad de Género en las Entidades Financieras, or CIIGEF), and also in the “Cimientos” (Foundations) task force of the Association of Banks in Mexico (Asociación de Bancos de México, ABM), formed of staff from different banks on a voluntary basis to establish behavioural guidelines.

Through actions related to Social Responsibility, messages are sent out, promoting the participation of employees so that they may speak up and form part of diversity, equity and inclusion in the workplace.

Lastly, an internal diversity and inclusion task force has been created, formed of 23 people from different areas in order to open dialogue between the Bank's employees to generate ideas and initiatives related to diversity, equity and inclusion in the workplace.

Diversity in the Board of Directors

Banco Sabadell has general policies concerning diversity, age, gender, disability, geographical provenance and professional training and experience.

The Banco Sabadell Director Selection Policy of 25 February 2016 (last amended on 29 September 2022) establishes the principles and criteria that should be taken into account in selection processes and, therefore, also in the initial fit and proper assessment and ongoing assessments of the members of the Board of Directors, as well as in the re-election of members of the management body in order to ensure their smooth succession, the continuity of the Board of Directors and the suitability of all its members.

The Board Appointments and Corporate Governance Committee is assigned the role, under Article 66 of the Articles of Association, of overseeing the qualitative composition of the Board of Directors, establishing a target for representation of the underrepresented sex 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 ensures that the procedures to select its members apply the principle of diversity and that they promote diversity.

The Board of Directors should ensure that the procedures to select its members apply the principle of diversity and that they promote diversity with respect to issues such as age, gender, disability, geographic origin, or professional training and experience, and other aspects that may be deemed appropriate to ensure an effective and diverse composition of the Board of Directors. Those procedures should be free of any implicit bias that might lead to discrimination and, in particular, they should facilitate the selection of female directors so that a balanced presence of women and men on the Board may be achieved.

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 reputation and suitability) and procedures for selection, assessment and appointment established in the Director Selection 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 2022, the Board Appointments and Corporate Governance Committee, fulfilling its duties, has applied the policy and measures to increase diversity in terms of gender, age, training, knowledge and experience that contribute to the collective suitability of the Board, putting forward proposals to the Annual General Meeting concerning the ratification and appointment of one independent director (Lluís Deulofeu Fuguet), the reappointment of three independent directors (Pedro Fontana García, George Donald Johnston III and José Manuel Martínez Martínez) and of one proprietary director (David Martínez Guzmán) and also to the Board of Directors concerning the appointment by co-optation of one female independent director (Laura González Molero) who meet these criteria.

The Board Appointments and Corporate Governance Committee, in compliance with recommendation 14 of the Good Governance Code of Listed Companies and in accordance with the duties assigned in section 4.17 of its Regulations and the Banco Sabadell Director Selection Policy, verified on 24 January 2023 that the re-elections

and ratifications made in 2022 by the Annual General Meeting and by the Board of Directors are in compliance with the Policy. During this verification, it confirmed that the appointments and re-elections are in line with the necessary parameters and requirements of both the Policy and applicable regulations for the role of Board members in a credit institution. The Board Committee also concluded that appointments and re-elections in question favour a suitably balanced Board composition, as they increase its diversity both in relation to the category of directors and in relation to the knowledge, skills and experience that they bring to the role. Therefore, the mandate of the Board of Directors and of the Board Appointments and Corporate Governance Committee itself of contributing to increasing skills diversity on the Board is being fulfilled. Specifically, the diversity of banking knowledge and experience and, in particular, of risk management and control, planning, strategy, governance and sustainability of the Board has been increased and strengthened, as has the diversity of specific experience in the banking industry and the ability to apply such knowledge and experience to the banking business, at the same time expanding international experience.

To select candidates, the Board Appointments and Corporate Governance Committee has used the Skills and Diversity Matrix for members of the Board of Directors of Banco Sabadell, which defines directors' skills and knowledge. Furthermore, the Board Committee has also liaised with external advisers who have provided it with profiles for candidates that meet the skills criteria prioritised by the Board Appointments and Corporate Governance Committee.

As at year-end 2022, there were five female Directors in Banco Sabadell, including four female independent directors out of a total of ten independent directors and one female other external director.

The Board of Directors and the Board Appointments and Corporate Governance Committee are committed to fostering diversity on the Board, ensuring that it has a sufficient number of female directors and promoting compliance with the objective to increase representation of the under-represented sex. In Banco Sabadell, in 2022 women accounted for 33% of the total membership of the Board of Directors.

Women also account for 40% of independent directors, in line with the draft directive of the European Parliament.

They also account for 40% of independent directors, in line with the draft directive of the European Parliament and of the Council on improving the gender balance among directors of listed companies and related measures.

In terms of the presence of women on Board Committees, the Board Audit and Control Committee and the Board Remuneration Committee are chaired by female independent directors and women sit on all Board Committees. In the Board Strategy and Sustainability Committee,

women account for 16.67% (on the Strategy side) and 20% (on the Sustainability side), while in the Delegated Credit Committee, they represent 40%. Regarding the composition of the other Board Committees (Board Audit and Control Committee, Board Appointments and Corporate

Governance Committee, Board Remuneration Committee and Board Risk Committee), a balance between both genders has been achieved.

	2022	2021
Men	10	11
Women	5	4
Total	15	15

Diversity in the Board of Directors

Data as at 31/12/2022.

6.4.2 Functional diversity

The Group establishes measures for the adjustment of workstations where required by people with different abilities, in line with the occupational medicine service's protocols relating to particularly sensitive individuals. The Institution also assists employees with paper-work and formalities at the municipality, autonomous

community and State level that help to improve these employees' wellbeing beyond a strictly professional sense. Pursuant to the General Disability Law (*Ley General de Discapacidad*), it implements alternative supported employment measures by hiring services and supplies from special employment centres.

The number of people with functional diversity in the Group as at December 2022 was 309.

	2022			2021		
Professional category	Men	Women	Total	Men	Women	Total
Senior management	4	4	8	7	4	11
Middle management	13	11	24	16	14	30
Specialist staff	92	117	209	100	114	214
Administrative staff	16	52	68	20	69	89
Total	125	184	309	143	201	344

Group data as at 31/12/2022. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

6.5 Remuneration policy

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

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

- Promote medium- to long-term business and social sustainability, as well as an alignment with Group values.
- Reward performance in order to align remuneration with individual results and the level of risk taken.
- Ensure a competitive and fair remuneration system (external competitiveness and internal equity).

In addition to the above principles, the following aspects are also taken into account:

- The Remuneration Policy and remuneration practices are in keeping with the Institution's credit risk management approach, as well as with its appetite and strategies in relation to this risk, and do not create any conflicts of interest. These practices also include measures to manage conflicts of interest, so as to protect consumers from any undesired effects resulting from the remuneration of sales staff.
- There is consistency with the integration of sustainability risks and the related information is published on the Group's website.
- The Remuneration Policy and remuneration practices encourage behaviour that is in keeping with the Group's approaches in relation to climate and the environment, as well as the commitments voluntarily undertaken by the Group. They promote a long-term approach to the management of climate-related and environmental risks.

— Remuneration components should contribute to promoting actions in relation to Environmental, Social and Governance (ESG) criteria, in order to make the business strategy sustainable and socially responsible.

All of the principles on which the Group's Remuneration Policy is based are compliant with European Directives and Regulations and with prevailing legislation.

The Group's Remuneration Policy is impartial when it comes to gender, in line with the principle of equal remuneration among workers for the same work or for work of equal value, guiding decision-making towards the reduction of the gender pay gap.

The application of the Group's Remuneration Policy is impartial when it comes to gender, in line with the principle of equal remuneration among workers for the same work or for work of equal value, guiding decision-making towards the reduction of the gender pay gap.

In addition to ensuring equal remuneration for the same work or for work of equal value, equal opportunities are also guaranteed, as these are a prerequisite for long-term gender-neutral remuneration. This includes, among other things, hiring policies, career development, succession plans, access to training and the possibility of being selected to fill internal vacancies.

Remuneration of the Board of Directors

With regard to average pay, all members of the Board of Directors, both male and female, are remunerated according to the same criterion, i.e. the number of Board or Board Committee meetings in which they participate or, if applicable, that they chair, without any variation among them for any other reason.

	2022		2021	
	Members	Remuneration	Members	Remuneration
Men	10	306,640	10	259,633
Women	4	167,152	4	164,390
Total	14	266,786	14	232,421

Average remuneration of the Board of Directors⁷⁶

Average remuneration is calculated by considering Board members who have served as directors during the entire tax year, excluding Board members who have not served for the full year. Remuneration received for work carried out in the capacity of members of the Board of Directors is calculated excluding any amounts received for management functions and excluding any amounts received for work carried out as members of the Advisory Board. This remuneration includes, as of 2021, additional remuneration for the Non-Executive Chairman for his functions as Chairman of the Institution, Chairman of the Board of Directors and Chairman of the Annual General Meeting, as well as his functions as the highest representative of the Institution and all other functions attributed to him by law, the Articles of Association or the Board of Directors itself. In 2021 and 2022, average remuneration for male members of the Board without considering the remuneration for the Non-Executive Chairman was 148,574 euros and 162,933 euros, respectively.

Staff remuneration, by professional category, age and gender

Remuneration received for work carried out during the year is reported, broken down by geographical region.

The calculation of average total remuneration takes into account fixed remuneration at year-end, variable remuneration, salary and non-salary supplements and benefits, as well as annualised remuneration paid. This criterion has been applicable in all countries since 2021.

⁷⁶ For further information on the remuneration of members of the Board of Directors, see the Directors' Remuneration Policy, the Annual Report on Directors' Remuneration and the Annual Report on Corporate Governance published on the corporate website of Banco Sabadell Group (www.grupbancsabadell.com).
<https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/director-remuneration-policy.html>
<https://www.grupbancsabadell.com/corp/en/>

[corporate-governance-and-remuneration-policy/annual-report-on-remuneration-of-directors.html](https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/corporate-governance-annual-report.html)
<https://www.grupbancsabadell.com/corp/en/corporate-governance-and-remuneration-policy/corporate-governance-annual-report.html>

Average total remuneration in Spain

2022							2021					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	362	157	519	179,489	134,059	165,746	402	165	567	165,001	125,629	153,543
Middle management	1,613	1,151	2,764	73,038	61,329	68,162	1,618	1,027	2,645	72,565	60,951	68,055
Specialist staff	3,773	5,414	9,187	47,588	43,429	45,137	4,087	6,002	10,089	47,081	42,570	44,397
Administrative staff	48	106	154	27,854	26,412	26,862	50	116	166	27,580	25,988	26,468
Total	5,796	6,828	12,624	62,745	48,267	54,914	6,157	7,310	13,467	61,319	46,764	53,418

Data as at 31/12/2022. Average remuneration in euros. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

2022							2021					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	402	324	726	37,283	34,341	35,970	367	256	623	35,596	34,524	35,156
Between 31 and 49	3,299	4,472	7,771	57,207	46,770	51,201	3,606	5,118	8,724	55,767	45,100	49,509
Over 49	2,095	2,032	4,127	76,352	53,781	65,239	2,184	1,936	4,120	74,807	52,782	64,457
Total	5,796	6,828	12,624	62,745	48,267	54,914	6,157	7,310	13,467	61,319	46,764	53,418

Data as at 31/12/2022. Average remuneration in euros.

Average total remuneration in United Kingdom (TSB)

2022							2021					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	81	47	128	313,505	260,247	293,949	94	46	140	272,790	256,255	267,357
Middle management	184	140	324	120,937	113,584	117,760	203	154	357	117,593	110,090	114,356
Specialist staff	1,256	1,518	2,774	57,938	48,967	53,028	1,302	1,486	2,788	55,223	47,163	50,927
Administrative staff	635	1,621	2,256	29,379	26,357	27,208	674	1,803	2,477	27,468	24,552	25,345
Total	2,156	3,326	5,482	64,504	43,653	51,854	2,273	3,489	5,762	61,560	41,013	49,118

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

2022							2021					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	623	841	1,464	35,404	32,883	33,956	686	939	1,625	34,204	30,116	31,842
Between 31 and 49	1,108	1,598	2,706	70,832	47,254	56,908	1,189	1,653	2,842	68,775	45,133	55,024
Over 49	425	887	1,312	90,666	47,377	61,400	398	897	1,295	87,159	44,826	57,836
Total	2,156	3,326	5,482	64,504	43,653	51,854	2,273	3,489	5,762	61,560	41,013	49,118

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK.

Average total
remuneration in Mexico

2022							2021					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	36	18	54	238,425	137,774	204,242	44	14	58	197,786	123,363	179,507
Middle management	152	92	244	59,446	55,859	58,088	162	114	276	50,882	46,965	49,258
Specialist staff	78	56	134	24,080	23,316	23,756	72	57	129	20,555	19,816	20,226
Administrative staff	0	0	0	0	0	0	0	0	0	0	0	0
Total	266	166	432	73,097	53,763	65,598	278	185	463	66,023	44,382	57,319

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for Private Banks.

2022							2021					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	44	28	72	28,752	26,495	27,862	46	35	81	25,577	22,249	24,139
Between 31 and 49	192	127	319	73,762	57,398	67,185	201	141	342	68,543	48,825	60,342
Over 49	30	11	41	132,463	81,208	118,711	31	9	40	109,939	60,843	98,892
Total	266	166	432	73,097	53,763	65,598	278	185	463	66,023	44,382	57,319

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A.

Average fixed remuneration is calculated considering fixed remuneration as at year-end. This criterion has been applicable in all countries since 2021.

Average fixed
remuneration in Spain

2022							2021					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	362	157	519	129,862	101,647	121,327	402	165	567	126,899	99,320	118,873
Middle management	1,613	1,151	2,764	56,230	48,269	52,915	1,618	1,027	2,645	56,848	48,596	53,644
Specialist staff	3,773	5,414	9,187	41,202	38,006	39,319	4,087	6,002	10,089	40,774	37,291	38,702
Administrative staff	48	106	154	23,289	23,211	23,235	50	116	166	23,145	22,973	23,025
Total	5,796	6,828	12,624	50,773	40,970	45,471	6,157	7,310	13,467	50,479	40,052	44,819

Data as at 31/12/2022. Average remuneration in euros. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

2022							2021					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	402	324	726	34,815	32,319	33,701	367	256	623	33,400	32,213	32,912
Between 31 and 49	3,299	4,472	7,771	46,408	39,472	42,416	3,606	5,118	8,724	45,580	38,419	41,379
Over 49	2,095	2,032	4,127	60,709	45,646	53,293	2,184	1,936	4,120	61,437	45,404	53,903
Total	5,796	6,828	12,624	50,773	40,970	45,471	6,157	7,310	13,467	50,479	40,052	44,819

Data as at 31/12/2022. Average remuneration in euros.

Average fixed remuneration
in United Kingdom (TSB)

2022							2021					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	81	47	128	203,000	172,132	191,666	94	46	140	203,100	195,497	200,602
Middle management	184	140	324	93,450	87,558	90,904	203	154	357	95,058	88,383	92,178
Specialist staff	1,256	1,518	2,774	44,841	37,882	41,032	1,302	1,486	2,788	45,099	38,580	41,624
Administrative staff	635	1,621	2,256	23,798	20,884	21,704	674	1,803	2,477	23,922	21,002	21,797
Total	2,156	3,326	5,482	48,733	33,586	39,543	2,273	3,489	5,762	49,816	33,763	40,096

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for the Banking Industry.

2022							2021					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	623	841	1,464	28,999	26,626	27,636	686	939	1,625	29,571	26,080	27,554
Between 31 and 49	1,108	1,598	2,706	53,549	36,330	43,381	1,189	1,653	2,842	55,196	36,835	44,517
Over 49	425	887	1,312	65,107	35,241	44,915	398	897	1,295	68,636	36,146	46,131
Total	2,156	3,326	5,482	48,733	33,586	39,543	2,273	3,489	5,762	49,816	33,763	40,096

Data as at 31/12/2022. Average remuneration in euros. Exchange rate as at 31/12/2022: GBP 0.88693 = EUR 1. Exchange rate as at 31/12/2021: GBP 0.8403 = EUR 1. Workforce figures only include TSB's workforce; they do not include staff at Banco Sabadell's foreign branch in the UK.

Average fixed
remuneration in Mexico

2022							2021					
Professional category	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Senior management	36	18	54	145,893	84,036	124,885	44	14	58	122,422	77,007	111,268
Middle management	152	92	244	40,294	37,156	39,106	162	114	276	35,988	32,990	34,745
Specialist staff	78	56	134	18,076	17,461	17,815	72	57	129	15,592	15,115	15,379
Administrative staff	0	0	0	0	0	0	0	0	0	0	0	0
Total	266	166	432	47,956	35,596	43,162	278	185	463	44,237	30,813	38,838

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A. 'Senior management' includes executive directors, senior management, general management, corporate directors and top management. 'Middle management' includes directors not included in the 'Senior management' category. In Spain, roles classified as technical roles are included in the 'Specialist staff' category, in accordance with the Collective Bargaining Agreement for Private Banks.

2022							2021					
Age range	Employees			Remuneration			Employees			Remuneration		
	M	W	Total	M	W	Total	M	W	Total	M	W	Total
Under 31	44	28	72	21,537	19,310	20,658	46	35	81	18,829	17,154	18,106
Between 31 and 49	192	127	319	48,061	37,817	43,944	201	141	342	46,118	33,545	40,889
Over 49	30	11	41	85,162	51,408	76,106	31	9	40	69,923	41,137	63,446
Total	266	166	432	47,956	35,596	43,162	278	185	463	44,237	30,813	38,838

Data as at 31/12/2022. Remuneration in euros. Exchange rate as at 31/12/2022: MXN 20.856 = EUR 1. Exchange rate as at 31/12/2021: MXN 23.1438 = EUR 1. Remuneration figures do not include expatriated staff or staff at Sinia Capital, S.A.

Pay gap

Banco Sabadell, when faced with the same roles and responsibilities, does not make any type of wage discrimination between genders, neither when recruiting staff nor during its employees' salary reviews, monitoring the impact that any actions taken in relation to discretionary pay may have on the pay gap.

With regard to the pay gap, Banco Sabadell, when faced with the same roles and responsibilities, does not make any type of wage discrimination between genders, neither when recruiting staff nor during its employees' salary reviews, monitoring the impact that any actions taken in relation to discretionary pay may have on the pay gap.

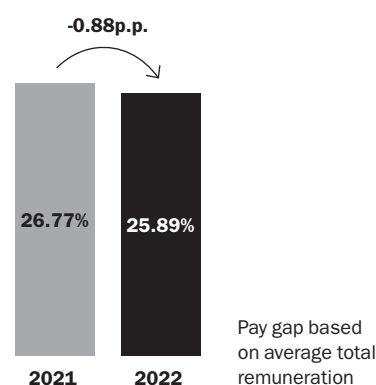
The pay gap calculation compares total remuneration received by men against total remuneration received by women. To this end, it is calculated as the percentage arrived at by taking the difference between average and median remuneration received by men and average and median remuneration received by women and then dividing this by the average and median remuneration received

by men, without making any adjustments of any type. If the percentage is positive, this means that the average or median remuneration received by men is higher than that received by women. Conversely, if the percentage is negative, it means that women receive more average or median remuneration than men.

Similarly, the overall pay gap is calculated as the average pay gap of each country weighted according to the % that their workforce represents out of the total.

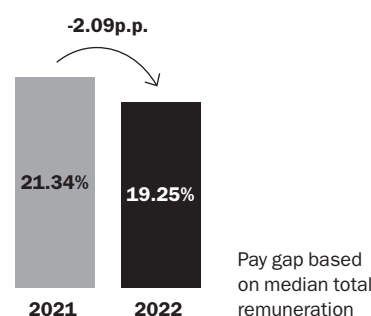
	2022	2021
Spain	23.08%	23.74%
United Kingdom (TSB)	32.33%	33.38%
Mexico	26.45%	32.78%
Total	25.89%	26.77%

Los datos son a 31/12/2022 y 31/12/2021.



	2022	2021
Spain	16.18%	18.38%
United Kingdom (TSB)	26.47%	28.49%
Mexico	17.55%	18.72%
Total	19.25%	21.34%

Data as at 31/12/2022 and 31/12/2021.



Note on calculation of pay gap:

The methodology used to calculate the overall pay gap was unified in 2021 in all countries, in accordance with the criteria established in Spain's employment legislation (Royal Decree 902/2020). In addition, each country will continue to use its own local criteria to meet the

requirements laid down by applicable local legislation.

In the specific case of Spain, the indicator of the weighted average pay gap used until 2020 has continued to be monitored. According to this criterion, the pay gap as at year-end 2022 was 10.90%, compared to 11.24% as at year-end 2021.

Other regions:

In the United Kingdom, the aim of TSB's remuneration policy (and the Group's) is to provide competitive remuneration aligned with the achievement of strategic targets, designed to attract and retain talent and to generate sustained business performance, taking effective risk management and acceptable conduct into account.

TSB remains firm in its commitment to addressing the fundamental causes of the gender imbalance and it continues to build a more balanced workforce in the long term. It also remains committed to the Living Wage organisation, of which it has been a member since August 2016. TSB's commitment continues to be to address the causes of gender inequality and to carry on building a balanced workforce.

6.6 Workplace environment and organisation

The Bank is able to transform itself and face up to major challenges with agile teams and people who bring their best selves to work.

One of these transformation milestones involves understanding telecommuting as a capability that adds value to the work culture of Banco Sabadell. In response to the COVID-19 pandemic, the Bank adapted to the situation, viewing this change as an opportunity to create a new working model which has allowed it to learn and evolve. A model that combines on-site work with remote work, in which new habits are incorporated to learn how to make the best of both worlds. In essence, to work with a different mentality and to be a more flexible and connected Bank.

It is currently in the process of developing SmartWork to adapt it to the current environment, with a new blended model with several telecommuting days each month, achieving good outcomes in relation to time management. To that end, it continues to roll out technological tools (Office 365) and new capabilities (mobile, WiFi, etc.) as an ally that can be counted on every day in order to work more efficiently.

The goal of SmartWork 2.0 is mainly to achieve:

- A Bank that is capable of transforming itself and that can face up to major challenges.
- A model that combines work inside and outside the office.
- Technology, as an ally to work smarter and even more efficiently.
- Equality in terms of opportunities and work-life balance.
- The wellbeing of the workforce, prioritising health and safety.

This declaration of intent leans on four pillars, based on which the main actions that concern the workforce are carried out:

- Technological transformation.
- Adaptation of workspaces.
- Culture and leadership.
- New ways of working.

Banco Sabadell strengthens and promotes new flexibility measures for its entire team, with initiatives such as telecommuting and flexitime arrangements. The workforce can change their effective working hours at their discretion and with flexibility in order to balance their needs for a work-life balance with the needs of the service. Spaces in buildings are also adapted to accommodate these new ways of working and to promote mobility, collaboration and autonomy in the workforce.

The following sections outline the various initiatives put in place in 2022.

In corporate buildings, for the areas covered by the collective bargaining agreement for banks, the blended model continues to be in place, based on:

- Working from home for a maximum of six days a month.
- Voluntary uptake, not regulated at a contractual level.
- There is no cost for employees. Costs for the adjustment of workspaces are covered.

These specifications require the development of the SmartApp app and the associated IT rollout, the gradual adjustment of workspaces, the measurement of productivity and the uptake plan for managers and employees.

77 An initiative created by Banco Sabadell in 2020 with the primary aim of promoting a more agile organisation in which employees remain at the core, supporting the unstoppable process of digitisation.

Pillars of the model and actions taken:

Spaces

- Spaces designed to perform all tasks in a blended environment: separate areas for concentration, individual work, teamwork and meetings.
- Governed by a series of rules of usage and protocols in order to ensure the wellbeing of the workforce on the days they coincide in the office.
- Differential value compared to the workspace at home.

Ways of working

- New protocols, guidelines and systems for new ways of working in order to optimise work under the new model.
- A blended option must be offered for all meetings.

Tools

- Gradual development of the technological suite.
- Creation of the SmartApp app for team planning, resource management, information and user feedback.

Culture and leadership:

- Reinforcement of the role of managers and adaptation of leadership to the blended model.
- Create a mindset among employees that enables them to adapt to the new model based on accountability.

Communications, webinars and challenges are used to implement a support plan, which highlights the value of the most efficient practices:

- Weekly newsletter (FlashIN), which is sent to all Banco Sabadell Group employees in Spain and which includes, among other things, important information in relation to the blended model, technology and ways of working.
- Fortnightly communication with managers (Eres Manager) to set criteria, promote cohesion and provide support for team management.
- SmartSite portal: containing all the latest news about SmartWork 2.0 and other useful resources:
 - Guides and infographic materials.
 - SmartWork 2.0 Manifesto.
 - Information and latest news about SmartWork 2.0.
 - Specific content on health and safety, work-life balance and flexibility, as well as technology to help employees organise their work more efficiently.
- News on the corporate intranet (IN Sabadell) and the Employee Portal.
- Support plan with open sessions and webinars (Smart-Breaks) with informative, training-related and inspirational content for the entire workforce.
- Measurement of staff satisfaction and wellbeing, and of the progress achieved in terms of efficiency and productivity in the workforce, through regular surveys and surveys about the workplace environment.

Other regions:

TSB supports and actively promotes flexible working for all employees, ensuring that flexitime arrangements are accessible at all times. The investment in IT capabilities, customer service channels and the adaptations of working methods carried out during COVID-19 have made it possible for more employees to work from home, something that continues at present. Throughout 2022, TSB has developed a blended way of working in which employees can combine working from home with working in the office, promoting “office days” for collaborative work, social relations with employees and continuous learning.

The ways of working are designed to improve the work-life balance of employees. Where their professional ambitions had previously been restricted to the location of the teams, telecommuting and flexitime arrangements have opened the door to more accessible professional trajectories, in addition to internal mobility and promotions. Employees can access a series of work arrangements that include part-time working, shared work and flexible start and finish times.

In 2022, a shorter work week was being trialed in some operating teams.

Mexico has included new ways of working that have required it to approach the change in a different way. To that end, it has promoted the “Home Office” format, in which each employee can choose to work from home one day a week.

Qualis Awards

The Qualis Awards have been running for two decades and every year, these awards are given out to recognise the achievements and excellent work carried out by the teams in both the branch network and in the corporate buildings, and also to recognise the projects that have contributed the most to the Institution's achievements during each financial year.

6.6.1 Work-life balance

Banco Sabadell Group employees have at their disposal a series of work-life balance measures that are set out in the new Equality Plan⁷⁸ signed in February 2022 with employees' legal representatives.

These measures seek to ensure that the workforce have a good work-life balance and to establish a framework for flexible working hours that can be used to improve the balance between personal and professional interests under equal terms for both men and women.

Work-life balance and flexibility measures:

- Agility to process leaves of absence or special unremunerated leave requested by the workforce, as envisaged in the extended provisions of Article 36.2 of the CBA⁷⁹. They are entitled to leave of between 1 week and 6 months, always provided they apply for said leave at least one month in advance in the following cases:
 - For study
 - For personal matters
 - For international adoption, to undertake assisted reproductive procedures or due to problems during a pregnancy
 - Due to an accident and/or serious illness requiring hospitalisation or to help with the medical care of relatives up to second degree of consanguinity or affinity
 - Due to being a victim of gender-based violence; in this case, there is no minimum service requirement and the leave may be extended by successive six-month periods up to a total of 18 months
- Offer of unremunerated reductions of working hours, as established in Article 37.6 of the Workers' Statute and in Article 35 of the Collective Bargaining Agreement for Banks, for those who as legal guardians are directly responsible for a minor under the age of 12 or for a person with a physical, mental or sensory disability who does not carry out any paid work or a family member up to second degree of consanguinity or affinity, or who, due to age, accident or illness cannot take care of themselves; in such cases employees will be entitled to a reduction of working hours with a proportional salary reduction.
- Remunerated reductions of working hours in order to care for a child below 12 years of age who suffers a serious illness or accident requiring hospitalisation; employees may ask for their daily working hours to be reduced, by one hour per day and on a paid basis, for a period of two months.
- Reduction of working hours to care for a nursing child; as an improvement of the provisions of Article 33 of the Collective Bargaining Agreement for Banks and Article 37.4 of the Workers' Statute, workers have the right to one hour of absence from work per day to care for a nursing child of less than 9 months. This may be split into two half-hour absences which may be used at the start and end of the working day, or they may take a one-hour absence from work at either end of the working day. In the event of a multiple birth, the hours allowed will be increased by one additional hour per day per child.
- Flexibility to adapt working hours (start and finish times) to meet the needs of those responsible for the care of children below 14 years of age, or who must care for family members up to second degree of consanguinity or affinity who are disabled or above 65 years of age.
- Furthermore, as established in the Agreement on Keeping Working Time Records of 27 February 2020, where the needs of the service so permit, employees will have a 15-minute grace period applicable to the time they start their working day, which they can offset by adjusting the time they end their working day accordingly. This option is available to all those who currently have no flexitime arrangements to achieve a balance between their personal life, their family life and their working life.

Coordination and dialogue has been maintained at all times with employees' legal representatives.

In addition, to contribute to the protection of maternity and paternity rights, and to promote shared responsibility, leaves of absence for the birth and care of a child are guaranteed, as are leaves of absence to care for nursing children, offering the option to take this nursing leave in the form of remunerated leave of 15 days' duration subsequent to any of the contractual suspension periods due to the birth, adoption, foster care or adoption of a child. The duration of the leave of absence for the birth or care

⁷⁸ https://www.grupbancsabadell.com/corp/files/1454335415322/plan_de_igualdad_es.pdf

⁷⁹ Collective Bargaining Agreement for Banks.

of a child will be equivalent to the duration of the leaves of absence taken in accordance with that provided in Article 48.4, 5 and 6 of the Workers' Statute, with a total of 16 weeks, 6 of which will be mandatory, uninterrupted and comprise full working days, to be taken immediately following the date of the birth, while the remaining 10 weeks may be taken, in weekly periods, either in one single block or in separate blocks, during the 12 months following the date of the birth.

In addition, Banco Sabadell gives its workforce access to a tool called "*Mi Jornada*", in order to comply with the provisions of Royal Decree-Law 8/2019 on keeping daily records of working hours, and with the Agreement on Keeping Working Time Records at Banco Sabadell, signed on 27/02/2020, where each worker is required to keep a record of the start and finish times of their working day, without prejudice to any flexitime arrangements and with mechanisms to compensate any surplus or shortfall of working hours.

The Group also offers a wide range of measures aimed at improving the work-life balance of its workforce, enabling them to arrange services and purchase products through the employee portal, which not only offers them a chance to save money, but also allows them to save time, as these are online purchases. They can also choose to have their purchases left at lockers installed in some of the corporate buildings, so as to avoid having to make a specific trip to collect them or having to arrange for delivery outside of their working hours. In addition to these benefits, it is also worth mentioning the range of services available to those working in corporate buildings, which are designed to make it easier for them to run personal errands.

Employees continue to make use of the measures launched in previous years, such as the option to purchase additional days of annual leave and the advice offered by the work-life balance consultant, which are unique aspects of the Bank's employee value proposition for employees.

Other regions:

With regard to work-life balance, TSB has flexitime arrangements that offer all employees the opportunity to request a temporary or permanent change in their way of working, at any stage of their careers and regardless of any personal reasons they might have. All requests are considered in a fair and consistent manner in order to improve the work-life balance of employees. This makes it possible to improve employee retention and talent attraction.

In Mexico, there is a benefits policy for new parents, which offers support for their involvement in raising children, supporting their health and promoting a more agile model. The benefits available to each employee are the following:

- Leave of absence for the birth of a child is extended to 114 calendar days for mothers and to 30 calendar days for fathers.
- Reduced working hours during the first six months following the birth.
- Financial assistance is available for the birth/adoption of a child, consisting of 15 days' pay, up to a maximum of 8 times the minimum wage.
- Special leaves of absence.
- Rollover of annual leave.
- Nursing room in the facilities.

6.6.2 Health and safety

Banco Sabadell Group follows a policy of prevention and continuous improvement of the working conditions and health of its employees.

Banco Sabadell Group, aware that good working conditions are important for the health and safety of its employees, follows a policy of prevention and continuous improvement of the working conditions and health of its employees. In accordance with prevailing legislation, and to carry out preventive actions on a permanent basis, an integrated Prevention Management System has been launched in the general organisation of Banco Sabadell Group through the Prevention Plan, which includes all of the preventive activities carried out in this regard in

the Group. A summary of these preventive activities is published every year in a Report⁸⁰, which is available on the Bank's intranet and also on its corporate website. This Plan sets out the requirements to integrate prevention into the management of the company, based on the following principles:

- Promote and foster a preventive culture between the different areas and levels of the company.
- Promote preventive actions, even where they are not yet legally required.

⁸⁰ <https://www.grupbancsabadell.com/corp/en/sustainability/reports.html>

- Offer guidelines to put into practice and evaluate management strategies for occupational hazard prevention.
- Ensure that all employees are provided with information and training about preventive actions and that they are encouraged to take part in them.

The aim of the Prevention Plan is to ensure the integration of occupational hazard prevention. The implementation of the Plan ensures the safety and health of Banco Sabadell Group employees and compliance with the regulations applicable in this regard, so as to ensure the control of occupational hazards, the effectiveness of preventive measures and the detection of any weaknesses that could give rise to new risks. A management system has been designed based on continuous improvement, in compliance with Law 54/2003 on the reform of the regulatory framework on occupational hazard prevention.

The Annual Report is the document that summarises all of the preventive activities carried out directly by the Banco Sabadell Group Joint Prevention Service or through the different work units or employees assigned tasks in this regard. Most of its content corresponds to that envisaged in the Annual Plan. Any actions of a particular level of importance that have not been completed during the year will be added to the Plan for the following year.

It is clear that the outbreak in 2020 of the COVID-19 pandemic marked a turning point for occupational hazard prevention, which is why this activity has become particularly important, ensuring the implementation of the guidelines issued by health authorities in each region and developing new action protocols.

The guidelines followed by the Institution at the peak of the pandemic mainly related to the following:

- Distribution of the necessary safety equipment to all staff: face masks, hydroalcoholic gel, disposable paper towels and methacrylate screens for branches.
- Creation of a COVID-19 protocol for monitoring cases and close contacts of staff, in keeping with the guidelines established by the health authorities.
- Suspension of face-to-face events and training sessions, as well as business trips, enhancing the use of digital channels to that end.
- Adaptation of spaces in branches and corporate buildings to enable social distancing, and a clean desk policy:
 - Limits on maximum number of people allowed in branches at any one time.
 - Limits on maximum number of people allowed in meeting rooms of corporate buildings at any one time and adapting these rooms to hold blended meetings.
 - Signage and posters with reminders of the safety instructions at various points both in the branch network and in corporate buildings.
 - Appointment of building managers to comprehensively monitor the measures put in place.
- More frequent cleaning of all facilities.
- Emotional support through a telephone service that

is free to use, unlimited and anonymous, so that any employee who needs to can talk to a specialist.

These measures have been adapted to the guidelines and regulations issued by the corresponding institutions.

The preventive specialty of Occupational Medicine is carried out through health surveillance. The health surveillance policy applied by Banco Sabadell Group comprises activities which aim to promote the general health of all employees and to prevent the workforce from suffering any sort of injury or harm as a result of their work. Health surveillance covers a series of activities relating to workers on both an individual basis (individual surveillance) and on a group basis (collective surveillance) through medical check-ups.

Individual surveillance seeks to enable the early detection of any repercussions on an individual's health stemming from working conditions, the identification of individuals who are particularly sensitive to certain risks, and the adaptation of tasks to each individual.

Collective surveillance is based on the analysis and interpretation of the results obtained within the group of workers, in order to assess the state of health of the organisation, so as to establish priority areas of action in relation to prevention and to evaluate the effectiveness of the measures set out in the Occupational Hazard Prevention Plan.

One of the health surveillance activities consists of conducting medical check-ups or health assessments. Medical check-ups take place at the start of employees' employment and thereafter on a regular basis (the frequency depends on the employees' age, with employees up to 30 years of age invited to a check-up every three years, those aged between 31 and 44 invited every two years and those over age 45 invited to have an annual check-up). The check-ups are very thorough and they are completely voluntary. Nevertheless, every year, around 80% of employees accept their invitations to these check-ups. Other medical check-ups that take place are those carried out following a long period of temporary incapacity (due to either a common contingency or a professional contingency) and those carried out to determine whether an employee is particularly sensitive to the risks inherent in their position at work.

All of the Group's existing staff and all new hires receive information on occupational hazard prevention and complete mandatory training relating to health and safety in the workplace through an online course, "Introduction to Occupational Hazard Prevention" (*Introducción a la Prevención de Riesgos Laborales*). Completion of this course is mandatory for all employees and it aims to ascertain the risks to which employees may be exposed and the preventive measures that can be taken to avoid them.

In addition to the Occupational Hazard Prevention courses available to employees in the training catalogue and which they can also view on the intranet portal, there are other specific training materials, including the course on fire suppression, the first aid course, the course

on stress prevention, the course on preventing the risk of robbery, etc. In addition, training courses are supplemented with specific informative documents, such as ergonomics handbooks and manuals for work equipment (Occupational Hazard Prevention Welcome Handbook). This information is posted on the Banco Sabadell Group intranet, in a specific section for documentation relating to Occupational Hazard Prevention and everything related to the risks inherent in the Bank's activity.

The Banco Sabadell Group Joint Prevention Service has certain procedures designed to ensure the existence of suitable plans in the event of an emergency, so that an emergency may be prevented from happening, establishing suitable prevention measures that all employees must know of and implement. The Occupational Hazard Prevention Division submits a schedule of planned drills to the State Health and Safety Committee, and it also reports on the outcome of those drills and shares the main areas of improvement that have been identified.

In Spain, Banco Sabadell also carries out an initial occupational hazard assessment for each new work centre, and whenever work centres are reformed or updated. Equally, when a certain period of time has elapsed since the initial assessment, subsequent assessments are carried out, in all of the facilities, of both individual workstations and common areas, along with the installations and technical aspects of the working environment (temperature, lighting, etc.). There is a protocol, included as an annex to the Prevention Plan, which determines the cases in which a work centre should be reassessed, depending on the type of reforms carried out. In general, it is thought that activity in Banco Sabadell Group does not risk exposing employees to cleaning agents, meaning that it is not necessary to systematically evaluate these aspects. That said, as a preventive measure, hygienic measurements to evaluate the ambient conditions of the premises have been included in risk assessments.

Coordination of business activities also takes place with third-party companies that have staff or labourers working in the facilities. This is a legal obligation, designed to enable companies sharing the same workplace to coordinate between themselves to comply with existing

legislation on the prevention of occupational hazards, to ensure that the performance of multiple activities within the same workplace does not generate risks or lead to a workplace accident.

Monitoring absence from work

Absence from work is monitored through monthly reports, which include data on prevalence rates, severity rates, and frequency of absences. The data is grouped together by company, territorial division, age and gender, and makes it possible to detect trends and possible deviations depending on the variables analysed. Depending on the results, preventive actions are identified and applied.

General absence from work includes absence from work due to illness with TI⁸¹ and also without TI for common contingencies (common illnesses, non-work-related accidents, COVID-19) and professional contingencies (WRA⁸²/WRI⁸³). The data regarding the prevalence rate (number of employees who have been absent from work / total workforce) and the severity I rate (number of days missed / total working days) showed a slight increase compared to 2021, even though the first quarter of 2022 saw the highest peak out of all of the waves of the pandemic. In 2022, the annual figures were 6.28% (vs. 5.09% in 2021) for the prevalence rate and 3.10% (vs. 2.95% in 2021) for the severity I rate.

The number of new leaves of absence initiated in the month (frequency rate) has fallen slightly compared to the previous year, with 445 absences on average in 2022 (vs. 359 in 2021). This figure was evidently influenced by the 1,345 cases recorded in January, at the peak of the sixth wave of COVID due to the emergence of the Omicron variant.

These rates are in any event lower than the severity I rates recorded by the banking industry in 2021, even bearing in mind that the data provided by mutual insurance companies do not include data for those who are absent due to illness without temporary incapacity, in contrast to Banco Sabadell, which does include this figure in its data.

	2022	2021
Total hours (accidents and ill health)	643,764	702,547
Total hours (work-related ill health)	79,136	89,504

Data as at 31/12/2022.

Indicators of absence from work in Spain

	2022	2021
Total hours (accidents and ill health)	301,234	342,804
Total hours (work-related ill health)	37,280	56,626

Data as at 31/12/2022.

Indicators of absence from work in TSB

81 Temporary Incapacity.
82 Work-Related Accident.
83 Work-Related Illness.

In Mexico, indicators of absence from work are recorded and reported as general ill health. As at the end of December 2022, a total of 100 days off work had been recorded.

Monitoring the work-related accident rate

One of the fundamental pillars of the management of occupational hazard prevention is the research into,

and prevention of, work-related accidents. On becoming aware of an accident, the Joint Prevention Service collects the main data and deals with the official communication. An investigation into the accident is launched. The procedure varies depending on the severity and complexity of the event, determining, if necessary, the preventive and/or corrective actions that should be taken. All of these actions are designed to guarantee the care and subsequent recovery of the person concerned.

Types of accident in Spain	2022			2021		
	M	W	Total	M	W	Total
Work centre	11	37	48	20	45	65
Whilst commuting	29	55	84	25	43	68
Travel during workday	8	18	26	6	10	16
Different work centre	1	0	1	0	0	0
TOTAL	49	110	159	51	98	149

Work-related accidents

Data as at 31/12/2022.

Work-related accidents in Spain	2022			2021		
	M	W	Total	M	W	Total
Total hours	6,702	10,247	16,949	7,755	10,298	18,053
Frequency rate ⁸⁴	1.92	4.63	3.36	2.31	4.26	3.35
Severity rate ⁸⁵	0.06	0.09	0.08	0.07	0.08	0.07

Data as at 31/12/2022. Rate calculations exclude accidents occurring whilst commuting. Although all absences due to COVID-19 can be likened to work-related accidents for the purpose of claiming social security benefits, they are not included in the accident rates.

In terms of subsidiaries, TSB, in compliance with UK legislation, does not keep a record of accidents, while Mexico has not recorded any accidents in 2022.

6.6.3 Trade union rights and right of association

Banco Sabadell Group guarantees the basic rights of employees in relation to freedom of association and collective bargaining.

In Spain, this guarantee is always in compliance with Spanish legislation, and these rights in relation to freedom of association and collective bargaining are set out in the Workers' Statute and in chapter 12 of the Collective Bargaining Agreement for Banks, Articles 62, 63 and 64.

At present, Banco Sabadell has a total of 10 trade union sections in Spain, including trade union sections at the State level and at the autonomous community level.

In its subsidiaries⁸⁶ in Spain, it has trade union representatives in Sabadell Information Systems, S.A., Sabadell Consumer Finance S.A., and Fonomed Gestión Telefónica, where the number of trade union sections is smaller than in Banco de Sabadell.

Workers' representatives are voted in every four years, in accordance with the guidelines set forth in prevailing legislation and the implementing agreement enforced in

84 (number of accidents (excluding those occurring whilst commuting) / theoretical working hours (according to collective bargaining agreement))*1,000,000
85 (working hours lost/ theoretical working hours (collective agreement) * 100)

86 The subsidiary Business Services for Operational Support, S.A. had union representation until it was incorporated into Banco de Sabadell, S.A., and its staff were also represented by its Health and Safety Committee.

the Spanish Banking Association (Asociación Española de Banca, or AEB), together with the most representative State union sections of the Spanish banking industry. The results of the union elections determine the composition of the different Works Councils, as well as staff delegates, who are the main points of contact representing the company and who take part in collective bargaining negotiations. If no specific negotiations are taking place, they meet as and when required.

The elected trade union representatives are allocated hours from their normal working hours to engage in their trade union activities. In Spain, 100% of employees are covered by the Collective Bargaining Agreement, while in all other countries, the prevailing legislation in each country is applied.

One of the main duties is to represent workers in occupational health and safety committees. In Spain the following committees currently exist:

- State Health and Safety committees:
 - Banco de Sabadell, S.A.
 - Sabadell Information Systems, S.A.
 - Fonomed Gestión Telefónica, S.A.

Banco Sabadell Group also proactively promotes collective bargaining, as in general specific employment agreements are reached with workers' legal representatives. Some of the agreements reached are set out here below:

- Agreement regarding the incorporation of the State Health and Safety Committee: this created a State Health and Safety Committee, a joint collective body that responds to enquiries and requests for participation received from workers concerning aspects related to safety and health in the company's work centres.
- Training agreement: under which a commitment is undertaken to ensure that training takes place during

the legally established business day, or during the hours established in the corresponding agreements in the event training takes place outside of business hours.

- Agreement on early retirements (both with and without early access to pensions) and incentivised resignations: staff restructuring plan and certain agreed conditions.
- MiFID training agreement: agreement regarding compensation for MiFID training.
- Agreement on keeping working time records: an agreement that regulates working hours.
- Agreement on assistance for school fees: an agreement on economic assistance for the payment of school fees.

Other regions:

In the United Kingdom, TSB continues to work closely and directly with its recognised unions, Accord and Unite, to build strong relationships. These relationships enable union representatives to collaborate with TSB's Management in all aspects concerning the subsidiary's employees. This has not only allowed union members to have a voice at TSB but also to work openly, collaboratively and meaningfully with the Unions on all issues that affect the TSB/Colleague relationship.

In 2022, the formal recognition of unions was renewed, known as the Union Recognition Agreement, which establishes collective bargaining agreements across TSB. It also outlines the aspects that are negotiated and how all of the parties involved intend to work together to reach a collective agreement.

With regard to the subsidiary in Mexico, there is no relationship between employees and union representatives.

6.7 Dialogue with employees: more connected than ever

Banco Sabadell Group has various mechanisms in place for communicating with employees and listening to their concerns, which are key to anticipating their needs and building a great place in which to develop a professional career.

In relation to information resources, in Spain, it is worth mentioning FlashIN, which has continued to be issued on a weekly basis and which is sent to all employees to provide them with information, guidance and context. It has been consolidated as a crucial element of information and cohesion in the Bank, which provides key information to the workforce in complex situations brought about by the external environment and during complex restructuring processes within the organisation.

The quick surveys in the FlashIN newsletters and in the fortnightly publication *Eres Manager* have continued to be sent out. These surveys aim to periodically capture the mood in the Bank and they have served to verify the high level of commitment of employees at all times.

In relation to *El Banco que queremos ser* (The Bank we aim to be), the survey to ascertain, among other factors, the commitment of employees to the Institution's current and future course of action, the results were stable, in line with the good results of the previous year. Practically all of the other factors measured, such as the quality of management, meritocracy and internal cooperation, also obtained good ratings.

The Bank continues to actively listen to what its employees have to say, with regular measurements. This year, the two measurements clearly reflect the impact of the post-pandemic situation, which has been tasking for the workforce. Nevertheless, the trend has been positive and paves the way towards the full recovery of the excellent commitment figures recorded in previous years.

The Employee Assistance Office plays an essential role in resolving employee concerns. This year, a total of 48,976 queries have been submitted and the quality of service has been successfully maintained, with user satisfaction ratings of 4.34 out of 5.

Other regions:

TSB is committed to creating a positive and inclusive culture and supporting the wellbeing of each employee. Twice a year, a survey is sent out to all employees to understand how they feel and so that they feel listened to and supported, and to ensure they have what they need to be at their best.

Link is TSB's forum for employees, created in 2013. Its members act as spokespersons for employees, with representatives from all departments and levels within the Bank and they are appointed to consult with and represent all areas of the Institution. Every quarter, Link members meet with the Executive Committee to share their ideas, comments and recommendations. In 2022, Link has contributed to matters such as TSB's fraud strategy and its Fraud Refund Guarantee, the full streamlining of remuneration, the experience of employees, their trust and the activities in the Do What Matters Plan.

In Mexico, a space has been created for all members of the Sabadell team, where CEO Francisco Lira speaks openly about issues that are of great importance for the organisation and in which certain employees are given the opportunities to express their doubts and concerns.

This space is known as 'Open Mic' (*Microfono Abierto*) and it helps to build up trust and experience first-hand the three fundamental values that are closeness, quality and commitment.

In addition, Sabadell Communicates (*Comunica Sabadell*) is a weekly internal newsletter that allows recipients to stay abreast of the latest news inside and outside of the organisation. It is emailed on a regular basis to all employees.

7. Commitment to society



Banco Sabadell Group mainly steers its commitment to society through the Banco Sabadell Private Foundation, in order to contribute to progress and social well-being, collaborating with leading institutions in the social sector and focusing on the areas of culture and talent.

In 2022, the Board of Trustees of the Banco Sabadell Private Foundation (hereinafter, Banco Sabadell Foundation) approved the allocation of 3,660,310 euros, in partnerships with other institutions, contributing towards actions that pursue the SDGs defined as being priority or additional by Banco Sabadell, thereby promoting work with organisations with extensive experience and broad social impact.

In addition to the Banco Sabadell Foundation, other divisions and subsidiaries of the Bank have also contributed to education and the fight against poverty, through initiatives including corporate volunteering, social housing management and charity fundraising.

7.1 Commitment to education

Financial education

Banco Sabadell continues to promote and take part in a number of financial education initiatives. By engaging in this type of activity, the Institution aims to not only meet the different training requirements of society in general, but also be by their side to help them develop skills and decision-making abilities. Some of the initiatives undertaken are:

- The Financial Education for Schools in Catalonia (EFEC, by its acronym in Spanish) programme: Banco Sabadell participated in this programme for the tenth consecutive year and since its inception. Thanks to the corporate volunteers of the participating institutions, a total of 163,779 students have been trained in basic finance. In this edition, which has continued to be run in hybrid form with face-to-face and virtual workshops, the programme has been taught in 456 educational centres. With the participation of 79 volunteers who have run a total of 713 workshops, Banco Sabadell,

together with all of the collaborating institutions, provided training for 22,531 young people in their fourth year of secondary school education. In terms of its version for adults, 19 of the Bank's volunteers have held 92 workshops in adult schools and correctional facilities. The estimated figures for the EFEC adults programme was 97 centres and 4,657 students.

Students

163,779

- 'Your finances, Your future' (*Tus Finanzas, Tu futuro*) initiative of the Spanish Banking Association (*Asociación Española de Banca*, or AEB) and the Junior Achievement (JA) Foundation. In this year's online edition, 65 volunteers from the Bank took part in 35 programmes and 105 workshops delivered to 23 educational centres and 767 students. In 2022, the programme, which is nationwide in scope, was delivered to 146 centres and 6,369 students.

During 2022, around 7,500 people have benefited from the workshops that Banco Sabadell volunteers have led as part of these programmes.

TSB has started a new school outreach programme in some of the most deprived urban communities to improve support for young people, as they head toward financial independence. Schools have been selected where young people are most disadvantaged, and some employees in nearby corporate centres have been encouraged to volunteer their time and share their 'Money Confidence' skills.

Banco Sabadell Mexico has a financial education programme for children of employees, in which each summer students are invited to get them involved in projects of the various areas of the Bank. During this period, they

acquire theoretical and practical knowledge on the financial sector, which will also help them to make the best decision as regards their future career path.

Commitment to young talent

The Banco Sabadell Foundation is committed to young talent by supporting leading universities, research centres and educational institutions, as well as by contributing to research excellence through awards and support programmes.

Specifically, the Banco Sabadell Foundation has given out 17 awards (93 award-winners from 13 projects ran in collaboration with other entities and 4 award-winners from the Foundation's own awards) and 372 grants (357 grant holders from programmes ran in collaboration with other entities and 15 grant holders from the Foundation's own research grants).

The most noteworthy activities in this area are:

- Banco Sabadell Foundation Awards in Biomedical Research, Economic Research and Scientific Research, which aim to promote and recognise the careers of young Spanish researchers who stand out for their excellence and innovation in these fields; these are recognised as the most important awards in their respective fields.
- In 2022, as a contribution to promote scientific research in marine sustainability, the Foundation unveiled the award for research in this field. An award that brings together science and economic growth to promote sustainable development. The award consists of 30,000 euros. The award is given out to a young researcher that has conducted their research study in the sustainable use of marine resources (traditional marine industries and new emerging blue economy sectors, such as biotechnology, big data, renewable energies, regeneration, etc.) or in the regeneration of marine natural capital by recovering ecosystems' goods and services.
- Banco Sabadell Foundation research grants: Intended for aspiring pre-doctoral students who are carrying out their doctoral thesis, with the aim of promoting and developing scientific work or to fund placements at universities or research centres.
- Collaboration with the university community through awards and grants to promote young talent, for example, in the Universities of Leon, Oviedo, San Jorge, Jaume I and Francisco Vitoria.
- Scholarship programmes with leading further education establishments, such as EDEM (*Escuela de Empresarios* - Business School), Esade, Club Natació Sabadell, Fundació Dáporis, IBEI (*Institut Barcelona d'Estudis Internacionals* - Barcelona Institute of International Studies), and scholarships for young musicians with the ADDA Symphony Orchestra (*Auditorio de la Diputación de Alicante* - Alicante Provincial Auditorium) or the Reina Sofia School of Music, among others.

- Competitions organised by Celera: Through the Banco Sabadell Foundation, 10 young people who are excelling in their respective fields take part in competitions organised by Celera, the only people accelerator that currently exists in Spain, which each year selects a number of exceptional young people and offers them resources, training and opportunities.
- Global Talent Programme: Launched by the Banco Sabadell Foundation and CIDOB (Barcelona Centre for International Affairs), this programme involves a paid research placement and two awards for applied research, aimed at young researchers.
- The Banco Sabadell Foundation also collaborates with programmes that participate in the job search process and training for innovation, such as the TOOLBOX project of the University of Murcia or the mentoring programme with the Technological Skills Centre of Alicante (*Centro de Competencias Tecnológicas de Alicante*, or CCTA), in which students have been supported by 14 Banco Sabadell mentors. For two months, students of various areas (particularly, information and communications technology) try to resolve a challenge, with the support of Banco Sabadell IT mentors. At the end, five of the students with the best performance during the programme will receive an internship contract for six months.

Business support and training

- The “Export to Grow” (*Exportar para crecer*) programme: As part of its commitment to provide training in internationalisation to small and medium-sized enterprises, Banco Sabadell, in collaboration with AENOR, AMEC, Arola, CESCE, Cofides, Esade and Garrigues, has been promoting the ‘Export to Grow’ programme since 2012. This programme supports SMEs in their internationalisation process, through online tools, specialised information services and the organisation of roundtables throughout the country. Under this programme, International Business Conferences (*Jornadas de Negocio Internacional*) have been held, most notably the conference on technical measures for customs and logistics in the context of Brexit, with the participation of more than 1,550 companies, and the conference on Incoterms 2020 with almost 2,000 participating companies. In addition, a selection of news content concerning international business is offered through a newsletter that is sent every month to the Bank's business customers, with information about international markets and business sectors most likely to be concerned with internationalisation or export matters.
- Sabadell International Business Programme: The Institution has held the fifth edition of this university-certified training programme that offers advice to business customers, which has attracted the participation of more than 400 companies engaging in international business.

- New editions of the ‘Financial Advisor for Religious and Third Sector Institutions’ training course, promoted in collaboration with the post-graduate school of the University of Francisco de Vitoria that aims to be a solid foundation for the day-to-day management of administrators and bursars. A renewed and expanded course, updated with new contents that make it more cross-disciplinary, offering a complete and rigorous training to professionals and collaborators in the sector with the aim of reinforcing the specialised knowledge of these institutions and helping to provide their

administrators with knowledge and tools. A brief and fully online course (12 ECTS and 24 MiFID accreditation hours) that offers tutorials delivered by Banco Sabadell specialists. This year the course was open to professionals from all sectors and has a wide range of scholarships available of up to 80% of the enrolment fee. At the end of the programme, the students receive their certificate from the University of Francisco de Vitoria. The programme currently has a total of 206 students enrolled (of which 70 are employees of the Bank).

BStartup

BStartup by Banco Sabadell is the pioneering and benchmark financial service in Spanish banking for startups and scaleups.

It provides these companies with 360° service of specialised banking and equity investment.

Specialised banking is based on a team of dedicated managers for startups and scaleups in those Territorial Divisions (TD) with the highest concentration of this type of companies, as well as on a specific risk circuit, specific products and a team of specialists that support the branches throughout Spain.

As at 2022 year-end, BStartup has 4,412 startup customers. They are very internationalised customers, often with complex transactions that require these highly specialised managers and services.

In 2022, BStartup’s specialisation has been given a boost. Thus, the Catalonia TD concentrates all its startup customers at the main Barcelona branch, where it has six managers, a representative and a risk analyst, all of them fully dedicated to startups, scaleups and investors. In the Madrid region, the main Madrid branch concentrates most of the startups in this region and, in 2022, a representative and a new specialised manager have joined the Bank, taking the number of enterprise managers to 4 who are dedicated exclusively to these young innovative companies. In Valencia, a new manager specialised in startups is expected to join to support the existing one. The other regions still have 20 BStartup branches with managers that, without working exclusively in this segment, regularly receive specialised training and have a specific risk circuit in place.

Equity investment targets mainly early-stage digital and technology companies with strong growth potential and innovative, scalable business models. During 2022, BStartup has invested in nine startups for an amount of 950,000 euros.

BStartup invests in all types of sectors, but maintains its investment verticals:

- In 2022, it launched the second edition of BStartup Green to invest in startups that, through technology or digitisation, are able to facilitate the transition to a more sustainable world (from the perspectives of energy transition, industry 4.0, smart cities and the circular economy). 122 companies have applied for this second edition.
- In 2022, the fifth edition of BStartup Health was held. It is a programme designed to support health projects, in which invested funds are primarily used to validate the technology, research and business. This year’s edition ended with 127 startups enrolled.
- During 2022, BStartup was very present at the main events of the entrepreneurial ecosystem. BStartup’s team has actively participated in 100 entrepreneurial events across Spain.

Hub Empresa (Companies Hub)

Hub Empresa is Banco Sabadell’s business connection centre, a hybrid model that combines:

- A digital space where companies can connect to each other through workshops and webinars led by the Bank’s experts and leading external figures. They are inspiring and participative meetings in which professional experiences, current content and the latest business trends are shared.
- A physical space in the centre of Valencia as a reference for companies, where they can meet and connect with other companies, receive knowledge and business advice from experts in areas such as digital transformation or sectoral economy, as well as other specialities such as financing, internationalisation or startups.

For all these reasons, Hub Empresa is a service that contributes to Banco Sabadell's positioning in the business segment as the bank that best understands their challenges and the one that can best accompany them along the way.

2022 has been the year in which the project, which started in 2020, was solidified with the leap to the online world, and it continued the work started in 2021 to keep developing the project (new website and brand image).

The most noteworthy aspects of 2022 are, among many others:

- The implementation of the hybrid model in Hub Empresa Valencia with the installation of a streaming system that enables the creation of a recurrent programme in in-person format while at the same time it reaches the rest of the region.
- The creation of the series of conferences 'Inspiring Stories' with corporate customers that has reinforced the Bank's positioning as an expert and approachable business bank, as well as it has involved the branch network at the same time.
- Launch of the series of conferences "Sustainability in SMEs": five sessions on sustainability organised in collaboration with the Sustainability Division.

Hub Empresa is a tool that serves the purpose of establishing communication between the Institution and SMEs, businesses and freelancers, which has mainly materialised in webinars, but also generates content in other types of media such as articles, news or videos that entrepreneurs can view in the press and social media.

The sessions have revolved around the following topics:

- a. The series 'Inspiring Stories': with success stories from large customers.
- b. Business financing.
- c. The series of conferences on the Next Generation EU Funds and the opportunity they present for the transformation of the economy.
- d. The series of conferences on enterprise digitalisation.
- e. The series of conferences on sustainability.
- f. The series of conferences on solutions and information for internationalisation.
- g. Vertical solutions: sessions for specific sectors, such as small merchants.
- h. Sectoral trends, such as the series of conferences "The World to Come" (*El Mundo que Viene*) discussing various current topics: tourism, hospitality, agriculture, etc.
- i. Leadership, professional and management skills, etc.

In 2022, the project has kept the number of webinars as well as the impact of the Hub Empresa in the entire

territory. In total, 111 webinars were held, in which 24,612 companies and freelancers participated (including hybrid events), with an average participation of 222 attendees per session.

In addition, on 2 June, the doors of the Hub Empresa Valencia physical space reopened as normal, and 20 activities events were held (in collaboration with others and the Bank's own sessions). The space was also rented out on 50 occasions with 2,922 attendees.

At the Valencia space, the meeting rooms were booked on 360 occasions with 1,320 attendees; 820 individuals have visited the physical space and 42 advisory sessions were organised.

Therefore, the total number of users of Hub Empresa Banco Sabadell between webinars, in-person events and online streams, meeting room bookings and additional traffic during 2022 has been 29,680, with 181 activities.

The assessment of the sessions continues to reflect the great reception and acceptance of the contents by Spanish companies, with an overall rating of 8.95 out of 10, with 47.61% of the participants giving Hub Empresa a score of 10.

In addition, 86 videos summarising the sessions were made for dissemination on the Bank's social networks, and more than 36 articles and news items were published in different branded content spaces in print and online media about Hub Empresa and its support for companies, as well as the topics covered in the webinars. All this has generated 702 mentions in social media and offline and online media, reaching a total audience of 1.4 million users.

Million users

1.4

With regard to the series of conferences on sustainability (which is just one of the nine topics covered by Hub Empresa), five online sessions were held with a total of 512 attendees, in order to generate awareness among SMEs of the need to have a sustainability strategy in place, communicate Banco Sabadell's ESG strategy and position the Institution as a partner to fund the investments required during 2022. By 2023, there is a firm commitment to continue these series of conferences to thus provide practical and valuable ESG-related information with the involvement of in-house and external experts.

The sessions that were part of the series of conferences on sustainability are the following:

- **Key sustainability aspects for SMEs: ESG legislation and disclosures:** It addresses the obligation to report non-financial information, the key sustainability aspects in the business environment and how to draw up a roadmap to define the sustainability strategy, facilitating its integration into the companies' strategy. With a total of 115 attendees and a rating of 8.95/10.
- **Sustainability in SMEs: advantages in measuring and diagnosing its impact:** This session explains how to develop a sustainability strategy and how to implement it. Focusing on aspects as fundamental as measuring results and the setting of compliance objectives that reflect transparency. In this way, companies will be able to adapt to current requirements and thrive while resolving some of the biggest global challenges. With a total of 158 attendees and a rating of 8.75/10.
- **Sustainability and climate change in SMEs: how to measure and reduce the carbon footprint?** The session addresses the implications of both the European target of reducing greenhouse gas emissions by 55% by 2030, based on 1990 emissions, and the target of achieving climate neutrality by 2050. The session describes how companies can calculate the carbon footprint and how to work to decarbonise business activities through plans to cut emissions. With a total of 48 attendees and a rating of 8.57/10.
- **Sustainability in SMEs: energy efficiency and financing:** The keys for adapting companies to the new sustainable models are discussed, focusing on energy efficiency, highlighting its strategic importance, tips for its financing and the use of subsidies from the Next Generation EU funds. Another of the topics discussed are those arising from the financing of renewable plants. Knowledge in this area has become an expertise in PPA (Power Purchase Agreement), with which companies can now improve their energy costs. With a total of 120 attendees and a rating of 8.67/10.
- **Sustainability as a business opportunity for SMEs. We explain everything with six practical examples:** session in which through six practical examples tested in the SME world, the various challenges that apply to companies in terms of sustainability have been addressed, focusing on: cost savings, new markets, business alliances, public sector assessment, reputation and customer loyalty and regulatory adaptation. With a total of 71 attendees and a rating of 9.33/10.

Culture as a tool for transformation

Bringing culture closer to society by co-promoting, together with flagship cultural centres, cultural transformation projects, educational projects and transformative proposals that contribute to training, creation, development and employability of young people through various artistic disciplines. In this regard, the following activities are noteworthy:

- *'Atempo, arts i formació'*: A project supported by the Banco Sabadell Foundation, which aims to forge links between the educational world and the artistic world, training professionals from both sectors and making it easier for young people to take an active part in cultural life, as well as fostering innovative processes.
- Co-CreArte sessions: 12 cultural organisations that work with the arts as a tool for change and social progress are connected. With the aim of creating synergies between the organisations and identifying new ways of transformation, the Co-CreArte session was organised, where representatives and initiatives from the 12 cultural organisations were brought together in a group dynamic in which they shared experiences and connected through personal and professional experience.
- The Entrepreneurship and Leadership Programme of the Reina Sofía School of Music for young classical musicians.
- Artistic project in partnership with the Fundación Amigos del Teatro Real: A Foundation collaboration aimed at offering professional opportunities to young students of the Reina Sofía School of Music.
- 'Dentro Cine' (Inside Cinema) artistic education project: A project supported by the Foundation which is aimed at young people in vulnerable situations and which has the dual objective of training them in the craft and language of filmmaking and providing them with the tools of dialogue.
- Collaboration with training programmes for emerging artists, such as 'Eemerging', a European training programme for young European musicians to promote the emergence of young talent performing old music, and 'Encontro de artistas novos' (Meeting of new artists) of the Cidade da Cultura Foundation, among others.

Reduction of the digital divide

In 2022, Banco Sabadell has promoted the following programmes and initiatives, upholding its commitment to education and digitalisation:

- The 'Technological independence and digitalisation' programme, to reduce the digital divide in older people, in collaboration with Fundación Alares, an organisation specialised in improving the quality of life of older people and other vulnerable groups. The aim is, through its training activities, to communicate and make available to beneficiaries the possibilities that the ICTs offer, not only in terms of improving their independence and quality of life, but also in improving their sense of belonging and companionship.

Since its launch in May 2020, 29 4-hour workshops have been organised, with an average of 10 people in attendance. The workshops are taught by an Alares' specialised technician and a volunteer from Banco Sabadell. A total of 21 volunteers have taken part and this programme has reached 1,108 individuals.

- Start of the collaboration with EUTIME, an organisation formed by former students of the Official Business School founded in Sabadell in 1941 and currently linked to the Autonomous University of Barcelona. In this case, volunteers from Banco Sabadell collaborate with the 'Digital Education for Seniors' programme, an itinerary of 10 sessions in which seniors are taught key aspects of instant messaging, email, social media and video calls. There is also training on digital governmental procedures, online shopping and digital banking, learn how to use Bizum, etc. The aim is to reduce social exclusion as a result of not knowing how certain technology tools work.
- The Foundation carries out the '*Conecta Joven-Conecta Mayores*' (Connect the Young-Connect the Elderly) programme together with Fundación Balia por la Infancia. It is an intergenerational project in which young people aged 14 to 18 carry out, on a voluntary basis, a learning process to teach basic computer skills and the use of digital devices to over 60s, with mild cognitive impairment and with intellectual disabilities who, for various reasons, have difficulty in accessing new technologies.
- It has cocreated with Mobile Week and Fundación Exit a new training and social innovation project,

Escape Fake, a programme aimed at 16 to 21-year-olds in vulnerable situations with the aim of empowering new generations to be able to inform themselves critically and consciously, promote digital literacy and train youngsters to face a future without fake news. A programme that has been considered by CAF-Development Bank of Latin America and Revista Haz as one of the ten best social innovation initiatives of the year. A total of 8 volunteers from Banco Sabadell took part in this project.

- Programme for the Development of Innovation Management and Digital Skills: Collaboration in the programme delivered by the University Foundation of Las Palmas (FULP, by its Spanish acronym).

Through the Bank's digital media and during the course of 2022, the Institution has carried out 207 internal and external activities and events. The vast majority of these are online support appointments disseminated through the corporate social networks, with short videos, blog articles and online sessions. A clear example are the 48 sessions on fraud prevention and cybersecurity, digitalisation and sustainability support that have been carried out with the aim of training and helping our customers. Furthermore, the Sabadell Companies Hub has carried out another 110 webinars through which it has disseminated practical information on public-private aid, management, international business opportunities and digital marketing, among other content related to the support of companies, SMEs, freelancers and individuals.

7.2 Social and volunteering activities

Banco Sabadell puts the talent of its employees at the disposal of those who need it the most, thus reinforcing its commitment to building a better, more sustainable world, paying particular attention to vulnerable groups.

Corporate Volunteering Programme

This year, once again, the people who form Banco Sabadell have demonstrated their commitment to society, reaching beyond their professional duties, giving their time and sharing their talents to help people and organisations in need of them. More than 1,400 volunteers have taken part in social initiatives promoted by the Bank, its Foundation and other collaborating organisations, through the Bank's Corporate Volunteering Programme.

Volunteers

+1,400

In addition to the educational programmes described above, the initiatives and cooperation and solidarity programmes carried out by the Bank include, most notably:

- Support to third-sector institutions that participate in the B-Value social innovation programme, the aim of which is to professionalise the value proposition and work on the sustainability of projects of non-profit social institutions throughout Spain.
- Since the first edition of B-Value in 2017, the Banco Sabadell Foundation and other organisations that promote the programme have presented different awards to finalists among the 40 participating entities. These awards help them to take their projects forward and give visibility to the causes that they support, putting the spotlight on talent and innovation. One of the keys to the programme's success is the participation of employees of the Bank as voluntary mentors. This year, 43 employees from different areas of the Bank and with different profiles have supported those organisations in developing their social impact projects.
- Moreover, this year a new initiative was launched in which 14 expert mentors, from other editions, continued to support institutions that took part in the programme in the past to keep developing their social innovation projects.
- With regard to programmes that leverage the knowledge and experience of the Bank's employees and that concern vulnerable sectors of society and/or those at risk of social exclusion, the 'Leader Coach Project' run by Fundación Éxit is a corporate volunteering initiative that seeks to improve the future employability of young people who have had an unsuccessful academic experience. This year, 40 volunteers from the Bank took part and dedicated 800 hours of their time to young people, to keep them in training.
- Eduo is a programme similar to the previous one, but this time it is young people who have started first-degree vocational training who are accompanied by company volunteers who become their role models and motivate them so that they do not drop out of their studies. Two volunteers from the Bank have taken part in this project.
- Together with Fundación Éxit, the Bank has continued to drive forward a collaboration with the aim of promoting female talent, by helping women aged 18 to 25 who are thinking of returning to education or who are actively seeking employment. To do so, 11 volunteers from managerial roles at Banco Sabadell and with prior experience in mentoring and coaching assisted the young women through various workshops designed to help them develop soft skills, such as communication, initiative-taking, managing interpersonal relationships, etc., tools that will help them to enhance their self-knowledge and remove barriers limiting their future professional choices.
- Women are also the recipients of the following programmes: 'Ace your job interview' (*Triunfa en tu entrevista de trabajo*), 'Job search 2.0' (*Búsqueda de empleo 2.0*), 'Ready and able' (*Capaces*) and 'Emotional

intelligence for the workplace' (*Inteligencia emocional para el empleo*), in which the Bank has been collaborating with the Fundación Quiero Trabajo since 2019. The aim is to empower people, particularly women, by enhancing their skills and attitudes, and by giving them the tools to manage the selection process and job interviews with success. This year, a total of 74 volunteers from the Bank mentored the participants in these programmes.

- Jointly with the Private Foundation for Self-employment in Catalonia (*Fundació Privada per a la Promoció de l'Autoocupació de Catalunya*), and through its SOS Mentoring programme, 14 volunteers from the branch network worked with young entrepreneurs, self-employed professionals and micro-enterprises that have faced difficulties to start or continue their businesses. The Banco Sabadell mentors are delivering personalised support to help entrepreneurs diagnose their situation, evaluate alternative courses of action, identify the best decisions in different scenarios and implement them.
- As part of the U4Impact project, with which the Banco Sabadell Foundation collaborates, a total of two volunteers accompanied two students for several months in the preparation of their theses for their Master's degrees.
- In May 2022, the charity sporting team event Oxfam Intermón Trailwalker took place once again; this year, 21 teams from the Bank took part. A total of 175 people, including walkers, personal helpers and volunteers raised 24,071 euros to contribute to Oxfam and to the work it carries out in more than 90 countries to combat poverty and hunger.
- On the initiative of the Institution's own employees, this year the Bank participated in La Milla Náutica, a sporting swimming event organised in collaboration with the Barcelona Fire Department, in which 17 employees of Banco Sabadell took part and raised 8,990 euros to fund research on combatting congenital muscular dystrophy due to merosin deficiency.
- Participation in Oncotrail, a 100 km team race organised by Fundación Oncolliga Girona in conjunction with Agrupación Excursionista Palafrugell and Club Atlético Palafrugell to raise funds to improve the quality of life of cancer patients. A total of 19 employees from Banco Sabadell took part in this race.
- Participation in Cheers4U, a playful inter-company teambuilding event in collaboration with Centro Especial de Empleo Icaria, which had 7 volunteers in order to help people with functional diversity enter the job market.
- Each year, to coincide with the Christmas festivities and in collaboration with the Fundación Magone - Salesianos Acción Social, through its corporate volunteering programme, the Bank runs the 'Be one of the Wise Men' (*Conviértete en Rey Mago*) programme, in which volunteers sponsor and deliver gifts in response to letters written by children under the care of the foundation. On the eve of Epiphany, the volunteers

distribute the gifts. During Christmas 2022, 637 Wise Men from Banco Sabadell took part in this project.

- In 2022, the Bank once again organised ‘donor days’ to make it easier for the Bank’s volunteers to donate

blood. In collaboration with Banc de Sang i Teixits, two blood donors’ days were organised at the Banco Sabadell corporate centre in Sant Cugat with the participation of 97 employees.

Banco Sabadell promotes the wellbeing of its workers, social interaction between colleagues and involvement in charity and volunteering through Sabadell Life, an internal portal in place since 2016, which has more than 13,000 users among the Bank’s employees.

Through Sabadell Life, the Bank and its employees have the opportunity to propose other charity and/or volunteering initiatives. In addition, thanks to the collaboration with the startup Worldcoo, employees can make direct donations to any of the causes supported by the Bank, via the Actitud Solidaria platform located in Sabadell Life. In most cases, these causes are selected by the employees themselves. In 2022, employees have efficiently responded to two emergency calls linked to the humanitarian situation as a result of the war in Ukraine. The Institution has launched campaigns in support of Unicef, in which 25,090 euros were raised, and another in support of the Red Cross raising 64,151 euros. This amount includes a 25,000 euros contribution from the Bank.

In addition, the Bank has an innovation community made up of 70 people, trained in agile, scrum and creative thinking techniques that put their talents and time at the disposal of the Institution and of projects that directly impact the Bank, customers and society in general. A great example of this is the participation in the first Hackathon of the Sustainability Division in collaboration with Microsoft, in which 68 volunteers took part and new solutions in terms of sustainability were developed to apply them in the medium term. In the same vein, 34 experts from Banco Sabadell in data management participated in a charity Hackathon in collaboration with Fundación ONCE.

Once again, the Bank has participated in the organisation of the Ceremony to award grants to charitable causes of the Sabadell Inversión Ética y Solidaria Fund, IF, managed by Sabadell Asset Management, as well as in the coordination with beneficiary offices and entities in order to make the payments. This year, for the 29 charitable projects of the 28 entities selected by the Ethics Committee in 2021, a total of 343,403.71 euros has been awarded, bringing the cumulative amount since 2006 to over 2.4 million euros. Furthermore, in 2022, the Ethics Committee selected a total of 27 humanitarian projects primarily focused on addressing risks of social and labour exclusion, improving the living conditions of people with disabilities

and meeting their basic needs in terms of food, health and education. Sabadell Asset Management will distribute this aid to these projects in 2023.

In relation to charitable donations, at the end of the year, there were 928 donation collection boxes installed and operational, which have the ‘DONE’ system that integrates contactless technology. Since its deployment, this system has helped to collect more than 3.5 million euros. These funds have been delivered to various charities and social entities, both religious and non-profit, channelling funds to meet the needs brought about by the effects of the pandemic.

Moreover, during 2022, the Bank has lent its premises to foundations or charity events on two occasions.

In the case of the UK subsidiary, TSB, among its work to support local communities, the following initiatives, in particular, are noteworthy:

- Since 2021, TSB has been the first high-street bank to offer a safe space to victims of domestic abuse under the charity Hestia’s Safe Space initiative. In 2022, TSB opened a flee fund, giving its customers who are victims of domestic, financial or economic abuse, money to help them escape their abuser. The Institution has announced plans to launch “Online Safe Spaces”, an online place for victims to visit and seek support, no matter where they live.
- This year, TSB employees have volunteered at several of the Forest Carbon UK sites to learn more about the positive impact these projects have on nature and biodiversity. Forest Carbon’s UK sites align with the Woodland Carbon Code and Peatland Carbon Code.
- TSB employees have volunteered over 3,000 hours to environmental projects in 2022, including litter picking, tree planting and marine conservation projects.

In relation to Mexico, through Fundación Quiera and the Association of Mexican Banks (*Asociación de Bancos de México*, or ABM), the Institution supports two associations, a home for children at risk and/or on the streets, via various integration initiatives that motivate them to chase

their goals to thus improve their quality of life. It also contributes a donation in kind to a foundation that focuses on the social reinsertion of young people into the community. The Bank provides tools such as brushes and rollers to paint their facilities. In addition, the Bank carries out the

Young People Building the Future (*Jóvenes Construyendo el Futuro*) programme, which seeks to integrate young people who are not working or studying to give them the opportunity to develop professionally.

Through Sabadell Seguros, in 2022 the Institution has also participated in various charitable initiatives, focused on people, diseases, social exclusion and poverty.

In this respect, *'Life Care Mujer'* is a product aimed at addressing the specific needs of women. It is a life insurance product exclusively for women, which aims to protect the insured family's financial stability and economic needs in adversity, in the event of death, permanent disability or serious illness, such as female cancer diagnosis. In addition, for each customer that takes out *Life Care Mujer* insurance, BanSabadell Vida makes a donation of three euros to the Spanish Association Against Cancer (AECC, by its Spanish acronym), to support research into women's cancers. In 2022, the Bank has donated 30,000 euros to AECC to support pioneering research projects that contribute to prevent and eradicate women's cancers.

Social integration

The Banco Sabadell Foundation collaborates on projects aimed at social integration, such as:

- The Balia Foundation's *'Conecta Mayores-Conecta Jóvenes'* (Connect the Elderly Connect the Young), which brings two different generations together with the aim of breaking stereotypes and eliminating the digital divide that separates them, as indicated above.
- Artistic education projects, such as *Dentro Cine*, *Horagai* and *L'art taller de música*, all targeting vulnerable young people, with the aim of training them in the craft and language of art and filmmaking, providing them with the tools of dialogue and inclusion.
- Participating in scholarship programmes aimed at vulnerable young people, such as the scholarships awarded by Fundación Dáboris.
- In the same vein, the Entrepreneurship and Leadership Programme of the Reina Sofia School of Music is also worth highlighting. Through it, young classical musicians create innovative projects, many of which are aimed at the social sector, in order to take classical music to groups at risk of social exclusion.

To address the needs of the more vulnerable segments of society or those at risk of financial exclusion, products are marketed in a targeted manner, such as the 'basic payment account', an account suitable for asylum seekers or persons without a residence permit, or the debt

restructuring actions on shared residence mortgages, which are carried out to protect customers at risk of losing their home due to an inability to pay, in line with the provisions of the Spanish Regulation (Royal Decree Law 6/2021), which the Institution has voluntarily adhered to since it entered into force.

Medical research and health

In addition to the four Awards for Biomedical, Economic, Scientific and Marine Sustainability Research, the Banco Sabadell Foundation also supports scientific research through programmes promoted by flagship institutions in the sector. For example, as members of the Board of Trustees of BIST (Barcelona Institute of Science and Technology), programmes such as *'Intensifica't al Taulí'* promoted with the Parc Taulí Hospital in Sabadell to give scientists the opportunity to dedicate 12 months of their time to their lines of research, and the research grants awarded to students at San Jorge University in Zaragoza, or support for activities of the Fundación Pasqual Maragall and the Institute for Research in Biomedicine (*Institut de Recerca Biomèdica*, or IRB).

Another of the flagship research institutions with which the Banco Sabadell Foundation collaborates is the National Cancer Research Centre (*Centro Nacional de Investigación Oncológica*, or CNIO), which organises conferences to disseminate the latest news about the most significant advances made in cancer research.

Economic development

It is worth highlighting the 2022 Economic Research Award, given for research into the strategic decisions made by companies and how these contribute to their export performance and their capacity for innovation.

7.3 Social housing management

Through Sogeviso (the subsidiary created in 2015 and wholly owned by the Bank), Banco Sabadell manages some of the complexities of social housing with the aim of responsibly addressing situations of social exclusion and the loss of a home affecting its more vulnerable mortgage borrowers. This is carried out under the framework of the Bank's sustainability policies.

In its seven years of activity, Sogeviso has managed around 23,000 contracts for social or affordable rent and it has helped over 8,500 families improve their social and economic situation through its programmes designed to offer social support and improve employment prospects (JoBS), as well as overcome the digital divide (Pathfinder).

Contracts for social or affordable rent

+23,000

Helped families

+8,500

As at 31 December 2022, Sogeviso manages 2,349 properties under social and affordable rental arrangements specifically aimed at these vulnerable customers. In 9% of these cases the 'Social Contract' has remained in place.

The Social Contract is an innovative model for managing vulnerable customers. Specifically, it is a service for customers who rent a property under a social rental arrangement that is adapted to their income and that offers specific support provided by a social manager based on three independent lines of approach: connect these customers with the public services, support them with training to manage their household finances and facilitate access to public aid, and the JoBS programme.

The JoBS programme consists of a job placement

service that aims to provide customers with the skills and tools to enable them to access the labour market, as well as market research to match profiles with existing job offers. Since the launch of the Social Contract in 2016, 2,369 people have found work with the help of the JoBS programme.

The Social Contract currently provides services to 214 families, including 51 individuals actively seeking employment through the JoBS programme.

Under the scope of action of the Social Contract, the 'Pathfinder' programme was carried out in 2021, aimed at bridging the digital divide. This programme was set up with the collaboration of the Mobile World Capital Foundation, which provided technological devices for the participants and the Ayo (Accelerating Youth Opportunities) Foundation. In the programme's first phase, 33 training workshops and 21 group tutorials were given, attended by 21 users, of which 62% were women. Thanks to the Pathfinder programme, 62% of participants have improved their digital skills.

Since the beginning of Sogeviso's management, 4,685 families that are Banco Sabadell customers have improved their socio-economic situation.

In addition, Banco Sabadell has assigned 107 properties to 43 non-profit institutions and/or foundations, aimed at supporting the most disadvantaged social groups, and since 2013 it has been a member of the Social Housing Fund (FSV, by its Spanish acronym), contributing 440 homes to it, mainly for customers following deeds in lieu or foreclosures. Of the FSV housing stock, 84% is let out by social rental agreements currently in effect.

Since 2021, Sogeviso holds the prestigious international B-Corp certification.

This certification attests Sogeviso's social and environmental impact, and ratifies its high standards of ethics, transparency and social responsibility.

On 25 October 2022, on the strength of its Support Programme for the socio-economic improvement of vulnerable families, employability and overcoming the digital divide, Sogeviso won the first prize in the Social Commitment category, awarded by the Association of Building Developers and Constructors of Catalonia (APCE, by its Spanish acronym) as part of its APCE 2022 Awards.

7.4 Sponsorship

With regard to sponsorship, the budget allocated for 2022 was 1,407,317 euros. Sporting events continue to be the item with the greatest weight within the budget, a total of 48%. Sporting events include the cycling tours to the Basque Country, Valencia and Murcia, as well as the "Madrid Corre por Madrid" race. The remaining budget has been allocated mainly among cultural events (music festivals) and business-related events. During this year, the Institution has continued to collaborate with various events related to the Jacobean Year, for a total amount of 80,000 euros.

In addition to the above, the Bank has once again sponsored the Barcelona Open Banc Sabadell - Conde de Godó Trophy. The Bank continued to support this tournament in its 2022 edition as a responsibility and support act to the city of Barcelona –a clear commitment to the city's economic and business activity. The investment⁸⁷ in this tournament was 1,651,000 euros related to sponsorship and 350,000 euros related to promotion.

7.5 Patronage

The Banco Sabadell Private Foundation, through its sponsorship actions, carries out the majority of its activities in collaboration with the leading institutions in the sector in order to achieve its objectives in both the cultural and talent spheres, whilst at the same time highlighting the work of other institutions with extensive experience and impact.

In 2022, the Banco Sabadell Private Foundation received 4.5 million euros from Banco Sabadell, which has been allocated to execute the annual Action Plan approved by the Board of Trustees in January 2022, of which 3,660,310 euros have been allocated at the end of the year to carry out its activities.

The contributions allocated to each area of activity and field, compared with those in 2021, are shown below:

⁸⁷ The total figure shown in the first paragraph does not include investment in the Barcelona Open Banc Sabadell - Conde de Godó Trophy.

Area and field	No. collaborations 2022	Amount allocated 2022	No. collaborations 2021	Amount allocated 2021
Culture	77	€1,642,063	83	€1,933,063
Visual arts and design	24	€423,461	32	€563,361
Literature and performing arts	16	€520,900	16	€499,000
Music and festivals	14	€409,000	22	€686,000
Heritage	12	€166,500	10	€168,500
Society	11	€122,202	3	€16,202
Talent	83	€2,018,247	86	€1,794,138
Culture	6	€115,500	8	€80,900
Training	60	€1,269,747	56	€846,738
Innovation	0	€0	11	€300,500
Research	17	€633,000	11	€566,000
Overall total	160	€3,660,310	169	€3,727,201

Every year, the Banco Sabadell Private Foundation publishes its annual report on <https://www.fundacionbancosabadell.com/en/>⁸⁸

Furthermore, since 2022, the Banco Sabadell Private Foundation categorises its activities in three sub-areas geared towards complying with the Sustainable Development Goals:

Firstly, by supporting cultural institutions, promoting and bringing culture closer to society through collaborations with leading cultural organisations and by strengthening alliances to maximise their impact. Secondly, by promoting education, focusing on talent, based on effort

and equal opportunities, in order to contribute value to society and generate social impact. And finally, by fostering research, promoting research, dissemination and knowledge in the fields of science, culture and education, spearheading activities in these areas and organising prestigious awards and research grants.

The amount according to this new classification is broken down as follows:

Subarea	No. collaborations	Amount allocated
Institutional	58	€1,275,563
Education	85	€1,751,747
Research	17	€633,000
Overall total	160	€3,660,310

7.6 Institutional relations

The Bank takes part in different alliances, forums and initiatives related to the financial sector and in areas that contribute to economic development and society in general, such as research, sustainability, innovation and digital transformation, among others.

⁸⁸ More annual information on www.fundacionbancosabadell.com > Foundation > Report

In 2022, the amount invested in institutional representation, including the main partnership actions related to sectoral representation, business associations, chambers of commerce and institutions of economic interest, amounted to 2,151,699 euros at year-end.

In 2022, some of the largest sector contributions went to the Spanish Chamber of Commerce (€110,000), the Foundation for Applied Economic Studies (FEDEA, for its acronym in Spanish) (€90,000) and the Institute of International Finance (IIF) (€78,526).

7.7 Consumers

Banco Sabadell adheres to the Code of Good Practice whose main objective is to arrange the viable restructuring of debt on primary residence mortgages.

Banco Sabadell adheres to the Code of Good Practice (CBP, by its Spanish acronym) enacted by Royal Decree Law 6/2012, of 9 March, and subsequent modifications thereto, the latest by RDL 19/2022, of 22 November, whose main objective is to arrange the viable restructuring of debt on primary residence mortgages, which is available to families experiencing extraordinary difficulties in meeting their mortgage payments because they are on the 'exclusion threshold'. The Bank reiterated its commitment to the CBP in 2022, with 97 debt restructuring operations carried out under its auspices.

Operations 2022

97

With regard to Spain, in accordance with the provisions of Order ECO 734/2004, of 11 March, Banco Sabadell has a Customer Care Service (SAC, by its Spanish acronym) which handles complaints and claims. Customers and users may also appeal to the Customer Ombudsman, an independent body of the Institution that has the authority to resolve any issues referred to it, both in the first and second instances. Decisions by the Customer Care Service or the Ombudsman are binding on all the Bank's units.

In accordance with its Regulations, the SAC handles and resolves complaints and claims from customers and users of Banco de Sabadell, S.A. and other associated entities: BanSabadell Financiación, E.F.C., S.A.; Sabadell Asset Management, S.A., S.G.I.I.C. Sociedad Unipersonal; Urquijo Gestión, S.G.I.I.C, S.A.; and Sabadell Consumer Finance, S.A.U.

The SAC and its head, who is appointed by the Board of Directors, report directly to the Compliance Division and are independent of the Bank's business and operational lines. Its main function is to handle and resolve complaints and claims brought forward by customers and users of the financial services of the Bank and its

associated entities, under the principles of transparency, impartiality, effectiveness, coordination, speed and security.

During 2022, the following cases were received and handled:

Complaints received	Volume
Customer Care Service	38,726
Customer Ombudsman	2,547
Bank of Spain	579
Comisión Nacional del Mercado de Valores (Spanish National Securities Market Commission)	35
Total complaints received	41,887

Complaints handled	Volume	Percentage
Resolved in favour of the Institution	14,062	45.5%
Resolved in favour of the claimant	16,857	54.5%
Inadmissible as a result of the application of Regulations	10,141	

In the case of TSB, if we use the figure for the year up to December 2022, the number of recorded complaints, claims and other communications was 69,240. The volume recorded during the same period in 2021 was 73,614 and, therefore, 2022 represents a 6% reduction (4,374) on these figures. This decrease is primarily related to improvements made to the customer journey and to system stability. Of the total number of complaints, claims and other communications recorded in 2022, 67,886 (98%) were resolved before the end of the year, i.e. 31 December 2022.

TSB is the first retail bank accredited by the Good Business Charter, a national accreditation scheme that recognises businesses that behave responsibly and measures behaviour over 10 components: real living wage, fairer hours and contracts, employee well-being, employee

representation, diversity and inclusion, environmental responsibility, paying fair tax, commitment to customers, ethical sourcing and prompt payment.

With regard to Mexico, from January 2022 to December 2022 (inclusive), they received a total of 27 complaints and no claims.

For more details, see Note 42 to the Consolidated annual financial statements for 2022 and the SAC section of the Directors' Report.

Vulnerable customers

The Bank is monitoring the evolution of the perimeter of vulnerable customers mainly in three areas: financial, digital and regional vulnerability.

The Bank is currently monitoring the evolution of the perimeter of vulnerable customers (understood as customers who, due to personal, economic, educational or social needs or circumstances, are in a situation of special dependency, defencelessness or lack of protection that prevents them from exercising their rights on an equal footing) mainly in three areas:

- The first area is **financial vulnerability**, i.e. low-income customers. During 2022, the Institution acted using a special approach to some of the commercial initiatives carried out, such as the launch of the new Sabadell Sight Account, dissemination to the branch network of the main features of the Basic Payment Account (with a focus on vulnerable customers) and proactivity in opening this account to Ukrainian refugees. The Institution has also imparted training sessions to recovery specialist teams to offer adherence to the Code of Good Practice and, in addition, work is being carried out to design actions that can minimise the impact of interest rate hikes.
- The second area is **digital vulnerability**, i.e. customers with difficulties in using online/digital banking services, as well as ATMs. This year, several initiatives have been implemented, including the extension of cashier hours in 237 branches and a free helpline for people over 65 years. In terms of training, the support provided to customers when using ATMs and the launch of a pilot of 10 digital training workshops in Catalonia and Madrid for the elderly are worthy of note. In addition, progress has been made in the delivery of corporate volunteering workshops to reduce the digital divide in older people. As regards ATMs, actions have been taken in recent years to guarantee access to the service for the greatest number of customers. To that end, the actions implemented were the following:
 - Installation of keyboards with bas-relief on the number “5” key, the numbers from 0 to 9 with serigraphy that allows detecting what number it is and the “edit”

- and “continue” keys with their corresponding signs.
- Installation of ATMs at a height that allows them to be accessible by vulnerable groups; the height of the number “5” on the keyboard at 105 cm on all ATMs.
- The adaptability of ATMs with versions with simplified language and easier-to-read screens.
- The third area refers to customers with **regional vulnerability**, i.e. customers located far away from the Bank's infrastructures. Banco Sabadell has signed the roadmap agreed by the sector (October 2022, coordinated by the Spanish Banking Association (AEB, for its acronym in Spanish), the CECA⁸⁹ and the UNACC⁹⁰) to avoid the unavailability of financial services in towns without access to cash. In addition, Banco Sabadell has arranged an agreement with Correos (the Spanish postal service) to offer the CorreosCash service to its customers. This allows the Bank, through the universal service provided, to offer in-person banking services to all Spanish towns, including cash withdrawals without the need to use the bank's digital app.

Moreover, the Spanish financial sector has always had a very close link with society and in recent years has been proactively contributing to accelerating progress towards an inclusive economy, especially in rural areas or groups at risk of exclusion. In July 2021, the AEB and the CECA signed the “Strategic Protocol to Strengthen the Banking Industry's Social and Sustainable Commitment”. The organisations undertook to promote among its member institutions a series of action principles to strengthen their commitment to society and channel this pledge through specific actions, including the promotion of staff training, efficient work allocation and relocation, the maintenance of the activity of former professionals who have now retired, financial and digital education, financial inclusion, sustainability, digitalisation and also measures relating to remuneration.

⁸⁹ Spanish Confederation of Savings Banks (for its acronym in Spanish).

⁹⁰ Spanish National Union of Credit Unions (for its acronym in Spanish).

In February 2022, the Protocol was updated, expanding the actions in favour of senior citizens or disabled people. To the sector or individual measures that the institutions had been applying to address the situation of this group of customers, a catalogue of new measures related to face-to-face service at the branch, preferential telephone assistance, ATMs, digital channels, training and monitoring of the measures adopted by the institutions was provided. In line with the sector's commitment, Banco Sabadell announced:

- The extension of cashier hours in 237 additional branches.
- The renewal of 400 ATMs in 2022.
- The upholding of the commitment to resolve incidents and breakdowns in less than seven hours in 98% of cases.
- The preservation of traditional communication channels:
 - Toll-free personal helpline for senior customers with personalised service.
 - 24-hour incident service (365 days/year).
 - Keeping postal correspondence for customers inactive in digital channels and products with high use by vulnerable groups, such as cheque books.

The content and proposals for action of the Financial Inclusion Observatory promoted by the AEB, CECA and UNACC to reduce the population that does not have direct access to financial services have been implemented in 2022. One of the measures agreed upon was to commission the drawing up of a map of access to financial

services in rural Spain. Meanwhile, the CNMC (Spanish National Commission on Markets and Competition, by its Spanish acronym) and the BdE (Bank of Spain, by its Spanish acronym) also published reports on the state of services provided to the elderly.

Based on the results of the aforementioned study commissioned by the industry, additional actions were assessed so that there would be no town without access to cash, which has materialised in the agreement of the AEB, CECA and UNACC to update the principle for action of the Strategic Protocol to Strengthen the Banking Industry's Social and Sustainable Commitment regarding measures to promote financial inclusion. In October 2022, the roadmap to strengthen financial inclusion in rural areas was signed, with a commitment to serve towns that do not have any access point to financial services. For towns with more than 500 inhabitants, the institutions undertook to ensure that at least one access point to in-person financial services (bank branch, ATM, mobile branch, Correos branch or financial agent) is available, while for towns with less than 500 inhabitants, the institutions undertook to offer basic banking services, guaranteeing access to cash through one of the traditional methods or through cash back or cash in shop solutions or via rural mail carriers.

With all these measures, the banking sector is demonstrating its commitment to guarantee the financial inclusion of society as a whole and, especially, of the elderly, as they are the ones who encounter the greatest difficulties when dealing with financial institutions.

7.8 Outsourcing and suppliers

The new challenges of competition require cooperative behaviour between the Group and its suppliers, the latter being viewed as strategic partners and collaborators through which the Group interacts within and outside the regions in which it operates.

In order to establish this long-term cooperation, it is necessary to understand the needs and goals of suppliers, maintaining a willingness to honour commitments and making them compatible with the Group's requirements and vision. Based on this principle, the Group has a Policy on the Outsourcing of Functions and a Procurement Policy, as well as several procedures through which it

extends to the supply chain both its own commitment to socially responsible practices and the explicit advocacy of human rights, workers' rights, freedom of association and environmental rights.

In 2022, the top 20 suppliers represented 51.12% of all supplier invoicing. Other noteworthy aspects are included in the following table:

	2022	2021	2020
Total number of suppliers who have invoiced more than 100,000 euros at year-end	577	558	557
% of suppliers of essential services (out of total suppliers)	7.3%	7.5%	5%
Total number of approved suppliers	1,376	1,279	1,043
Amount invoiced by Special Employment Centres (CEEs)	€3.7m	€2.8m	€2.9m
Average time taken to pay suppliers (days payable outstanding) ⁹¹	28.74	27.30	30.13

These figures exclude those relating to brokerage, securities firms, subsidiaries, duties and taxes, pension funds, homeowners' associations, SOCIMIs (REITs) and rental of premises.

Registration and approval of suppliers

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

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

In order to proceed with the approval process, suppliers must provide their legal documentation, financial information, quality certificates, proof that they are up-to-date with their social security payments and tax obligations, as well as their Corporate Social Responsibility (CSR) and/or sustainability policy. Accordingly, ISO certifications (ISO 9001, ISO 14001 and other certificates related to quality, environmental management, labour relations and occupational hazard prevention or similar) are requested, as well as disclosures of information related to the company's CSR and/or sustainability. In addition, details of the characteristics of the products made available to the Bank by the supplier (recycled, ecological and reusable products) may also be requested.

Banco Sabadell carries out supplier validation exercises, periodically checking that the documentation provided by suppliers is fully up-to-date to ensure compliance with supplier approval criteria, and establishing mechanisms for sending periodic alerts. In relation to information security, specific monitoring is carried out depending on the level of risk inherent to the supplier, which include social and environmental aspects.

In addition, the supplier rating system "RePro" by ACHILLES South Europe, S.L. has been added to the supplier relationship management model. This system provides useful and secure information on those partners with responsible practices throughout their supply chain, ensuring that the Bank continues to work with those most aligned with its objectives of adhering to quality standards in terms of social, ethical and environmental responsibility.

Contracts and supervision

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

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

Furthermore, the Group ensures compliance with the laws and regulations applicable at any given time. Contracts should stipulate the ability to require suppliers to adapt their activities and service level agreements to these regulations.

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

Moreover, in relation to the supplier approval process, the Group carries out its overall supplier due diligence as part of its selection process and before contractual terms are agreed. Supplier due diligence checks include financial due diligence, policy due diligence, subcontractors' management and financial crime. A supplier's corporate social responsibility is assessed as part of the policy due diligence process. The Group assesses suppliers' CSR as part of the supplier approval process. Three key areas can be distinguished in the evaluation:

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

⁹¹ Average time taken to pay suppliers (days payable outstanding), based on consolidated entities located in Spain. Information included in Note 21 "Other financial liabilities" to the Consolidated annual financial statements for 2022.

— Quality and environment: it assesses whether the supplier has quality environmental policies, including ISO 9001 and 14001 certification.

In line with this, the Group has procurement policies that allow it to ensure that its suppliers know its values

and apply them to their own activities: Supplier Code of Conduct, Sustainability Policy, Anti-Corruption Policy, Human Rights Policy, Human Rights Due Diligence Procedure and Equality Plan.

7.9 Tax information

Banco Sabadell Group's commitment with regard to sustainability finds one of its manifestations in the promotion and development of responsible fiscal management, allied to the United Nations' Sustainable Development Goals (SDGs).

The principles for action on tax matters that the Institution follows are geared towards compliance with the SDGs, particularly, those relating to fostering a fairer, more respectful, sustainable and cohesive society (e.g., “No poverty”, “Reduced inequalities”), SDG 8 “Decent work and economic growth” being a priority for the Group that is intimately linked to tax affairs.

Tax Strategy

The principles governing the Group's tax actions are set out and developed in the Tax Strategy, approved by the Board of Directors and reviewed annually, which is aligned with the Group's business strategy and can be found on the Group's corporate website.⁹²

The Tax Strategy is applicable to all companies controlled by the Group, regardless of their geographical location, without prejudice to the existence of adaptations in those jurisdictions in which the country's own legislation so requires, as is the case of the United Kingdom. The Group also undertakes to ensure that the tax practices of those entities that are not part of the Group, but in which it has a significant shareholding or whose control is shared with partners outside the Group, follow principles of action aligned with those set out in Banco Sabadell Group's Tax Strategy.

In the same vein, the Group's Code of Conduct establishes compliance with tax obligations as one of the fundamental elements underpinning the commitment to the economic development of the companies in all jurisdictions in which it operates, adopting the commitment to pay taxes in each of them and contributing in this

way to the economies of these regions, as well as acting in accordance with the principles set out in the Tax Strategy.

Furthermore, as part of the commitment of fostering an ethical and compliant culture, the Bank has a whistleblowing channel available, with the aim of detecting and managing potential irregularities that could endanger this commitment or entail an unlawful act.

The principles set forth in the aforesaid Tax Strategy include the principles of efficiency, prudence, transparency and minimisation of tax risk, with the aim of ensuring compliance with current tax legislation, by promoting responsible and transparent actions with regard to tax, in accordance with the requirements of its customers, shareholders, the tax authorities and other stakeholders. These principles materialise in the following actions:

- a. Guarantee compliance with and respect for the tax regulations in force in all countries and regions in which the Group operates and/or in which it is present, as well as observance of the international principles and recommendations on tax matters issued by the Organisation for Economic Cooperation and Development (OECD).
- b. Determine the tax criteria to be applied by adopting the interpretation of the regulations most suited to its purpose, in light of existing judicial and legal opinion, as well as the applicable international guidelines and standards.
- c. Carry out a prior analysis of the tax implications of any transaction and verify that they are based on commercial and business reasons.
- d. Configure the banking products marketed by the Group, assessing their tax implications, and convey

⁹² <https://www.grupbancasabadell.com/corp/en/sustainability/fiscal-transparency.html>

these clearly and transparently to customers.

- e. Assess related party transactions under the arm's length principle, in accordance with the terms established by the OECD, and following the recommendations stipulated by that organisation.
- f. Refrain from using opaque vehicles or entities, or those resident in tax havens / non-cooperative jurisdictions, in order to reduce the Group's tax burden.
- g. Promote a relationship of collaboration and cooperation with the tax authorities, based on good faith and transparency, seeking mutually agreed solutions in the event of discrepancies, with the aim of minimising tax disputes.

The attainment of the objectives set out in the Tax Strategy and compliance with the fundamental principles governing it are ensured through the establishment of tax risk management systems, under the framework of the Group's risk management programme.

The tax risk policies of Banco Sabadell Group aim to ensure that any tax risks that could have an impact on the Tax Strategy are systematically identified, assessed and managed.

The governance structure for tax risk management and control is underpinned by the direct involvement of the Institution's governing and management bodies following the corporate model of three lines of defence, with a clear-cut allocation of roles and responsibilities.

To this end, the Board Audit and Control Committee

oversees the effectiveness of the risk management systems. In 2022, the Board Audit and Control Committee supervised the Group's tax management, specifically focusing on the implementation of the Tax Strategy and its guiding principles, the actions carried out to adequately analyse tax affairs and the main actions on corporate tax governance (such as the voluntary submission of the Annual Tax Transparency Report for 2021, or the development of the subsequent stages to the submission and receipt of the Annual Tax Transparency Report for 2020).

Collaborative relationship with the State Tax Agency, Good Tax Practices and Transparency

Banco Sabadell adheres to the Code of Good Tax Practices (CBPT, by its Spanish acronym), approved by the Large Company Forum (*Foro de Grandes Empresas*), of which it is a member, and acts in accordance with the recommendations contained therein. Banco Sabadell voluntarily submits the "Annual Tax Transparency Report" on a yearly basis to the State Tax Agency (*Agencia Estatal de Administración Tributaria*, or AEAT).⁹³

Additionally, through its subsidiary in the United Kingdom, it follows the Code of Practice on Taxation for Banks, promoted by the UK tax authorities, complying with its content.

The Group conveys relevant tax information directly, clearly and transparently to its different stakeholders.

In line with the principle of transparency, the Group conveys relevant tax information directly, clearly and transparently to its different stakeholders, and includes this information in the various documents accessible on its corporate website (Tax Strategy, annual financial statements, Board Audit and Control Committee report, tax liability and Good Taxation Practices documentation, etc.).

In light of this commitment and actions on this area, Fundación Haz (formerly, the Commitment and Transparency Foundation) has awarded Banco Sabadell the "t for transparent" label in relation to the tax information published for 2021. The Institution received the highest rating, as a result of complying with more than 90% of the transparency and fiscal responsibility indicators.

Presence in tax havens / non-cooperative jurisdictions

In accordance with the corporate principles governing its Tax Strategy and the CBPT to which it adheres, the Group has undertaken a commitment to refrain from using entities resident in tax havens / non-cooperative jurisdictions, unless their presence or operations are justified on economic or business grounds.

Pursuant to this commitment, Banco Sabadell Group does not include any subsidiary that is resident in a territory considered to be a tax haven/non-cooperative jurisdiction, in accordance with the applicable regulations in Spain, the OECD guidelines and the position of the European Union⁹⁴. This is reflected in the 'Declaration of presence in territories classified as tax havens / non-cooperative jurisdictions', published on Banco Sabadell's website.

⁹³ In October 2022, the Bank sent the Annual Tax Transparency Report for the 2021 financial year to the AEAT.

⁹⁴ The "Bahamas Bank & Trust Ltd." subsidiary is located in the Bahamas, territory included in "The EU list of non-cooperative jurisdictions for tax purposes"

of 4 October 2022. This does not involve a presence in this jurisdiction, as it is an inactive company that is in liquidation (incorporated into the Group as a result of the take-over merger of Banco Atlántico in 2006).

Breakdown of profit and tax by country

Consolidated pre-tax profit⁹⁵, and details of corporation tax paid and accrued, by country, are set out below.

Data in thousand of euros.

Country	Consolidated pre-tax profit		Corporation tax paid ⁹⁶		Corporation tax accrued	
	2022	2021	2022	2021	2022	2021
Spain	844,001	377,746	-16,420	-116,636	-223,405	-39,762
United Kingdom	196,267	166,090	49,302	19,996	-101,533	-31,084
United States	144,311	66,432	19,933	17,910	-34,613	-13,084
France	9,909	15,622	3,660	-1,608	-1,651	-2,893
Portugal	3,732	5,854	1,709	91	-1,072	-1,538
Morocco	1,672	2,389	1,096	0	-1,126	-902
Bahamas	-32	-25	0	0	0	0
Mexico	42,705	-14,119	8,243	5,941	-9,856	7,981
Brazil	90	0	0	3	0	0
Andorra	-9	0	0	0	0	0
Total	1,242,646	619,989	67,523	-74,303	-373,256	-81,282

Other contributions

In addition to corporation tax, the Institution contributes to the deposit guarantee schemes in place in each region and to the European Single Resolution Fund, which have a positive impact on citizens' economic and financial

security. In addition, it also pays annually the Tax on Deposits of Credit Institutions and the capital contribution due to the monetisation of DTAs⁹⁷. The table below shows the breakdown of each of the contributions made:

Data in thousand of euros.

	2022	2021
Contribution to deposit guarantee schemes	-129,157	-128,883
Banco Sabadell	-113,832	-116,341
TSB	-540	-879
Sabadell IBM Mexico	-14,785	-11,663
Contribution to Single Resolution Fund	-100,151	-87,977
Tax on Deposits of Credit Institutions	-34,984	-33,438
Capital contribution due to the monetisation of DTAs	-48,069	-47,752
Total	-312,361	-298,050

Public subsidies received

Subsidies received in Spain in 2022 (training) in the amount of 877,153.69 euros.

⁹⁵ For the purpose of determining the countries and figures included in the following table, the constituent entities included in Banco Sabadell Group as at year-end are considered; therefore, there may be differences with respect to other information included in the annual financial statements, basically caused by entities that have been sold during the year or by the results contributed by the companies consolidated by the equity method.

⁹⁶ This amount usually differs from corporation tax accrued, as the first is determined on a cash basis (net difference between amounts of tax paid – which essentially correspond to instalment payments – and amounts collected as refunds when the amount paid is higher than the resulting tax liability for the year) and in accordance with the payment schedule established by the tax legislation in force in each country, while the latter corresponds to corporation tax accrued in accordance with the applicable accounting legislation.

⁹⁷ Deferred tax assets.

7.10 Anti-Money Laundering and Counter-Terrorist Financing

Both Banco de Sabadell, S.A. and Banco Sabadell Group have a series of Anti-Money Laundering and Counter-Terrorist Financing Policies in place, approved by the Board of Directors, which establish the principles, critical management parameters, governance structure, roles and responsibilities, procedures, tools and controls applicable in relation to Anti-Money Laundering and Counter-Terrorist Financing (hereinafter, AML/CTF) and which describe the main procedures through which ML/TF risks should be identified and managed at all levels of the Bank or of the Group.

These policies incorporate some basic principles:

- Promotion and supervision of the adaptation and execution of the AML/CTF model by the Board of Directors.
- Promotion and direction of the execution and development of the model by Senior Management.
- Independence in the performance of the AML/CTF function.

- Effectiveness in the management and control of ML/TF risk.
- Assurance of regulatory compliance.
- Proactive collaboration with the competent authorities and coordination and cooperation with other units of the Institution.

Among other things, they establish certain critical management parameters:

- Designation of a representative before competent authorities.
- Establishment of a risk appetite specific to AML/CTF.
- Establishment of criteria and control systems for the approval of customers and correspondent banks.
- Customer identification and KYC controls.
- Application of due diligence, according to risk, to customers and transactions.
- Continuous monitoring of business relationships using tracking systems.
- Controls on the detection and blocking of terrorist financing and international sanctions.
- Examination and reporting of suspicious transactions.
- Specific training plans related to AML/CTF.

The Bank always follows a policy of strict compliance with AML/CTF regulations, going beyond the requirements of legal standards.

As such, in addition to the policies described above, it also has manuals with internal regulations to which all employees are subject, which relate not only to anti-money laundering and counter-terrorist financing, but also to the application of international sanctions, establishing three lines of defence (business and management units, Compliance and Risk Control, and Internal Audit), with a control structure in place comprising an Internal Control Body for matters related to AML/CTF and a technical AML/CTF unit that executes second line of defence controls.

Furthermore, Banco Sabadell makes it a priority to adopt the necessary measures to ensure that all employees receive ongoing training around the requirements arising from AML/CTF legislation and regulations. The training actions are subject to an annual plan, designed according to the risks identified, that will be approved by the Internal Control Body through its Delegated Committee. This annual plan will be carried out on three levels:

- Initial training: mandatory training for all new Group employees based on completing an online course through the Corporate Intranet, which includes all requirements of AML/CTF legislation and regulations.
- In-person training: aimed at all branch network and business unit employees who, according to the risks

detected, it is deemed necessary that they complete a specific training session consistent with these risks and according to the activity they perform.

- Ongoing training: aimed at all Group employees on an ongoing basis through the publication on the corporate intranet of the monthly AML/CTF newsletter.

Employees are required to complete all those AML/CTF training sessions of which they are notified, in order to prevent, avoid and/or detect ML/TF in the discharge of their professional activities. This requirement includes those training sessions that the Delegated Committee of the ICB might determine, so that an employee can reinforce their knowledge and practices in terms of AML/CTF legislation and regulations. Completion of all training sessions must be duly validated, and the degree of compliance with the annual training plan must be documented. Moreover, the annual training plan will include the training sessions to be completed by the subsidiary companies and foreign branches.

It should also be noted that the Institution has a communication channel that can be easily accessed by all employees, where they can submit different queries, suggestions or complaints, anonymously if they wish. They can also report breaches, with the assurance that the

information they provide will be kept in confidence and that no retaliation will be taken, provided the channel is used in good faith. The Institution's Internal Control Body for matters related to AML/CTF is informed of the management and/or resolution of all of them.

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

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

With regard to financial sanctions, TSB is fully aligned with the obligations under the United Nations and the United Kingdom sanctions regimes, and thus ensures compliance therewith. Other countries also have sanctions regimes which may apply to TSB. US and EU sanctions are examples where the nature of TSB's relationship with Banco Sabadell means these regimes are also applicable to TSB. TSB takes a prohibitive stance towards transactions and relationships with customers in countries subject to comprehensive international financial sanctions, or of ownership or control by individuals located in such countries.

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

For its part, the subsidiary in Mexico has a Conceptual Manual on Anti-Money Laundering and Counter-Terrorist Financing, whose main objective is to establish measures and procedures to prevent, detect and report acts, omissions or transactions that could favour, aid, assist or cooperate in any way in the commission of offences set forth in the Federal Criminal Code. It also defines the criteria, procedures and standards that must be complied with by all senior managers, representatives, officers and employees of the Bank, as well as all third parties authorised and involved in the customer identification process. The procedures and manuals are aimed at protecting the Bank and its staff against any attempt to be used for money laundering or terrorist financing.

Banco Sabadell Mexico has a compliance officer appointed to represent the Institution before the regulator and has a communication and control committee in place for anti-money laundering.

The Bank also has a methodology to carry out, at least annually, the risk assessment at the Institution level, as well as a risk assessment model at the customer level that is applied at the start of the business relationship. This model recalculates itself regularly; therefore, depending on the results, criteria and control systems are in place to

accept, identify and get to know customers. In addition, alert systems have also been deployed.

With regard to financial sanctions, a comprehensive review of compliance with international and national sanctions lists of all customers and their associates is conducted on a daily basis and, it is prohibited to complete transactions or enter into relationships with customers and counterparties in sanctioned countries.

Furthermore, Banco Sabadell Mexico has a communication channel in place for all employees to send their queries, suggestions or grievances and to report breaches. This channel guarantees the confidentiality of the data provided. Their management and/or resolution is reported to its Communication and Control Committee.

Finally, there is a training plan in place for all Bank employees in line with their responsibilities.

8. Commitment against corruption and bribery



The Group undertakes to safeguard integrity and promote a culture of zero-tolerance towards corruption, expressly prohibiting any and all actions of this kind.

Similarly, as a signatory of the United Nations Global Compact, it is committed to complying with the ten principles established therein, among them that of working to combat corruption in all its forms, including extortion and bribery.

One of the basic elements for consolidating a corporate culture is the existence of a set of regulations that reflects the firm commitment of all units to comply with legislation, starting with the management body.

Furthermore, the Bank has a Code of Conduct and Policies on Compliance, Conflicts of Interest, Anti-Money Laundering & Counter-Terrorist Financing, Corporate Crime Prevention and Anti-Corruption, which are applicable to the entire Group.

The Anti-Corruption Policy defines all those actions included in the concept of corruption, as well as related actions that are prohibited. Both the Code of Conduct and the Policies detailed above are regularly reviewed and, where appropriate, updated.

As regards the Group's Code of Conduct, its latest update includes specific sections on the fight against corruption and bribery. The Code of Conduct explicitly establishes that no gifts should be accepted from customers, as well as the obligation to comply with the provisions of internal regulations with regard to gifts from suppliers, in order to avoid this limiting or otherwise affecting the ability to make decisions.

In relation to the identification and control of corruption-related risks, it is worth noting that the Institution has a corporate crime risk and anti-corruption management and organisation model, which has a specific section on the fight against corruption. Furthermore, its training programme includes a specific course on anti-corruption, which all employees are required to complete. As a result of the activities carried out as part of the aforesaid model and the management of the whistleblowing channel, which is described later on in this document, it is also worth noting that no risks related to corruption materialised in 2022 or in 2021.

The Bank has conducted a complete audit of the corporate crime risk and anti-corruption organisation and management model.

In 2022, AENOR Internacional S.A.U. conducted a complete audit of the corporate crime risk and anti-corruption organisation and management model, with a view to certifying that the Banco de Sabadell S.A.'s model complies with the requirements set forth by standards UNE - 19601 on corporate crime compliance management systems and ISO - 37001 on anti-bribery management systems. This certification process did not identify any non-compliance with the model.

The Bank also pays particular attention to the oversight of loans and accounts held by political parties, by following a very rigorous customer onboarding protocol,

and to the controls over any donations and contributions received from third parties. Similarly, the Bank does not make contributions of any kind to political parties, politically exposed persons or related institutions. Likewise, in terms of transparency, all donations to NGOs and foundations are analysed and assessed by the Board of Trustees of the Foundation. The Bank's Sponsorship Committee is the body responsible for the final approval or rejection of sponsorship commitments within the Institution.

With regard to TSB, conduct risk is also a key part of TSB's strategic planning, decision-making, proposition

development and performance management processes. Throughout the end-to-end customer journey, it is key to ensure fair treatment, the delivery of fair outcomes and to seek to avoid customer harm.

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

TSB promotes a zero-tolerance environment towards illicit activities to protect its employees, customers and communities against financial crimes. These principles are articulated through policies and procedures on anti-money laundering and counter-terrorist financing, anti-corruption and international sanctions, as well as through annual training courses on these areas to guarantee that risk assessment and due diligence practices are duly implemented to assess exposure to bribery or corruption via relations with related parties, sponsorship of events and charitable donations.

The offer and acceptance of gifts, entertainment and hospitality is permitted, provided these are not seen to be improper or excessive and provided they cannot be viewed as a bribe or potential bribe and as long as they are approved and recorded in accordance with TSB's Gifts, Entertainment and Hospitality Policy. TSB prohibits all activities considered as facilitation payments, political donations or actions which could facilitate tax evasion.

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

In relation to fraud, TSB continues to be the only bank in the United Kingdom that undertakes a commitment to refund every TSB customer who has been an innocent victim of fraud, reimbursing over 98% of all fraud cases, compared to the industry-wide rate of 56%.

With regard to the Bank's subsidiary in Mexico, it also has the following initiatives in place to combat corruption and bribery:

- Its own Corporate Crime Prevention Programme, which follows the Group's model but has been adapted to its own activities and applicable legislation. This programme also identifies corruption-related crimes, for the purpose of their prevention, mitigation and management, and it also provides mandatory training on this subject matter for all staff.
- It also defines policies and establishes the criteria, procedures and standards that must be complied with by all senior managers, representatives, officers and employees of the Bank.
- Adoption of the Anti-Corruption Policy of the Bank of Spain. This policy defines all those actions included in the concept of corruption, as well as related actions that are prohibited. Both the Code of Conduct and the

policies are regularly reviewed and, where appropriate, updated.

- Banco Sabadell Mexico promotes a zero-tolerance environment towards illicit activities to protect its employees and customers against financial crimes. The policies and annual training courses guarantee that risk assessment and due diligence practices have been implemented correctly to assess exposure to bribery or corruption via relations with related parties. All new employees are required to complete mandatory anti-corruption training, and all staff receive communications as regards the Customer and Supplier Gift Policy, in order to reduce the risk of incurring in unfair practices, mainly corruption or bribery, and conflicts of interest.

In light of the exceptional health emergency caused by COVID-19, Banco Sabadell Mexico has monitored the control framework in all of the affected areas and has also identified crimes that are considered more likely to be committed as a result of the pandemic.

9. Commitment to Human Rights



9.1 Information regarding Human Rights

In carrying out its activities, Banco Sabadell Group respects, upholds and protects internationally recognised fundamental human rights in all territories in which it is present, taking into consideration the internal and external relationships it develops with all of its stakeholders: employees, customers, suppliers and the communities and environment in which it operates.

In this vein, the Group has a Sustainability Policy, ratified by the Board of Directors in 2021, which is reviewed annually and which includes a specific principle concerning respect for internationally recognised fundamental human rights. In 2022, the Institution's banking subsidiaries with business activities in other geographies, ratified their adherence to the Banco Sabadell Group Sustainability Policy at their respective Board meetings.

Respect for human rights is an integral part of Banco Sabadell Group's values and a standard for the legitimate development of its business activity in all regions where it operates, while each geography has laws and case-law that ensure the fulfilment of these rights.

Its commitment is underpinned by, among other things, the United Nations Guiding Principles on Business and Human Rights, the United Nations Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Principles for Responsible Investment (UN-PRI).

These commitments have been reinforced by adhesion to some important national and international agreements on human rights, including: the United Nations Global Compact, which encompasses human rights and labour rights in its first and second set of principles, undertaking to incorporate into its activities the Global Compact's ten principles of conduct and action in this regard, such as non-discrimination in employment, the elimination of

forced or compulsory labour, and the abolition of child labour; the Equator Principles, which it signed up to in 2011 and which form a framework for the assessment and management of social and environmental risks, encompassing respect for human rights, and the performance of due diligence to prevent, mitigate and manage adverse impacts; and the Principles for Responsible Banking, among which, the principles of commercial alignment, the principle of impacts and those related to customers and users, as well as the principle of transparency and accountability are particularly relevant to human rights.

Most noteworthy among the relevant agreements signed in 2022 are the signature, jointly with 100% of workers' legal representation, of the 3rd Equality Plan, for the period 2022- 2025, which sets out the objectives for promoting diversity within the organisation, building on the pre-existing Equality Plan, signed on 2 June 2016. For more details on the Equality Plan, see section 6.4 Diversity.

From the perspective of corporate governance, the Group has a Human Rights Policy and a related Due Diligence Procedure, both approved since 2021, which are reviewed annually and are applicable to all Group companies. It establishes its basic principles of action, as well as the mechanisms required to identify, prevent, mitigate and/or remedy any potential negative impacts on human rights that its activities and procedures may entail, in particular, with regard to granting finance to companies,

or issues involved in its human resources management model or its supplier contracting processes. It also establishes the need for training in all of these areas.

The Group also has a new version of the Group Code of Conduct, approved in 2021 by the Board of Directors following an in depth review to adapt it to regulatory requirements, Supervisory guidelines and specifications, and to market standards. In short, to ensure it complies with the expectations and objectives of different stakeholders. The issue of the new version of the Group's Code of Conduct required express acceptance of it by every member of the Group's workforce.

As a direct result of updating the Group's Code of Conduct, the Code of Conduct for Suppliers was also reviewed, incorporating aspects related to the model for the organisation and management of criminal risk, the role of the Corporate Ethics Committee as the highest supervisory body, and control of the whistleblowing channel.

The principles governing the Human Rights Policy take into consideration the impact and relationship with four main stakeholder groups: Group employees, customers, suppliers and commercial partners, and the communities or environment in which the Group develops its business and operates.

In terms of its employees, the Group encourages and strives to keep an environment where everyone in the workforce is treated with dignity and respect, fairly, and without discrimination of any kind on grounds of gender, ethnicity, age, social background, religion, nationality, sexual orientation, political opinion or disability; promoting equal employment and promotion opportunities, work-life balance, inclusion of disabled persons, whilst ensuring the fundamental right of employees to form or join unions or other representative bodies, safeguarding freedom of opinion, as well as employees' basic right to engage in collective bargaining, and prohibiting any form of forced or child labour. In this respect, the Group does not hire any minors under the legal working age and in no case under the age of 15.

With regard to health and safety, the Group strives to promote and safeguard the health and safety of the workforce in the workplace and in its built premises in general. Furthermore, the Group does not establish any commercial relationships related to "controversial weapons" and/or with "countries subject to an arms embargo", according to the definitions of those terms set out in existing United Nations treaties and conventions, limiting its investment in international trade activities involving countries and/or persons affected by international sanctions, and preventing certain weapons from being used to commit crimes under international law or serious human rights violations.

With regard to suppliers or other commercial partners, the Group has the necessary procedures in place to ensure transparency and respect for human rights at every

stage of the supplier approval and contracting process, and when evaluating their corresponding supply chains. Suppliers are required to make a commitment to respect human rights in the performance of their business activity and observe current labour legislation, maintaining a work environment free of any abuse and one in which the health and safety of the workforce is promoted, in accordance with the Group's Code of Conduct for Suppliers, which they are expressly requested to comply with and to which they must formally adhere.

The tender process for suppliers seeking to establish a commercial relationship with the Group incorporates compliance with specific clauses related to oversight, including clauses on the protection of the environment or respect for human rights related to their business activity; the process also sets out the possibility of carrying out supplier reviews when deemed necessary or appropriate. Banco Sabadell Group's responsibility for transparency extends to the supplier tendering process, in which all participants are provided with accurate information and opportunities are offered to alternative suppliers.

In terms of customers and society in general, the Group is committed to implementing measures, within its scope of action, to ensure that its operations do not produce any subordination, helplessness or vulnerability among its customers or in the communities in which it operates, which might prevent them from exercising their rights of equality, on account of personal, economic, educational or social circumstances in which customers may find themselves, even if these circumstances are temporary or if they relate to a specific territory or sector.

In this respect, the Bank is supporting vulnerable customers in 3 areas: financial, digital and territorial.⁹⁸

The Group encourages inclusion among its customers, offering products and services that contribute to a positive social impact through responsible business, as is the case with its social housing management and financial inclusion activities, through digitisation and financial education programmes. To that end, the Group promotes transparency of information and responsible communication with regard to its financial products and/or services, adapting them to the needs and circumstances of its customers and facilitating the customer's understanding of the related terms and conditions, risks and costs, thus promoting clear, balanced and transparent communication around those products and services.

In addition, as part of the effort to prevent digital fraud, mainly affecting people aged 65 and above, the Bank has within its structure a specific Transaction Fraud unit, which manages to prevent 95% of attempted fraud incidents, via an alerts system in cash transfer transactions (transfers, payment methods and Bizum).

The Group is also committed to the fight against corruption, money laundering, and terrorism financing, and undertakes to promote conduct that respects the regulations and ethical standards, ensuring the same respect in

⁹⁸ See more details about Customer vulnerability in section 7.7. Consumers.

relation to its customers, suppliers or other commercial partners and in relation to the environment or communities in which Banco Sabadell Group operates.

On the other hand, the Group supports the communities in which it is present, through direct donations or by encouraging and helping employees to engage in corporate volunteering, which benefits many initiatives aimed at those most in need. Similarly, it encourages practices that contribute to addressing issues related to housing and social exclusion in the most disadvantaged social groups, facilitating the use of real estate assets by non-profit institutions and foundations that offer support to the most vulnerable or at-risk members of society.

For its part, our subsidiary in the United Kingdom, TSB, is the only retail bank to be awarded 'Good Business Charter' accreditation, a UK accreditation scheme that recognises businesses that behave responsibly in ten areas, including fair salary payments, not offering zero-hours contracts, prompt payment of suppliers, promoting diversity and inclusion, ensuring that employees' voices are heard in the boardroom, and establishing firm plans to achieve emissions neutrality. In addition, TSB is a member of the 'Prince's Responsible Business Network', a Business in the Community (BITC) initiative that helps companies to address a wide range of essential questions to build a fairer society and a more sustainable future.

Furthermore, TSB publishes an annual statement in accordance with the British Parliament's Modern Slavery Act, setting out the actions carried out with the aim of identifying any risk of modern slavery that may be related to the performance of its work, and describing the measures taken to prevent situations of slavery or human trafficking in the development of its activity and in its supply chains.

The Modern Slavery Statement is reviewed and updated each year. The current statement makes reference to the actions and activities carried out in 2022, and is published on TSB's public website and on the UK Government's Register of Modern Slavery Statements.

Furthermore, TSB is the first British bank to be recognised by the British Standards Institution (BSI) for its work to identify, address and support vulnerable customers. In 2022, TSB has continued to uphold its commitment to reimburse every customer that has been an innocent victim of fraud, with 97% of all victims reimbursed.

In 2021, TSB was also the first customer-facing bank to offer a safe space to victims of domestic abuse in all of its branches, in association with the Hestia charity's 'Safe Space' initiative. Building on this initiative, in 2022 it launched 'Online Safe Spaces', an online space where victims of abuse can meet others and seek support, wherever they may live. In addition, TSB opened a flee fund available to TSB customers who are victims of domestic, financial or economic abuse, to help them escape from their abuser.

At a global level, the Group contributes to the attainment of the United Nations' Sustainable Development Goals (SDGs) linked to fundamental human rights, through the development of programmes and initiatives,

such as quality education (SDG 4), the eradication of poverty (SDG 1), good health and well-being (SDG 3), decent work and economic growth (SDG 8), gender equality (SDG 5) or the reduction of inequalities (SDG 10).

Training and awareness

In terms of training, the Group promotes awareness and a culture of upholding human rights by providing employees with the necessary information to raise awareness about the importance of observing the procedures developed to ensure maximum respect for human rights, and specific training activities are carried out, aimed at the early detection and reporting of any conduct that may be in violation of these international principles. The objective is to reduce any potential breach of human rights.

To this end, staff are offered a series of training activities that are related to and have an impact on the main human rights directly or indirectly involved for their team or the activity they carry out. These training activities include courses on prevention of occupational risks, prevention of money laundering and financing of terrorism, data protection or human trafficking.

In addition, having raised awareness among Group employees, in recent years there has been greater employee involvement in corporate volunteering, specifically in financial education and other charitable actions in the community. In this respect, and within the framework of the Bank's commitment to human rights and financial inclusion, corporate volunteers have run financial education workshops for high school students, adults and senior citizens, working on the financial inclusion of vulnerable groups.

9.2 Whistleblowing channel

Banco Sabadell Group has incorporated the internal resources required for effective management of aspects related to human rights. Accordingly, to make it possible to report any incident in this regard, the Group has set up, both externally and internally, and in all the countries where it is present, the necessary reporting tools to enable participation and dialogue with its various stakeholders.

Banco Sabadell Group has a whistleblowing channel which is used to report both breaches of the Code of Conduct and any other corporate crime risk or potentially criminal act committed by the person or persons concerned.

In this regard, Banco Sabadell Group has a whistleblowing channel, CanalDenunciasGBS@bancsabadell.com, which is used to report both breaches of the Code of Conduct and any other corporate crime risk or potentially criminal act committed by the person or persons concerned, in other words by any employee, partner, supplier or third party in the course of their relationship with the Group. The competent body responsible for resolving and responding to complaints received through this channel is the Corporate Ethics Committee of Banco Sabadell Group, which includes the Chief Risk Officer (CRO) among its members.

None of the complaints received through the channel in 2022, as in the previous year, concerned an abuse of human rights at Banco Sabadell Group.

All complaints received through the channel in 2022 were intended to bring to the attention of the organisation possible breaches of the Group's Code of Conduct or suspicions related to risks of corporate crime or acts that might be of a criminal nature. In accordance with the internal procedure on Whistleblowing Management, all complaints received have been duly handled and managed. This procedure sets out all potential stages of the whistleblowing management process, such as:

- Receipt of a complaint, acknowledgement of the reporting person's complaint, and, as applicable, request for additional information.
- Preliminary assessment.
- Opening an investigation case file.
- Conclusion of the procedure.
- Application of internal penalties regime, or archiving and closure of the case file.

At every stage of the procedure, the protection and confidentiality of participants' data is guaranteed, as well as the absence of reprisals against them when the channel has been used in good faith.

In accordance with the Equality Plan, the Whistleblowing channel is the platform for any communication aimed at raising awareness of a possible situation of discrimination, workplace and/or sexual harassment or gender-based discrimination and, in such case, the communication would be immediately transferred for activation of the Protocol for the prevention of workplace harassment, and a case file would be opened by the person instructing the Investigating Committee, who will forward the information received and handled through the channel to the Equality Plan Monitoring Committee. The Equality Plan Monitoring Committee comprises one employee representative or union delegate for each of the trade union representatives who signed the Equality Plan, and an equal number of representatives of the Institution.

10. Commitment to information



In line with the Group's Strategic Plan, the priorities in digital transformation are set out in section "1.5 Customers - Digital transformation and customer experience" of the Banco Sabadell Group consolidated Directors' Report.

10.1 Transparency

Banco Sabadell Group establishes, through the Sustainability Policy and the Code of Conduct, a series of principles in order to adapt the organisation so that it may be in line with best practices in relation to transparency. In this regard, the Institution promotes transparent information and responsible, simple and close communication with all stakeholders aiming, in particular, to:

- Promote clear, balanced, objective and transparent communication about financial products and services, as established in the Commercial Communication Policy.
- Ensure maximum transparency in the supplier tender process. Similarly, the Bank ensures that suppliers are selected in line with the internal regulations in place at any given time and, in particular, with the principles of the Group's Code of Conduct, which are set out, in in this particular case, in the Supplier Code of Conduct⁹⁹.
- Offer complete, clear and truthful information to all analysts, investors and shareholders through the different communication channels made available to

them by the Group, which are published in the Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors, available on the corporate website.

- Establish the Tax Strategy based on principles of transparency, in accordance with prevailing legislation¹⁰⁰.

In addition, the Bank fosters transparency in the disclosure of information, at all times adopting responsible communication practices that prevent the manipulation of information and protect the company's integrity and honour, in accordance with the recommendations of the Good Governance Code of Listed Companies of the Spanish National Securities Market Commission (CNMV).

Furthermore, with the entry into force of MiFID II (Markets in Financial Instruments Directive II) and the IDD (Insurance Distribution Directive) in 2018, Banco Sabadell prioritises the provision of advice as the service delivery model for the distribution of financial instruments. The Institution has a tool called "Sabadell Inversor", which serves as a guide for relationship managers to recommend the products most suited to the characteristics and needs of customers, by analysing their preferences, experience and knowledge. In addition, in 2022, the Institution has updated the suitability test that all customers are required to complete during the provision of the advisory service in order to include preferences on the topic of sustainability, thus fulfilling the regulatory obligations introduced in the updated MiFID II and the IDD.

The information provided to customers, following the guidelines of these directives, is always impartial, clear and unambiguous. Furthermore, since March 2021, Banco Sabadell has been complying with obligations on sustainability disclosures in relation to products affected by Regulation (EU) 2019/2088, also known as the SFDR (Sustainable Finance Disclosure Regulation).

In accordance with its policies and procedures, the Bank has mechanisms in place to ensure that all information provided to customers is transparent and that all of the products and services which it offers are suited to their needs at all times.

⁹⁹ The scope, principles and measures provided in this Code are indicated in section 7.8 Outsourcing and suppliers.

¹⁰⁰ The principles on which the Tax Strategy is based are indicated in section 7.9 Tax information.

To this end, before marketing a new product or service, an internal workflow (“Product Workflow”) is followed, where the relevant areas in the Bank review the various aspects to ensure they conform to the established standards. The subsequent validation by the areas involved is ultimately ratified by a high-level committee, the Technical Product Committee. This validation process allows the Institution to identify the target audience to which the product should be aimed, in other words, the group of customers whose interests, goals and characteristics fit with the conditions of the product, even in cases where these can cover preferences regarding sustainability, as established in MiFID II and the IDD.

Furthermore, every year, the different units responsible for the product offering perform an in-depth review of the conditions of the products and their impact on customers in order to ensure that those products continue to be suitable for the target audience defined originally. This review process falls within the obligations required by various customer and investor protection regulations, such as the Guidelines on Product Oversight and Governance Arrangements for Retail Banking Products and the MiFID II Directive.

In the branch network, relationship managers have access to different items of information about products and services, which enable them to provide the necessary explanations so that customers and consumers may understand their characteristics and risks. This information is complemented with the corresponding pre-contractual information documents delivered to customers.

It is worth noting that, since 2010, the Bank has been a member of the *Asociación para la Autorregulación de la Comunicación Comercial* (the independent advertising self-regulatory organisation in Spain, more commonly known as ‘Autocontrol’), and through this membership, it undertakes the commitment to deliver responsible advertising that ensures the accuracy of the information and the adequacy of the acquisition process and operational characteristics of the advertised products.

In addition, in 2022 the Bank sent all of its mortgage borrowers a personalised communication containing information regarding the publication of the Code of Good Practice of 2022 and the updated 2012 Code, thus honouring the obligation set forth in the Royal Decree-Law requiring customers to be individually informed of developments. To complement the communication, a specific mailbox and hotline were created to deal with customers’ concerns and queries. Furthermore, a specific section was created on the Bank’s website¹⁰¹ and in the existing guidance for customers.

Mortgages Campaign: “Lo Firmo”

Since 2021, Banco de Sabadell, S.A. has been running a mortgage lending campaign that focuses particularly on transparency.

Focus groups were held with customers, through which it was determined that their main concerns when choosing a mortgage included a lack of knowledge about the product and the insecurity (felt by customers) when taking out a mortgage. In order to support customers and help them overcome these obstacles, the Bank launched a campaign called “Lo Firmo” (meaning ‘I’ll sign it’).

With this goal in mind, the Bank offers customers the option to seek advice from a specialised relationship manager to help them understand mortgages through the ‘10 keys to understanding mortgages’, without any type of commitment, so that they may learn about:

1. The associated costs
2. How much money the Bank will lend them
3. What a mortgage is
4. The differences between mortgages and other loans
5. The interest rates on mortgages
6. The term or length of a mortgage
7. How much they will pay for a mortgage
8. How to compare mortgages
9. FIPRE (Pre-Contractual Information Sheet) and ESIS (European Standardised Information Sheet)
10. How long the Bank takes to approve a mortgage

In the United Kingdom, the Financial Conduct Authority (FCA) governs the way in which TSB promotes and announces its products and services. All British firms regulated by the FCA are subject to a guiding principle that requires all their communications to be fair, clear and not misleading. All of TSB’s communications are made in a clear and balanced way to ensure that customers can make informed decisions. The Bank applies the FCA principles on financial promotions to all its promotions made in all communication channels and media. TSB also adheres to the Code of Advertising Practice of the Advertising Standards Authority (ASA). The ASA is the UK’s independent regulator of advertising across all media.

TSB is committed to providing responsible advertising across all its products and associated services. This requires them to be unveiled to the public in a precise and balanced way. Internally, the Bank adheres to the Communication and Promotion Policy and it has built a control environment with the committees and associated governance processes that ensure that communication risks are managed within the established appetite.

The new Consumer Duty, which will take effect in July 2023, will impose stricter rules on a number of topics for regulated UK firms. TSB will be obliged to take action to deliver good (rather than fair) outcomes for its customers. This also extends to customer understanding, which covers all customer communications. The internal policies, controls and rules will be reformulated to include these stricter rules and additional requirements that require UK banks to demonstrate that their products and services deliver good outcomes for customers.

Banco Sabadell Mexico, on the other hand, in

¹⁰¹ <https://www.bancsabadell.com/cs/Satellite/SabAtl/Vulnerable-actions/6000080941749/en/>

accordance with Mexican banking regulations, is transparent in its publication of product-related information disclosed via:

- Official website of Banco Sabadell Mexico:
 - The section on financial products shows the Bank's offering of products, which are aimed at two groups: natural persons and companies. It also contains prevailing standard form contracts and product information sheets, which specify the terms, conditions, requirements and fees associated with the products.
 - Costs and Fees Document, which sets out the costs, returns and fees of the products. The total annual rate of return (*Ganancia Anual Total*, GAT) of investment products is also shown, in accordance with the provisions of the Bank of Mexico.
- Record of Standard Form Contracts, on the web portal of the National Commission for the Protection and Defence of Users of Financial Services (*Comisión Nacional para la Protección y Defensa de los Usuarios de Servicios Financieros*, CONDUSEF), a record that contains the standard form contracts of financial institutions. Regulations establish which products and services should be arranged under this type of contract.
- Bureau of financial institutions, a consultation and disclosure tool with information about the Bank's products.
- Logo and links to access the Institute for the Protection of Bank Savings (*Instituto para la Protección al Ahorro Bancario*, IPAB), which guarantees savings of up to 400,000 UDIs (inflation-linked investment units) per customer, per bank.

10.2 Data protection

To ensure that personal data are processed pursuant to applicable data protection regulations, the Institution has a mechanism that comprises three lines of defence, through which all members of the organisation, from all areas, in line with their authority and discretions, actively take part in the management, control and supervision of the Institution's data processing.

Banco Sabadell has a Data Protection Officer (DPO) who has been duly entered in the register of the Spanish Data Protection Agency (Agencia Española de Protección de Datos, AEPD), and who advises the different areas of the Bank in order to ensure compliance with regulations.

In keeping with the management model of three lines of defence, the Bank also has a Chief Data Officer (CDO) who is responsible for data governance and for the identification and record-keeping of all data processing activities carried out, with the following teams:

- Information Security – takes part in the evaluation, analysis and implementation of the necessary security measures.
- Compliance Control – carries out an Annual Control Plan to periodically identify existing weaknesses or vulnerabilities in order to subsequently rectify them.
- Audit – takes on a supervisory role and verifies compliance with policies, controls and procedures.

The Institution has its own Personal Data Protection and Privacy Policy that it uses as an internal organisational instrument to ensure the protection of natural persons in relation to personal data processing.

The Institution has its own Personal Data Protection and Privacy Policy that it uses as an internal organisational instrument to ensure the protection of natural persons in relation to personal data processing, which mentions different procedures and controls, and which provides an appropriate definition of the management model for data protection. The Personal Data Protection and Privacy Policy, as an internal organisational document, is published on the Bank's work tool and is available to all employees; it is reviewed annually and approved by the Board of Directors.

All of the Bank's employees complete, as mandatory training, a course on personal data protection and, depending on the professional duties of each employee,

they also receive specific training imparted by the Data Protection Officer. Attendees take an active role in the training, positing practical situations and aspects that they encounter in their day-to-day activities. In addition, through the Bank's various communication channels, employees receive "brief training capsules", written in a friendly and attractive way, which are used to convey short and direct messages to remind employees of their obligations in relation to data protection.

In the section on customer information of its website, the Bank publishes up-to-date mandatory information about the different data processing activities that it carries out in the document "Annex: Detailed information on personal data protection"¹⁰². This document is published in

¹⁰² [https://www.bancsabadell.com/cs/Satellite/SabAtl/Customer-information//GBS_Generico_FA/1183016790073/1191332198208/en/> Other relevant information > Annex - Detailed information on personal data protection](https://www.bancsabadell.com/cs/Satellite/SabAtl/Customer-information//GBS_Generico_FA/1183016790073/1191332198208/en/>Other%20relevant%20information%20>%20Annex%20-%20Detailed%20information%20on%20personal%20data%20protection)

all of the official languages of the State, as well as in French, English and German. This document, available to all interested parties, is continuously updated to include the new data processing activities launched by the Institution.

In the United Kingdom, TSB has a Privacy and Data Protection Policy that requires personal data to be collected correctly and legally and used only for specific purposes. It also ensures that where information is transferred to third-party suppliers, or processed on their behalf, it is subject to adequate due diligence and undertaken only for legitimate operational or commercial reasons. The management staff of each business area take responsibility for the development, implementation, operation and maintenance of controls that meet the requirements set out in the aforesaid policy.

Effective management and protection of personal data, in addition to being a legal and regulatory requirement, is also critical to the commercial success of TSB. For this reason, the subsidiary has its own Data Protection Officer (DPO) who is responsible for coordinating with regulators and customers.

Furthermore, TSB carries out annual training dedicated exclusively to privacy and data protection, which all employees are required to complete on an annual basis. TSB's DPO reviews the content to ensure it addresses all the required topics before approving it.

In line with the UK Data Protection Act, TSB complies with the following:

- The legal framework, which mainly comprises:
 - The 2018 Data Protection Act; and
 - The UK's GDPR.
- The codes of good practice and the guidelines of the Information Commissioner's Office, or OCI (the UK's independent body set up to uphold information rights and to regulate data protection in the United Kingdom). Debates and periodic meetings are held with the OCI to analyse TSB's compliance.
- The designation of a Data Protection Officer.
- The establishment of an internal Policy and Technical Rules that complement a series of policies and recommendations associated with related areas that include:
 - The Data Privacy Policy
 - Technical rules for data privacy impact assessments
 - Technical rules on data protection principles
 - Technical rules on incidents related to personal data
 - Technical rules on cookies and similar technologies of the Privacy and Electronic Communications Regulation
 - Technical rules on direct marketing of the Privacy and Electronic Communications Regulation
 - Technical rules on special categories of personal data
 - Technical rules on records of processing activities
 - Process to handle the rights of data subjects, backed by training, guidance and personalised process flows
- Mandatory training on data privacy for all employees.
- The creation of a Privacy Centre where all employees can access relevant materials in a single place.
- Regular submission of reports to risk committees and other governance forums.

In the United Kingdom, TSB has a Data Privacy Policy that requires personal data to be collected correctly and legally and used only for specific purposes. Where information is transferred to or processed on behalf of third-party suppliers, that information is subject to adequate due diligence and transferred only for legitimate operational or commercial purposes. The management staff of each business area take responsibility for the development, implementation, operation and maintenance of controls that meet the requirements set out in the Policy and related technical rules.

Effective management and protection of personal data is a legal and regulatory requirement as well as being critical to the commercial success of TSB. For this reason, the subsidiary has its own Data Protection Officer (DPO). Furthermore, TSB carries out annual training dedicated exclusively to privacy and data protection, and it is a mandatory requirement that all employees complete that training on an annual basis. TSB's DPO reviews the content prior to approving the training, to ensure it addresses all the required topics.

As for Banco Sabadell Mexico, in accordance with Mexican personal data protection legislation, it complies with the following:

- Legal Framework, comprising:
 - Federal Law on Protection of Personal Data Held by Individuals (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*, LFPDPPP).
 - LFPDPPP Regulation.
 - Provisions and guidelines issued by Mexico's National Institute for Transparency, Access to Information and Personal Data Protection (*Instituto Nacional de Transparencia, acceso a la Información y Protección de Datos Personales*, INAI), the body responsible for ensuring personal data protection.
- Data Protection Officer (DPO).
- Manual and Policies in effect at Banco Sabadell Mexico:
 - Personal Data Privacy Manual.
 - Policy on Sending and Transferring Personal Data.
 - Policy on Assistance with INAI Procedures.
 - Policy on Personal Data Protection Training.
 - Policy on Handling Personal Data Breaches.
 - Process for Upholding Rights of Access, Rectification, Objection and Erasure/Right to be Forgotten.
- Rights of Access, Rectification, Objection and Erasure/Right to be Forgotten.

10.3 Cybersecurity

The year 2022 was marked by greater geopolitical instability, which has exacerbated cyber threats and risks. Against this backdrop, effective and responsible management of those risks is now more important than ever.

Banco Sabadell Group has a control framework for the security of its information systems and the protection of corporate, customer and employee data.

This control framework includes the Information Systems Security Policy, the definition of cybersecurity responsibilities across the three lines of defence and in the governing bodies, and the need to protect corporate, customer and employee data and systems, including payment systems. In particular, the cybersecurity status report prepared by the Information Security function has been sent regularly to bodies such as the Board of Directors and the Management Committee, which are the bodies in charge of supervising the Institution's cybersecurity, together with the Board Risk Committee, which supervises ICT risks.

Banco Sabadell Group's in-house cybersecurity team is formed of over 100 specialist staff dedicated to ensuring that protection measures are adequate in relation to the existing cybersecurity risks. To that end, the following activities are carried out on a regular basis:

- Analysis of new cyber threats and their development, as well as enhancement of controls.
- Continuous review and assessment of information systems and security controls, including certifications carried out by external auditors.
- Preparation for incidents, through training, drills and simulated cyberattacks.
- Training and awareness-raising campaigns among customers and staff.

In this regard, the various Banco Sabadell Group entities have sent customers multiple awareness-raising communications on cybersecurity risks and digital fraud via email and through social media campaigns. Annual training sessions also take place in relation to data protection and cybersecurity, which are mandatory for all employees, as well as specific training programmes for the cybersecurity teams.

Through the Information Systems Security function, Banco Sabadell Group entities establish measures for the protection of information systems, which are set out in policies and procedures, to guarantee secure access to systems and to deal with new cyber threats. These measures include:

- Role-based access control and periodic recertification of these permissions.
- Two-factor authentication for remote access.
- Malware protection systems.
- 24x7 security incident response team recognised as an official Computer Emergency Response Team (CERT).

With these capabilities for protection, detection and response to cyber threats, the Institution has not suffered any major cybersecurity incidents in 2022, adequately mitigating any cyber-related incidents affecting suppliers.

Banco Sabadell Group carries out an ongoing evaluation of the security of its systems, using renowned tools that simulate multiple cyberattacks and which complement the advanced tests run by third-party specialists.

The Group's various entities also pay attention to the main external ratings that measure cybersecurity (Bitsight, RiskRecon, Security Scorecard). Banco Sabadell Group has secured positions at or near the top of these ratings in comparative terms with the rest of the sector.

The various Banco Sabadell Group entities also endeavour to ensure the resilience of their infrastructures, making sure they have redundant components and regularly tested recovery procedures in order to guarantee the continuity of technological services in the event an incident occurs, such as a disaster affecting the facilities or a cyberattack.

Furthermore, an annual external audit takes place, carried out following the main information security standards.

Security in Digital Transformation initiatives

Banco Sabadell Group's cybersecurity specialists participate in digital transformation initiatives and technological projects by assisting with the assessment of security risks, defining the security controls and measures to be incorporated and carrying out technical security tests to check that no vulnerabilities are introduced.

Among the digital transformation initiatives designed and rolled out securely with the participation of the cybersecurity team, it is worth highlighting new financial products and services, such as those detailed in section 1.5 Customers - Digital transformation and customer experience, in the consolidated Directors' Report.

Annex 1.



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

Key non-financial documents¹⁰³

Policies

- Banco Sabadell Group Sustainability Policy.
- Banco Sabadell Mexico Environmental and Social Policy.
- Banco Sabadell Environmental Risk Policy.
- Banco Sabadell Policy on Integrating ESG Risks in Savings/Investment Products.
- Banco Sabadell Director Selection Policy.
- Banco Sabadell Group Remuneration Policy.
- Banco Sabadell Director Remuneration Policy.
- Banco Sabadell Group Policy on Outsourcing of Functions.
- Banco Sabadell Group Procurement Policy.
- Banco Sabadell Group Anti-Money Laundering and Counter-Terrorist Financing Policy.
- Banco Sabadell Group Anti-Corruption Policy.
- Banco Sabadell Group Compliance Policy.
- Banco Sabadell Group General Policy on Conflicts of Interest.
- Banco Sabadell Group Corporate Crime Prevention Policy.
- TSB Gifts, Entertainment and Hospitality Policy.
- Banco Sabadell Group Human Rights Policy.
- Banco Sabadell Commercial Communication Policy.
- Banco Sabadell Policy on Communication and Contact with Shareholders, Investors and Proxy Advisors.
- Banco Sabadell Personal Data Protection and Privacy Policy.
- Banco Sabadell Mexico Policy on Sending and Transferring Personal Data.
- Banco Sabadell Mexico Policy on Assistance with INAI Procedures.
- Banco Sabadell Mexico Policy on Personal Data Protection Training.

- Banco Sabadell Mexico Policy on Handling Personal Data Breaches.
- TSB Data Protection and Privacy Policy.
- Banco Sabadell Group Information Systems Security Policy.
- Banco Sabadell Customer Classification and Assessment Policy.
- Banco Sabadell Senior Management Remuneration Policy.
- Banco Sabadell Group Identified Staff Remuneration Policy.
- Banco Sabadell General Policy on Governance Procedures and Oversight of Retail Banking Products.
- Banco Sabadell Reputational Risk Policy.
- Banco Sabadell Group IT Risk Management and Control Policy.
- Banco Sabadell Complaints and Claims Policy.
- Banco Sabadell Internal Governance Policy.
- Financial and Non-Financial Disclosures Policy.
- MiFID Training Policy.
- LCCI Training Policy.
- IDD Training Policy.
- Business Continuity Policy.
- Banco Sabadell Group Defence Sector Policy.

Other documents

- Sabadell's Commitment to Sustainability.
- Environmental and Social Risk Framework. Sectoral Rules.
- Framework for the issuance of bonds linked to the Sustainable Development Goals of Banco Sabadell.
- Decarbonisation targets.
- Eligibility Guide.
- Annual Report on Occupational Hazard Prevention.
- Banco Sabadell Group Code of Conduct.
- Internal Code of Conduct relating to the securities market.
- Banco Sabadell Group Supplier Code of Conduct.
- Equality Plan.
- Green Bonds Report 2022.
- Banco Sabadell Mexico Conceptual Manual on Anti-Money Laundering and Counter-Terrorist Financing.
- Banco Sabadell Mexico Personal Data Privacy Manual.
- TSB Do What Matters Plan.
- Banco Sabadell Group Tax Strategy.
- Human Rights Due Diligence Procedure.
- Annex of detailed information on personal data protection.

¹⁰³. This list includes documents not directly mentioned in the Non-Financial Disclosures Report.

Pacts, agreements and commitments

- Signatory of the United Nations Global Compact on human rights, labour, the environment and anti-corruption.
- Founding signatory of the UNEP Finance Initiative (UNEP FI) Principles for Responsible Banking, committing to strategically align its business with the Sustainable Development Goals and the Paris Agreement on Climate Change.
- Adherence to Collective Commitment to Climate Action promoted by AEB, CECA and ICO.
- Signatory of the Equator Principles since 2011.
- Membership of Task Force on Climate-related Financial Disclosures (TCFD).
- Membership of Net-Zero Banking Alliance (NZBA).
- Membership of the Partnership for Carbon Accounting Financials (PCAF).
- Agreement for emissions offsetting through investment in forestry projects in Spain, certified by MITECO (Ministry for Ecological Transition).
- Agreement for TSB's offsetting of Scope 1 and 2 emissions through reforestation projects in Bolivia.
- Signatory of the Sustainability Protocol of the Association of Mexican Banks (ABM).
- Signatory of the “Declaration in favour of the development of environmental, green and sustainable finance in the Mexican banking sector”, promoted by the Green Finance Advisory Council (Consejo Consultivo de Finanzas Verdes, or CCFV) and the Association of Mexican Banks (Asociación de Bancos de México, or ABM).
- Enrolment in the McCuida Plan promoted by the Spanish Government.
- Membership of the Spanish Observatory of Sustainable Financing (OFISO).
- Renewed membership of the agreement signed between the Spanish Banking Association (AEB), the Spanish Securities Market Commission (CNMV) and the Bank of Spain for the pursuit of courses of action within the framework of the National Plan for Financial Education.
- Adherence to the Code of Good Banking Practices.
- Adherence to the Code of Good Tax Practices.
- Membership of Autocontrol (independent advertising self-regulatory organisation in Spain).
- Gold Seal of Excellence from the European Foundation for Quality Management (EFQM).
- ISO 14001 certification for the six corporate buildings.
- Signatory of the Carbon Disclosure Project (CDP) for action against climate change.
- Awarded once again the “Equality in the Workplace” (“Igualdad en la Empresa”). Seal of Distinction by the Ministry of the Presidency, Relations with the Courts and Equality.
- TSB's adherence to the Science Based Targets initiative (SBTi).
- TSB's adherence to the Good Business Charter, a UK accreditation scheme that recognises businesses that behave responsibly. TSB is the first retail bank accredited by this scheme.
- TSB's membership of the ‘Prince's Responsible Business Network’, a Business in the Community (BITC) initiative that helps companies to address a wide range of essential issues to build a fairer society and a more sustainable future.
- Signatory of the “Declaration in favour of the development of environmental, green and sustainable finance in the Mexican banking sector”, promoted by the Green Finance Advisory Council (Consejo Consultivo de Finanzas Verdes, or CCFV) and the Association of Mexican Banks (Asociación de Bancos de México, or ABM).
- Membership of the Sustainability Committee of the Spanish Chamber of Commerce (CAMESCOM) in Mexico.

In the table below, the acronym 'DR' means the Consolidated Directors' Report, while the acronym 'AFS' means the Group's Consolidated Annual Financial Statements. Where no such acronyms are included, the numbering refers to the chapters of this document.

General disclosures

		Response	GRI disclosure number	GRI description
Business model	Brief description of the Group's business model	DR 1 – BANCO SABADELL GROUP (Introduction) DR 1.1 Mission, values and business model	2-6	Activities, value chain and other business relationships
	Markets in which it operates	DR 1 – BANCO SABADELL GROUP (Introduction) 1. Introduction	2-1	Organisational details
	Organisation's objectives and strategies	DR 1 – BANCO SABADELL GROUP (Introduction) DR 1.1 Mission, values and business model 2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance 6.2 Commitment to talent 6.3 Training 6.4 Diversity 6.5 Remuneration policy 6.6 Workplace environment and organisation 6.7 Dialogue with employees: more connected than ever 7. Commitment to society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	3-3	Management of material topics
	Key factors and trends that could affect its future performance	3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance	3-1	Process to determine material topics
General	Reporting framework	1. Introduction	GRI (2021)	
	Materiality principle	1. Introduction	2-2	Entities included in sustainability reporting
		3.3 Materiality	3-2	List of material topics

General disclosures

		Response	GRI disclosure number	GRI description
Management approach	Description of applicable policies	DR 1 – BANCO SABADELL GROUP (Introduction) DR 1.1 Mission, values and business model 2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance 6.2 Commitment to talent 6.3 Training 6.4 Diversity 6.5 Remuneration policy 6.6 Workplace environment and organisation 6.7 Dialogue with employees: more connected than ever 7. Commitment to society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	3-3	Management of material topics
	Results of those policies	2. Governance 3. Sabadell's Commitment to Sustainability 4. Commitment to climate and the environment (particularly, 4.2 Climate-related and environmental strategy) 4.4 Environmental management and impact 5. Commitment to sustainable finance 6.2 Commitment to talent 6.3 Training 6.4 Diversity 6.5 Remuneration policy 6.6 Workplace environment and organisation 6.7 Dialogue with employees: more connected than ever 7. Commitment to society 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information	3-3	Management of material topics
	The main risks related to these matters linked to the Group's activities	4.3 Environmental risk management 8. Commitment against corruption and bribery 9. Commitment to Human Rights DR.5 Risks	3-1	Process to determine material topics

Environmental matters

		Response	GRI disclosure number	GRI description
Environmental management	Detailed information about the current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	3.3 Materiality 4.3 Environmental risk management 4.4 Environmental management and impact	3-1	Process to determine material topics
	Environmental assessment or certification procedures	4.4 Environmental management and impact	3-3	Management of material topics
	Resources dedicated to environmental risk prevention	2. Governance 4.3 Environmental risk management 4.4 Environmental management and impact AFS Note 4.4.1.4 Environmental risk	3-3	Management of material topics
	Application of the precautionary principle	4.3 Environmental risk management 4.4 Environmental management and impact	2-23	Commitments and policies
	Amount of provisions and guarantees for environmental risks	4.3 Environmental risk management AFS Note 4.4.1.4 Environmental risk	3-3	Management of material topics
Pollution	Measures to prevent, reduce or offset carbon emissions that severely affect the environment; taking into account any form of atmospheric pollution caused by a specific activity, including noise and light pollution	4.4 Environmental management and impact 5. Commitment to sustainable finance In relation to its indirect contribution through financing and investment	3-3	Management of material topics
Circular economy and waste prevention and management	Measures on the prevention, recycling, reuse and other forms of recovery and disposal of waste	4.4.4 Circular economy and waste management	3-3 306-2 (2020) in relation to generation of hazardous and non-hazardous waste	Management of material topics Management of significant waste-related impacts
	Actions to combat food waste	Banco Sabadell does not consider this issue to be material in relation to its activity	3-3	Management of material topics
Sustainable use of resources	Water consumption and water supply in accordance with local restrictions	4.4 Environmental management and impact	303-5 (2018) in relation to total water consumption	Water consumption
	Consumption of raw materials and measures adopted to make their use more efficient	4.4 Environmental management and impact	301-1	Materials used by weight or volume
	Direct and indirect energy consumption	4.4 Environmental management and impact	302-1 en lo que respecta a consumo de combustibles de fuentes no renovables	Energy consumption within the organisation
	Measures taken to improve energy efficiency	4.4 Environmental management and impact	3-3 302-4	Management of material topics Reduction of energy consumption
	Use of renewable energies	4.4 Environmental management and impact	302-1 in relation to consumption of energy from renewable sources	Energy consumption within the organisation

Environmental matters

		Response	GRI disclosure number	GRI description
Climate change	Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods it produces and the services it provides	4.4 Environmental management and impact	305-1	Direct (Scope 1) GHG emissions
			305-2	Energy indirect (Scope 2) GHG emissions
			305-3 excluding category 15	Other indirect (Scope 3) GHG emissions
			305-4 excluding category 15	GHG emissions intensity
	Measures adopted to adapt to the consequences of climate change	4. Commitment to climate and the environment	3-3	Management of material topics
			201-2	Financial implications and other risks and opportunities due to climate change
	Voluntary reduction targets established for the medium and long term to reduce greenhouse gas emissions and the measures implemented for such purposes	4.4 Environmental management and impact	305-5 in relation to greenhouse gas emissions	Reduction of GHG emissions
Protection of biodiversity	Measures taken to preserve or restore biodiversity	Banco Sabadell considers this to be a material issue purely because of its indirect contribution through finance 4.3.4 Equator Principles	3-3	Management of material topics
	Impacts caused by activities or operations in protected areas	Banco Sabadell considers this to be a material issue purely because of its indirect contribution through finance	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
		4.3.4 Equator Principles	304-2	Significant impacts of activities, products and services on biodiversity

Corporate and staff-related matters

		Response	GRI disclosure number	GRI description
Employment	Total number and breakdown of employees by country, sex, age and professional category	6.1 Workforce information	2-7	Employees
		6.4.1 Gender	405-1	Diversity of governance bodies and employees
	Total number and breakdown of types of employment contract	6.1 Workforce information	2-7	Employees
	Annual average by type of contract (permanent, temporary or part-time) by sex, age and professional category	Banco Sabadell's activities are not linked to any significant seasonal variation For this reason, the changes between data as at 31 December and data averages are not material	2-7	Employees
	Number and breakdown of dismissals by sex, age	6.1 Workforce information	3-3	Management of material topics
	Average remuneration and its evolution, broken down by sex, age and professional category or its equivalent	6.5 Remuneration policy	3-3 405-2 in relation to ratio of remuneration of women to men, by professional category	Management of material topics Ratio of basic salary and remuneration of women to men
	Average remuneration of directors and senior managers, including variable pay, subsistence allowances, severance pay, payments into long-term retirement plans or any other amounts received, broken down by sex	6.5 Remuneration policy	3-3 405-2 in relation to ratio of remuneration of women to men, by professional category	Management of material topics Ratio of basic salary and remuneration of women to men
	Pay gap	6.5 Remuneration policy (pay gap)	3-3	Management of material topics
	Implementation of policies safeguarding employees' right to disconnect	6.6.1 Work-life balance	3-3	Management of material topics
Workplace organisation	Employees with disabilities	6.4.2 Functional diversity	405-1	Diversity of governance bodies and employees
	Organisation of working hours	6.6 Workplace environment and organisation	3-3	Management of material topics
	Number of hours of employee absence	6.6.2 Health and safety	403-9 (2018) in relation to absentee hours	Work-related injuries
	Measures aimed at facilitating the achievement of a work-life balance and encouraging the equal enjoyment of such measures by both parents	6.6.1 Work-life balance	3-3	Management of material topics

Corporate and staff-related matters

		Response	GRI disclosure number	GRI description
Health and safety	Health and safety conditions in the workplace	6.6.2 Health and safety 6.6 Workplace environment and organisation	3-3	Management of material topics
		6.6.2 Health and safety	403-1 (2018)	Occupational health and safety management system
		6.6.2 Health and safety	403-2 (2018)	Hazard identification, risk assessment and incident investigation
		6.6.2 Health and safety	403-3 (2018)	Occupational health services
	Workplace accidents, in particular their frequency and severity, broken down by sex	6.6.2 Health and safety	403-9 (2018) in relation to work-related injuries	Work-related injuries
	Occupational illnesses, broken down by sex	Social Security does not define any occupational illnesses in the banking sector	403-10 (2018) in relation to work-related ill health	Work-related ill health
Workplace relations	Organisation of social dialogue, including procedures for informing and consulting with staff and for negotiating with them	6.6.3 Trade union rights and right of association	3-3	Management of material topics
	Percentage of employees covered by a collective bargaining agreement, by country	6.6.3 Trade union rights and right of association	2-30	Collective bargaining agreements
	Status of collective bargaining agreements, particularly in relation to occupational health and safety	6.6.3 Trade union rights and right of association	403-4 (2018)	Worker participation, consultation, and communication on occupational health and safety
	Mechanisms and procedures that the company has in place to promote the involvement of employees in the company's management in terms of information, consultation and participation	6.6.3 Trade union rights and right of association 6.7 Dialogue with employees: more connected than ever	3-3	Management of material topics
Training	Policies implemented in relation to training	6.2 Commitment to talent	3-3	Management of material topics
		6.4 Diversity	404-2	Programs for upgrading employee skills and transition assistance programs
	Total hours of training, broken down by professional category	6.3 Training	404-1 in relation to average hours of training, by employee category	Average hours of training per year per employee
Accessibility	Integration and universal accessibility for people with disabilities	6.4.2 Functional diversity	3-3	Management of material topics
Equality	Measures adopted to promote equal treatment and opportunities between women and men	6.4 Diversity 6.4.1 Gender	3-3	Management of material topics
	Equality Plans (Chapter III of Organic Law 3/2007, of 22 March, on effective equality between women and men)	6.4 Diversity	3-3	Management of material topics
	Measures adopted to promote employment, protocols against sexual abuse and sexual harassment	6.4 Diversity 6.4.1 Gender	3-3	Management of material topics
	Policy against all forms of discrimination and, where applicable, gender diversity management	6.5. Diversity 6.4.1 Gender	3-3	Management of material topics

Disclosures on respecting human rights

		Response	GRI disclosure number	GRI description
Human rights	Application of due diligence procedures in relation to human rights, prevention of risks of human rights violations and, where applicable, measures to mitigate, manage and redress any such violations	9.1 Information regarding Human Rights	2-27	Compliance with laws and regulations
		9.2 Whistleblowing channel	2-26	Mechanisms for seeking advice and raising concerns
			2-23	Commitments and policies
	Reported human rights violations	No reports have been made in relation to human rights in 2022	3-3	Management of material topics
		9.2 Whistleblowing channel	406-1	Incidents of discrimination and corrective actions taken
	Advocacy of, and compliance with, the provisions of fundamental conventions of the International Labour Organisation related to safeguarding the freedom of association and the right to collective bargaining; elimination of workplace discrimination and job discrimination; elimination of forced or compulsory labour; effective abolition of child labour	9. Commitment to Human Rights	3-3	Management of material topics
			407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
			408-1	Operations and suppliers at significant risk for incidents of child labour
			409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour

Information regarding the fight against corruption and bribery

		Response	GRI disclosure number	GRI description
Corruption and bribery	Measures adopted to prevent corruption and bribery	8. Commitment against corruption and bribery	3-3	Management of material topics
			2-27	Compliance with laws and regulations
			2-26	Mechanisms for seeking advice and raising concerns
			2-23	Commitments and policies
			205-2	Communication and training about anti-corruption policies and procedures
			205-3	Confirmed incidents of corruption and actions taken
	Measures to combat money laundering	7.10 Anti-Money Laundering and Counter-Terrorist Financing	3-3	Management of material topics
			2-27	Compliance with laws and regulations
			2-26	Mechanisms for seeking advice and raising concerns
			2-23	Commitments and policies
			205-2	Communication and training about anti-corruption policies and procedures
			205-3	Confirmed incidents of corruption and actions taken
	Contributions to foundations and non-profit organisations	7.6 Institutional relations	2-28	Afiliación a asociaciones
		7.3 Social housing management	201-1 in relation to community investments	Direct economic value generated and distributed
		8. Commitment against corruption and bribery	415-1	Political contributions

Information regarding society

		Response	GRI disclosure number	GRI description
The company's commitments to sustainable development	The impact of the company's activities on local employment and development	7. Commitment to society	3-3 203-2 in relation to significant indirect economic impacts	Management of material topics Significant indirect economic impacts
	Impact of the company's activities on local communities and in the area	7.1 Commitment to education 7.2 Social and volunteering activities 7.3 Social housing management	413-1	Operations with local community engagement, impact assessments, and development programs
	Relationships with key members of local communities and the different forms of dialogue with the same	7.1 Commitment to education	2-29	Approach to stakeholder engagement
		7.2 Social and volunteering activities 7.3 Social housing management	413-1	Operations with local community engagement, impact assessments, and development programs
	Association and sponsorship activities	7.1 Commitment to education 7.4 Sponsorship 7.5 Patronage	3-3	Management of material topics
		7.2 Social and volunteering activities	201-1 in relation to community investments	Direct economic value generated and distributed
Outsourcing and suppliers	Inclusion in the procurement policy of social, gender equality and environmental matters	7.8 Outsourcing and suppliers	3-3	Management of material topics
	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibilities	7.8 Outsourcing and suppliers	2-6 308-1 414-1	Activities, value chain and other business relationships Supplier Environmental Assessment Supplier Social Assessment
	Supervision and audit systems and their results	7.8 Outsourcing and suppliers	2-6 308-1	Activities, value chain and other business relationships Supplier Environmental Assessment
Consumers	Consumer health and safety measures	10. Commitment to information 6.6.2 Health and safety	3-3	Management of material topics
	Whistleblowing systems, complaints received and their resolution	7.7 Consumers DR - 1.5. Customers AFS, Note 42 – Other information	3-3	Management of material topics
Tax information	Country-by-country earnings obtained	7.9 Tax information	3-3 201-1 in relation to pre-tax profit received	Management of material topics Direct economic value generated and distributed
	Corporation tax paid	7.9 Tax information	3-3 201-1 in relation to corporation tax paid	Management of material topics Direct economic value generated and distributed
	Public subsidies received	7.9 Tax information AFS - Schedule VII Annual banking report	201-4	Financial assistance received from government

Regulation (EU) 2020/852 - Taxonomy

	Response	GRI disclosure number
Requirements of the Regulation	4.2 Climate-related and environmental strategy 4.3.3 Integration into management procedures - EU Taxonomy 5. Commitment to sustainable finance	Company criteria

GRI content index

Statement of use	Banco Sabadell has presented the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 using the GRI Standards as a reference.
GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standards	N/A

GRI Standard / Other sources	Content	Location
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General disclosures

GRI 2: General disclosures 2021	2-1 Organisational details	DR 1 – BANCO SABADELL GROUP (Introduction)
	2-2 Entities included in sustainability reporting	1. Introduction AFS Note 2 – Banco Sabadell Group
	2-3 Reporting period, frequency, and contact point	The report covers the 2022 financial year and is prepared annually and published as an annex to the Institution's Consolidated Directors' Report. Contact point for the report: ESG_disclosure@bancsabadell.com
	2-4 Restatements of information	1. Introduction
	2-5 External assurance	Assurance included at the end of this document
	2-6 Activities, value chain and other business relationships	DR 1 – BANCO SABADELL GROUP 7.8 Outsourcing and suppliers AFS Note 2 – Banco Sabadell Group
	2-7 Employees	6.1 Workforce information
	2-9 Governance structure and composition	Banco Sabadell Internal Governance Framework
	2-10 Nomination and selection of the highest governance body	Regulation of the Board of Directors
	2-11 Chair of the highest governance body	Banco Sabadell Internal Governance Framework
	2-12 Role of the highest governance body in overseeing the management of impacts	Regulation of the Board of Directors
	2-13 Delegation of responsibility for managing impacts	Regulation of the Board of Directors
	2-14 Role of the highest governance body in sustainability reporting	Regulations of the Strategy and Sustainability Committee Art. 4
	2-15 Conflicts of interest	Regulation of the Board of Directors
	2-16 Communication of critical concerns	Regulation of the Board of Directors
	2-17 Collective knowledge of the highest governance body	Banco Sabadell Internal Governance Framework
	2-18 Evaluation of the performance of the highest governance body	Annual Report on Remuneration of Directors
	2-19 Remuneration policies	Director Remuneration Policy
	2-20 Process to determine remuneration	Director Remuneration Policy
	2-22 Statement on sustainable development strategy	3. Sabadell's Commitment to Sustainability

GRI 2: General disclosures 2021	2-23 Commitments and policies	Annex 1 8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information
	2-24 Embedding commitments and policies	8. Commitment against corruption and bribery 9. Commitment to Human Rights 10. Commitment to information
	2-25 Process to remediate negative impacts	7.7 Consumers 9.2 Whistleblowing channel
	2-26 Mechanisms for seeking advice and raising concerns	7.7 Consumers 8. Commitment against corruption and bribery 9.2 Whistleblowing channel
	2-28 Membership associations	7.6 Institutional relations
	2-29 Approach to stakeholder engagement	3.2 Initiatives and alliances 7.6 Institutional relations
	2-30 Collective bargaining agreements	6.6.3 Trade union rights and right of association
Material topics		
GRI 3: Material topics 2021	3-1 Process to determine material topics	3.3 Materiality
	3-2 List of material topics	3.3.1 Definition of Material Topics
Corporate governance		
GRI 3: Material topics 2021	3-3 Management of material topics	2. Governance
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	2. Governance 6.1 Workforce information 6.4 Diversity
GRI 2: General disclosures 2021	2-9 Governance structure	2. Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	2. Governance
	2-18 Evaluation of the performance of the highest governance body	3.1 ESG framework (Remuneration linked to Sustainability)
	2-19 Remuneration policies	6.5 Remuneration policy
	2-22 Statement from senior decision-makers	https://www.grupbancsabadell.com/memoria2022/en (Chairman's message)
Transparency and data management		
GRI 3: Material topics 2021	3-3 Management of material topics	7.9 Tax information
GRI 2: General disclosures 2021	2-28 Membership associations	3.2 Initiatives and alliances
	2-29 Approach to stakeholder engagement	3.3 Materiality 7.4 Sponsorship 7.5 Patronage 7.6 Institutional relations
	2-30 Collective bargaining agreements	6.6.3 Trade union rights and right of association
GRI 201: Economic performance 2016	201-4 Financial assistance received from government	7.9 Tax information
GRI 207: Tax 2019	207-01 Approach to tax	7.9 Tax information
	207-02 Tax governance, control, and risk management	7.9 Tax information

Risk management and cybersecurity		
GRI 3: Material topics 2021	3-3 Management of material topics	DR 5 - RISKS 10.3 Cybersecurity
Other: 102 General disclosures (2016)	102-15 Key impacts, risks and opportunities	DR 5 - RISKS
	102-29 Identifying and managing economic, environmental and social impacts	DR 5 - RISKS 10.3 Cybersecurity
GRI 2: General disclosures 2021	2-23 Commitments and policies	DR 5 - RISKS 10.3 Cybersecurity
Customer satisfaction and digitisation		
GRI 3: Material topics 2021	3-3 Management of material topics	7.7 Consumers DR 1.5 Customers
Other	Claims and complaints, by product	7.7 Consumers DR 1.5 Customers AFS Note 42 – Other information (SAC)
Corporate culture		
GRI 3: Material topics 2021	3-3 Management of material topics	6. Commitment to people
Other: GRI 102 General disclosures (2016)	102-16 Values, principles, standards and norms of behaviour	6. Commitment to people
Ethics and integrity		
GRI 3: Material topics 2021	3-3 Management of material topics	8. Commitment against corruption and bribery
GRI 2: General disclosures 2021	2-15 Conflicts of interest	8. Commitment against corruption and bribery 6.5 Remuneration policy
	2-26 Mechanisms for seeking advice and raising concerns	8. Commitment against corruption and bribery
	2-27 Compliance with laws and regulations	8. Commitment against corruption and bribery
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	8. Commitment against corruption and bribery
	205-3 Confirmed incidents of corruption and actions taken	8. Commitment against corruption and bribery
GRI 415: Public policy 2016	415-1 Political contributions	8. Commitment against corruption and bribery
Responsible supply chain		
GRI 3: Material topics 2021	3-3 Management of material topics	7.8 Outsourcing and suppliers 9. Commitment to Human Rights
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria	7.8 Outsourcing and suppliers
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	9. Commitment to Human Rights
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	7.8 Outsourcing and suppliers

Value creation and solvency		
GRI 3: Material topics 2021	3-3 Management of material topics	DR 1 – Banco Sabadell Group
GRI 2: General disclosures 2021	2-1 Organisational details	DR 1 – Banco Sabadell Group
GRI 201: Economic performance 2016	GRI 201: Economic performance 2016	7.2 Social and volunteering activities 7.3 Social housing management 7.9 Tax information
Sustainable finance and investment		
GRI 3: Material topics 2021	3-3 Management of material topics	5. Commitment to sustainable finance
Other	Volumes of sustainable financing	5. Commitment to sustainable finance
Climate and environment: risks		
GRI 3: Material topics 2021	3-3 Management of material topics	4. Commitment to climate and the environment
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	4. Commitment to climate and the environment
Internal environmental footprint		
GRI 3: Material topics 2021	3-3 Management of material topics	4.4.3 Details of emissions and sustainable use of resources
GRI 301: Materials 2016	301-1 Materials used by weight or volume	4.4.3 Details of emissions and sustainable use of resources
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	4.4.3 Details of emissions and sustainable use of resources
GRI 303: Water and effluents 2018	303-5 Water consumption	4.4.3 Details of emissions and sustainable use of resources
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-2 Energy indirect (Scope 2) GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-3 Other indirect (Scope 3) GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-4 GHG emissions intensity	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
	305-5 Reduction of GHG emissions	4.4.1 Carbon footprint 4.4.3 Details of emissions and sustainable use of resources
GRI 306: Effluents and waste 2016	306-2 Management of significant waste-related impacts	4.4.4 Circular economy and waste management
	306-3 Waste generated	4.4.4 Circular economy and waste management
Commitments and partnerships in environmental matters		
GRI 3: Material topics 2021	3-3 Management of material topics	3.2 Iniciativas y Alianzas 4.4. Gestión e impacto medioambiental
GRI 2: General disclosures 2021	2-29 Approach to stakeholder engagement	3.2 Initiatives and alliances 4.4. Environmental management and impact
Diversity, inclusion and equality		
GRI 3: Material topics 2021	3-3 Management of material topics	6.4 Diversity 6.5 Remuneration policy
GRI 405: Diversity and equal opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	6.4 Diversity 6.5 Remuneration policy
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No reports have been made in relation to human rights in 2022 9.1 Information regarding Human Rights

Quality employment and talent management

GRI 3: Material topics 2021	3-3 Management of material topics	6.1 Workforce information 6.2 Commitment to talent 6.6.2 Health and safety
GRI 2: General disclosures 2021	2-7 Employees	6.1 Workforce information
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	6.6.2 Health and safety
	403-2 Hazard identification, risk assessment and incident investigation	6.6.2 Health and safety
	403-3 Occupational health services	6.6.2 Health and safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	6.6.3 Trade union rights and right of association
	403-9 Work-related injuries	6.6.2 Health and safety
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	6.2.1 Talent management model
	404-2 Programs for upgrading employee skills and transition assistance programs	6.2 Commitment to talent

Social commitment and Human Rights

GRI 3: Material topics 2021	3-3 Management of material topics	7. Commitment to society 9.1 Information regarding Human Rights
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	5. Commitment to sustainable finance
	203-2 Significant indirect economic impacts	7. Commitment to society
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	9.1 Information regarding Human Rights
GRI 409: Forced or compulsory labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	9.1 Information regarding Human Rights
GRI 412: Human rights assessment 2016	412-2 Employee training on human rights policies or procedures	9.1 Information regarding Human Rights
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	4.3.4 Equator Principles
GRI 413: Local communities 2016	Operations with local community engagement, impact assessments, and development programs	7.1 Commitment to education 7.2 Social and volunteering activities 7.3 Social housing management

Task Force on Climate-related Financial Disclosures (TCFD)

In November 2020, Banco Sabadell became a member of the Task Force on Climate-related Financial Disclosures (TCFD) and, in this connection, it is executing a roadmap to align with these disclosure standards and supervisory expectations.

Below are the references to sections in the NFDR document where the information to meet TCFD recommendations is detailed:

TCFD Recommendation		Banco de Sabadell NFDR section	Reference
Governance	a) Describe the Board's oversight of climate-related risks and opportunities.	2. Governance 4. Commitment to climate and the environment	2. Governance 4.1 Environmental risk governance
	b) Describe Management's role in assessing and managing climate-related risks and opportunities.	2. Governance 4. Commitment to climate and the environment	2. Governance 4.1 Environmental risk governance; 4.2 Climate-related and environmental strategy; 4.3 Environmental risk management
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	4. Commitment to climate and the environment 5. Commitment to sustainable finance	4.2 Climate-related and environmental strategy; 4.3 Environmental risk management 5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals; 5.2 Sinia Renovables; 5.3 Issuance of sustainability bonds; 5.4 Sustainable savings and responsible investment solutions; 5.5 Green financing and funding lines with multilateral development banks in Mexico
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	4. Commitment to climate and the environment 5. Commitment to sustainable finance	4.3 Environmental risk management 5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals; 5.2 Sinia Renovables; 5.3 Issuance of sustainability bonds; 5.4 Sustainable savings and responsible investment solutions; 5.5 Green financing and funding lines with multilateral development banks in Mexico
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	4. Commitment to climate and the environment	4.2 Climate-related and environmental strategy; 4.3 Environmental risk management
Risk management	a) Describe the organization's processes for identifying and assessing climate-related risks.	4. Commitment to climate and the environment	4.3 Environmental risk management
	b) Describe the organization's processes for managing climate-related risks.	4. Commitment to climate and the environment	4.3 Environmental risk management
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	4. Commitment to climate and the environment	4.2 Climate-related and environmental strategy; 4.3.3 Integration into management procedures; 4.3.4 Equator Principles

TCFD Recommendation		Banco de Sabadell NFDR section	Reference
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	4. Commitment to climate and the environment 5. Commitment to sustainable finance	4.3.1 Risk identification; 4.3.2. Assessment and measurement; 4.3.4 Equator Principles 5. Commitment to sustainable finance; 5.1 Commitment to sustainable financing solutions for the CIB business, Companies and Individuals; 5.2 Sinia Renovables; 5.3 Issuance of sustainability bonds; 5.4 Sustainable savings and responsible investment solutions; 5.5 Green financing and funding lines with multilateral development banks in Mexico
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	4. Commitment to climate and the environment	4.3.2. Assessment and measurement (Emissions of the financed portfolio); 4.4. Environmental management and impact
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	4. Commitment to climate and the environment 5. Commitment to sustainable finance	4.2 Climate-related and environmental strategy (Portfolio Alignment); 4.4. Environmental management and impact (Reduction targets) 5. Commitment to sustainable finance ¹⁰⁴

¹⁰⁴. The Institution has disclosed further targets in Sabadell's Commitment to Sustainability.

Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided and the main sectors and types of activities across the main geographies in which your bank has operations or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

The Bank's business model is geared towards profitable growth that generates value for shareholders. This is achieved through a strategy of business diversification based on profitability, sustainability, efficiency and quality of service, together with a conservative risk profile, while maintaining high standards of ethics and professional conduct combined with sensitivity to stakeholders' interests.

The Bank's management model focuses on a long-term vision of customers, through constant efforts to promote customer loyalty and by adopting an initiative-based, proactive approach to the relationship. The Bank offers a comprehensive range of products and services, competent and highly qualified personnel, an IT platform with ample capacity to support future growth, and a relentless focus on quality.

Over the last eleven years, Banco Sabadell has expanded its geographical footprint and increased its market share in Spain through a number of acquisitions and organic growth. According to the most recent information available, Banco Sabadell has a market share of 8% in lending and 7% in deposits at the domestic level. Banco Sabadell also has a good market share in other products, including 9% in trade credit, 9% in business lending, 6% in investment funds, 5% in securities trading and 17% in PoS turnover.

Sustainable financing is one of the main tools used to promote a clean and circular economic model, which reduces CO₂ emissions and contributes to protecting the environment.

Every year, the different units responsible for the product offering perform an in-depth review of the conditions of the products and their impact on customers in order to ensure that those products continue to be suitable for the target audience defined originally.

With these developments, the Group has become one of the largest financial institutions in Spain's financial system. It has a geographically diverse business (76% in Spain, 22% in the UK and 2% in Mexico) and its customer base is now six times larger than it was in 2008. It has achieved all of this while safeguarding its solvency and liquidity.

Banco Sabadell Group's banking business operates under the following brands:

- Banco Sabadell is the Group's main brand. This is the leading brand in the Spanish market providing services to individuals and corporates.
- TSB is the Group's leading brand in the United Kingdom. It became part of the Group in 2015 to provide greater competitiveness and serve an increasing number of customer needs, thus improving the banking experience in this country.
- Banco Sabadell Mexico is the brand under which the Bank operates in Mexico, where the Group opened its first representative office in 1991.

Informe de Gestión 2022: 1.1 Misión, valores y modelo de negocio: Modelo de negocio, principales objetivos alcanzados y actuaciones llevadas a cabo

5.1.3 Soluciones de finanzas sostenibles para particulares y empresas

10.1 Transparencia

1. Introducción

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes ☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- ☒ UN Guiding Principles on Business and Human Rights
- ☒ International Labour Organization fundamental conventions
- ☒ UN Global Compact
- ☐ UN Declaration on the Rights of Indigenous Peoples
- ☒ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: Equator Principles
- ☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: Equator Principles
- ☐ None of the above

Banco Sabadell has an ESG action framework (section 3. Sabadell's Commitment to Sustainability), which is aligned with the SDGs and in which climate action (SDG 13) is one of the priority SDGs of its corporate strategy.

The ESG framework of Sabadell's Commitment to Sustainability includes the global sustainability undertakings that it has subscribed and the transformation and promotion actions, both those implemented by the Group and those planned for the future, which aim to accelerate ecological transition, reinforce the fight against climate change and support social development, reinforcing and in turn addressing priority matters arising in that respect. This framework is aligned with the UN SDGs and focuses on those where it has the greatest capacity to influence due to its systemic interrelationships, type of activity and capacity to make an impact.

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the guidelines, targets and limits required at different points of the credit approval workflow.

For this reason, the Group has an environmental and social risk framework that establishes the Group's position, stating that it aims to avoid financing activities considered to have a high environmental risk. At the same time, the Group fosters green financing, using to that end an Eligibility Guide that outlines the activities deemed to be sustainable (in environmental and social terms), in alignment with the EU Taxonomy Regulation.

In parallel, as part of the financial sector, the Group promotes the transition of companies and businesses, steering the financing according to the nature of the activities and making it easier for agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model. With this aim in mind, the Management Guidelines for ESG risks have been defined, through which the Group aims to limit access to funding for polluting companies with poor ESG performance. To classify large enterprises according to their ESG performance, the Group is defining an indicator internally.

It is worth pointing out that the Bank, in parallel to all of the initiatives intended to integrate environmental risks into management arrangements, has a series of initiatives underway to improve the quality of the information on which it bases its decisions (databases, customer data gathering projects, among others).

In addition, since 2011, the Group has adopted the Equator Principles, an international voluntary policy, standard and guide framework, coordinated by the International Finance Corporation (IFC), a sister organisation of the World Bank, which aims to identify, assess and manage environmental and social risks relating to project finance of 10 million US dollars or more and corporate loans related to projects of more than 50 million US dollars. Through the Equator Principles standards, a social and environmental assessment of the potential impacts of the project is carried out by an independent expert.

4. Commitment to climate and the environment

3.2 Initiatives and alliances

4.3.3 Integration into management procedures

4.3.4 Equator Principles

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and the environment resulting from our activities, products and services. To that end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly and fulfil the following requirements/elements (a-d):

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

In 2022, Banco Sabadell carried out an analysis to identify the positive and negative impacts arising from its financing activities, as a result of which targets have been set for the areas with the greatest impact.

This analysis has taken place using the Portfolio Impact Analysis Tool for Banks for the use of the Holistic Impact Methodology devised by UNEP FI.

The tool makes it possible to identify environmental, social and economic impacts (both positive and negative) associated with both the Retail Banking lending portfolio and the Business Banking lending portfolio, and to overlay these associations with the challenges and priorities for the sustainable development of the countries in which the Bank operates, in order to identify the most significant impact areas/topics of the portfolio.

The impact analysis conducted by Banco Sabadell focused on the main business areas of the Bank, analysing the financial products and services offered to natural persons in its Retail Banking business in Spain and the business of TSB in the United Kingdom, as well as business lending in the Business Banking business line in Spain and Mexico. The exercise covered 92% of Banco Sabadell's overall lending portfolio, 45% of which corresponds to the Retail Banking lending portfolio, while 47% corresponds to the Business Banking lending portfolio. The analysis has not considered the Business Banking portfolio of TSB in the UK, nor the exposure of the Bank in foreign branches, due to their low materiality in overall terms.

3.3.4 Engagement
with Principles for
Responsible Banking

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

i) by sectors & industries for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or

ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

The business lending portfolio accounts for around half of the Bank's loan book. The sectors with the largest lending volume in each geography are: (a) financing of general activities of the General Government and the rental and management of real estate in Spain, and (b) hotel management and real estate in Mexico. For its part, most of the exposure of the Retail Banking portfolio is concentrated in the Bank's financial mortgage products in both Spain and the UK.

To identify the impacts associated with the sectors financed by Banco Sabadell and the impacts associated with the products and services offered to retail customers, the Sector Impact Map embedded in the Portfolio Impact Analysis tool has been used, which systematically analyses the different impact areas associated with each of the financed sectors, products and services. As a result, it has been concluded that the most prominent impact areas in our portfolios are "Availability, accessibility, affordability and quality of resources and services" (specifically, "Access to finance and housing", "Climate stability" and "Circularity").

The efforts made by the Institution to be among the leaders in renewable energy project finance support Climate stability and Circularity. On the other hand, consumer loans and mortgages for individuals, as well as the products and services offered by Banco Sabadell for specific groups (e.g. young people, seniors or groups with reduced financial capability) contribute substantially to Access to finance and housing. Lastly, the financing of sectors classified as carbon-intensive (e.g. generation of non-renewable electricity, transport and real estate sector) and which require natural resources for their production processes could have a potentially negative contribution in the aforementioned impact areas.

3.3.4 Engagement
with Principles for
Responsible Banking

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

The Context Module of the UNEP FI Portfolio Impact Analysis tool has been used to analyse the environmental, social and economic context in Spain, Mexico and the UK and to map out the main challenges and priorities for sustainable development in each of these countries based on sets of statistical data and the strategies announced by domestic governments in their voluntary progress reports on the achievement of SDGs. As a result, Access to housing has been identified as being the main challenge and as a shared priority across all geographies. Furthermore, Climate stability has been recognised as one of the major challenges shared by all of the countries analysed.

3.3.4 Engagement
with Principles for
Responsible Banking

Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)? Please disclose:

The results of the portfolio composition analysis, along with the evaluation of the challenges and priorities for sustainable development in Spain, Mexico and the UK, have prompted Banco Sabadell to prioritise two areas of impact due to their significance obtained from both analyses: Climate and environment (described in the tool as Climate stability) and Financial inclusion and education (which would include Access to finance and housing).

3.3.4 Engagement
with Principles for
Responsible Banking

Both areas of impact that have been prioritised are aligned with the results obtained in the materiality analysis, which was carried out in 2021 and updated in 2022. In this respect, the areas prioritised in the Impact Analysis, namely, Climate and environment, and Inclusion and financial education, relate directly to at least three of the relevant topics for which positive and negative impacts were identified according to the double materiality perspective (i.e. the environment on the Institution and the Institution on stakeholders). The area of climate and environment is closely related to the relevant topics of Climate and environment, Sustainable finance and investment, and the topic of Commitments and partnerships in environmental matters. On the other hand, the area of inclusion and financial education is directly related to the relevant topics of Social commitment and Human Rights, Sustainable finance and investment, and Customer satisfaction and digitisation.

d) For these (min. two prioritized impact areas): Performance measurement: Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.

In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services.

If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.

The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.

Understanding current practices and the success with which impacts are managed is fundamental to determine how Banco Sabadell could continue to develop and improve and thus ensure the achievement of the targets. To measure the Institution's performance and quantify the impact generated by the lending portfolio in those sectors or products that contribute substantially to the two areas of impact that have been prioritised, Banco Sabadell measures a series of indicators.

3.3.4 Engagement
with Principles for
Responsible Banking

On the area of impact related to climate and the environment, which is closely linked to the energy and real estate sectors, the following indicators are measured: (a) emissions of the portfolio, (b) volume of financed products and services mobilised in cumulative terms in sustainable finance solutions, (c) renewable capacity (MW) financed through Project Finance, (d) emissions prevented by investing in renewable energy projects (tCO₂), (e) clean energy generated by investing in renewable energy projects for a specified number of households, and (f) the cumulative volume of mortgages with sustainable certification (mortgage loans that finance a home with energy certificate rating of A or B).

In terms of the area of impact related to financial inclusion and education, which is closely linked to consumer loans and mortgages granted to individuals, and to the products and services offered by Banco Sabadell for specific groups of people, the Bank evaluates the progress made using indicators such as (a) the annual number of those benefiting from financial education programmes, adding new population sectors (seniors, vulnerable groups, etc.), (b) the cumulative volume of finance granted to micro-entities through loans, credit, leases, rentals, reverse factoring and factoring between 2021 and 2025, and (c) the number of social rent or affordable rent contracts managed through Sogeviso (number of households reached) and the annual number of people benefiting from financial education programmes.

Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

The most significant impact areas identified as a result of the impact analysis are: (a) Climate and environment and (b) Financial inclusion and education (which would include Access to finance and housing).

How recent is the data used for and disclosed in the impact analysis?

- ☐ Up to 6 months prior to publication
- ☒ Up to 12 months prior to publication
- ☐ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.: (optional)

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Banco Sabadell is firmly committed to continuing to move forward in its activity and organisation in order to support and accelerate the important economic and social transformations that contribute to sustainable development and the fight against climate change. To that end, the Group has established its Commitment to Sustainability, a framework for action that ensures the integration into the Bank's strategy of a forward-looking vision for the period 2025-2050 in relation to environmental, social and governance (ESG) commitments, that aligns the business objectives with the Sustainable Development Goals (SDGs) and the Paris Agreement, and that establishes action levers to generate transformation and promotion activities. It has been created with the involvement of all of the Institution's corporate bodies and four strategic pillars have been established, on which work is already underway:

- Progress as a sustainable institution
- Support customers in the transition to a sustainable economy
- Offer investment opportunities that contribute to sustainability
- Work for a sustainable and cohesive society

Sabadell's Commitment to Sustainability

3. Sabadell's Commitment to Sustainability

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

During 2021 and 2022, Banco Sabadell Group has worked on obtaining a first estimate of the carbon footprint of its financed portfolio using the Partnership for Carbon Accounting Financials (PCAF) methodology.

On an aggregate basis, the Group has been able to calculate an estimate of its carbon footprint of approximately 85% of its financed portfolio in 2021. The percentage remaining or without an assigned figure are portfolios for which there are still no calculation or estimation methodologies or standards such as finance granted to the public sector, consumer loans for purposes other than vehicle purchase, etc. Most emissions are concentrated in the corporate finance portfolio. On this baseline, work is being carried out to calculate decarbonisation pathways, having currently calculated the base year (2020) and having set interim targets for 2030 for four sectors, in order to attain emissions neutrality of the portfolio financed and invested in by the Group by 2050.

Since 2020, Banco Sabadell has been developing a Sustainable Finance Plan, affecting all of its business lines and units, which will allow it to achieve the Institution's sustainability commitments. In 2021, the volume of financial products and services mobilised through sustainable finance solutions was over €11,000m. On this basis, the Bank has set itself cumulative mobilisation targets for 2025, which are described in the following section.

In the area of financial inclusion and education, in 2021, €3,400m of finance was granted to micro-entities to promote and maintain employment. On this basis, the Bank has set itself cumulative targets for 2025, which are described in the following section.

On the other hand, Banco Sabadell has promoted and taken part in a number of financial education initiatives. In 2021, a total of 6,300 people benefited every year from the Bank's financial education programmes imparted through 836 workshops by 154 volunteers. The targets set for 2025 are described in the following section.

4.3.2. Assessment and measurement: Emissions of the financed portfolio

c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target?

Banco Sabadell has set the following targets and objectives for each of the priorities areas of impact:

Climate and environment:

Banco Sabadell supports customers in the transition towards a sustainable economy. It provides them with the information, advice, products and services that they need. The Group helps its customers overcome their challenges, understanding their situation and aligning it with the regulatory environment, whilst also identifying physical and transition risks and their opportunities for transformation.

In order to decarbonise the portfolio's carbon footprint, the following targets and objectives have been set:

- Achieve emissions neutrality of the portfolio by 2050.
- Calculate decarbonisation pathways for all sectors published by internationally recognised bodies (SBTi, PACTA) and for customers where there is sufficient information to make this calculation. At present, Banco Sabadell has set itself the following interim targets and objectives for 2030:
 - Maintain the level of CO₂ emissions intensity in the electricity generation sector. The Bank's current baseline is 61 kg CO₂e/MWh, which is much lower than the figure in the reference scenario (IEA NZE 2050) and in line with the level expected to be attained by the sector between 2036-2037; therefore, the Group aims to keep its CO₂ emissions intensity level at a range of between 85-45 kg CO₂e/MWh.
 - Reduce total emissions due to positions held in oil and gas industry by 23%.
 - Reduce emissions intensity per tonne generated in the cement industry by 23%.
 - In line with the expectations of the Net-Zero Banking Alliance (NZBA), the Bank will have no exposure to coal mining activities in 2030.
- Mobilise €65bn in financial products and services, in cumulative terms, in sustainable finance solutions between 2021 and 2025.

Financial inclusion and education:

Banco Sabadell contributes to the transition towards a more sustainable and cohesive society through ethical and responsible management.

It promotes financial education and inclusion, volunteering and charitable activities. It pays special attention to supporting customers in vulnerable situations with social housing management initiatives and employability programmes. In order to promote financial inclusion and education, the Group has set itself the following targets and objectives:

- Reach a figure of 10,000 annual recipients of financial education programmes including new sectors of the population (seniors, vulnerable groups, etc.) by 2025.
- Reach a volume of over €15bn in cumulative finance granted to micro-entities through loans, credit, leases, rental arrangements, reverse factoring and factoring between 2021 and 2025.

Sabadell's Commitment to Sustainability

4.2 Climate-related and environmental strategy: Portfolio Alignment

d) Action plan: ¿which actions including milestones have you defined to meet the set targets? Please describe. Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.

The Commitment to Sustainability action framework defines two types of levers for achieving the established targets and objectives:

- Transformation actions to align the organisation with ESG criteria
- Actions to promote sustainable finance and generate opportunities

Sabadell's Commitment to Sustainability

To make progress on the achievement of climate-related and environmental targets, some of the actions that Banco Sabadell will be taking are the following:

- Measure the carbon footprint of the financed portfolio, using the Partnership for Carbon Accounting Financials (PCAF) methodology
- Advise corporate customers in their transition to more sustainable models which, as a whole, enable the attainment of international decarbonisation targets.
- Train and deploy a team of specialists in European Funds and Sustainability to offer support to the branch network in the development of sustainable operations.
- Develop a range of solutions geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems.

To achieve targets in relation to financial education and inclusion, some of the actions that Banco Sabadell will be taking are the following:

- Develop basic accounts for vulnerable customers and those at risk of financial exclusion
- Develop volunteer programmes, mainly made up of pre-retirees of the Bank for the financial and digital training of senior groups
- Grant finance to micro-entities for the purpose of promoting and maintaining employment
- Develop programmes dealing with topics such as access to finance

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: Climate and Environment	... second area of most significant impact: Financial Inclusion and Education
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

In order to monitor the progress made by Banco Sabadell with regard to the achievement of the established targets and objectives, a series of milestones have been identified.

With regard the target level of €65bn for financial products and services mobilised in cumulative terms through sustainable finance solutions. To date, it has mobilised more than €25bn, including €14.8bn in 2022.

Banco Sabadell continues to promote and take part in a number of financial education initiatives. By engaging in this type of activity, the Institution aims to not only meet the different training requirements of society in general, but also be by their side to help them develop skills and decision-making abilities.

In 2022, more than 7,500 have benefited from financial education programmes, incorporating new population sectors (seniors, vulnerable groups, etc.). This represents 75% of the target set for 2025.

In the area of social financing, it is worth highlighting the financing granted to micro-entities for the purpose of promoting and maintaining employment. In 2022, over €4.8bn worth of finance has been granted to micro-enterprises for this purpose, of the €15bn target set for 2021-2025, meaning that in two years over half of the target has been achieved.

5. Commitment to sustainable finance

7.1 Commitment to education

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers in place to encourage sustainable practices?

☒ Yes ☐ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☒ Yes ☐ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Sustainable financing is one of the main tools used to promote a clean and circular economic model, which reduces CO₂ emissions and contributes to protecting the environment.

In the case of individuals and SMEs, Banco Sabadell offers its customers a range of solutions geared towards energy saving, offering solutions for home purchases and home renovations, sustainable mobility and the installation of renewable energy systems.

The Group promotes sustainable financing and investment to drive forward the transition towards a more sustainable model and a low-carbon economy, offering customers and investors the best possible solutions. In 2021, the Bank committed to mobilise €65,000M in sustainable finance by 2025. To date, it has mobilised more than €25bn, including €14.8bn in 2022.

To deliver on this commitment, and in order to encourage social and financial inclusion and contribute to environmental conservation and climate change mitigation, the Bank has:

— Financing solutions in the different businesses:

To bring processes for loan approval, portfolio management and reporting tasks in line with international standards on sustainable financing "Green Loan Principles" and "Sustainability-Linked Loan Principles" issued by the Loan Market Association and the "Green Bond Principles" and "Sustainability-Linked Bond Principles" issued by the International Capital Market Association (ICMA), in 2020 the following types of financing were defined, according to the intended use of the funds:

— Green and Social Loans (GSLs), in which the use of the funds is the main criterion for determining the green, social or sustainable nature. In general, this type of financing is preferable as it generates a positive direct impact on the environment and/or society. This type of financing is closely related to Banco Sabadell's Eligibility Guide, whose main reference is the EU Taxonomy, and to the green bonds issued by the Bank in recent years under the SDG Bond Framework. This category mainly includes Project Finance transactions related to renewable energy, customers whose business activities are aligned with the EU Taxonomy and bond issuances and private placements intended to fund a specific green and/or social project (further details provided in the corresponding sections).

To promote GSL transactions, the Bank has approved discounts that allow it to offer better prices to customers.

The rollout of the Next Generation EU Recovery Funds are expected to significantly boost this type of financing (section 5.1.4 Next Generation EU provides more details on the actions that the Bank is taking in relation to the aforesaid funds).

— Sustainability-Linked Loans (SLLs), relating to the type of financing that incentivises the achievement of sustainability targets, linking the transaction price to the evolution of one or more KPIs. This category does not require the funds to be used for any specific purpose. It is considered essential for the selected indicators to be relevant and central for customers, as this enables their sustainability strategy to gain more traction.

— Investment in renewable energies through Sinia Renovables subsidiary (further details provided in section 5.2 Sinia Renovables).

— Issuance of own sustainability bonds (more details in section 5.3 Issuance of sustainability bonds).

— Sustainable savings and responsible investment solutions (more details in section 5.4 Sustainable savings and responsible investment solutions)

In February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's 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 out 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.

In order to limit the Bank's exposure to transition risk and, at the same time, support emissions-intensive companies in their transition to sustainable activity, the ESG Risk Management Guidelines have been defined. These Guidelines limit

2. Governance

3.1 ESG framework

4.3.3 Integration into management procedures

5. Commitment to sustainable finance

5.1.3 Sustainable financing solutions for retail customers and businesses

10.1 Transparency

Directors' Report 2022: 1.5 Customers

the origination of funding transactions for corporates and projects with carbon-related activities (greenhouse gas emissions-intensive) and with low ESG performance and/or a poor attitude to ESG. This way, the Bank will be able to continue funding the transition of emissions-intensive companies if they have made sufficient progress in their management and have medium or advanced ESG performance.

The Bank has established 'Sabadell's Commitment to Sustainability'. Underpinned by four strategic pillars, this framework sets out the Bank's sustainability strategy and forward-looking vision with ESG goals and commitments, aligned with the UN Sustainable Development Goals (SDGs), and establishing levers for transformation and promotion actions. The main lines of action of this ESG framework are the following:

- Progress as a sustainable institution: the Bank focuses on achieving greenhouse gas (GHG) emissions neutrality, promoting diversity, safeguarding talent, and continuing to incorporate ESG criteria in its governance, as well as participating in the most relevant ESG alliances.
- Support customers in the transition towards a sustainable economy: to do so, the Bank is making progress with mapping out decarbonisation pathways, supporting customers in their transition to specialised solutions in renewable energies, energy efficiency and sustainable mobility, and setting sectoral standards that limit controversial activities and/or those with a negative impact on social and environmental development.
- Offer investment opportunities that contribute to sustainability: in the investor ecosystem, the Bank focuses on increasing savings and investment opportunities that contribute to sustainability, rolling out a wide range of social, ethical, green and sustainable bonds and funds, both its own and those of third parties.
- Work together for a sustainable and cohesive society: in its commitment to society, the Bank believes that it is essential to take an active role to improve financial education, move forward inclusion, reduce social vulnerability to the minimum, and ensure security in transactions and exchanges of information.

Understanding the customer at all times during their relationship with Banco Sabadell is key. To achieve this, new methodologies are constantly being developed to enable the Bank to listen to the customer, to measure and assess the main reasons for customer satisfaction and dissatisfaction and how close or far we are from meeting our customers' expectations. The measurement of customer experience focuses on obtaining insights that help with decision-making and drive an increasingly customer-centric culture.

This measurement is made by understanding the market, consumers and customers, and a number of different qualitative and quantitative analytical methodologies are used to that end.

Banco Sabadell analyses its customers' experience through quantitative surveys, such as:

1. Net Promoter Score (NPS)
2. Satisfaction surveys
3. Branch quality surveys

In accordance with its policies and procedures, the Bank has mechanisms in place to ensure that all information provided to customers is transparent and that all of the products and services which it offers are suited to their needs at all times. To this end, before marketing a new product or service, an internal workflow ("Product Workflow") is followed, where the relevant areas in the Bank review the various aspects to ensure they conform to the established standards. The subsequent validation by the areas involved is ultimately ratified by a high-level committee, the Technical Product Committee. This validation process allows the Institution to identify the target audience to which the product should be aimed, in other words, the group of customers whose interests, goals and characteristics fit with the conditions of the product, even in cases where these can cover preferences regarding sustainability, as established in MiFID II and the IDD.

Furthermore, every year, the different units responsible for the product offering perform an in-depth review of the conditions of the products and their impact on customers in order to ensure that those products continue to be suitable for the target audience defined originally. This review process falls within the obligations required by various customer and investor protection regulations, such as the Guidelines on Product Oversight and Governance Arrangements for Retail Banking Products and the MiFID II Directive.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Banco Sabadell seeks to identify and leverage opportunities related to the transition to a sustainable economy (section 5. Commitment to sustainable finance):

- Increasing exposure to green financial assets, as they are a key factor in achieving decarbonisation targets. In this regard, progress continues to be made on the implementation of financing solutions in the different businesses through Green and Social Loans and Sustainability-Linked Loans.
- Advising and responding to the challenges of transition of all customers (large enterprises and corporations, SMEs and individuals) by:
 - 1) Offering strategic support, identifying the most appropriate sustainable finance solutions
 - 2) Promoting the energy transition with solutions and agreements with partners from different sectors
 - 3) Offering ESG investment opportunities
- Engaging in management with greater knowledge and specialisation, leveraging teams specialising in sustainability, internally promoting the development of new solutions with the involvement of employees, such as the first internal sustainability hackathon, and also on an external basis, fostering ecological research through the Marine Sustainability Award, promoted by the Bank and its Foundation.

Section 5. Commitment to sustainable finance gives details of the solutions offered to customers and investors to help them transition to a more sustainable model. To name a few:

2. Governance

3.1 ESG framework

4.3.3 Integration into management procedures

5. Commitment to sustainable finance

5.1.3 Sustainable financing solutions for retail customers and businesses

10.1 Transparency

Directors' Report
2022: 1.5 Customers

4.2 Climate-related and environmental strategy

5. Commitment to sustainable finance

Green financing solutions for individuals:

Green mortgages

Banco Sabadell currently offers a reduced price across its entire mortgage range to incentivise the purchase, construction or renovation of homes with energy certification B or higher.

In 2022, the volume of Mortgages with sustainable certification was more than 540 million euros.

Sabadell green renovation loans

The aim of the Sabadell green renovation loan is to encourage home renovations and/or purchases that improve the sustainability and or energy saving capacity of a main or secondary residence. The Bank offers financing, with attractive conditions, for improvements of openings (windows and doors), upgrades of heating or cooling systems to make them more efficient, and purchases of household appliances with an energy efficiency rating of A or higher.

Social financing solutions for individuals

In the area of social financing, and due to the economic impact of higher interest rates, Banco Sabadell has proactively offered solutions to customers with variable-rate mortgages who may be experiencing difficulties, in addition to customers who meet the vulnerability criteria in accordance with the Code of Good Practice, with the aim of helping these customers to meet their obligations, relieve their financial burden and avoid default situations.

Green financing solutions for businesses:

During 2022, more than 1,100 million euros were mobilised to fund companies engaged in green operations or projects, mainly through loans, leasing and rentals. This financing is intended for projects that are aligned with the Bank's Eligibility Guide, primarily:

- Construction and real estate
- Energy
- Mobility
- Water and Waste

Finance to promote and maintain talent:

In the area of social financing, we highlight our objective to promote and maintain employment by providing financing for micro-entities.

In 2022, micro-entities were granted more than 4,800 million euros in funding, mainly through loans and credit, thereby helping to maintain employment and facilitating the development and progress of the business and industrial fabric of each region.

Sinia Renovables:

At year-end 2022, Sinia Renovables, Banco Sabadell's division for investment in renewable energies and sustainability, has investments in operation, construction and development projects with an overall installed capacity of 1,139 MW, of which the portion attributable to Sinia through its direct shareholding is 342.0 MW, equivalent to the generation of 754.0 GWh of sustainable electricity each year. This power generation, assuming all projects are in operation, would be enough to satisfy the average annual consumption of approximately 230,469 households.

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 157 GWh/year. This renewable energy prevents the emission of around 22,061 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 48,159 households. At year-end 2022, Sinia Renovables, Banco Sabadell's division for investment in renewable energies and sustainability, has investments in operation, construction and development projects with an overall installed capacity of 1,139 MW, of which the portion attributable to Sinia through its direct shareholding is 342.0 MW, equivalent to the generation of 754.0 GWh of sustainable electricity each year. This power generation, assuming all projects are in operation, would be enough to satisfy the average annual consumption of approximately 230,469 households.

Renewable electricity attributable to Sinia, based on the entirety of its portfolio in operation, in which it holds a direct equity interest, is 157 GWh/year. This renewable energy prevents the emission of around 22,061 tonnes of CO₂ equivalent per year, equivalent to the average annual consumption of approximately 48,159 households.

4.2 Climate-related and environmental strategy

5. Commitment to sustainable finance

Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4. 1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

In 2022, a review has been carried out of the materiality analysis performed in 2021, which involved establishing a list of material topics for the Group with the aim of listening to stakeholders. This review was carried out with the aim of updating the Group's perspective in the materiality matrix and to adapt to the increasingly demanding regulatory requirements and market environment in this respect.

3.3 Materiality

The objective of this analysis is to identify and prioritise ESG aspects of relevance to the Group and its stakeholders, with three aims:

- Recognise the ESG priorities on which Banco Sabadell Group should focus its attention, taking into consideration risks, opportunities, impacts and trends.
- Strengthen the relationship with different stakeholders and outline the impacts and expectations with regard to ESG.
- Address the reporting needs arising from legal requirements and from analysts and indices, as well as the demands of shareholders, investors and other stakeholders, with a common and simple language.

In 2021 priority stakeholders, whose demands and requirements were included in the materiality analysis, were identified, namely: employees, suppliers, customers, investors, rating agencies, society, regulators and supervisory authorities, and economic operators. Following this interaction with different stakeholders, the relevance of all matters related to ESG was analysed, both from the perspective of stakeholders and that of the Group, and is described below. The material aspects and their definition are set out in section 3.3.1. of this document.

In a second stage of the materiality analysis process, carried out in 2021 and updated in 2022, Banco Sabadell Group combines the analysis of stakeholder expectations with the identification of impacts from a double materiality perspective. The double materiality process aims to identify the impacts of environmental and social matters on the Group, and of the Group on its stakeholders, which are assessed to obtain a holistic view of the relevance of the impacts of each material aspect on sustainability issues.

Based on these identified impacts, and with the aim of prioritising them, the Group has carried out a quantitative assessment in which it consulted different areas of the Bank by means of questionnaires on the relevance of these impacts, which were answered according to pre-defined scales.

The result of this analysis has made it possible to complete the double materiality approach which is presented in section 3.3.2 of this document, and to update the Materiality matrix, which is set out in section 3.3.3. Three levels of priority have been established for the results, level 1 being that which is of greatest impact for the Group and which includes the following material aspects: (i) Corporate Governance, (ii) Value Creation and Solvency, (iii) Ethics and Integrity, (iv) Climate Change and Environmental Risks (v) Sustainable Finance and Investment.

Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

The governance system and the organisation of the different decision-making levels are both being continuously improved and adapted to the needs that are emerging from the new sustainability environment.

2. Governance

Remuneration linked to Sustainability

Board of Directors

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 CEO. To ensure better and more diligent performance of its general supervisory duties, the Board is directly responsible for approving the Institution's general strategies. It also approves its policies, and is therefore responsible for establishing principles, commitments and targets in the area of sustainability, and for including them into the Institution's strategy.

Sustainability played an important role within Banco Sabadell's business purpose and strategy in 2022. By defining the Institution'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 February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's 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 out 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.

Board Committees

The Board Strategy and Sustainability Committee, established in 2021, is formed of five Directors (two Other External Directors and three Independent Directors) and is chaired by the Chairman of the Board of Directors. This Board Committee met 13 times in 2022.

In matters of strategy, the Chief Executive Officer may speak and vote at meetings, to which end the Committee is deemed to have six members.

On sustainability, the Committee has the following duties:

- Analysing and advising the Board of Directors on the Institution'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 opportunities and work-life balance policies and evaluating their degree of fulfilment on a regular basis.
- Review the Bank's social action strategy and its sponsorship and patronage plans.
- Reviewing and reporting on the Institution's 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 communications or communications from external supervisory bodies within the scope of this Committee's competencies.

In addition, in 2021 the Board Appointments and Corporate Governance Committee also took on duties in relation to advising the Board of Directors on the internal corporate policies and regulations, as well as overseeing the compliance with corporate governance rules and the disclosures to shareholders and investors, proxy advisors and other stakeholders.

Internal Committees

The Management Committee regularly monitors the Sustainable Finance Plan and updates to the regulatory framework and it is also in charge of overseeing the aforesaid plan and resolving any incidents.

In addition, the Sustainability Committee, established in 2020 and chaired since 2021 by the Deputy General Manager and head of the Sustainability and Efficiency Division, 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, as well as of managing any alerts that may arise in relation to ongoing initiatives or any developments in the regulatory, supervisory or other environments. It is made up of 15 members (ensuring the representation of several areas, including Sustainability, Risk, Finance, Business, Technology & Operations, Communication, Research Service, Organisation and Resources) and it meets once a month. This composition of the Sustainability Committee covers all functional areas, which enables the cross-cutting establishment and implementation of the Sustainable Finance Plan and, therefore, the execution of the Institution's ESG strategy. The Sustainability Committee met 13 times in 2022.

Since the first quarter of 2022, a regular report has been drawn up for the various management and governance bodies in the Bank, including the Board of Directors, which includes relevant information to evaluate the exposure to climate-related and environmental risks, their progression, as well as other events or circumstances that could have an impact on the Institution in relation to the environment in which it operates, among which references are included regarding the progress made by the Institution on the Principles for Responsible Banking.

Remuneration linked to Sustainability

The commitment to sustainability and the involvement of the Bank's staff in the delivery of the Institution's ESG goals are factors reflected in the attainment of the Group's objectives. Through the synthetic sustainability indicator (SSI), established in 2020, Key Performance Indicators (KPIs) for ESG matters are included and linked to the variable remuneration of employees, forming part of the Group objectives with a weight of 10%. This indicator is regularly monitored by the Sustainability Committee which incorporates updates of these indicators in its periodic review. The metrics that make up this indicator to measure sustainability include four types of indicators:

- a. A market-led assessment, carried out by ESG rating agencies, of the information disclosed.
- b. The degree of progress in the achievement of actions set out in the Sustainable Finance Plan.
- c. The commitment to diversity in relation to the increased presence of women in various management positions.
- d. In relation to the environment and the channelling of resources through the volume of sustainable financing (in accordance with the EU taxonomy).

2. Governance

Remuneration linked to Sustainability

5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g. capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

The training model of Banco Sabadell Group is built on the following pillars:

- Offer training aligned with the business and needs, both the regulatory needs in the market and the needs of staff members of Banco Sabadell Group.
- Improve the development of employees, as the drivers of change and transformation.
- Streamline the Institution's training budget so that more employees can receive training and to achieve greater transformation.
- Be a standard-bearer within the financial sector in terms of innovation in staff training.
- Be leaders in terms of adjusting training schemes to the digital transformation of business lines.

6.3 Training

The goal is to train employees for the world of today and tomorrow, anticipating training needs using the People workforce strategic plan and business objectives, taking regulatory obligations into account, and developing a training model with customised, innovative and efficient solutions. The training is aimed at all Group employees, including those on part-time contracts and interns.

In 2022, the Group has continued to support the business in the challenges and targets that it has set itself, offering new specific training resources for strategic projects that are a matter of priority for Banco Sabadell Group, focusing on aspects such as specialisation programmes for commercial roles, financial current affairs and sustainability.

The vast majority (97.8%) of employees received training in 2022, with 634,599 total hours of training completed at the Group level (equivalent to an average of 34 hours per employee), which improved both the professional skills of our workforce and their future employability within the organisation.

The area of sustainability continues to have its own specific place on Campus, with self-guided training content for the Bank's employees.

Here they can access training provided through introductory content that was already in place last year, such as the Introduction to Sustainability course, as well as a new course added this year, the Sustainable Borrowing course, developed together with EADA Business School. This course is open to all employees and offers them the chance to learn about the new sustainable paradigm, teaches them to explain the triple bottom line and the ESG Framework, as well as the Sustainable Development Goals (SDGs), and also what is meant by the circular economy and how the Bank is pursuing its Sustainability Plan.

A further two courses are also still being offered:

- Sustainability is a one-hour training course designed to allow employees to become familiar with the key aspects of sustainability and to prepare for the 360 Visit so that they may also support customers in this regard.
- Environmental Management System is a two-hour training course intended to ensure that employees understand the importance of implementing an environmental management system in the Bank and are able to collaborate in the implementation of the system based on Standard ISO 14001.

One new development concerns the launch of the Sustainable Finance Certification scheme. This scheme has been developed by the Carlos III University in Madrid and by the Aditio Business School and is aimed at all employees, who will acquire the necessary knowledge to be able to offer advice on green products (financing and investing products) as well as becoming familiar with the main regulations and legislation affecting the financial sector and the banking industry in this regard. Group employees dedicated a total of 10,394 hours to Sustainability training.

The scheme consists of two modules, one basic and the other advanced. Those interested in completing the course were able to take the first module in the first half of the year. The second module was launched in October. The basic module focuses on ESG criteria, sustainable finance, the Bank's commitment to sustainability and on knowledge about sustainability products. The advanced module focuses on specialised knowledge, in particular on the management of ESG risks and the application of specialised knowledge when managing affluent customers.

Lastly, the same space includes access to a news capsule about the circular economy.

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio? Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

In February 2022, the Board of Directors updated the Sustainability Policy, aiming to provide a framework for all of the Institution's 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 out 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.

Effective integration of environmental risks into management arrangements requires a strategy and set of regulations that establish the guidelines, targets and limits required at different points of the credit approval workflow.

For this reason, the Group has an environmental and social risk framework that establishes the Group's position, stating that it aims to avoid financing activities considered to have a high environmental risk. At the same time, the Group fosters green financing, using to that end an Eligibility Guide that outlines the activities deemed to be sustainable (in environmental and social terms), in alignment with the EU Taxonomy Regulation.

In parallel, as part of the financial sector, the Group promotes the transition of companies and businesses, steering the financing according to the nature of the activities and making it easier for agents in polluting industries who work to improve their ESG performance to transition to a more sustainable model. With this aim in mind, the Management Guidelines for ESG risks have been defined, through which the Group aims to limit access to funding for polluting companies with poor ESG performance. To classify large enterprises according to their ESG performance, the Group is defining an indicator internally.

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The Group has a Human Rights Policy and a related Due Diligence Procedure, both approved since 2021, which are reviewed annually and are applicable to all Group companies. It establishes its basic principles of action, as well as the mechanisms required to identify, prevent, mitigate and/or remedy any potential negative impacts on human rights that its activities and procedures may entail, in particular, with regard to granting finance to companies, or issues involved in its human resources management model or its supplier contracting processes. It also establishes the need for training in all of these areas.

The principles governing the Human Rights Policy take into consideration the impact and relationship with four main stakeholder groups: Group employees, customers, suppliers and commercial partners, and the communities or environment in which the Group develops its business and operates.

The Group also has a new version of the Group Code of Conduct, approved in 2021 by the Board of Directors following an in depth review to adapt it to regulatory requirements, Supervisory guidelines and specifications, and to market standards. In short, to ensure it complies with the expectations and objectives of different stakeholders. The issue of the new version of the Group's Code of Conduct required express acceptance of it by every member of the Group's workforce.

2. Governance

4.3.3 Integration into management procedures

9.1 Information regarding Human Rights

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☒ Yes ☐ Parcialmente ☐ No

If applicable, please include the link or description of the assurance statement.

KPMG Asesores, S.L.

Assurance included
at the end of this
document

6.2 Reporting on other frameworks

Reporting on other frameworks Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☒ GRI
☐ SASB
☐ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☒ TCFD
☐ Other:
-

—

Annex 2

6.3 Outlooks

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis, target setting and governance structure for implementing the PRB)? Please describe briefly.

In 2022, Banco Sabadell conducted an impact analysis and set targets for the areas with the greatest impact.

Over the next year, the targets set will be monitored and progress in relation to PRB will continue to be reported.

In addition, the Bank plans to continue setting additional interim targets for the rest of the carbon-intensive sectors identified by the Net-Zero Banking Alliance (NZBA). The Bank will also report on the progress made with the commitments it has undertaken and it will unveil an action plan to ensure it meets the aforesaid targets.

PRB 2 Impact and
Target Setting

Portfolio Alignment

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

- | | |
|--|--|
| <input type="checkbox"/> Embedding PRB oversight into governance | <input type="checkbox"/> Customer engagement |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank | <input type="checkbox"/> Stakeholder engagement |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability |
| <input type="checkbox"/> Conducting an impact analysis | <input type="checkbox"/> Data quality |
| <input type="checkbox"/> Assessing negative environmental and social impacts | <input type="checkbox"/> Access to resources |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies | <input checked="" type="checkbox"/> Reporting |
| <input checked="" type="checkbox"/> Setting targets | <input type="checkbox"/> Assurance |
| <input type="checkbox"/> Other: ... | <input type="checkbox"/> Prioritizing actions internally |
-

If desired, you can elaborate on challenges and how you are tackling these:

Indicator

2022

1- Proportion in their total assets of exposures to EU Taxonomy-eligible economic activities	43.0 %
2- Proportion in their total assets of exposures to central governments, central banks and supranational issuers	30.0 %
3- Proportion in their total assets of derivatives exposures	2.7 %
4- Proportion in their total assets of exposures to companies not obliged to report non-financial information pursuant to Article 19(a) or 29(a) of Directive 2013/34/EU	14.2 %
5- Proportion in their total assets of trading book and interbank sight loans	4.0 %

The components of the indicators, taking into account that indicators 1 and 4 have been derived from robust data sources and the remaining indicators from the Group's consolidated balance sheets, are set out in more detail below:

- For more information regarding the calculation of this indicator, see section 4.3.3 Integration in management arrangements (EU Taxonomy).
- Exposures to central governments, central banks and supranational issuers accounted for a proportion of 30.0% of total assets as at 2022 year-end.
This indicator is calculated taking into consideration cash balances in central banks and loans, advances and debt securities of central banks and general governments, relative to the Group's total assets.
- Derivatives exposure accounted for a proportion of 2.7% of total assets as at 2022 year-end.
This indicator is calculated taking into consideration total derivative assets, relative to the Group's total assets.
- Exposures to companies not obliged to report non-financial information pursuant to Article 19(a) or 29(a) of Directive 2013/34/EU accounted for a proportion of 14.2% of total assets as at 2022 year-end.
This indicator is calculated¹⁰⁵ taking into account the exposure¹⁰⁶ to companies with 500 employees or less and, according to the latest available information, with assets of 20 million euros or less and turnover of 40 million euros or less.
- Trading book and interbank sight loans accounted for a proportion of 4.0% of total assets as at 2022 year-end.
This indicator is calculated taking into consideration cash balances in credit institutions, loans and advances to credit institutions and total financial assets held for trading, relative to the Group's total assets.

In addition, in accordance with Annex XI of Delegated Regulation (EU) 2021/2178, the information of the strategy is presented in section 3. Sabadell's Commitment to Sustainability and 4.2 Climate-related


















and environmental strategy. As for the product part and the weight of financing, the information is presented in section 5. Commitment to sustainable financing.

105. Companies for which all information is not available are excluded from the calculation.

106. Risk drawn down.

Annex 5.

SDG alignment

	1. Introduction	2. Governance	3. Sabadell's Commitment to Sustaina- bility	4. Climate and environmental commitment	5. Commitment to sustaina- ble finance	6. Commitment to people	7. Commitment to Society	8. Commitment against cor- ruption and bribery	9. Commitment to Human Rights	10. Commitment to information	Annex 1
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Barcelona

Independent Assurance Report on the Consolidated Non-Financial Disclosures Report for Banco de Sabadell, S.A. and subsidiaries for 2022

(Translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails.)

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

Pursuant to article 49 of the Spanish Code of Commerce, we have provided limited assurance on the Consolidated Non-Financial Disclosures Report (hereinafter NFDR) for the year ended 31 December 2022, of Banco de Sabadell, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the Group's 2022 consolidated Directors' Report.

The NFDR includes additional information to that required by prevailing mercantile legislation governing non-financial information, which has not been the subject of our assurance work. Our assurance work was limited only to providing assurance on the information contained in table "Table of contents Law 11/2018" included in the annex 2 of the NFDR.

Directors' responsibility

The Directors of the Parent are responsible for the contents and the authorisation for issue of the NFDR included in the Group's consolidated Directors' Report. The NFDR has been prepared in accordance with prevailing mercantile legislation and Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) based on each subject area in "Table of contents Law 11/2018" included in the annex 2 of the aforementioned NFDR.

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFDR is free from material misstatement, whether due to fraud or error.

The Parent's directors are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the NFDR.

Our independence and quality management

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

Our firm applies prevailing international quality standards and accordingly maintains a quality system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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The engagement team comprised professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management and of the different units and areas responsible of the Parent that participated in the preparation of the NFDR, reviewing the processes for compiling and validating the information presented in the NFDR and applying certain analytical procedures and sample review tests, which are described below:

- Meetings with the Parent personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these questions and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFDR based on the materiality analysis performed by the Parent and described in the section "3.3 Materiality" considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFDR for 2022.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFDR for 2022.
- In relation to the PRBs, a review of the reported information regarding impact analysis, target setting, progress in implementing targets, governance, structure and progress in implementing the PRBs described in Appendix 3 "Principles for Responsible Banking. Reporting and Self-Assessment" of the NFDR, with respect to the presentation of the information, compliance thereof with the PBR requirements, as well as an examination of the consistency of the references in this section with the rest of the information in the NFDR.
- Corroboration, through sample testing, of the information relative to the content of the NFDR for 2022 and whether it has been adequately compiled based on data provided by information sources.
- Procurement of a representation letter from the Directors and management.

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Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The NFDR of Banco de Sabadell, S.A. and subsidiaries for the year ended 31 December 2022 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in Annex 2 "Table of contents Law 11/2018" of the NFDR.
- b) The information regarding impact analysis, target setting, progress in implementing targets, governance, structure and progress in implementing the PRBs set out in Annex 3, "Principles of Responsible Banking. Reporting and Self-Assessment" of the NFDR has not been prepared, in all material respects, in accordance with the "Principles for Responsible Banking Guidance Document" published by UNEP FI in 2019.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the institution's investments are associated with economic activities eligible under the Taxonomy. For such purpose, the Directors of Banco de Sabadell S.A. have included information on the criteria that, in their opinion, best allow them to comply with this obligation, and which are defined in section "4.2.2 Taxonomy" and in Annex 4 "Taxonomy Indicators" of the attached NFDR. Our conclusion is not modified in respect of this matter.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

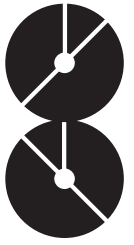
KPMG Asesores, S.L.

(Signed on the original in Spanish)

Patricia Reverter Guillot

16 February 2023

Annual Corporate Governance Report



Banco Sabadell Annual Corporate Governance Report 2022

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¹ 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.grupoban-cosabadell.com.

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 BSOonline) 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:

Committee	Name	Position
Strategy and Sustainability	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
Credit Delegated	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
Audit and Control	Mireya Giné Torrens	Chairman
	Pedro Fontana García	Member
	Laura González Molero	Member
	Manuel Valls Morató	Member
	Miquel Roca i Junyent	Non-member secretary
Appointments and Corporate Governance	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
Remuneration	Aurora Catá Sala	Chairman
	Anthony Frank Elliott Ball	Member
	Laura González Molero	Member
	George Donald Johnston III	Member
	Gonzalo Baretino Coloma	Non-member secretary
Risk	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 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)

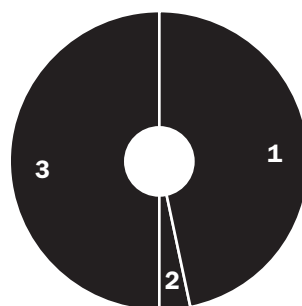
At 31 December 2022, the share capital of Banco Sabadell was €703,370,587.63, represented by 5,626,964,701 registered shares, with a par value of €0.125 each, all fully subscribed and paid up, representing 5,626,964 voting rights, at a ratio of one voting right for every 1,000 shares. The share capital 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:



1	Retail investors	48.45 %
2	Board of Directors	3.62 %
3	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
Total	218,610	5,626,964,701	100.00

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
Bank of America Corporation	10/06/2022	Exceeded 5% of voting rights attributed to shares and financial instruments
	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
Blackrock Inc.	02/03/2022	Fell below 5% of voting rights attributed to shares and financial instruments
	17/06/2022	Fell below 3% of voting rights attributed to shares
	20/06/2022	Exceeded 3% of voting rights attributed to shares
Citadel Advisors LLC	28/01/2022	Exceeded 1% of voting rights via financial instruments
	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. 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 Fuguet	0.00	0.00	0.00	0.00	0.00	0.00	0.00
María José García-Beato	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Mireya Giné Torrens	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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) 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) 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) 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, 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) 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. 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

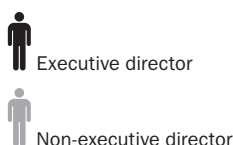
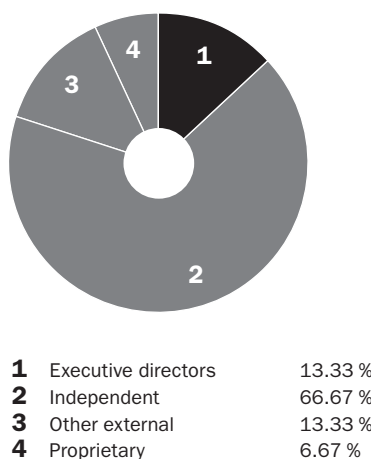
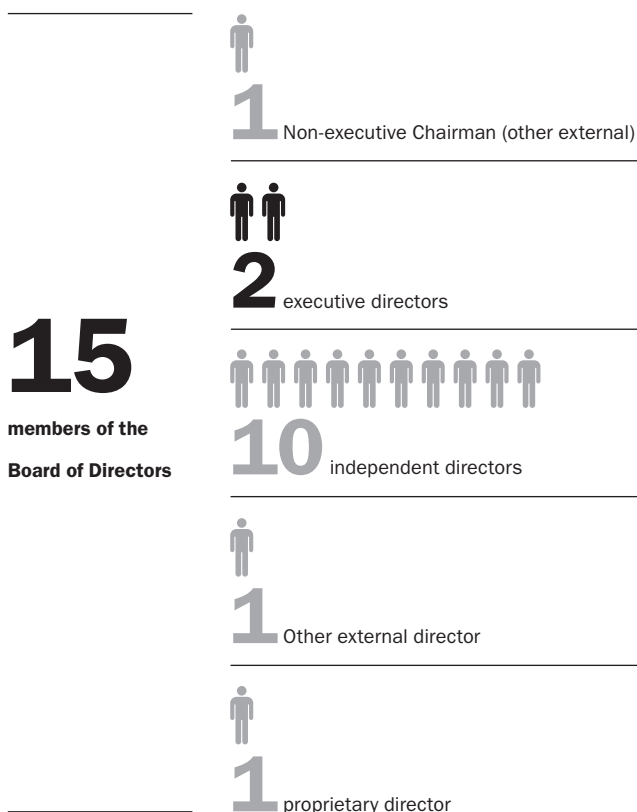
Directors
established by the
General Meeting of
Shareholders

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).



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, in the section entitled “Corporate governance and remuneration policy”.

Industry competencies		Chairman	Deputy Chairman	CEO	Director
		Josep Oliu Creus	Pedro Fontana García	César González-Bueno Mayer	Anthony Frank Elliott Ball
		Ext.	Ind.	Exec.	Lead Ind.
Banking	Retail	●	●	●	
	Corporate	●	●	●	
Financial and capital markets		●	●	●	●
Insurance		●	●	●	
Other financial competences		●	●	●	●
Accounting and auditing		●	●	●	
Risk management		●	●	●	
Planning and strategy		●	●	●	●
Governance		●	●	●	●
Risk control		●	●	●	●
Anti-money laundering and 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		●	●	●	●
Horizontal competencies					
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			●	●	●	●	●	●	●	●		●
Horizontal competencies												
Governing bodies		●	●	●	●	●	●	●	●	●	●	●
Organization management and direction		●	●	●	●	●	●	●	●	●	●	●
Business experience		●	●	●	●	●	●	●	●	●	●	●
Government and public policy			●	●							●	●
Consultancy		●	●		●	●						●
Regulatory and supervisory bodies				●		●			●	●	●	●
Academia				●	●					●	●	●
Communications and institutional relations			●	●		●			●	●		

Josep Olliu Creus Non-executive Chairman	Profile Banking / Retail & Corporate Banking/ Finance / Academic / Business / International	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.
César González-Bueno Mayer Wittgenstein CEO	Profile Banking / Retail & Corporate Banking/ Finance / Regulatory / International / Digital and IT (digital transformation)	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.
David Vegara Figueras Director General Manager	Profile Finance / Risks / Academic / Regulatory	A graduate in economics from the Autonomous University of Barcelona, he holds an MA in economics from the London School of Economics. 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.
David Martínez Guzmán Proprietary director	Profile Business / Finance / International	Degree in Electrical & Mechanical Engineering from the National Autonomous University of Mexico, Diploma in Philosophy from Universitas Gregoriana (Italy), and MBA from Harvard Business School. Founder 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), 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.

Pedro Fontana García Deputy Chairman – Independent	Profile Banking / Retail Banking / Business	<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 Fundación 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, Fundación Grupo Sifu and Fundación Formación y Futuro.</p>
Anthony Frank Elliott Ball Lead Independent Director	Profile Business / International	<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>
Aurora Catá Sala Independent director	Profile Business / Consulting / Finance / Human Resources	<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 Fundación Cellnex and Fundación CIDOB.</p>
Lluís Deulofeu Fuguet Independent director	Profile Banking / Retail Banking / Digital and IT (Digital Transformation)/ Business / Consulting	<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 & Development of New Projects at Acesa (1994-2001), Chief Technology Officer at La Caixa (2001-2011),</p>

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 Fundación Barcelona Digital, as well as director of numerous entities such as e-La Caixa, Abertis Telecom, Invercaixa Gestión, 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 Fundación 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 Fundación 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.

José Manuel Martínez Martínez Independent director	Profile Business / Insurance / Finance / International	<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>
Alicia Reyes Revuelta Independent director	Profile Banking / Retail & Corporate Banking / Finance / International ESG / Digital & IT (Digital Transformation) /Academic / Governance	<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>
Manuel Valls Morató Independent director	Profile Auditor / Finance	<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>
María José García Beato Other external director	Profile Banking / Legal / Regulatory / Governance	<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>

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.

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
Total	5	4	4	3	33.33	26.67	26.67	20.00

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 reputation, 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

13	0	13*	41	11	11	9	15
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

13/13	13/13
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

%

96.41%	100%
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.grupoban-cosabadell.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
Summary of directors' ordinary remuneration (thousand euro)	6,980	7,179
For executive functions (thousand euro)	3,030	3,579
For non-executive functions (thousand euro)	3,950	3,600
Vested pension rights(*) and termination indemnities for directors (thousand euro)	—	37,425
Payments deferred from prior years for non-executive directors (**) (thousand euro)	333	—
Total amount (thousand euro)	7,313	44,604

(*) 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	383
Fees for work other than auditing / Total audit fees (%)	15.50	0	4.07

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), 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 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 ⁽¹⁾ ⁽²⁾	Executive	11/12
	José Manuel Martínez Martínez	Independent	13/13



⁽¹⁾ Member solely for matters of Strategy.

⁽²⁾ 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.grupobancosabadell.com).

4.2. Credit Delegated Committee

Composition and meeting attendance

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



⁽¹⁾ 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 García ⁽¹⁾	Independent	10/11
	Laura González Molero ⁽²⁾	Independent	2/3
	José Ramón Martínez Sufrategui ⁽²⁾	Independent	7/7
	Manuel Valls Morató	Independent	11/11



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

⁽²⁾ 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 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.grupobancsabadell.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 "Corporate Governance and Remuneration Policy/Committee Reports" section of the Bank's corporate website (www.grupobancsabadell.com).

4.5. Remuneration Committee

Composition and meeting attendance

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



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

⁽²⁾ 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
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.

report, all in accordance with the terms established from time to time in the applicable regulations.

- 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).

4.6. Risk Committee

Composition and meeting attendance

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



⁽¹⁾ 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).

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) – 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 – 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.

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)².

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.

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.

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

Statistical annex

ISSUER IDENTIFICATION DATA

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
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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>BANKING/RETAIL & CORPORATE BANKING/FINANCE/REGULATORY/INTERNATIONAL/DIGITAL & 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).</p> <p>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>FINANCIAL / 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), 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.	BUSINESS / FINANCE / INTERNATIONAL Degree in Electrical & Mechanical Engineering from the National Autonomous University of Mexico, Diploma in Philosophy from Universitas Gregoriana (Italy), and MBA from Harvard Business School. Founder 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	BANKING / RETAIL BANKING / BUSINESS. 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'Economia, trustee of Fundación 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, Fundación Grupo Sifu and Fundación Formación y Futuro.

INDEPENDENT EXTERNAL DIRECTORS	
Name of director	Profile
MR. ANTHONY FRANK ELLIOTT BALL	<p>BUSINESS/INTERNATIONAL. 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>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, trustee of Fundación Cellnex and of Fundación CIDOB.</p>
MR. LLUÍS DEULOFEU FUGUET	<p>BANKING/RETAIL BANKING/DIGITAL & 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 & 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 Fundación Barcelona Digital, as well as director of numerous undertakings such as e-La Caixa, Abertis Telecom, Invercaixa Gestión, 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 Fundación 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 Analysys, 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

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
	Separate	Consolidated
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.2.2 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 [X] 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 [X]

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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X]

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 [X] 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 [X] Explain []

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

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

Complies [X] Explain []

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

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

Complies ☒ 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 ☒

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

Complies ☐ Complies partially ☐ Explain ☐ Not applicable ☒

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

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

Complies [X] 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 [X] 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 [X]

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 [X] 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 [X] 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 [X] 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 [X] 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 [X]

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 [X] 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 [X] 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 [X]

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 [X]

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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [X] 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 [☐] 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 [☒] Complies partially [☐] Explain [☐] Not applicable [☐]

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

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

Complies [☐] Complies partially [☐] Explain [☐] Not applicable [☐]

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

Complies [X] 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 [X] 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 [X] 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 [X] 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 [X] Complies partially [] Explain [] Not applicable []

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.



Auditor's Report on Banco de Sabadell, S.A.

(Together with the Auditor's report referring to the "Information related to the Internal Control System over Financial Information (ICOFR)" of Banco de Sabadell, S.A. for the year ended 31.12.2022)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
Barcelona

Auditor's Report on the "Internal Control over Financial Reporting (ICOFR) Information" of Banco de Sabadell, S.A. for 2022

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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

As requested by the Board of Directors of Banco de Sabadell, S.A. (the "Company") and in accordance with our proposal letter dated 3 February 2023, we have applied certain procedures to the "ICOFR information" attached hereto in section F of the Annual Corporate Governance Report (ACGR) of Banco de Sabadell, S.A. for 2022, which summarises the Entity's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the ICOFR information attached hereto.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Entity in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Entity's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures on the Entity's annual accounts. Consequently, the scope of our evaluation of internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the effectiveness of this internal control over regulated annual financial reporting.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Guidelines for preparing the auditor's report on the information concerning the system of Internal Control over Financial Reporting in Listed Companies, published on the website of the Spanish National Securities Market Commission (CNMV), which define the work to be performed, the minimum scope thereof and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on the effectiveness thereof, nor on its design or operating effectiveness, with respect to the Entity's annual financial reporting for 2022 described in the ICOFR information attached hereto. Consequently, had additional procedures been applied other than those established in the aforementioned Guidelines, or had an audit or a review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

As this special work did not constitute an audit of accounts and is not subject to current legislation regulating the audit of accounts in Spain, we do not express an audit opinion under the terms provided in such legislation.

The procedures applied were as follows:

1. Reading and understanding of the information prepared by the entity regarding ICOFR – disclosures included in the directors' report – and an evaluation of whether this information meets all the minimum reporting requirements, taking into account the minimum content described in section F, regarding the description of ICOFR, of the ACGR template provided in Spanish National Securities Market Commission (CNMV) Circular 5/2013 of 12 June 2013 and subsequent amendments, the most recent of these being CNMV Circular 3/2021 of 28 September 2021 (hereinafter the CNMV Circulars).
2. Inquiries of the personnel responsible for drawing up the information detailed in point 1 above in order to: (i) obtain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the entity.
3. Review of the explanatory documentation supporting the information detailed in point 1 above, primarily including documents made directly available to those responsible for preparing the description of the ICOFR system. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the Audit and Control Committee.
4. Comparison of the information detailed in point 1 above with the understanding of the entity's ICOFR obtained as a result of the procedures performed within the framework of the audit work on the annual accounts.
5. Reading of the minutes taken at meetings of the board of directors, Audit and Control Committee and other committees of the entity for the purpose of assessing the consistency of the matters discussed at those meetings in relation to ICOFR with the information detailed in point 1 above.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and authorising the information detailed in point 1 above.

As a result of the procedures applied to the ICOFR information, no inconsistencies or incidents have been detected that could affect it.

This report has been prepared exclusively within the context of the requirements laid down in article 540 of the Revised Spanish Companies Act and in the CNMV Circulars for the purposes of the description of ICOFR in annual corporate governance reports.

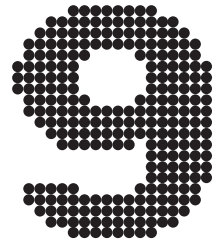
KPMG Auditores, S.L.

(Signed on original in Spanish)

Francisco Gibert Pibernat

16 February 2023

Annual Report on Directors' Remuneration



Banco Sabadell

Annual report on Director Remuneration

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Annual Report on Director Remuneration

This is the Annual Report on Director Remuneration of Banco de Sabadell, S.A. (hereinafter Banco Sabadell, the Institution or the Bank).

The Banco Sabadell Annual Report on Director Remuneration (the Report) is drawn up with the information from the Bank at 2022 year-end in compliance with the provisions of article 541 of the Capital Companies Law and Circular 4/2013, of 12 June, of the Spanish National Securities Market Commission (CNMV).

This Report, together with the statistical annex in Section 7, was submitted as a regulatory disclosure to the CNMV and will be submitted for a consultative vote as a separate item on the agenda at the Bank's forthcoming Ordinary General Meeting of Shareholders, to be held in 2023. This Report is also available in the "Corporate Governance and Remuneration Policy" section of the Banco Sabadell Group corporate website (www.grupobancsabadell.com).

The Director Remuneration Policy for 2021, 2022 and 2023, approved by the General Meeting of Shareholders on 26 March 2021 for a 3-year term, expires in 2023.

In accordance with Legislative Royal Decree 1/2010, of 2 July, approving the consolidated text of the Capital Companies Law (hereinafter, LSC), Banco Sabadell will propose that the General Meeting of Shareholders,

scheduled for 23 March 2023, approve a new Director Remuneration Policy for 2024, 2025 and 2026. The new Policy has significant new features and, consequently, it has been considered advisable, in accordance with the LSC, that the new Policy should come into force in 2023, from the time it is approved by the General Meeting of Shareholders.

This Report contains a summary of the new Director Remuneration Policy applicable from the date of its approval and for the following three years, i.e. 2023, 2024 and 2025, which will be submitted for approval at the next General Meeting of Shareholders, to be held on 23 March 2023; it introduces certain improvements that are described in this report.

There is also a description of how the Director Remuneration Policy, approved by the General Meeting of Shareholders on 26 March 2021, and its information annex, approved by the General Meeting of Shareholders on 24 March 2022, were applied in 2022.

This Report also describes improvements made to the Annual Report on Director Remuneration for 2022 to increase transparency and to provide information on the application of the Remuneration Policy in a clearer, more comprehensive and simpler manner, in accordance with market best practices.

1. General Principles of the Banco Sabadell Remuneration Policy

The Banco Sabadell Remuneration Policy is focused on creating long-term value by aligning the interests of its shareholders and employees, and it is coherent with the strategic goals in terms of risks and the business, and with the Bank's values, all under a prudent risk management

1 Foster medium-to-long term business and social sustainability, as well as the alignment with Group values

The Banco Sabadell Group's Remuneration Policy, as a whole, contains information on the degree to which it is coherent with integrating sustainability risks. In particular, the following aspects are considered in connection with sustainability:

- The Group's Remuneration Policy and practices are in keeping with its credit risk management approach and with its appetite and strategies in relation to this risk, and do not create any conflicts of interest. These practices also include measures to manage conflicts of interest so as to protect consumers from any unwanted effects resulting from the remuneration of sales staff.
- The Remuneration Policy and practices integrate sustainability risks by publishing information in this respect on the Group website.
- The Remuneration Policy and practices stimulate behaviour that is coherent with the Group's approach to

approach while avoiding conflicts of interest.

The principles of the Banco Sabadell Remuneration Policy, which are fully applicable to the Executive Directors in both 2022 and 2023, are as follows:

- Alignment of the remuneration with the interests of the shareholders and with long-term value creation
- Promotion of rigorous risk management, with measures to avoid conflicts of interest
- Alignment with the Group's long-term business strategy, objectives, values and interests.

risk in relation to climate and the environment, as well as the commitments made voluntarily by the Group.

The Remuneration Policy and practices promote a long-term approach to the management of climate-related and environmental risks.

- The components of remuneration should contribute to driving action in environmental, social and governance (ESG) matters in order to make the business strategy sustainable and socially responsible.

The Group's objectives include a commitment to sustainability and involvement by all the Bank's people in its ESG performance. The synthetic sustainability indicator (ISos) established in 2020 incorporates KPIs (Key Performance Indicators) for ESG matters and links them to the short-term variable compensation of Executive Directors and employees with variable remuneration; those KPIs form part of the group objectives with a weighting of 10 %.

2 Ensuring a competitive, equitable remuneration system (external competitiveness and internal fairness) based on equal remuneration of female and male employees for a given job or a position of equal value:

- Able to attract and retain the best talent.
- Rewarding professional track record and responsibility, regardless of the employee's gender.
- Aligned with market standards, while providing flexibility to adapt to changes in the situation and in the demands of the sector.

3 Reward performance by aligning remuneration with the results achieved by the individual and the level of risk assumed

- An appropriate balance between the various remuneration components.
- Consideration of current and future risks and results, without incentivising the assumption of risks that exceed the level tolerated by the Group.
- A system that is simple, transparent and clear. The Remuneration Policy must be understandable and easy to communicate to the entire workforce.

In terms of equal pay, the new Policy will be gender neutral, in line with the principle of equal pay for equal work or work of equal value, guiding decision making towards avoiding any gender pay gap.

In addition to ensuring equal pay for equal work or work of equal value, equal opportunities will also be ensured, as this is a precondition for gender-neutral remuneration in the long term.

Principles of the Remuneration Policy applicable to Executive Directors

- A reasonable balance between fixed and variable components (annual and multi-year) to favour appropriate risk-taking combined with the attainment of defined short- and long-term objectives.
- Consideration of multiple metrics linked to results, returns, risk management and control, solvency, capital, and strategic non-financial objectives linked to sustainability.
- Long-term remuneration with a three-year objective measurement period linked to TSR, ESG and Sustainable ROTE objectives.
- Variable remuneration is not guaranteed.
- Prudential mechanisms for adjusting the attainment of objectives and other ex-ante adjustments.
- Deferral over five years of 60 % of the annual variable remuneration for any variable remuneration element.
- Payment of more than 50 % of the variable remuneration in shares (50 % of the up-front part and 55 % of the deferred part of annual variable remuneration and 55 % of the long-term remuneration).
- Requirement to retain the shares. Executive Directors may not dispose of shares they receive until at least three years have elapsed since receipt unless they own shares worth twice their annual fixed remuneration; the shares must be held for at least one year in any event.
- Malus and clawback clauses, in accordance with the provisions of the regulations governing credit institutions.
- Regular external advice to the Board of Directors and the Remuneration Committee with regard to market practices.

Principles of the Remuneration Policy applicable to the Directors for their functions as members of the Board of Directors

- The remuneration is commensurate with the responsibilities and functions assumed by each Director but without jeopardising their independence.
- They do not qualify for variable remuneration.
- They are not remunerated in the form of shares, options or rights relating to shares or instruments linked to the value of the share.
- They do not benefit from long-term savings systems such as pension plans, retirement schemes or other similar arrangements.

The policy also complies with the current European Directives and Regulations and other legislation, in particular Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions, Royal Decree 84/2015, of 13 February, implementing that Law, and Bank of Spain Circular 2/2016, of 2 February, to credit institutions, on supervision and capital adequacy, which completes the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) 575/2013, as well as the EBA Guidelines on internal governance (EBA/GL/2021/05) of 2 July 2021, and EBA Guidelines EBA/GL/2021/04, of 2 July, on sound remuneration policies under Directive 2013/36/EU and Delegated Regulation (EU) 923/2021.

2. Application of the Director Remuneration Policy in 2022

The remuneration accrued in 2022 conformed to the terms of the Banco Sabadell Director Remuneration Policy approved by the General Meeting of Shareholders on 26 March 2021, in accordance with the provisions of article 529 novodecies of the Capital Companies Law.

The procedure for applying the Remuneration Policy was adhered to strictly and no temporary exceptions were made.

The Directors' remuneration system in 2022 was described in detail in section 2 of the Annual Report on Director Remuneration for 2021.

That Report was submitted for an advisory vote at the General Shareholders' Meeting on 24 March 2022:

- A total of 3,175,232,127 shares cast valid votes, distributed as follows:
- 9,287 abstentions, from 9,343,861 shares owned by 381 shareholders representing 0.29 % of the total capital in attendance, either in presence or by proxy;
- 1,219,187 votes against, from 1,219,293,951 shares owned by 459 shareholders representing 38.40 % of the total capital in attendance, either in presence or by proxy, and
- 1,946,218 votes in favour, from 1,946,594,315 shares owned by 86,159 shareholders representing 61.30 % of the total capital in attendance, either in presence or by proxy.

It has been decided to enhance the Annual Report on Director Remuneration for 2022 to increase transparency and to provide information on the application of the Remuneration Policy in a clear, complete and simple manner.

This section sets out the amounts accrued in 2022 by everyone who was a member of the Board of Directors at any time during the year. There were a number of one-off events in 2021 in connection with Executive Directors with the result that the figures are not comparable with 2022 and present significant differences. Those events were the vesting of rights to long-term savings systems to which contributions were made in previous years, and termination indemnities paid to Executive Directors in the terms set out in the Annual Report on Director Remuneration for 2021.

2.1. Remuneration for Executive Directors

2.1.1. Details of the remuneration items

The individual items that make up the remuneration for Executive Directors in 2022 are as follows:

	2022 amounts (thousand euro)	
	CEO	CRO
Fixed salary	2,000	525
Benefits and remuneration in kind	24	48
Short-term variable remuneration	698 (116.25 % attainment of objectives)	101 (101.48 % attainment of objectives)
Long-term remuneration 2022-2024	698 (116.25 % attainment of objectives)	133 (101.48 % attainment of objectives)
Contributions to retirement and savings plans	1	101

A) Fixed remuneration

Fixed salary

- The fixed salary is intended to remunerate the set of functions and responsibilities corresponding to the person's position to recognise the Executive Director's contribution within that position, while they occupy it.

Benefits and remuneration in kind

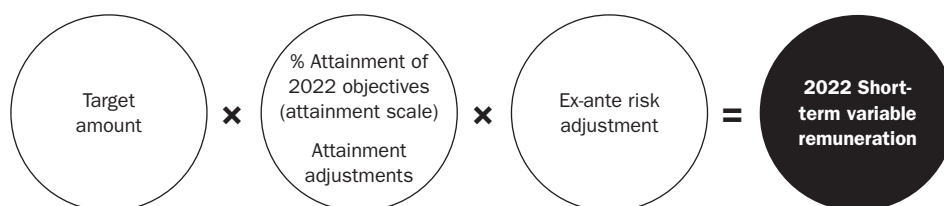
- Benefits and remuneration in kind: In 2022, the Executive Directors were beneficiaries of a group life insurance policy (which covers all the Bank's employees) and an absolute permanent disability insurance policy (also applicable to the Bank's management team), and had the use of a vehicle.

Contributions to retirement and savings plans

- These amounts include the portion classified as a "discretionary pension benefit" which, as detailed above, is classified as variable compensation for regulatory purposes.
- These amounts include contributions to other policies that cover the Executive Directors, in the same way as the other employees. Specifically, the employer pension plan for Group B (defined contribution), which will pay out upon retirement as employees.
- The Chief Executive Officer and the CRO participated in the pension and long-term saving schemes described in section 3.1.2.A) of this Report.

B) 2022 Short-term variable remuneration

The short-term variable remuneration in 2022 was as follows:



% Attainment of objectives

Attainment of Group objectives for 2022

On 25 January 2023, the Board of Directors determined the degree of attainment of the Group objectives, applying the weightings established at the beginning of the year. Assessment methods were established consisting of defining

attainment parameters between 50 % and 150 % for each of the objectives, based on a non-linear scale of attainment established beforehand by the Remuneration Committee. Attainment of under 50 % is considered as 0 % for the purposes of counting general attainment. The objective and levels of attainment are indicated in the following table.

Metric	Definition	Weighting	Threshold ⁽¹⁾	Maximum result ⁽²⁾	% Attainment
ROTE	Return on tangible equity.	20 %	4.9 %	8.4 %	137.3 %
Group net profit	Profit that is directly attributable to the parent company, calculated by deducting minority interests from profit for the year.	20 %	0.5 B€	0.9 B€	138.6 %
Net interest income plus net fees and commissions	Banco Sabadell Group consolidated net interest income plus net fees and commissions in 2022.	10 %	4.8 B€	5.1 B€	150.0 %
Group expenses	Total consolidated expenses under the headings of staff expenses, general expenses and real estate expenses not already included under the first two categories (staff and general).	10 %	2.5 B€	2.4 B€	111.5 %
Asset quality	Cost of Risk (12 %) + NPA Volume (8 %).	20 %			60.0 %
CoR			0.52 %	0.32 %	0.0 %
NPA volume			7.6 B€	7.2 B€	150.0 %
Service quality	A synthetic indicator that includes the rating of quality of service by the Group's customers, distinguishing between commercial segments and relationship channels, weighted by the strategic focus of each segment (individuals, SMEs, private, corporate, office, internet, mobile, etc.) and employee satisfaction index, because of its influence on the quality of service.	10 %	50.0 %	150.0 %	150 %
Sustainability	A synthetic evaluation indicator made up of environmental and gender equality indicators: Green and sustainability-linked financing, diversity (% female executives), upgrades by the main rating agencies/ESG indices and Sustainable Finance Plan.	10 %	50.0 %	150.0 %	119.76 %
Total		100 %			120.31 %

(1) Threshold for attainment of the objective

(2) Maximum result, above which attainment is constant at 150 %

In 2022, Banco Sabadell obtained €0.9 billion in net profit, an increase of 62 % over the previous year. This improvement was due mainly to good performance by core earnings (net interest income + net fees and commissions - recurring costs). The improvement in net interest income was due mainly to higher yields on the loan book, supported by the increase in interest rates, a greater contribution from the ALCO portfolio, and good volume performance. The increase in fees and commissions was driven by service fees and by increased commissions on risk transactions. Banco Sabadell also achieved a significant reduction in costs during the year, driven by savings on personnel expenses derived from the efficiency plans implemented by the Bank.

Provisions for loan losses and other impairments declined year-on-year due to lower loan loss provisions and a decrease in provisions for real estate, despite the increase in loan loss provisions resulting from the change in the macroeconomic environment, which evidences the improvement in the group's credit quality, with the Cost of Risk standing at 0.60 %.

As a result, the Group achieved a ROTE of 7.8 % in 2022, an increase of 271bp compared with 2021.

The Group objectives for 2022 are detailed below:

— **Net profit:** profit that is directly attributable to the parent company, calculated by deducting minority interests from profit for the year.

This objective is weighted 20.0 % of the total, and attainment at 2022 year-end was 139 %.

— **RoTE:** measures the return on the company's average tangible equity. The numerator is the profit attributable to the group and the denominator is the average equity less intangible assets and goodwill.

This metric is weighted 20.0 % of the total, and attainment at 2022 year-end was 137 %.

— **Net banking revenues:** this metric reflects the revenues related most directly to the banking business, consisting of the Group's net interest income and net fees and commissions.

This metric is weighted 10 % of the total, and attainment at 2022 year-end was 150 %.

— **Expenses:** expenses borne by the Bank, comprising personnel expenses, general expenses and expenses derived from the real estate business that are not already included in the preceding categories. This metric is weighted 10 % of the total, and attainment at 2022 year-end was 112 %.

— **Synthetic NPA metric:** this objective comprises two indicators. One is the Cost of Risk, calculated as the sum of provisions for loan losses and other financial assets divided by the sum of gross loans and advances to customers, non-performing properties and guarantees, which provides information about losses per unit loan granted. The other is the balance of NPAs (Non-Performing Assets), comprising the sum of Stage 3 assets and non-performing properties.

This metric accounts for 20 % of the total (12 % for Cost of Risk and 8 % for total NPAs), and attainment in 2022 was 60 %.

The information used to calculate the financial indicators is derived from audited data in the financial statements using the definition that applied when they were first set.

The non-financial metrics are detailed below:

— **Service quality:** a synthetic indicator that includes the rating of quality of service by the Group's customers, distinguishing between commercial segments and

relationship channels, weighted by the strategic focus of each segment (individuals, SMEs, private, corporate, office, internet, mobile, etc.) and employee satisfaction index, because of its influence on the quality of service. This metric accounts for 10 % of the total and its central range is 100 %. It was attained 100 % in 2022.

— **Sustainability indicator:** A synthetic indicator of sustainability that is weighted 10 % in the Group's objectives and is composed of the following parameters:

Variable	Definition	Weighting	Attainment
Rating agencies	Improve the score in the main ESG indices (MSCI, Sustainalytics, ISS, DJSI)	40 %	106.42 %
Sustainable Finance Plan	Implementation of the Sustainable Finance Plan, as revealed by the Thematic Review.	30 %	125.00 %
Diversity	% Female executives	15 %	131.99 %
Environment	Sustainable financing volume (EU Taxonomy-aligned).	15 %	132.61 %
Total	—	100 %	119.76 %

This indicator is monitored periodically by the Sustainability Committee, and its metrics are updated as part of this review.

It was attained 119.76 % in 2022.

Attainment of objectives by the CEO

The CEO's final attainment of objectives in the year, taking into account all the parameters described above, was 116.25 %.

The CEO had 80 % of his objectives linked to the Group's objectives and other 20 % were set by an individual qualitative assessment adopted by the Remuneration Committee on the motion of the Chairman.

The individual qualitative assessment of the CEO was based on his contribution to the Group's strategy; with respect to 2022, this focused on cost reduction, execution of the digitalization plan and an increase in the profitability of the entire Banco Sabadell Group. Performance was measured particularly in terms of the share's performance relative to peers, an increase in the ROTE (Return on tangible equity), and an improvement in TSB's contribution to Group profit.

The assessment of his performance disclosed his leadership in executing management initiatives and priorities, representation of the Bank in a range of bodies and institutions, as well as governance and stakeholder engagement.

The individual qualitative assessment was adopted by the Remuneration Committee, on a motion by the Chairman, at 100 %.

Attainment of objectives by the CRO

The CRO's final attainment of objectives in the year, taking into account all the parameters described above, was 101.48 %.

The CRO had 20 % of his annual variable remuneration tied to Group objectives. The other 80 % was indexed to individual objectives which, in turn, are composed of functional objectives and an individual qualitative assessment. These functional objectives are aligned with the oversight functions he performs, independent of the business and corporate areas, and are focused on the oversight and monitoring of transactions and of the risks that arise from such transactions, ensuring compliance with applicable laws, rules and regulations, and advising management on matters in his area of expertise.

In this regard, the 2022 functional objectives set for the CRO were assessed on the basis of the following parameters:

- The degree of attainment of the activity plans in the areas for which he is responsible.
- His contribution to improving the SREP score.
- Proper attention to the Supervisor at Group level.
- The outcome of the staff engagement survey.
- Quality of the documentation and importance of the topics discussed within the Risk Committee.

The CRO attained 97.5 % of his functional objectives for 2022.

The individual qualitative assessment focuses on aspects such as his participation in, and contribution to, the forums and Boards of which he is a member, as well as his promotion of risk management and regulation in the Group's strategic decision-making, both individually and through collaboration with the other areas, with integrity and credibility, anticipating potential risks and providing sound practical solutions.

The CRO attained 100 % of his individual qualitative objectives for 2022.

The year-end evaluation of these objectives is the responsibility of the Risk Committee, which proposes the level of attainment and the degree of attainment achieved.

The percentage of attainment of objectives by both the CEO and the CRO were approved by the Board of Directors on 25 January 2023.

In order to qualify for variable remuneration, overall attainment of the objectives must exceed 60 %. No variable remuneration is accrued under 60 %, and no additional variable remuneration is accrued above 150 %.

Attainment adjustments

The Board of Directors did not consider it necessary to make any adjustments to the level of attainment of the objectives described above, since the Bank's capital (CET1) and liquidity (Liquidity Coverage Ratio) achieved the limits established in the Risk Appetite Statement (RAS).

In this sense, at a meeting on 24 January 2023, the Banco Sabadell Remuneration Committee analysed the application of the Risk Correction Factor (RCF). In accordance with the capital and liquidity objectives, metrics, attainment scales and payment curves of the RCF approved by the Board of Directors on 26 January 2022, the Remuneration Committee determined that the thresholds required in the RAS to give entitlement to the entire variable remuneration that corresponds to the attainment of the objectives established in this regard had been attained.

Ex-ante risk adjustments

Based on information provided by the Internal Control Division, the Remuneration Committee decided not to propose any additional individual or collective *ex-ante* adjustment for 2022, insofar as:

- The Group and/or its subsidiary credit institutions attained the MDA (Maximum Distributable Amount) determined by current regulations.
- In accordance with the reports provided by the Compliance, Internal Audit, Finance and Internal Control Divisions, the short-term variable remuneration for 2022 is aligned with risk and control factors such as breaches of standards and regulations, exceedance of risk limits (e.g. RAS [solvency, liquidity] or breach of expected loss thresholds in terms of operational risk) and/or internal control indicators (for example, results of internal audits) or similar items.

Short-term variable remuneration accrued in 2022

Once the degree of attainment of the objectives at Group, unit, country and individual level had been calculated, and it had been determined that no *ex-ante* adjustments were necessary, the Remuneration Committee determined the variable remuneration to be assigned individually to each of the Executive Directors on the basis of the individual's assigned bonus target and attainment of individual performance objectives, and the Board of Directors approved the corresponding variable remuneration, on a motion of the Remuneration Committee, on 25 January 2023.

In accordance with the applicable regulations, these amounts are paid as follows:

- 40 % will be paid in 2023, 50 % in cash and the remainder in Banco Sabadell shares (valued at the closing market price in the last trading session in the month in 2023 when the non-deferred portion was paid), the shares being subject to a one-year lock-up.
- 60 % will be deferred over a five-year period, with one-fifth being paid in each of the years 2024, 2025, 2026, 2027 and 2028, split 45 % in cash and 55 % in Banco Sabadell shares (valued at the closing market price in the last trading session in the month when the non-deferred portion is paid), the shares being subject to a one-year lock-up.

Form of payment		Mr. César González-Bueno	Mr. David Vegara Figueras
up-front	2023	139,500 €	20,296 €
		159,246 shares	23,168 shares
Deferred	2024	€37,665	€5,480
		52,551 shares	7,645 shares
	2025	€37,665	€5,480
		52,551 shares	7,645 shares
	2026	€37,665	€5,480
		52,551 shares	7,645 shares
	2027	€37,665	€5,480
		52,551 shares	7,645 shares
	2028	€37,665	€5,480
		52,551 shares	7,645 shares

Note: the number of shares was calculated using the weighted average price in the last 20 sessions of December 2022. The number of shares will be updated with the closing price in the last session in the month in which the non-deferred portion is paid, when it is known.

The deferred amounts and shares are subject to malus and clawback clauses as described in section 3.1.2.B) of this Report.

In accordance with the provisions of Circular 4/2013, of 12 June, of the CNMV, the non-deferred amount payable in 2023 is set out in section C.1.a.i) of the Statistical Annex. Table C.1.a.ii) sets out both delivered shares (financial instruments that vested in 2022) and deferred shares (financial instruments at the end of fiscal year 2022).

Variable remuneration deferred from prior years that is payable in 2023

As supplementary information to tables C.1.a) i) and ii) of the Statistical Appendix, it is hereby disclosed that the amount in cash and the shares for deferral for 5 years from the short-term variable remuneration accrued in preceding years, as well as those corresponding to the long-term remuneration 2019-2021 and the severance payment for termination as Executive Director of María José García Beato in 2021, all in accordance with the Director Remuneration Policy, were delivered to the Executive Directors in 2023.

Below is a detail of the amounts of cash and shares in 2023 corresponding to deferred variable compensation from prior years:

	Mr. César González-Bueno	Mr. David Vegara Figueras	Mr. Josep Oliu Creus ¹	Ms. María José García Beato ¹
2021 variable remuneration	€30,120	€5,383	€19,194	—
	47,513 shares	8,490 shares	30,278 shares	—
Long-term remuneration 2019-2021	—	€13,810	€59,714	€15,614
	—	16,152 shares	69,840 shares	18,263 shares
Termination indemnities	—	—	—	€44,114
	—	—	—	102,232 shares

⁽¹⁾ Deferred amounts accrued in the period in which they were Executive Directors.

The Remuneration Committee assessed whether the conditions are met for the application of the clauses for the reduction or cancellation of the deferred variable remuneration (malus clauses) and the recovery of the amounts received (clawback clauses), based on the characteristics and circumstances of each particular case, and it concluded that none of the causes that would trigger such clauses arose in 2022.

C) Long-term remuneration

This section includes information on long-term remuneration schemes whose periods for measurement of objectives ended during 2022.

Long-term remuneration 2020-2022

The long-term remuneration scheme for 2020-2022 is similar to that described for the long-term variable remuneration for 2021, 2022 and 2023 (see section 3.1.2.C).

This is an incentive based on attainment of annual and multi-year (3-year) objectives, and a reference amount of long-term remuneration (the amount to be received in the event of fulfilling 100 % of the objectives, both annual and multi-year) is established at the beginning of the cycle.

Once 2020 had concluded, the reference amount was adjusted during the first quarter of 2021 based on the degree of attainment of the objectives for 2020 short-term variable remuneration. When determining the adjusted reference amount, the applicability of the *ex-ante* adjustments described above for the variable remuneration was also analysed in section 2.1.1.B), among other sections.

Director	Initial reference amount	Adjusted reference amount (euro)
CRO	€79,127	€69,236

In accordance with the Director Remuneration Policy, the adjusted reference amounts, consisting of a cash amount (45 %) and a number of shares (55 %), were determined using the weighted average price in the last 20 sessions in the month of December 2020, with the following result:

Director	Amount (in euro)	No. of shares
CRO	31,156 €	105,484

Payment of the adjusted reference amount was subject to the following multi-year objectives established for the period 2020-2022:

Objective	Weighting	Outcome	% Attainment
Relative Total Shareholder Return (TSR)	25 %	#11	50 %
Liquidity (Liquidity Coverage Ratio)	25 %	222.72 %	100 %
Capital (CET1)	25 %	12.73 %	100 %
Return on Risk Adjusted Capital (RoRAC)	25 %	11.12 %	100 %
Total	100 %	—	87.5 %

The Group objectives for 2020-2022 are detailed below:

Relative Total Shareholder Return (TSR)

Metric that measures the total return on investment obtained by the shareholder. TSR is taken to be the sum of the dividends paid and the variation in the share price, calculated as the difference between the arithmetic mean of the share's closing price, rounded to the third decimal place, in the first 20 sessions following 1 January 2020 and 31 December 2022.

Banco Sabadell's TSR will be compared with that of the following peer group:

Peer group	
ABN AMRO Group NV	Société Générale, S.A.
Caixabank S.A.	Intesa Sanpaolo SpA
Banco Santander, S.A.	KBC Groep NV
Mediobanca Banca di Credito Finanziario SpA	Banco Bpm SpA
Bankinter S.A.	Nordea Bank AB
BBVA, S.A.	Swedbank
Skandinaviska Enskilda Banken AB	
Crédit Agricole, S.A.	

The Board of Directors will have the power, based on a proposal from the Remuneration Committee, to adapt, where appropriate, the composition of the sample of entities in the event of unforeseen circumstances affecting the aforementioned companies (e.g. mergers, spin-offs, delisting, etc.) and to adapt the TSR calculation for any transactions (e.g. rights issues) by those entities that affect

the value of the shares to ensure that the comparison is made on a like-for-like basis.

Attainment scale:

Banco Sabadell's TSR ranking within the peer group	% attainment
Between #1 and #6	100 %
Between #7 and #9	75 %
Between #10 and #12	50 %
Between #13 and #15	0 %

Percentage of attainment:

Since Banco Sabadell ranked #11 within the peer group, the percentage of attainment of this metric is 50 %.

Liquidity Coverage Ratio

This ratio reveals whether the institution has sufficient liquid assets to enable it to honour its short-term obligations, calculated as the ratio between high quality liquid assets (HQLAs) and net cash outflows in 30 days.

The objective for the Liquidity Coverage Ratio indicator is the level established in the Institution's RAS (Risk Appetite Statement). This indicator will be measured by taking the average of the last three months in the final year of the multi-year measurement period.

Attainment scale:

If the average LCR is higher than the early warning indicator (EWI), the objective will be deemed to have been achieved 100 %; below that threshold, attainment will be rated 0 %.

Percentage of attainment:

Since the average LCR for October, November and December 2022 was higher than the early warning indicator (EWI), 100 % of the objective is deemed to have been achieved.

Capital adequacy (CET1)

This ratio is the main measure of solvency used in the financial sector. The CET1 ratio is the quotient between Common Equity Tier 1 capital and Risk Weighted Assets.

Attainment of the objective in connection with CET1 is measured on the basis of the level established in the Institution's RAS (Risk Appetite Statement). This indicator will be measured by taking the average of the last three months in the final year of the multi-year measurement period.

Attainment scale:

If the CET1 is higher than the early warning indicator (EWI), the objective will be deemed to have been achieved 100 %; below that threshold, attainment will be rated 0 %.

Percentage of attainment:

Since the average CET1 for October, November and December 2022 was higher than the early warning indicator

(EWI), 100 % of the objective is deemed to have been achieved.

Return on Risk Adjusted Capital (RoRAC)

Index that measures the return on minimum equity required to attain the CET1 early warning indicator (EWI). The numerator is the profit attributable to the group and the denominator is the minimum equity required to attain the CET1 early warning indicator (EWI).

Attainment of the objective in connection with the RoRAC will be measured on the basis of the cost of equity. This indicator will be measured by taking the average of the last three months in the final year of the multi-year measurement period.

Attainment scale:

If the RoRAC exceeds the cost of equity, attainment will be rated to be 100 %. Failure to achieve that objective will be classified as 0 % attainment.

Percentage of attainment:

Since the average RoRAC for October, November and December 2022 was higher than the early warning indicator (EWI), 100 % of the objective is deemed to have been achieved.

Considering the percentages of achievement of the objectives and their weightings, the final percentage of attainment of the 2020-2022 long-term remuneration objectives was 87.5 %. The Remuneration Committee has verified that no adjustment is required to be made to this percentage, resulting in the following distribution:

Director	Final incentive in euros	Final incentive in shares
CRO	31,156 €	105,484 shares

The schedule for payment of this incentive, in accordance with the regulatory requirements, is as follows:

	2024 (60 %)	2025 (20 %)	2026 (20 %)
CRO	€18,694	€6,231	€6,231
	63,291	21,097	21,097
	shares	shares	shares

Notes:

- These amounts are subject to the malus and clawback clauses established in the Director Remuneration Policy.
- The shares that are delivered are subject to lock-up as described in section 2.1.1.B) on short-term variable remuneration.

Long-term remuneration 2021-2023

Long-term remuneration for 2021 was approved in the same terms as for 2020, based on attainment of annual and multi-year objectives, establishing a reference amount of long-term remuneration (the amount to be received in the event of attaining 100 % of the objectives) equivalent to a percentage of the fixed salary: 25 % or 30 %, depending on the case (see section 3.1.2.C).

Once 2021 had concluded, the reference amount was adjusted during the first quarter of 2022 based on the degree of attainment of the objectives for 2021 short-term variable remuneration.

Director	Initial reference amount	Adjusted reference amount (euro)
CEO	€475,068	€557,777
CRO	€112,500	€112,138

These amounts are linked to attainment of the long-term objectives defined for the long-term remuneration 2021-2023 as detailed in section 3.1.2.C) above and may not, in any event, exceed the indicated amounts.

Long-term remuneration 2022-2024

Long-term remuneration for 2022 was approved in the same terms as for 2022, based on attainment of annual and multi-year objectives, establishing a reference amount of long-term remuneration (the amount to be received in the event of attaining 100 % of the objectives) equivalent to a percentage of the fixed salary: 25 % or 30 %, depending on the case (see section 3.1.2.C).

Once 2022 had concluded, the reference amount was adjusted during the first quarter of 2023 based on the degree of attainment of the objectives for 2022 short-term variable remuneration.

Director	Initial reference amount	Adjusted reference amount (value)	Adjusted reference amount (cash)	Adjusted reference amount (shares)
CEO	€600,000	€697,500	€313,875	437,928
CRO	€131,250	€133,193	€59,937	€83,625

2.1.2. Contractual conditions for Executive Directors, including termination indemnities

The Executive Directors' contractual conditions are described in section 3.1.3.

No Executive Directors were removed in 2022, with the result that no termination indemnities accrued.

2.1.3. Malus and clawback clauses

As indicated in section 2.1.1 in relation to short- and long-term variable remuneration, up to 100 % of outstanding amounts are subject to the possibility of reduction or cancellation (malus clause) and the amounts already paid may have to be repaid (clawback clauses).

The cases that would trigger such clauses were described in section 3.1.2.B) above; none of them arose in 2022.

2.2 Directors' remuneration for their functions as members of the Board of Directors

Director remuneration is established on the basis of reports on Director remuneration in Spain published by KPMG and Spencer Stuart (Spencer Stuart Board Index), which report on the remuneration for membership of the Boards and Committees of Spain's main financial institutions.

Director remuneration in 2022, in accordance with the Director Remuneration Policy approved on 26 March 2021, consisted of the following annual amounts:

	2022 Remuneration (euro)	Attendance fees 2022 (euro per meeting)
Members	75,000	2,272
Additionally:		
— Chairman	1,500,000	
— Deputy Chairman	107,000	
— Lead Independent Director	22,000	

Non-Executive Directors also received the following amounts for membership of Board Committees:

Committee	Position	Amount (euro)
Strategy and Sustainability Committee	Chairman	—
	Member	40,000
Credit Delegated Committee	Chairman	70,000
	Member	40,000
Audit and Control Committee	Chairman	40,000
	Member	20,000
Appointments and Corporate Governance Committee	Chairman	40,000
	Member	20,000
Remuneration Committee	Chairman	40,000
	Member	20,000
Risk Committee	Chairman	70,000
	Member	20,000

Based on the foregoing, the total amount actually collected by the members of the Board of Directors in 2022 is as follows (thousand euro):

Directors	Director category	Board of Directors	Per diems	Risk Committee	Appointments and Corporate Governance Committee	Remuneration Committee	Audit and Control Committee	Credit Delegated Committee	Strategy and Sustainability Committee
Josep Oliu Creus	Non-executive Chairman	1,575	25	0	0	0	0	0	0
Pedro Fontana García	Deputy Chairman Independent	182	25	0	0	0	18	70	40
César González-Bueno Mayer Wittgenstein	CEO	75	25	0	0	0	0	0	0
Anthony Frank Elliott Ball	Lead Independent Director	97	25	0	18	18	0	0	0
Aurora Catá Sala	Independent Director	75	25	19	20	40	0	0	0
Luis Deulofeu Fuguet	Independent Director	75	25	0	0	0	0	35	40
María José García Beato	Other External Director	75	25	0	0	0	0	40	40
Mireya Giné Torrens	Independent Director	75	25	0	20	0	40	0	0
Laura González Molero	Independent Director	13	9	0	0	5	3	0	0
George Donald Johnston	Independent Director	75	25	61	0	17	0	0	0
David Martínez Guzmán	Proprietary Director	75	25	0	0	0	0	0	0
José Manuel Martínez Martínez	Independent Director	75	25	0	40	0	0	0	40
José Ramón Martínez Sufrategui	Independent Director	50	16	0	0	12	13	0	0
Alicia Reyes Revuelta	Independent Director	75	25	20	0	0	0	30	0
Manuel Valls Morató	Independent Director	75	25	20	0	0	20	0	0
David Vegara Figueras	Executive Director	75	25	0	0	0	0	0	0

Mr. Luis Deulofeu Fuguet, Ms. Aurora Catá Sala and Mr. Manuel Valls Morató received €30 thousand, €15 thousand and €15 thousand, respectively, for membership of the Board of Directors of Sabadell Information Systems, S.A.

Ms. Mireya Giné Torrens collected €15 thousand for membership of the Board of Directors of Sabadell Consumer Finance, S.A.U.

Ms. Alicia Reyes Revuelta collected €19 thousand for membership of the Board of Directors of TSB Banking Group plc.

The amounts actually received depended on the date of appointment and on meeting attendance, and they are itemised in the Statistical annex to this Report. The Directors did not collect any other supplementary remuneration from the Institution or any other Group institution in 2022 as consideration for services rendered other than those inherent to their position, or any other remuneration items such as advances, loans or guarantees, or any remuneration by virtue of payments by the Bank to a third party, or any other remuneration not disclosed in this Annual Report on Director Remuneration.

3. Director Remuneration Policy applicable in 2023 subject to approval by the General Meeting of Shareholders scheduled for 23 March 2023

Banco Sabadell regularly reflects on its current Director Remuneration Policy, considering the following:

The Bank's actual situation

- **Strategic plan:** aligning remuneration with the short- and long-term objectives set out in the 2021-2023 strategic plan.
- **Commitment to sustainability:** this is an essential element of the Group's Remuneration Policy. The components of remuneration contribute to fostering action in environmental, social and governance (ESG) matters in order to make the business strategy sustainable and socially responsible.
- **Prudent risk management:** discouraging the taking of present and future risks that go beyond the level tolerated by the Group, while taking customers' interests into account.
- **Banco Sabadell's Remuneration Policy:** particularly the one applied to members of the Group's Identified Staff and Senior Management.

During the year, based on proposals by the Remuneration Committee, the Board of Directors applies the measures it considers to be appropriate in the Director remuneration system within the limits established by the policy. However, if the Board of Directors considers that the measures to be implemented require an amendment to the policy or a new Remuneration Policy, it may propose such a change or a new Remuneration Policy to the General Meeting of Shareholders.

The Director Remuneration Policy for 2021, 2022 and 2023, approved by the General Meeting of Shareholders on 26 March 2021 for a 3-year term, expires in 2023.

Consequently, on 16 February 2023, based on a report by the Remuneration Committee that was made available

External factors

- **Regulations:** strict compliance with the regulatory requirements on remuneration.
- **Stakeholders:** recommendations received in the course of Banco Sabadell's regular engagement with investors, shareholders and proxy advisors.
- **Market practices:** credit institutions that may compete for business or talent.
- **Governance:** general corporate governance recommendations at a national and international level.

to shareholders at the time of giving notice of the General Meeting of Shareholders, the Board of Directors will ask the General Meeting of Shareholders scheduled for 2023 to approve a new Director Remuneration Policy to be applicable from the date of its approval in 2023 and for the three subsequent financial years, i.e., 2024, 2025 and 2026, which introduces certain improvements with respect to the Director Remuneration Policy currently in force, as detailed in this report.

The Director Remuneration Policy for 2021, 2022 and 2023 will remain in force until the new Director Remuneration Policy for 2024, 2025 and 2026 comes into effect upon approval.

Main new features

- Strengthening of the general principle of business sustainability.
- Change in the contractual conditions of the Chairman of the Board of Directors, eliminating the post-contractual non-competition clause.
- Update of the remuneration for chairing or membership of the Audit and Control Committee or Risk Committee.
- Change in the remuneration of the Chief Executive Officer, modifying his remuneration mix in order to improve alignment with shareholder interests. Specifically, (i) reduction of his fixed remuneration in cash, (ii) investment of part of the fixed remuneration in shares subject to five-year lock-up; (iii) introduction, in place of part of the fixed remuneration, of a contribution to long-term savings plans, 15 % of which will be classified as discretionary pension benefits, and (iv) increase in the target short- and long-term variable remuneration.
- Change in the remuneration of the Chief Risk Officer in order to adapt it to the benchmark remuneration for his executive functions.
- Introduction of the possibility of inflation adjustments to the deferred cash amounts, as allowed by the European Banking Authority's Guidelines on Sound Remuneration Policies under Directive 2013/36/EU (EBA Guidelines/GL/2021/04).
- Incorporation of a specific section that, in accordance with the amendment of the Capital Companies Law, regulates the possibility of temporary exceptions to the Remuneration Policy by elaborating on the related procedure and conditions.

Otherwise, efforts have been made to maintain continuity by keeping the amounts of most remuneration items unchanged with respect to previous years. This is consistent with the framework of the Remuneration Policy that is applicable to the rest of the workforce.

More details can be found in the proposed Remuneration Policy that is in the documentation made available to shareholders in the section on the General Meeting of Shareholders of 23 March 2023 at the following link: <https://www.grupbancsabadell.com/corp/es/gobierno-corporativo-y-politica-de-remuneraciones/politica-de-remuneraciones-de-consejeros.html>.

3.1. Remuneration for Executive Directors

3.1.1. Remuneration system

In addition to their remuneration for membership of the Board of Directors, Executive Directors are paid for performing executive functions, as provided in the Articles of Association of Banco Sabadell, under the same headings as members of Banco Sabadell Senior Management and the rest of the Identified Staff.

Executive Director remuneration is set each year by the Board of Directors within the maximum overall amount established by the General Meeting of Shareholders by approving the new Director Remuneration Policy for each remuneration item. The Board of Directors complies with the applicable regulations, taking into account its specific status as a financial institution and in line with the items, terms and conditions established in the new Director Remuneration Policy, which takes a comprehensive view of total remuneration including all remuneration components and the relationship between them, striking an appropriate balance between fixed and variable remuneration, as well as between the distribution of short- and long-term payments, while safeguarding the rights and

interests of shareholders, investors and customers.

On 24 November 2022, based on a proposal by the Remuneration Committee, the Board of Directors approved an amendment to the Chief Executive Officer's remuneration scheme for 2023, subject to approval of the new Director Remuneration Policy by the General Meeting of Shareholders to be held on 23 March 2023, and also to the approval of a contract reflecting such modifications.

These modifications are based on reducing the CEO's fixed remuneration to €1,900 thousand (€2,000 thousand in 2022), of which:

- €1,600 thousand will be paid in cash. Out of the amount remaining after personal income tax withholdings, the CEO will systematically purchase shares of the Bank for an annual amount equivalent to €300 thousand gross of his fixed remuneration. The CEO also undertakes and is bound to hold the shares of the Bank so acquired for a period of five years or until the date of abandoning the Institution, whichever is earlier.
- €300 thousand will be allocated to pension plans, 15 % of which will be classified as discretionary pension benefits.

However, the initial contribution in 2023 is expected to be €900 thousand (€600 thousand in addition to the annual contribution to be made as from 2024), so that the cash amount of the fixed remuneration in 2023 will be €1,000 thousand.



The short-term variable remuneration and long-term remuneration are both increased from €600 thousand to €800 thousand.

With this change in the Chief Executive Officer's remuneration scheme, his remuneration mix (variable / fixed) was modified by changing the variable proportion from 60.0 % to 88.7 % (including discretionary pension benefits) and increasing the proportion of remuneration at risk from 37.5 % to 55.6 % of total remuneration. The CEO's total remuneration for 2023 is in the 68th percentile of the international peer group and the 67th percentile of the domestic peer group.

The purpose of this modification is to increase alignment between the CEO's remuneration and the shareholders' interests, and with the values and long-term interests of the Banco Sabadell Group, while also linking his compensation even to the risk and business strategy.

The differences between the remuneration packages for the Chief Executive Officer and Chief Risk Officer (CRO) are as follows:

- The CRO's remuneration is predominantly fixed in order to reflect the nature of his work and not to jeopardise his independence with respect to the business units he oversees.
- The methods used to set the objectives and determine the variable remuneration take into account each

Director's specific circumstances; in the specific case of the CRO, they must not jeopardise his objectivity or independence. In this respect, 80 % of the Chief Executive Officer's short-term variable remuneration is linked to the Group's objectives and the remaining 20 % is based on an individual qualitative appraisal approved by the Remuneration Committee on a motion by the Chairman. Given the functions of the CRO (oversight), the percentage linked to the Group's objectives is limited to

25 % and the remaining 75 % is indexed to individual objectives: functional objectives (55 %) and an individual qualitative assessment (20 %).

Below are summarised the components of the Executive Directors' remuneration under the new Director

Remuneration Policy, although, until the General Meeting of Shareholders scheduled for 23 March 2023 approves the items comprising the CEO's remuneration package for performing executive duties, they will remain the same as in 2022.

Remuneration before approval of the new Policy		Amounts in 2023 under the new Policy	
	CEO	CEO	CRO
Fixed salary	€2,000 thousand	€1,600 thousand ⁽¹⁾	€553 thousand
Benefits and remuneration in kind	Similar amounts to 2022	Similar amounts to 2022	Similar amounts to 2022
Retirement and savings plans	€1 thousand	€300 thousand ⁽²⁾	€105 thousand
Short-term variable remuneration*	Target: €600 thousand Maximum: €864 thousand	Target**: €800 thousand Maximum: €1,152 thousand	Target**: €100 thousand Maximum: €144 thousand
Long-term remuneration*	Target: €600 thousand Maximum: €864 thousand	Target**: €800 thousand Maximum: €1,152 thousand	Target**: €138 thousand Maximum: €199 thousand

(1) After personal income tax withholdings, the CEO will systematically purchase shares of Banco Sabadell, S.A. for a net annual amount equivalent to €300 thousand gross of his fixed remuneration. Those shares will be under lock-up for a period of five years or until the date of abandoning the Institution, whichever is earlier.

(1) An extraordinary additional contribution of €600 thousand will be made in 2023, which will be deducted from the fixed remuneration.

* The payment of any item of variable remuneration is subject to the *ex-ante* adjustments, deferral periods, payment in capital instruments, and malus and clawback clauses outlined in this Report

Additionally, the target and maximum amounts of the variable remuneration are indicated at the time of allocation, but the value actually received may be lower, equal or higher, depending on (i) changes in the value of the capital instruments during the deferral period, and (ii) the application of malus clauses, where appropriate.

** Target: remuneration to be allocated in the event that 100 % of the objectives are achieved.

Maximum: maximum amount of the variable remuneration to be allocated in the event of exceeding the objectives.

Accordingly, the proportion between an Executive Director's fixed and variable remuneration, assuming attainment of the objectives and a maximum attainment scenario, is as follows:

	CEO			CRO		
Target scenario	53 %	24 %	23 %	72 %	13 %	15 %
Maximum scenario	44 %	29 %	27 %	64 %	16 %	20 %

- Fixed salary + benefits + pension benefits
- Short-term variable remuneration + discretionary pension benefits
- Long-term remuneration

Scheme for payment of short-term variable remuneration

50 % ●	50 % ○	55 % ●	45 % ○	55 % ●	45 % ○	55 % ●	45 % ○	55 % ●	45 % ○	55 % ●	45 % ○
40 % "n"+1		12 % "n"+2		12 % "n"+3		12 % "n"+4		12 % "n"+5		12 % "n"+6	
100 %											
Performance year Year "n"											

● In shares

○ In cash

3.1.2. Details of the remuneration items

Until the approval of the new Director Remuneration Policy by the General Meeting of Shareholders on 23 March 2023, the items comprising the remuneration package for the Executive Directors for performing their executive duties will be the same as in 2022 (see section 2.1.1). From then onwards, they will be as follows:

A) Fixed remuneration

In accordance with the Director Remuneration Policy, the maximum combined amount of fixed remuneration for Executive Directors is €6 million per year: Within that limit, which includes fixed annual remuneration in cash and in shares as well as benefits and retirement and long-term savings plans as specified by contract, the Board of Directors sets the individual remuneration amounts based on a favourable report by the Remuneration Committee.

The individual remuneration amounts comprising the fixed remuneration of the Executive Directors in 2023 under the new Policy are listed below:

	Additional information	Amount
Fixed salary	Paid monthly in cash. This remuneration is set by the Board of Directors on the motion of the Remuneration Committee.	— CEO: €1,600 thousand ⁽¹⁾ — CRO: €553 thousand
Benefits and remuneration in kind	In 2022, the Executive Directors were beneficiaries of a group life insurance policy, study grants, and a Christmas hamper in the same terms as the institution's other employees. They are also beneficiaries of an absolute permanent disability insurance policy under the same terms as the rest of the institution's executives, and have the use of a vehicle under the same terms as the other members of Senior Management.	— CEO: Similar amounts to 2022 ⁽²⁾ — CRO: Similar amounts to 2022 ⁽²⁾
Pension plan	Like all other employees, the Executive Directors are members of the B Group defined contribution occupational pension plan, which pays out on retirement as an employee.	— CEO: €1 thousand — CRO: €1 thousand
Retirement and savings plans*	The Executive Directors are also beneficiaries of a defined contribution group executive insurance policy indexed to the fixed annual salary, which will pay out in the event of effective retirement, death or permanent and absolute disability and provides for the possibility of payment in the form of a lump sum, an annuity, or a combination of the two, in accordance with current legislation, except where, in the absence of express interest on the part of Banco Sabadell, the executive continues to work at Banco Sabadell beyond the age defined by law for collecting retirement benefit, in which case all economic rights are forfeited. It is compatible with termination indemnities.	The following contributions are planned in 2023: — Chief Executive Officer: €300 thousand ⁽³⁾ — Chief Risk Officer: €105 thousand

(*) Discretionary pension benefits: from the entry into force of Bank of Spain Circular 2/2016, of 2 February, to credit institutions, on supervision and capital adequacy, which completes the adaptation of Spanish law to Directive 2013/36/EU and Regulation (EU) 575/2013, 15 % of contributions are treated as discretionary pension benefits and, consequently, are linked to the percentage attainment of the beneficiary's short-term objectives, capped at 100 % of the amount.

Consequently, 15 % of the contributions to be made in 2023 in relation to the group executive insurance policy on behalf of the CEO and CRO will be adjusted on the basis of the degree of attainment of the short-term variable remuneration objectives.

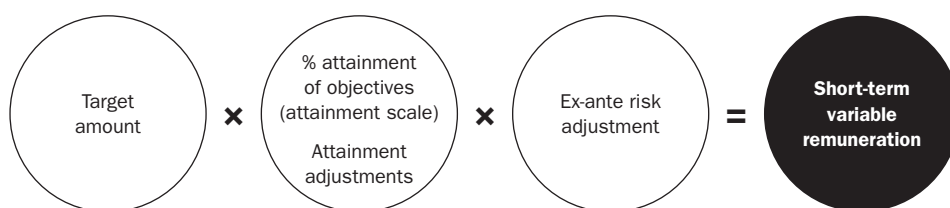
(1) Of that amount, €300 thousand will be systematically invested in shares of Banco de Sabadell, S.A., which must be retained for five years or until the date the CEO leaves the Institution, if earlier.

(2) The amounts are detailed in section 7. Statistical annex, table i).

(3) An extraordinary additional contribution of €600 thousand will be made in 2023, which will be deducted from the fixed remuneration.

B) 2023 Short-term variable remuneration

At a meeting on 25 January 2023, on a motion by the Remuneration Committee, the Board of Directors established the short-term variable remuneration for 2023 as follows:



Target and maximum amounts

	Additional information	CEO amount	CRO
Short-term variable remuneration	Reflect performance in the year, measured through annual objectives aligned with the risk incurred. Each Executive Director is assigned objectives connected to risk control and management, and capital metrics, as well as strategic objectives, with a weighting assigned to each indicator, and a scale of attainment. The objectives assigned to each Executive Director for 2023 are set out in this section 3.1.2.B).	Target: €800 thousand Maximum: €1,152 thousand	Target: €100 thousand Maximum: €144 thousand

Objectives and metrics

The breakdown of the objectives for 2023 is as follows:

	CEO	CRO
Group annual objectives	80 %	25 %
Functional objectives	—	55 %
Individual qualitative assessment	20 %	20 %
Total	100 %	100 %

Group objectives 2023

The indicators for the Group Objectives for 2023 have been revised and some modifications have been made with respect to the previous year to align them with the strategic priorities defined by the Bank.

Metrics selected for the Group objectives

Objective	Weighting	Description
ROTE	20.0 %	Return on tangible equity.
Group net profit	20.0 %	Profit that is directly attributable to the parent company, calculated by deducting minority interests from profit for the year.
Net interest income + Net fees and commissions	10.0 %	Banco Sabadell Group consolidated net interest income plus net fees and commissions in 2023.
Group expenses	10.0 %	Staff expenses + General expenses + Real estate expenses not included under the first two categories (personnel and general).
Asset quality	20.0 %	Cost of Risk (7 %) + NPA volume (7 %) + Coverage ratio (7 %)
Service quality	10.0 %	A synthetic indicator that includes the rating of quality of service by the Group's customers, distinguishing between commercial segments and relationship channels, weighted by the strategic focus of each segment (individuals, SMEs, private, corporate, office, internet, mobile, etc.) and employee satisfaction index, because of its influence on the quality of service.
Sustainability	10.0 %	A synthetic evaluation indicator made up of environmental and gender equality indicators: Green and sustainability-linked financing, diversity (% female executives), upgrades by the main rating agencies/ESG indices and Sustainable Finance Plan.

Objectives for the CEO

In the case of the CEO, 80 % of the objectives are linked to the Group's objectives and the other 20 % depend on an individual qualitative assessment adopted by the Remuneration Committee on the motion of the Chairman.

Objectives for the CRO

In the case of the CRO, the percentage linked to Group objectives has been increased from 20 % in 2022 to 25 % in 2023. The other 75 % is indexed to individual objectives that, in turn, are composed of functional objectives (55 %) and an individual qualitative assessment (20 %). These functional objectives are aligned with the oversight functions he performs, independent of the business and corporate areas, and are focused on the oversight and monitoring of transactions and of the risks that arise from such transactions, ensuring compliance with applicable laws, rules and regulations, and advising management on matters in his area of expertise.

In this regard, the functional objectives set for the CRO for 2023 revolve around the following parameters:

Quantitative objectives:

- Improvement in the SREP score, weighted 30 % of his functional objectives.
- Management satisfaction, weighted 10 % of his functional objectives.

Qualitative objectives:

- Contribution to the performance of the Risk Committee, weighted 10 %.
- Fulfilment of the annual plans for the second line of defense (2LoD), weighted 35 %.
- Outcome of On-site Inspections (OSI) of the second line of defense, weighted 15 %.

40 % of the CRO's functional objectives are quantitative and the other 60 % relate to qualitative assessments made by the Risk Committee.

Attainment scales

Regarding the Group objectives, which are applied as functional objectives for the CEO, attainment parameters have been set between 50 % and 150 % for each of the objectives, based on a non-linear scale of attainment established beforehand by the Remuneration Committee for each objective. Attainment of under 50 % is considered as 0 % for the purposes of counting overall attainment.

In the case of the CRO's functional objective, the attainment parameters are set between 50 % and 150 %.

In order to qualify for variable remuneration, overall attainment of the objectives must exceed 60 %. Por debajo del 60 % no se percibe retribución variable y por encima del 150 % no se genera mayor percepción de retribución variable.

Prudential adjustments to attainment of objectives

The amount to be actually received will be determined by the degree of attainment of the established Group objectives, adjusted by a correction factor based on the relationship between the Institution's capital (CET1) and liquidity (Liquidity Coverage Ratio) and the limits set in the Risk Appetite Statement (RAS). Failure by any of these indicators to reach the objective will entail a reduction in variable remuneration; breach of the tolerance threshold for these indicators in the RAS will count as failure to attain the Group objectives for 2023.

Ex-ante risk adjustments

The amount of any short-term remuneration item is subject to downward adjustment at the discretion of Board of Directors, on a motion by the Remuneration Committee, and may even be reduced to zero, depending on the following parameters:

- A variable remuneration adjustment based on risk profile and earnings performance. The adjustment may be applied at Group, unit, country or even individual level, to reflect the various classes of risk. This variable remuneration adjustment, which can reduce the initial pool of available remuneration to zero, ensures that the variable remuneration is fully aligned with the risks assumed. The variable remuneration adjustment will cover all the cases or situations that might have an impact on the Group's risk profile and that were not fully factored into the assessment of the objectives set at the beginning of the year, and will be related to risk and control factors such as breaches of standards and regulations, exceedance of risk limits (e.g. RAS [capital, liquidity] or exceedance of expected loss thresholds in terms of operational risk) and/or internal control indicators (e.g. results of internal audits) or similar items.
- The possibility of reduction to zero if the Bank's capital is less than the Maximum Distributable Amount (MDA) determined by regulation at any given time.

Malus and clawback clauses

Short-term variable remuneration and long-term remuneration that has not yet been collected (up to 100 % of the amount) may be reduced or cancelled (malus clause) or clawed back in the event of poor financial performance by the Bank as a whole or by a specific division or area or by the exposures generated by the Executive Director in question. They will also apply in the event of actions or omissions by the Executive Director to whom they are applicable that are in breach of the applicable regulations or the internal rules of the Company or that are otherwise irregular. It is not necessary for there to be malice or negligence in order for these clauses to apply. For these purposes, the performance assessment will be compared with subsequent performance of the variables that contributed to achieving the objectives.

The following factors will be considered:

- Significant failures in risk management by the Institution or a business unit.
- An increase in capital requirements at the Institution or one of its business units not envisaged at the time that the exposure was generated.
- Regulatory penalties or legal convictions for events attributable to the unit or its managers. Failure to comply with the Institution's internal codes of conduct.
- Improper conduct, whether individual or collective. Particular consideration will be given to the negative effects deriving from marketing unsuitable products and the liability of the persons or bodies making such decisions.

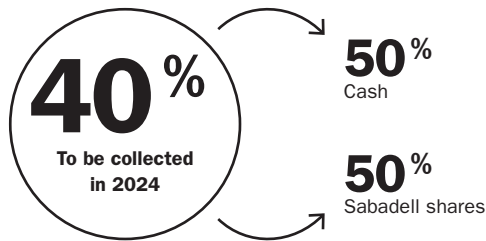
Malus clauses may be triggered during the period in which variable remuneration is deferred. Clawback clauses may be triggered from the time the remuneration is paid up to conclusion of the corresponding lock-up period. Application of clawback clauses may be supplementary to the application of malus clauses so that, in addition to forfeiting amounts not yet received, the Executive Director may be required to refund part or all of the amounts already received as short-term variable remuneration or long-term remuneration.

The Remuneration Committee must review the situation each year in order to make a proposal to the Board of Directors, if necessary, based on a report by the People Division, and after seeking the opinion of the Internal Control Division, the Financial Division and the Compliance Division as to whether circumstances have arisen to reduce or cancel the deferred remuneration or trigger clawback of variable remuneration already collected by an Executive Director, depending on the characteristics and circumstances of each particular case.

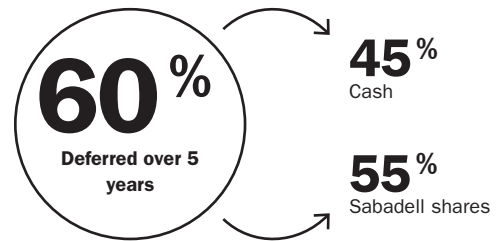
Payment procedure

This remuneration is deferred and paid in equity instruments, in accordance with the applicable regulations. Accordingly, actual receipt of the Executive Directors' short-term variable remuneration for 2023 will be subject to the following scheme:

2023 variable remuneration



40 % of the variable remuneration for 2023 will be paid in 2024, 50 % in cash and 50 % in Banco Sabadell shares (valued at the closing market price in the last trading session in the month in 2024 when the non-deferred portion is paid), the shares being subject to a one-year lock-up.*



60 % of the variable remuneration for 2023 will be deferred over a five-year period, with one-fifth being paid in each of the years 2025, 2026, 2027, 2028 and 2029, split 45 % in cash and 55 % in Banco Sabadell shares (valued at the closing market price in the last trading session in the month in 2024 when the non-deferred portion is paid).

* Variable remuneration paid in shares is subject to one-year lock-up. In line with recommendation 62 of the Code of Good Governance, unless Executive Directors own shares amounting to the equivalent of twice their fixed annual remuneration, they may not dispose of the shares they receive until at least three years have elapsed from the time of delivery. The above condition will not apply to any shares that the Director must dispose of to cover tax obligations related to their delivery.

The use of personal hedging strategies or any mechanism that guarantees receipt of part or all of the variable remuneration is not permitted.

At the time of payment of the deferred cash remuneration, the amount may be adjusted for inflation between the date of payment of recognition of that deferred remuneration part and the date of payment of each of the deferred amounts.

indicators relating to capital (CET1) and liquidity (Liquidity Coverage Ratio), and an attainment adjustment. Breach of the tolerance threshold in the RAS for liquidity or capital adequacy result in the long-term remuneration being reduced to zero.

C) Long-term remuneration

Executive Directors receive long-term remuneration granted each year in overlapping cycles.

General framework

The long-term remuneration scheme is based on the attainment of annual and multi-year objectives (3 years), where a reference amount of long-term remuneration (amount to be received in the event of 100 % attainment of both annual and multi-year objectives) is established at the beginning of the cycle. The reference amount for the period 2023-2025 is €800 thousand for the CEO and €138 thousand for the CRO.

After the first year of the cycle has concluded, the reference amount is adjusted during the first quarter based on the following factors:

- Degree of attainment of the objectives for short-term variable remuneration in the first year of the cycle.
- *Ex-ante* adjustments, if any.

This adjustment may result in the reference amount being zero or, in the event of overachievement of annual objectives, at most 144 % of the reference amount in the case of both Directors.

The payment of the adjusted reference amount, determined as a cash amount (45 %) and a number of shares (55 %), will depend on the degree of attainment of the multi-year objectives (period of three years). The final amount to be paid may not exceed the adjusted reference amount (which may not be increased in any event).

Additionally, as in the case of annual objectives, a risk-related correction factor will be applied that includes

Target and maximum amounts

	Additional information	CEO amount	CRO
Long-term remuneration	<p>Measure the Group's and the Executive Director's performance over a multi-year time-scale.</p> <p>The annual objectives determine the amount assigned, to the same extent as in the case of short-term variable remuneration. Based on that amount, the multi-year objectives determine the amount to be actually received, which may be less (but never more) than the amount assigned on the basis of annual objectives.</p> <p>The objectives assigned to each Executive Director for the various cycles that are current in 2023 are set out in section 3.1.2.C).</p>	<p>Target: €800 thousand</p> <p>Maximum: €1,152 thousand</p>	<p>Target: €138 thousand</p> <p>Maximum: €199 thousand</p>

Objectives and metrics

The same objectives as for short-term variable remuneration are applicable to determine the adjusted reference amount.

Objective	2021-23	2022-24	2023-25
Total Shareholder Return (TSR)	25 %	25 %	40 %
Liquidity (Liquidity Coverage Ratio)	25 %	25 %	—
Capital (CET1)	25 %	25 %	—
Return on Risk Adjusted Capital (RoRAC)	25 %	—	—
Return on Tangible Equity (ROTE)	—	25 %	40 %
Sustainability	—	—	20 %

Long-term remuneration in 2023 introduces the following new features in relation to the multi-year objectives:

- The weighting of the TSR objective has been increased (see below).
- The liquidity and capital objectives were eliminated but these indicators are retained as correction factors.
- The weighting for ROTE was increased from 25 % to 40 %.
- A Sustainability indicator was added.

The main features of each of those metrics are described below:

Relative Total Shareholder Return (Relative TSR)

Definition:

TSR is taken to be the sum of the dividends paid and the share price appreciation, taken as the difference between the arithmetic mean of the closing price of the share, rounded to the third decimal place, in the 20 sessions preceding the beginning and end of the period for measuring attainment of multi-year objectives. For these purposes, the beginning and end dates are as follows:

Long-term remuneration	2021-23	2022-24	2023-25
Beginning date	1 January 2021	1 January 2022	1 January 2023
End date	31 December 2023	31 December 2024	31 December 2025

Banco Sabadell's TSR will be compared with that of the following peer group:

Long-term remuneration 2021

ABN AMRO Group NV	Unione di Banche Italiane, SpA
Bankia, S.A.	Caixabank S.A.
Erste Group	Natixis, S.A.
Mediobanca Banca di Credito Finanziario SpA	Banco Bpm SpA
Bankinter S.A.	Raiffeisen
BBVA, S.A.	KBC Groep NV
Skandinaviska Enskilda Banken AB	Intesa Sanpaolo SpA
Swedbank AB	Virgin Money
Standard Chartered Bank	

Note: the following changes have been made with respect to the benchmark for long-term remuneration for 2021-2023:

1. Unione di Banche Italiane, SpA: merged into Intesa SanPaolo, SpA.
2. Bankia, S.A.: merged into Caixabank, S.A.
3. Natixis, S.A.: Unlisted.

Long-term remuneration 2022 and 2023

ABN AMRO Group NV	Caixabank S.A.
BPER Banca, SpA	Banco BPM SpA
Erste Group	Raiffeisen
Mediobanca Banca di Credito Finanziario SpA	KBC Groep NV
Bankinter S.A.	Intesa Sanpaolo SpA
BBVA, S.A.	Virgin Money
Skandinaviska Enskilda Banken AB	Standard Chartered Bank
Swedbank AB	

The Board of Directors will have the power, based on a proposal from the Remuneration Committee, to adapt, where appropriate, the composition of the sample of entities in the event of unforeseen circumstances affecting the aforementioned companies (e.g. mergers, spin-offs, delisting, etc.) and to adapt the TSR calculation for any transactions (e.g. rights issues) by those entities that affect the value of the shares to ensure that the comparison is made on a like-for-like basis.

Attainment scale:**Banco Sabadell's TSR ranking within the peer group**

Long-term remuneration		
2021	2022	%
Between #1 and #8	Between #1 and #8	100 %
Between #9 and #11	Between #9 and #10	75 %
Between #12 and #14	Between #11 and #13	50 %
Between #15 and #18	Between #14 and #16	0 %

Banco Sabadell's TSR ranking within the peer group

Long-term remuneration	
2023	%
#1	150 %
#2	143 %
#3	136 %
#4	129 %
#5	121 %
#6	114 %
#7	107 %
#8	100 %
#9	88 %
#10	75 %
#11	63 %
#12	50 %
#13	30 %
Between #14 and #16	0 %

Liquidity (Liquidity Coverage Ratio) (established for 2021-2023 and 2022-2024)

Definition:

attainment of the objective in connection with the Liquidity Coverage Ratio (LCR) will be measured on the basis of the level established in the Institution's RAS (Risk Appetite Statement). This indicator will be measured by taking the average of the last three months in the final year of the multi-year measurement period.

Attainment scale:

If the LCR is higher than the early warning indicator (EWI), the objective will be deemed to have been achieved 100 %; below that threshold, attainment will be rated 0 %.

Long-term remuneration	2021	2022
Average LCR	01 October 2023 31 December 2023	01 October 2024 31 December 2024

Capital adequacy CET1 (set for 2021-2023 and 2022-2024)

Definition:

attainment of the objective in connection with CET1 will be measured on the basis of the level established in the Institution's RAS (Risk Appetite Statement). This indicator

will be measured by taking the average of the last three months in the final year of the multi-year measurement period.

Attainment scale:

If the CET1 ratio is higher than the early warning indicator (EWI), the objective will be deemed to have been achieved 100 %; below that threshold, attainment will be rated 0 %.

Long-term remuneration	2021	2022
Average CET1	01 October 2023 31 December 2023	01 October 2024 31 December 2024

Return on Risk Adjusted Capital (RoRAC) (set for 2021-2023)

Definition:

attainment of the objective in connection with the RoRAC will be measured on the basis of the cost of equity. This indicator will be measured by taking the average of the last three months in the final year of the multi-year measurement period.

Attainment scale:

If the RoRAC exceeds the cost of equity, attainment will be rated at 100 %. Failure to achieve that objective will be classified as 0 % attainment.

Long-term remuneration	2021
Average RoRAC	01 October 2023 31 December 2023

Return on Tangible Equity (ROTE) (set for 2022-2024 and 2023-2025)

Definition:

In 2023-2025, the average ROTE at the end of each year (2023, 2024 and 2025) will be used instead of the ROTE at the end of the measurement period.

Attainment scale:

the following attainment scale is defined on the basis of the position at the end of December 2024:

Sustainability (set for 2023-2025)

Definition:

A synthetic indicator related to the Environment (sustainable finance, social finance, sustainability-linked finance, and other finance) and Diversity (% women in the management team).

Attainment scale:

An attainment scale is defined for the Sustainable Finance indicator based on accumulated objectives for 2023-2025 and another scale is defined for the % of Women in the management team.

Prudential adjustments for attainment of objectives

A risk-related correction factor will be applied that includes indicators relating to capital (CET1) and liquidity (Liquidity Coverage Ratio), and an attainment adjustment. Breach of the tolerance threshold in the RAS for liquidity or capital adequacy result in the long-term remuneration being reduced to zero.

Ex-ante risk adjustments

The *ex-ante* risk adjustments described in section 3.1.2.B) on short-term variable remuneration are also applicable to long-term remuneration.

Payment procedure

This remuneration is deferred and paid in equity instruments, in accordance with the applicable regulations. The following table shows the calendar for payment of the long-term remuneration for 2021, 2022 and 2023:

Long-term remuneration	Annual measurement year	Multi-year measurement period	1st payment* (60 %)	2nd payment* (20 %)	3rd payment* (20 %)
2021	Year 2021	2021-2023	2025	2026	2027
2022	Year 2022	2022-2024	2026	2027	2028
2023	Year 2023	2023-2025	2027	2028	2029

* Since the adjusted reference amount is determined 45 % in cash and the remaining 55 % in Banco Sabadell shares, each payment of the long-term remuneration will be made in the same proportion. The shares that are delivered are subject to lock-up as described in section 3.1.2.B) on short-term variable remuneration.

3.1.3. Contractual conditions for Executive Directors, including termination indemnities

The Executive Directors' contracts are standard Senior Management contracts and meet the legal requirements for contracts of this type, with the following terms and conditions:

- **Duration:** the contracts are indefinite.
- **Fixed remuneration:** the contracts provide for the payment of fixed remuneration to Executive Directors under the terms and conditions detailed above.
- **Variable remuneration:** the contracts provide for the payment of variable remuneration to Executive Directors under the terms and conditions detailed above.
- **Retirement and savings plans:** the contracts provide for Executive Directors to participate in pension and saving schemes, under the terms and conditions detailed above.
- **Benefits:** the Executive Directors' contracts provide for them to enjoy the benefits and flexible remuneration schemes that the Bank has established for its other employees, in the same terms as the latter.
- **Confidentiality:** the contracts include a confidentiality clause that obliges Directors not to disclose, either during the term of the contract or thereafter, any confidential data, procedures, methods, information, or commercial or industrial data referring to the Bank's business or finances.
- **Restitution and use of company assets:** all material goods, information media, files, documentation, manuals, etc. that the Directors have in their possession must be returned to the Bank at the time of termination of the contract.
- **Clawback and Malus clauses:** the contracts contain clauses of both types that apply in the cases defined in the Director Remuneration Policy, as described in section 3.1.2.B).
- **Early termination and non-competition:** the CEO's contract contains a post-contractual non-compete clause providing two years' fixed remuneration in the event of removal by a decision of the institution not attributable to breach or failure in his functions as CEO or in the event of change of control, and one year's remuneration in all other cases. The geographical scope of this non-competition clause is confined to Spain and the United Kingdom, where the Bank's main business is concentrated. The CRO's contract contains a post-contractual non-compete clause with a duration of two years, applicable until the first date of ordinary retirement, at the latest, and providing an amount of two years' fixed remuneration.

They do not contain any of the other clauses set out in article 249.4 in connection with article 529.1 *octodecies* of the Capital Companies Law.

3.2. Remuneration for Directors for their functions as members of the Board of Directors

3.2.1. Remuneration Policy

In accordance with the Director Remuneration Policy applicable in 2023, the overall maximum limit of remuneration for Directors for their duties as members of the Board of Directors, pursuant to the provisions of the Articles of Association of Banco Sabadell, is €5 million per year. This maximum limit includes the additional remuneration for the Chairman for non-executive functions. The remuneration is set each year within this limit by the Board of Directors subject to a favourable report from the Remuneration Committee.

Board of Directors remuneration for 2023 was determined on the basis of the reports on Director remuneration in Spain compiled by Spencer Stuart.

Directors' remuneration in 2023 for membership of the Board of Directors is broken down as follows:

- Fixed remuneration for belonging to the Board of Directors.
- Attendance fees, for at most 11 ordinary meetings, with the possibility of collecting attendance fees for at most two meetings that they miss for justified reasons provided that they grant proxy in those cases. No amounts are payable for attendance at extraordinary meetings of the Board of Directors.
- The Chairman receives additional fixed remuneration for performing his duties as Chairman of the Bank, of the Board of Directors and of the General Meeting of Shareholders, for acting as the Bank's highest representative, and for the special dedication involved in performing the duties of Chairman under the terms established in the Capital Companies Law, in the Articles of Association and by the Board of Directors in a group such as Banco Sabadell. Due to the organic or representative nature of these functions, they cannot be classified as executive functions but they require a considerable degree of dedication of a much greater intensity than that of the other non-executive members of the Board of Directors.
- Additional amounts for performing the functions of Deputy Chairman or Lead Independent Director, for chairing or being a member of Board Committees, and for membership of any of Banco Sabadell's Advisory Boards.

Non-Executive Directors do not qualify for the remuneration or benefits that apply to Bank employees, the Group's Identified Staff or Senior Management, they are not members of the retirement and savings or variable and long-term remuneration systems.

3.2.2. Projected remuneration

The remuneration that is expected to be paid to the members of the Board of Directors in 2023 for performing their functions is shown in the following table:

	Fixed remuneration 2023 (euro)	Attendance fees 2023 (euro per meeting)
Members	75,000	2,272
Additionally:		
— Chairman	1,500,000	—
— Deputy Chairman	107,000	—
— Lead Independent Director	22,000	—

Non-Executive Directors also receive remuneration for chairing or being members of Board Committees.

Committee	Position	Amount (euro)
Strategy and Sustainability Committee	Chairman	—
	Member	40,000
Credit Delegated Committee	Chairman	70,000
	Member	40,000
Audit and Control Committee	Chairman	50,000
	Member	25,000
Appointments and Corporate Governance Committee	Chairman	40,000
	Member	20,000
Remuneration Committee	Chairman	40,000
	Member	20,000
Risk Committee	Chairman	70,000
	Member	40,000

Mr. Luis Deulofeu Fuguet will collect at most €30,000 as an ordinary member of the Board of Directors of Sabadell Information Systems, S.A.

Ms. Mireya Giné Torrens will collect €30,000 as an ordinary member of the Board of Directors of Sabadell Consumer Finance, S.A.U.

It is not envisaged that the non-Executive Directors will collect any other supplementary remuneration from the Institution or any other Group institution in 2023 as consideration for services rendered other than those inherent to their position, or any other remuneration items such as advances, loans or guarantees, or any other additional remuneration not disclosed in this Annual Report on Director Remuneration.

Both Mr. Josep Olié Creus, the Chairman, and Ms. María José García Beato, a Director, will continue to receive the deferred amounts of short- and long-term variable remuneration accrued wholly or partly while they performed executive duties.

3.2.3. Contractual conditions

With the exception of the Chairman, non-Executive Directors are not under contract to the Bank by virtue of their status as members of the Board of Directors, and no indemnities have been agreed upon for the event of termination of their position as Director.

As established in the Articles of Association of Banco de Sabadell, S.A., the Chairman is the highest representative of the Bank and has the rights and obligations inherent to that position, including the power to sign on behalf of the company. In discharging his duties, the Chairman of the Board of Directors is the person with primary responsibility for the effectiveness of the Board of Directors and, as such, represents the Bank in any event, and signs on behalf of the company; he convenes and chairs meetings of the Board of Directors, setting the agenda, directing the debates and deliberations within the Board of Directors, and taking responsibility for executing the decisions adopted by the Board of Directors.

Because of the scope and specific nature of the functions assigned to him, the Chairman's contract, in his capacity as a non-Executive Director, provides for fixed remuneration in addition to that for membership of the Board of Directors and, as noted above, an early termination clause providing for two years' remuneration for non-competition linked to involuntary termination.

In the Director Remuneration Policy which will be applicable from the date of its approval in 2023 and for the subsequent three financial years, i.e. 2024, 2025 and 2026, which will be submitted for approval at the 2023 General Meeting of Shareholders, it is planned to eliminate the post-contractual non-compete clause from the contract of the Chairman of Banco Sabadell in order to align his contractual conditions with market best practices.

4. Procedures and bodies involved in determining and approving the Remuneration Policy

4.1. General framework

The Articles of Association of Banco Sabadell set out the competencies of the Board of Directors and its Committees. The Board of Directors Regulation sets out the terms of reference for the Board of Directors and its Committees, establishing their powers and basic rules of functioning and organisation, in line with the regulations applicable to listed companies and credit institutions, as implemented and complemented in the terms of reference of the Board Committees. The Articles of Association and the Regulation of the Board of Directors of Banco Sabadell and of its Committees are available on the Banco Sabadell corporate website.

In accordance with the provisions of the Capital Companies Law, the Board of Directors is vested with the non-delegable power to determine the company's general policies and strategies and to make decisions regarding the remuneration of the Directors, within the framework of the Articles of Association and of any Director Remuneration Policy.

The Remuneration Committee is entrusted with making proposals to the Board of Directors regarding the Director Remuneration Policy and the individual remuneration and other contractual conditions of the Executive Directors, and with overseeing compliance, in accordance with the Regulation of the Board of Directors and of the committee itself.

The Remuneration Committee also has at least the following basic responsibilities as set out in article 18 of the Regulation of the Board of Directors and elaborated upon in the Regulation of the Remuneration Committee:

- a) Proposing the Director Remuneration Policy to the Board of Directors.
- b) Proposing, to the Board of Directors, the Remuneration Policy for general managers and others performing Senior Management functions who report directly to the Board of Directors, the Delegated Committee or the CEOs, and the individual remuneration and other contractual conditions for Executive Directors, exercising oversight to ensure that they are complied with.
- c) Regularly reviewing Remuneration Policy.
- d) Advising on remuneration programmes based on shares and/or options.
- e) Periodically reviewing the general principles of remuneration and the remuneration programmes for all employees, and considering whether they conform to those principles.
- f) Ensuring that remuneration is transparent.
- g) Ensuring that any conflicts of interests are not detrimental to the independence of external advisors.

- h) Verifying the information on remuneration contained in the various corporate documents, including the Report on Director Remuneration.

The Remuneration Committee complies with the principles, good practices and criteria for its proper functioning established by Technical Guide 1/2019 on appointments and remuneration Committees, dated February 20, published by the Spanish National Securities Market Commission.

In accordance with the provisions of article 67 of the Articles of Association, at the end of 2022 Banco Sabadell's Remuneration Committee comprised four non-Executive Directors, all of whom are independent Directors, as follows:

Composition:

Chairman

Ms. Aurora Catá Sala

Members

Mr. Anthony Frank Elliott Ball

Ms. Laura González Molero

Mr. George Donald Johnston III

Non-member secretary

Mr. Gonzalo Baretino Coloma

In accordance with Article 19 of the Board Regulation and with its own terms of reference, the Risk Committee is responsible for informing the Remuneration Committee as to whether the employee remuneration programmes are coherent with the Group's risk, capital and liquidity.

In accordance with Article 16 of the Board Regulation and with its own terms of reference, the Audit and Control Committee supervises the process of drafting and presenting the regulated financial information, including that related to remuneration, checking compliance with the law and the correct application of accounting standards. In particular, an annual audit of the Remuneration Policy is performed whose conclusions are submitted to the Remuneration Committee.

Proposals by the Remuneration Committee are submitted to the Board of Directors for consideration and, where appropriate, approval.

In accordance with the Director Remuneration Policy in force and within the limits established therein, on 25 January 2023 the Board of Directors determined the amount of remuneration for Directors for the current financial year. Specifically, it determined the remuneration corresponding to the Chairman during the year and that of the other Directors in their capacity as members of the Board of Directors. It also determined the remuneration corresponding to the Executive Directors for performance of executive functions, as detailed in the related sections above.

Several divisions of the Bank participate in the application and oversight of the Remuneration Policy. They include the People Division, which produces an annual report on remuneration whose purpose is to provide the

Remuneration Committee with basic information to enable it to perform the functions entrusted to it in connection with the review of the general principles of the Banco Sabadell Remuneration Policy and oversight of the remuneration for Executive Directors, Senior Management and the other persons who, because of their responsibility, risk-taking capacity and remuneration status, form part of the Group's Identified Staff, in accordance with the provisions of Law 10/2014 and Delegated Regulation 923/2021/EU.

4.2. Remuneration benchmarking and external advisers

In addition to the assistance of the Bank's divisions, the Remuneration Committee obtains advice from the specialised firm Willis Towers Watson, which assists the Committee in identifying market trends and regulatory developments in connection with remuneration; it also consults with EY People Advisory Services, a firm that is specialised in the implementation of integrated business strategies. Specialised consulting firm Mercer Consulting S.L. issued an independent assessment on

the implementation of the Remuneration Policy that is applicable to the members of the Identified Staff and on the Director Remuneration Policy; it concluded that the policies were being applied properly; that report was submitted to the Risk Committee and the Remuneration Committee in January 2022.

Additionally, with a view to establishing a Remuneration Policy that is consistent with comparable companies, each year Banco Sabadell uses the Spencer Stuart Board Index 2022 and the report entitled "The remuneration of Directors of listed companies" produced by consulting firm KPMG, as well as advice from consulting firm Willis Towers Watson, to perform a comparative analysis of the remuneration for the Board of Directors, members of Senior Management and other members of the Identified Staff with respect to the market.

The remuneration for the CEO for 2023 was benchmarked against two groups of companies. As detailed in the following table, the first peer group is composed of 15 banks from Spain and other European countries (the European benchmark), while the second peer group is made up of 15 Spanish companies, most of them in the IBEX-35 (the domestic benchmark).

The CEO's total remuneration for 2023 is in the 60th percentile of the international peer group and the 63rd percentile of the domestic peer group.

Companies used as benchmark

Banks in the European benchmark		Companies in the domestic benchmark	
Raiffeisen	Caixabank	Santander Spain	Amadeus
Erste Group	KBC Groep	Mapfre	Bankinter
BBVA	Swedbank	Caixabank	Enagás
Intesa San Paolo	BPER Banca	Abanca	Fluidra
Banco BPM	Mediobanca	Acciona	Grifols
Skandinaviska Enskilda Banken	Bankinter	Endesa	Merlin Properties
ABN Amro Group		Siemens Gamesa	
Standard Chartered Bank		BBVA	
Virgin Money		Ferrovial	

The remuneration of the CRO was established on the basis of information on comparable positions in the group of European and Spanish companies indicated above, and it is in the 35th percentile of the Spanish peer group.

5. Measures to reduce exposure to excessive risks and contribute to sustainable performance

The Banco Sabadell Remuneration Policy is aligned with the shareholders' interests, the Banco Sabadell Group strategy and the creation of long-term value, while promoting appropriate risk management.

Without prejudice to the oversight exercised by the Bank's Board of Directors and its Committees and the Bank's divisions (described in section 4 of this Report), the Director Remuneration Policy incorporates a number of elements that reduce exposure to excessive risk-taking, many of which were described above. Those elements also apply to professionals who have a material impact on the Bank's risk profile (the Identified Staff).

The main elements of the Remuneration Policy that reduce exposure to excessive risk-taking and align remuneration with the Bank's objectives, values and long-term interests are listed below.

Objectives established in variable remuneration

The Group's corporate objectives established with respect to short-term variable remuneration in 2022 and 2023 measure the Bank's prudential performance from both a financial and non-financial perspective. In this regard, 80 % of the objectives are linked to financial metrics related to profitability (ROTE), results (net profit, net interest income plus fees and commissions), expense control (Group expenses) and asset quality (cost of risk, NPA volume). The remaining 20 % is linked to non-financial parameters that are fundamental to value creation by the Group, such as the availability of the Group's customer services (quality of service) and the improvement in its scores in the main ESG indexes, the outcome of the Thematic Review, diversity and environment (Sustainability).

In addition, taking into account the functions performed by the CRO, in accordance with the regulations applicable to credit institutions, it has been established that the Group's objectives should be limited to 25 % in his particular case, leaving the remaining 75 % linked to individual objectives in 2023.

In long-term remuneration, it is necessary to meet not only the annual objectives established for short-term variable remuneration but also the multi-year objectives linked to the creation of shareholder value (relative TSR), the main indicators of the Risk Appetite Framework (LCR, CET1 and RoRAC), profitability (ROTE) and Sustainability (synthetic ESG indicator).

Adjustments for attainment of objectives

As discussed above, both short-term and long-term remuneration are subject to a risk-related correction factor that includes indicators relating to capital (CET1) and liquidity (Liquidity Coverage Ratio) in connection with the limits set by the RAS. Failure to attain any of these indicators will result in a reduction of the remuneration.

Moreover, no short-term variable remuneration or long-term remuneration is accrued if overall attainment of objectives (mix of Group and individual objectives) is less than 60 %.

Ex-ante risk adjustments

The total amount of any variable remuneration item is subject to downward adjustment at the discretion of the Board of Directors based on a recommendation by the Remuneration Committee, and may even be reduced to zero on the basis of the parameters described in section 3.1.2.B), which include:

- Risk and control factors such as breaches of standards and regulations, breach of risk limits e.g., RAS (capital adequacy, liquidity) or breach of expected loss thresholds in terms of operational risk, and/or internal control indicators (e.g. results of internal audits) and similar items.
- Maximum Distributable Amount (MDA) that is below the threshold required by regulation.

Taking the above into account, the final amount of the short-term variable remuneration accrued annually (subject to *ex-post* adjustments) will be determined by the Board of Directors, following a recommendation by the Remuneration Committee, based on the individual assigned short-term and/or long-term variable remuneration, evaluation of the degree of attainment of individual performance objectives assigned to the Executive Directors, and application of the variable remuneration adjustment.

Deferral and payment

Short-term variable remuneration is deferred as follows:

- Deferral over at least five years for Executive Directors and other members of Senior Management and at least four years for the rest of the Identified Staff.
- Deferral of at least 60 % in the case of Executive Directors and of the members of the Identified Staff whose variable remuneration exceeds €1,500,000, and 40 % for the other members of the Identified Staff.
- The deferred remuneration is paid 55 % in the form of Banco Sabadell shares in the case of Executive Directors and other members of Senior Management, and at least 50 % in the case of the rest of the Identified Staff.
- Variable remuneration paid in shares is subject to one-year lock-up. In line with recommendation 62 of the Code of Good Governance, unless Executive Directors own shares amounting to the equivalent of twice their

fixed annual remuneration, they may not dispose of the shares they receive until at least three years have elapsed from the time of delivery. The above condition will not apply to any shares that the Director must dispose of to cover tax obligations related to their delivery.

- The use of personal hedging strategies or any mechanism that guarantees receipt of part or all of the variable remuneration is not permitted.

The specific payment schedule for the 2022 and 2023 short-term variable remuneration can be found in sections 2.1.1.B) and 3.1.2.B), respectively.

Deferred variable annual remuneration is also paid 55 % in the form of Banco Sabadell shares in the case of Executive Directors and other members of Senior Management, and at least 50 % in the case of the rest of the Identified Staff. The time horizon for measurement of the annual objectives that determine the adjusted reference amount up to the last payment date is 5 years, excluding the lock-up period applicable to any shares delivered. The payment schedules for long-term remuneration in force in 2022 and 2023 are shown in Sections 2.1.1.C) and 3.1.2.C).

Malus and clawback clauses

Short-term variable remuneration and long-term remuneration that has not yet been collected (up to 100 % of the amount) may be reduced or cancelled (malus clauses) and amounts collected may have to be refunded (clawback clauses) in the event of poor financial performance by the Bank as a whole or by a specific division or area or by the exposures generated by the Executive Director to whom they are applicable. It is not necessary for there to be malice or negligence in order for these clauses to apply. For these purposes, the performance assessment will be compared with subsequent performance of the variables that contributed to achieving the objectives. The factors described in section 3.1.2.B) will be taken into account.

Oversight by governing bodies and divisions of the Institution

Without prejudice to the functions described above and those corresponding to the Institution's Remuneration Committee and Board of Directors, the functions of other governing and management bodies of the Institution entrusted with oversight over remuneration are listed below:

- The Risk Committee checks to ensure that employee remuneration programmes are coherent with the Bank's risk, capital and liquidity, and provides advice in this respect to the Remuneration Committee.
- The Audit and Control Committee supervises the process of drafting and presenting the regulated financial information, including that relating to remuneration, and reviews compliance with the regulatory requirements and proper application of accounting standards.
- The Internal Audit Division, within the framework of its functions, carries out an independent examination, at least once per year, of the definition and application

of the Institution's Remuneration Policy and its effects on its risk profile, and the way in which these effects are managed. Additionally, the Prudential Review of Remuneration produced by specialised firm Mercer Consulting, S.L. for the Risk Committee and Remuneration Committee assesses and guarantees that the delimitation of the Institution's Identified Staff and the remuneration practices and policies conform to the requirements established in the regulations and guidelines of the EBA and the Bank of Spain.

- Each year, the CRO submits to the Remuneration Committee a proposal for the adjustment of the variable remuneration, which may be at Group, unit, country or even individual level, to be made at the end of the year, depending on the risk profile and earnings performance.

This Annual Report on Director Remuneration 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.

6. Reconciliation with the CNMV Annual Report on Remuneration of Directors of Listed Companies

Below is a table of equivalences detailing the location, in this Report, of the content established in the official CNMV format of the Report on Remuneration of Directors of Listed Companies, approved by Circular 3/2021.

**Annual Report
on Director
Remuneration
Banco Sabadell**

Content of the form per Circular 3/2021

A. Company's Remuneration Policy for the current financial year

A.1.1

Describe the current Director Remuneration Policy applicable to the current year. To the extent relevant, include disclosures relating to the Remuneration Policy approved by the General Meeting of Shareholders, provided that these references are clear, specific and concrete.

Sections 1 & 4

Describe the specific decisions by the Board that apply to this year, relating to both Directors' remuneration for their functions as such and for executive functions, as provided in the contracts signed with the Executive Directors, and to the general Remuneration Policy approved by the General Meeting of Shareholders.

In any event, the following should be disclosed:

- a)** Description of the company's procedures and the bodies involved in determining, approving and applying the Remuneration Policy and its terms and conditions.
- b)** Indicate whether the company's Remuneration Policy was benchmarked against other companies and, if so, give details.
- c)** Disclose whether any external advisors were involved in this process and, if so, identify them.
- d)** Procedures contemplated in the current Director Remuneration Policy for applying temporary exceptions to the policy, conditions under which such exceptions may be used, and components that may be subject to exception under the policy.

A.1.2

Proportion between variable remuneration and fixed remuneration (remuneration mix) and the criteria and objectives used to determine and ensure an appropriate balance between the fixed and variable components of remuneration. In particular, state the actions adopted by the company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the company's long-term objectives, values and interests, including references to any measures to guarantee that the company's long-term results are taken into account in the Remuneration Policy, the measures adopted in relation to those categories of staff whose work has a material impact on the company's risk profile and any measures to avoid conflicts of interest. Also disclose if the company has established a period for the accrual or vesting of certain variable remuneration items, whether in cash, shares or other financial instruments, any period of deferral of the payment of amounts or the delivery of accrued or vested financial instruments, any clause that reduces the unvested deferred remuneration or that obliges the Director to refund remuneration already received, where such remuneration was based on figures that have been clearly shown to be inaccurate.

Sections 3.1 & 5

- Amount and nature of fixed components that are to be accrued by Directors during the year for membership of the Board of Directors per se.
- Amount and nature of fixed components that are to be accrued during the year for the performance of Senior Management functions by Executive Directors.
- Amount and nature of any component of remuneration in kind that will accrue during the year, including, but not limited to, insurance premiums paid in favour of the Director.
- Amount and nature of variable components, differentiating between short and long term. Financial and non-financial parameters, including social, environmental and climate change, parameters selected to determine variable remuneration in the current year, describing the extent to which these parameters are related to performance, both of the Director and of the company,

Section 3.2

Section 4.2

Section 3.1

Sections 3.1 & 5

together with their risk profile, and the methodology, necessary period and the techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year, describing in detail the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or any other type of conditions to which the accrual and vesting of each component of variable remuneration was linked were actually fulfilled. State the range, in monetary terms, of the variable components according to the degree of attainment of the objectives and established parameters, and whether there is an absolute monetary cap.	
<ul style="list-style-type: none"> — Main characteristics of long-term savings systems. Among other information, state the contingencies covered by the system, whether it is defined-contribution or defined-benefit, the annual contribution to be made to the defined-contribution system, the benefits Directors are entitled to under defined-benefit systems, the conditions under which economic rights vest for Directors and their compatibility with any other type of payment or severance pay as a result of the early termination or dismissal of the Director, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the Director. <p>State if the accrual or vesting of any of the long-term savings plans is linked to achieving certain objectives or parameters related to the Director's short- or long-term performance.</p>	Section 3.1
<ul style="list-style-type: none"> — Any type of payment or termination indemnity for early termination or dismissal of the Director, or deriving from the termination of the contractual relationship between the company and the Director, in the terms provided, whether by voluntary resignation by the Director or dismissal of the Director by the company, as well as any type of agreement, such as exclusivity, post-contractual non-competition, permanence or loyalty, which entitle the Director to any type of remuneration. 	Sections 2.1 & 3.1
<ul style="list-style-type: none"> — Describe the conditions with which contracts with Executive Directors for performing Senior Management functions must comply. Among other aspects, give information on the term, limits to the amounts of indemnity, permanence clauses, notice periods and payments in lieu of notice, and any other clauses regarding hiring bonuses, as well as severance payments or golden handshakes for early cancellation or termination of the contractual relationship between the company and the Executive Director. Include, among others, any non-compete, exclusivity, permanence and loyalty, and post-contractual non-competition pacts or agreements, except where they have already been disclosed in the previous section. 	Section 3.1
<ul style="list-style-type: none"> — The nature and estimated amount of any other supplementary remuneration accrued by Directors in the year as consideration for services rendered other than those inherent to their position as Directors. 	Sections 2.1 & 3.1
<ul style="list-style-type: none"> — Other remuneration items, such as those arising from the company granting the Director advance payments, loans, guarantees or any other remuneration. 	Sections 2.1 & 3.1
<ul style="list-style-type: none"> — The nature and estimated amount of any other planned supplementary remuneration that is not disclosed in the preceding sections, whether paid by the institution or by another institution in the Group, which will be accrued by Directors during the current year. 	Sections 2.1 & 3.1
A.2.	
Describe any material change in the Remuneration Policy applicable in the current year resulting from:	Section 3
<ul style="list-style-type: none"> — A new policy or an amendment of the policy already approved by the General Meeting of Shareholders. — Material changes in the specific determinations established by the Board for the current year regarding the Remuneration Policy in force, in comparison with those applied in the previous year. — Proposals that the Board of Directors has resolved to submit to the General Meeting of Shareholders to which this annual report will be submitted and which are proposed to be applicable to the current year. 	
A.3.	
Identify the direct link to the document where the current company Remuneration Policy is posted, which must be available on the company's website.	Section 3
A.4.	
Considering the data provided in Section B.4, describe the outcome of the consultative vote at the General Meeting of Shareholders on the previous year's Annual Report on Remuneration.	Section 2

B. Overall summary of how the Remuneration Policy was applied during the reporting year.

B.1.

Describe the process used to apply the Remuneration Policy and to determine the individual remuneration set out in Section C of this report. This information must include the role played by the Remuneration Committee, the decisions taken by the Board of Directors and the identity and the role of any external advisers engaged for the process of applying the Remuneration Policy in the reporting year.

Section 2

B.1.2.

Describe any departure during the year from the procedure established for applying the Remuneration Policy.

Section 2

B.1.3.

Indicate whether any temporary exceptions were made to the Remuneration Policy and, if so, describe the exceptional circumstances that led to the application of these exceptions, the specific components of the Remuneration Policy that were affected and the reasons why the entity considers that those exceptions were necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Also quantify the impact that the application of these exceptions had on the remuneration of each Director during the year.

Section 2

B.2.

Detail the actions taken by the company in relation to the remuneration system and how they contributed to reducing exposure to excessive risks and adapting it to the company's long-term objectives, values and interests, including a reference to any measures that have been adopted to ensure that the company's long-term results were taken into consideration in setting the remuneration actually accrued and that a suitable balance was attained between the fixed and variable components of remuneration, any measures adopted in relation to those categories of staff whose professional activities have a material repercussion on the company's risk profile and any measures that have been adopted to avoid conflicts of interest.

Section 2.1

— The nature and estimated amount of any other planned supplementary remuneration that is not disclosed in the preceding sections, whether paid by the institution or by another institution in the Group, which will be accrued by Directors during the year.

Sections 2.1 & 3.1

B.3.

Detail how the remuneration that accrued and vested in the year meets the provisions of the current Remuneration Policy and, in particular, how it contributes to the company's long-term sustainable performance. Also, disclose the relationship between the remuneration obtained by the Directors and the company's results or other performance metrics, detailing how any variations in the company's performance influenced changes in Director remuneration, including remuneration accrued but deferred, and how they contribute to the company's short- and long-term results.

Sections 1, 3.1 & 5

B.4.

Describe the outcome of the consultative vote at the General Meeting of Shareholders on the Annual Report on Remuneration for the previous year, indicating the number of abstentions and votes cast against, blank votes and votes in favour: % of total Votes cast Number as % of votes cast Votes against Votes in favour Blank votes Abstentions Comments

Sections 2 & 3

B.5.

Describe how the fixed components of remuneration that were accrued and vested during the year by the Directors in their capacity as such were determined, the proportion allocated to each Director and how they changed with respect to the previous year:

Section 2.2

B.6.

Describe how the salaries accrued and vested by each of the Executive Directors in the last year for performing executive functions were determined, and how they changed with respect to the previous year.

Section 2.1

Describe and give the main features of the variable components of the remuneration systems accrued and vested in the reporting year. In particular:

- a)** Identify each of the remuneration plans that determined the various types of variable remuneration accrued by each of the Directors in the reporting year, including information on their scope, approval date, implementation date, any vesting conditions, the periods of accrual and validity, the criteria used to assess performance, and how this affected the establishment of the variable amount that accrued, as well as the measurement criteria that were applied and the period that must elapse in order to be in a position to suitably measure all the applicable conditions and criteria, and describe in detail the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or any other type of conditions to which the accrual and vesting of each component of variable remuneration was linked were actually fulfilled.
- b)** In the case of stock options and other financial instruments, the general characteristics of each plan must contain information on the conditions required both to achieve unconditional ownership (vesting) and to exercise such options or financial instruments, including the strike price and exercise period.
- c)** Name and category (Executive Director, Proprietary External Director, Independent External Director and Other External Director) of each of the Directors who are beneficiaries of remuneration systems or plans that include variable remuneration.
- d)** Disclose any accrual, vesting or deferral periods that were applied to the payment of vested amounts and/or any periods of lock-up/non-disposal for shares or other financial instruments.

Describe the short-term variable components of the remuneration systems.

Describe the components.

B.7.

Describe and give the main features of the variable components of the remuneration systems accrued and vested in the reporting year. In particular:

Sections 2.1 & 5

- Identify each of the remuneration plans that determined the various types of variable remuneration accrued by each of the Directors in the reporting year, including information on their scope, approval date, implementation date, any vesting conditions, the periods of accrual and validity, the criteria used to assess performance and how this affected the establishment of the variable amount that accrued, as well as the measurement criteria that were applied and the period that must elapse in order to be in a position to suitably measure all the applicable conditions and criteria, and describe in detail the criteria and factors applied in terms of the time required and methods for verifying that the performance conditions or any other type of conditions to which the accrual and vesting of each component of variable remuneration was linked were actually fulfilled.
- In the case of stock options and other financial instruments, the general characteristics of each plan must contain information on the conditions required both to achieve unconditional ownership (vesting) and to exercise such options or financial instruments, including the strike price and exercise period.
- Name and category (Executive Director, Proprietary External Director, Independent External Director and Other External Director) of each of the Directors who are beneficiaries of remuneration systems or plans that include variable remuneration.
- Disclose any accrual, vesting or deferral periods that were applied to the payment of vested amounts and/or any periods of lock-up/non-disposal for shares or other financial instruments.

B.8.

Indicate whether any accrued variable components were reduced or clawed back after deferral of unvested amounts (in the former case) or vesting and payment (in the latter case) on the basis of data which were subsequently shown to be manifestly inaccurate. Describe the amounts reduced or

Section 2.1

clawed back through the application of the malus or clawback clauses, why they were implemented and the years to which they refer.

B.9.

Describe the main characteristics of the long-term savings systems where the amount or equivalent annual cost appears in the tables in Section C, including retirement and any other survivorship benefits that are financed, totally or partially, by the company, whether through internal or external contributions, indicating the type of plan, whether it is defined-contribution or defined-benefit, the contingencies covered, the conditions for the economic rights to vest for Directors, and their compatibility with any type of severance pay for early termination or termination of the contractual relationship between the company and the Director.

Section 2.1

B.10.

Describe any termination indemnities or other payments arising from early dismissal or early resignation, or from the termination of the contract, in its own terms, that were accrued and/or received by Directors during the reporting year.

Section 2.1

B.11.

Indicate whether there were any significant changes in the contracts of persons performing Senior Management functions, such as Executive Directors, and, if so, describe them. Additionally, describe the main conditions of new contracts signed with Executive Directors during the year, unless already described in Section A.1.

Section 2.1

B.12.

Describe any additional remuneration paid to Directors for services rendered other than those inherent to their Directorship.

Sections 2.1 & 2.2

B.13.

Describe any remuneration deriving from advance payments, loans or guarantees granted, indicating the interest rate, the main features and any amounts that were repaid, as well as any collateral obligations assumed on their behalf.

Sections 2.1 & 2.2

B.14.

Detail any remuneration in kind accrued by the Directors in the year, briefly indicating the nature of the various salary components.

Section 2.1

B.15.

Describe any remuneration accrued by Directors in the form of payments settled by the listed company with third parties where the Director renders services, where such payments are intended to compensate the Director's services to the company.

Sections 2.1 & 2.2

B.16.

Describe and detail any items of remuneration accrued under any other remuneration heading not already disclosed above, regardless of their nature or the group company that made the payment, including any remuneration, in any form, that qualifies as a related-party transaction or, in particular, where it has a material impact on the true and fair view of the total remuneration accrued by the Director; it is necessary to describe the amount paid or pending payment, the nature of the consideration received, and any reasons why it was decided that it did not qualify as remuneration for the Director's position as such or as consideration for executive functions, and whether or not it was considered appropriate to report it under amounts accrued under the heading of "Other items" in section C.

Sections 2.1 & 2.2

C. Itemised individual remuneration of each Director

Statistical annex

Section 7

7. Statistical annex

Name	Category	Accrual period in 2022
Mr. Josep Oliu i Creus	Chairman/Other External	From 01/01/2022 to 31/12/2022
Mr. Pedro Fontana García	Deputy Chairman – Independent	From 01/01/2022 to 31/12/2022
Mr. César González-Bueno Mayer	CEO	From 01/01/2022 to 31/12/2022
Mr. Anthony Frank Elliott Ball	Lead Independent Director	From 01/01/2022 to 31/12/2022
Ms. Aurora Catá Sala	Independent Director	From 01/01/2022 to 31/12/2022
Mr. Luis Deulofeu Fuguet	Independent Director	From 01/01/2022 to 31/12/2022
Ms. María José García Beato	Other External Director	From 01/01/2022 to 31/12/2022
Ms. Mireya Giné Torrens	Independent Director	From 01/01/2022 to 31/12/2022
Mr. George Donald Johnston III	Independent Director	From 01/01/2022 to 31/12/2022
Mr. David Martínez Guzmán	Proprietary Director	From 01/01/2022 to 31/12/2022
Mr. José Manuel Martínez Martínez	Independent Director	From 01/01/2022 to 31/12/2022
Mr. José Ramón Martínez Sufrategui	Independent Director	From 01/01/2022 to 31/08/2022
Ms. Alicia Reyes Revuelta	Independent Director	From 01/01/2022 to 31/12/2022
Mr. Manuel Valls Morató	Independent Director	From 01/01/2022 to 31/12/2022
Mr. David Vegara Figueras	Executive Director	From 01/01/2022 to 31/12/2022

ISSUER IDENTIFICATION DATA

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)]

B. OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE REPORTING YEAR

B.4. Describe the outcome of the consultative vote at the general meeting on the Annual Remuneration Report for the previous year, indicating the number of votes cast for, against, and abstentions if any:

	Number	% of total
Votes cast	3,174,692	56.43

	Number	% of votes cast
Votes against	1,219,187	38.40
Votes in favour	1,946,218	61.30
Blank votes		0.00
Abstentions	9,287	0.29

C. ITEMISED INDIVIDUAL REMUNERATION OF EACH DIRECTOR

Name	Category	Accrual period in 2022
Mr. JOSEP OLIU CREUS	Chairman Other External	From 01/01/2022 to 31/12/2022
Mr. PEDRO FONTANA GARCIA	Deputy Chairman Independent	From 01/01/2022 to 31/12/2022
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	CEO	From 01/01/2022 to 31/12/2022
Mr. ANTHONY FRANK ELLIOTT BALL	Lead Independent Director	From 01/01/2022 to 31/12/2022
Ms. AURORA CATÁ SALA	Independent director	From 01/01/2022 to 31/12/2022
Mr. LLUÍS DEULOFEU FUGUET	Independent director	From 01/01/2022 to 31/12/2022
Ms. MARÍA JOSÉ GARCÍA BEATO	Other external director	From 01/01/2022 to 31/12/2022
Ms. MIREYA GINÉ TORRENS	Independent director	From 01/01/2022 to 31/12/2022
Ms. LAURA GONZÁLEZ MOLERO	Independent director	From 19/09/2022 to 31/12/2022
Mr. GEORGE DONALD JOHNSTON III	Independent director	From 01/01/2022 to 31/12/2022
Mr. DAVID MARTINEZ GUZMAN	Proprietary director	From 01/01/2022 to 31/12/2022
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Independent director	From 01/01/2022 to 31/12/2022
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	Independent director	From 01/01/2022 to 31/08/2022
Ms. ALICIA REYES REVUELTA	Independent director	From 01/01/2022 to 31/12/2022
Mr. MANUEL VALLS MORATÓ	Independent director	From 01/01/2022 to 31/12/2022
Mr. DAVID VEGARA FIGUERAS	Executive director	From 01/01/2022 to 31/12/2022

C.1. Complete the following tables with data on the individual remuneration accrued during the year by each of the directors (including remuneration for performing executive functions).

- a) Remuneration from the reporting company:
- i) Remuneration in cash (thousand euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board of Directors committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnities	Other items	2022 total	2021 total
Mr. JOSEP OLIU CREUS	1,575	25			19	60			1,679	1,798
Mr. PEDRO FONTANA GARCÍA	182	25	128						335	257
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	75	25		2,000	170			24	2,294	1,792
Mr. ANTHONY FRANK ELLIOTT BALL	97	25	36						158	162
Ms. AURORA CATÁ SALA	75	25	79						179	178
Mr. LLUÍS DEULOFEU FUGUET	75	25	75						175	39
Ms. MARÍA JOSÉ GARCÍA BEATO	75	25	80			16	44		240	1,507
Ms. MIREYA GINÉ TORRENS	75	25	60						160	150
Ms. LAURA GONZÁLEZ MOLERO	13	9	8						30	
Mr. GEORGE DONALD JOHNSTON III	75	25	78						178	188
Mr. DAVID MARTÍNEZ GUZMAN	75	25							100	100
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	75	25	80						180	167
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	50	16	25						91	135
Ms. ALICIA REYES REVUELTA	75	25	50						150	164
Mr. MANUEL VALLS MORATÓ	75	25	40						140	145
Mr. DAVID VEGARA FIGUERAS	75	25		525	26	14		48	713	654

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Plan	Financial instruments at the beginning of 2022		Financial instruments granted during 2022		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit on vested shares or financial instruments (thousand euro)		No. of instruments	No. of equivalent shares
Mr. JOSEP OLIU CREUS	RLP 2019-2021	1,164,010	116,041			69,840	69,840	0.87	61		46,560	46,560
Mr. JOSEP OLIU CREUS	RLP 2020-2022							0.00				
Mr. JOSEP OLIU CREUS	RLP 2021-2023	130,732	130,732					0.00			130,732	130,732
Mr. JOSEP OLIU CREUS	RV 2021	151,390	151,390			30,278	30,278	0.87	27		121,112	121,112
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RLP 2021-2023	522,619	522,619					0.00			522,619	522,619
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RLP 2022-2024			437,928	437,928			0.00			437,928	437,928
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RV 2021	237,565	237,565			47,513	47,513	0.87	42		190,052	190,052
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	RV 2022			422,001	422,001	159,246	159,246	0.87	139		262,755	262,755
Ms. MARÍA JOSÉ GARCÍA BEATO	RLP 2019-2021	30,438	30,438			18,263	18,263	0.87	16		12,175	12,175

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Plan	Financial instruments at the beginning of 2022		Financial instruments granted during 2022		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit on vested shares or financial instruments (thousand euro)		No. of instruments	No. of equivalent shares
Ms. MARÍA JOSÉ GARCÍA BEATO	RLP 2020-2022	95,983	95,983					0.00		11,998	83,985	83,985
Ms. MARÍA JOSÉ GARCÍA BEATO	INDEMNITIES	511,160	511,160			102,232	102,232	0.87	89		408,928	408,928
Mr. DAVID VEGARA FIGUERAS	RLP 2019-2021	26,920	26,920			16,152	16,152	0.87	14		10,768	10,768
Mr. DAVID VEGARA FIGUERAS	RLP 2020-2022	120,553	120,553					0.00		15,069	105,484	105,484
Mr. DAVID VEGARA FIGUERAS	RLP 2021-2023	105,070	105,070					0.00			105,070	105,070
Mr. DAVID VEGARA FIGUERAS	RLP 2022-2024			83,625	83,625			0.00			83,625	83,625
Mr. DAVID VEGARA FIGUERAS	RV 2021	42,450	42,450			8,490	8,490	0.87	7		33,960	33,960
Mr. DAVID VEGARA FIGUERAS	RV 2022			61,393	61,393	23,168	23,168	0.87	20		38,225	38,225

iii) Long-term savings systems.

Name	Remuneration from vesting of rights within savings systems
Mr. JOSEP OLIU CREUS	
Mr. PEDRO FONTANA GARCÍA	
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	1

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Remuneration from vesting of rights within savings systems
Mr. ANTHONY FRANK ELLIOTT BALL	
Ms. AURORA CATÁ SALA	
Mr. LLUÍS DEULOFEU FUGUET	
Ms. MARÍA JOSÉ GARCÍA BEATO	
Ms. MIREYA GINÉ TORRENS	
Ms. LAURA GONZÁLEZ MOLERO	
Mr. GEORGE DONALD JOHNSTON III	
Mr. DAVID MARTÍNEZ GUZMAN	
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	
Ms. ALICIA REYES REVUELTA	
Mr. MANUEL VALLS MORATÓ	
Mr. DAVID VEGARA FIGUERAS	1

Name	Company's contribution for the year (thousand euro)				Amount of accumulated funds (thousand euro)			
	Saving plans with vested economic rights		Saving plans with unvested economic rights		Saving plans with vested economic rights		Saving plans with unvested economic rights	
	2022	2021	2022	2021	2022	2021	2022	2021
Mr. JOSEP OLTU CREUS							1,387	1,485
Mr. CÉSAR GONZÁLEZ- BUENO MAYER WITTGENSTEIN	1	1			2	7,489		

Name	Company's contribution for the year (thousand euro)				Amount of accumulated funds (thousand euro)			
	Saving plans with vested economic rights		Saving plans with unvested economic rights		Saving plans with vested economic rights		Saving plans with unvested economic rights	
	2022	2021	2022	2021	2022	2021	2022	2021
Ms. MARÍA JOSÉ GARCÍA BEATO		2,691		253	4,473	4,693	1,143	727
Mr. DAVID VEGARA FIGUERAS	1	1	100	94	2	2	346	260

iv) Details of other items

Name	Description	Remuneration amount
Mr. JOSEP OLIU CREUS	-	
Mr. PEDRO FONTANA GARCIA	-	
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	-	
Mr. ANTHONY FRANK ELLIOTT BALL	-	
Ms. AURORA CATÁ SALA	-	
Mr. LLUÍS DEULOFEU FUGUET	-	
Ms. MARÍA JOSÉ GARCÍA BEATO	-	
Ms. MIREYA GINÉ TORRENS	-	
Ms. LAURA GONZÁLEZ MOLERO	-	
Mr. GEORGE DONALD JOHNSTON III	-	
Mr. DAVID MARTÍNEZ GUZMAN	-	
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	-	

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Description	Remuneration amount
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	-	
Ms. ALICIA REYES REVUELTA	-	
Mr. MANUEL VALLS MORATÓ	-	
Mr. DAVID VEGARA FIGUERAS	-	

b) Remuneration of directors of the listed company for membership of governing bodies of its subsidiaries:

i) Remuneration in cash (thousand euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board of Directors committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnities	Other items	2022 total	2021 total
Mr. JOSEP OLIU CREUS										
Mr. PEDRO FONTANA GARCIA										
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN										
Mr. ANTHONY FRANK ELLIOTT BALL										
Ms. AURORA CATÁ SALA	15								15	25
Mr. LLUÍS DEULOFEU FUGUET	30								30	5
Ms. MARÍA JOSÉ GARCÍA BEATO										
Ms. MIREYA GINÉ TORRENS	15								15	
Ms. LAURA GONZÁLEZ MOLERO										
Mr. GEORGE DONALD JOHNSTON III										
Mr. DAVID MARTÍNEZ GUZMAN										

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board of Directors committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnities	Other items	2022 total	2021 total
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ										
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI										
Ms. ALICIA REYES REVUELTA	19								19	49
Mr. MANUEL VALLS MORATÓ	15								15	25
Mr. DAVID VEGARA FIGUERAS										

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments.

Name	Plan	Financial instruments at the beginning of 2022		Financial instruments granted during 2022		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit on vested shares or financial instruments (thousand euro)		No. of instruments	No. of equivalent shares
Mr. JOSEP OLIU CREUS	-							0.00				
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	-							0.00				

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Plan	Financial instruments at the beginning of 2022		Financial instruments granted during 2022		Financial instruments that vested in the year				Instruments vested but not exercised	Financial instruments at the end of 2022	
		No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent shares	No. of instruments	No. of equivalent/ vested shares	Price of vested shares	Gross profit on vested shares or financial instruments (thousand euro)		No. of instruments	No. of equivalent shares
Ms. MARÍA JOSÉ GARCÍA BEATO	-							0.00				
Mr. DAVID VEGARA FIGUERAS	-							0.00				

iii) Long-term savings systems.

Name	Remuneration from vesting of rights within savings systems
Mr. JOSEP OLIU CREUS	
Mr. PEDRO FONTANA GARCÍA	
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	
Mr. ANTHONY FRANK ELLIOTT BALL	
Ms. AURORA CATÁ SALA	
Mr. LLUÍS DEULOFEU FUGUET	
Ms. MARÍA JOSÉ GARCÍA BEATO	
Ms. MIREYA GINÉ TORRENS	

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

Name	Remuneration from vesting of rights within savings systems
Ms. LAURA GONZÁLEZ MOLERO	
Mr. GEORGE DONALD JOHNSTON III	
Mr. DAVID MARTÍNEZ GUZMAN	
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	
Ms. ALICIA REYES REVUELTA	
Mr. MANUEL VALLS MORATÓ	
Mr. DAVID VEGARA FIGUERAS	

Name	Company's contribution for the year (thousand euro)				Amount of accumulated funds (thousand euro)			
	Saving plans with vested economic rights		Saving plans with unvested economic rights		Saving plans with vested economic rights		Saving plans with unvested economic rights	
	2022	2021	2022	2021	2022	2021	2022	2021
Mr. JOSEP OLIU CREUS								
Mr. CÉSAR GONZÁLEZ- BUENO MAYER WITTGENSTEIN								
Ms. MARÍA JOSÉ GARCÍA BEATO								
Mr. DAVID VEGARA FIGUERAS								

iv) Details of other items

Name	Description	Remuneration amount
Mr. JOSEP OLIU CREUS	-	
Mr. PEDRO FONTANA GARCIA	-	
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	-	
Mr. ANTHONY FRANK ELLIOTT BALL	-	
Ms. AURORA CATÁ SALA	-	
Mr. LLUÍS DEULOFEU FUGUET	-	
Ms. MARÍA JOSÉ GARCÍA BEATO	-	
Ms. MIREYA GINÉ TORRENS	-	
Ms. LAURA GONZÁLEZ MOLERO	-	
Mr. GEORGE DONALD JOHNSTON III	-	
Mr. DAVID MARTÍNEZ GUZMAN	-	
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	-	
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	-	
Ms. ALICIA REYES REVUELTA	-	
Mr. MANUEL VALLS MORATÓ	-	
Mr. DAVID VEGARA FIGUERAS	-	

- c) Summary of remuneration (thousand euro):
Summarise the amounts corresponding to all the remuneration items included in this report that have accrued to the director, in thousand euro.

Name	Remuneration accrued in the company					Remuneration accrued in group companies				
	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration under savings systems	Remuneration under other items	2022 total company	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration under savings systems	Remuneration under other items	2022 total group
Mr. JOSEP OLIU CREUS	1,679	88			1,767					1,767
Mr. PEDRO FONTANA GARCÍA	335				335					335
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTGENSTEIN	2,294	181	1		2,476					2,476
Mr. ANTHONY FRANK ELLIOTT BALL	158				158					158
Ms. AURORA CATÁ SALA	179				179	15				194
Mr. LLUIS DEULOFEU FUGUET	175				175	30				205
Ms. MARÍA JOSÉ GARCÍA BEATO	240	105			345					345
Ms. MIREYA GINÉ TORRENS	160				160	15				175
Ms. LAURA GONZÁLEZ MOLERO	30				30					30

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ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

C.2. Indicate the changes over the last five years in the amount and percentage change in the remuneration accrued by each of the listed company's directors during the year, in the consolidated results of the company and in the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % change per annum							
	2022	% Change 2022/2021	2021	% Change 2021/2020	2020	% Change 2020/2019	2019	% Change 2019/2018
Executive directors								
Mr. CÉSAR GONZÁLEZ-BUENO MAYER WITTEGENSTEIN	2,476	30.04	1,904	-	0	-	0	-
Mr. DAVID VEGARA FIGUERAS	755	12.02	674	21.44	555	-6.41	593	220.54
External directors								
Mr. JOSEP OLIU CREUS	1,767	-5.46	1,869	-5.89	1,986	-35.81	3,094	56.82
Mr. PEDRO FONTANA GARCIA	335	30.35	257	29.80	198	1.54	195	52.34
Mr. ANTHONY FRANK ELLIOTT BALL	158	-2.47	162	8.00	150	7.14	140	10.24
Ms. AURORA CATÁ SALA	194	-4.43	203	9.14	186	16.25	160	0.00
Mr. LLUÍS DEULOFEU FUGUET	205	365.91	44	-	0	-	0	-
Ms. MARÍA JOSÉ GARCÍA BEATO	345	10.93	311	-49.02	610	-25.06	814	206.02
Ms. MIREYA GINÉ TORRENS	175	16.67	150	284.62	39	-	0	-
Ms. LAURA GONZÁLEZ MOLERO	30	-	0	-	0	-	0	-
Mr. GEORGE DONALD JOHNSTON III	178	-5.32	188	0.00	188	1.08	186	35.77
Mr. DAVID MARTINEZ GUZMAN	100	0.00	100	0.00	100	0.00	100	0.00

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES

	Total amounts accrued and % change per annum								
	2022	% Change 2022/2021	2021	% Change 2021/2020	2020	% Change 2020/2019	2019	% Change 2019/2018	2018
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	180	7.78	167	21.01	138	-25.41	185	2.78	180
Mr. JOSÉ RAMÓN MARTÍNEZ SUFRATEGUI	91	-32.59	135	-3.57	140	8.53	129	7.50	120
Ms. ALICIA REYES REVUELTA	169	-20.66	213	-	0	-	0	-	0
Mr. MANUEL VALLS MORATÓ	155	-8.82	170	-5.56	180	12.50	160	0.00	160
Consolidated results of the company									
	1,242,646	100.43	619,990	-	-120,830	-	951,076	127.06	418,865
Average employee remuneration									
	63	6.78	59	9.26	54	-1.82	55	5.77	52

D. OTHER INFORMATION OF INTEREST

This Annual Remuneration Report was approved by the company's Board of Directors at a meeting on:

[16/02/2023]

Indicate whether any board members voted against or abstained with respect to the approval of this report.

[] Yes

[☒] No

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.